

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 Business Continuity 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 year-end 2019/20 is outlined in **Appendix 1, Table 1**. It should be noted that these figures were collated on 31st March 2020 for inclusion in this paper are not the final year end position.
- 1.4 The current balance of £434 shows a surplus for the financial year 2019-20.
- 1.5 The stringent social distancing and self-isolating restrictions imposed due to the current COVID-19 pandemic are having a significant impact on referrals to employment support programmes. A lower number of referrals will impact on the number of programme participants resulting in fewer job outcomes. This will affect provider performance for the coming financial year, but the exact financial impact of this is unknown. It is likely that there will be a year-end deficit position in 2020/21.
- 1.6 The UK and Scottish Governments are working together to identify how best to respond to the specific challenges facing the employability landscape across the public, third and private sectors. There is a commitment to protect provision and continuity of support for those individuals who use and those that provide employability services across the country during this challenging period, especially when the economy begins to recover from this crisis.

1.7 Members are asked to:

- Note the content of this report.
- Note that based on the in-year 2019/20 financial outturn, it is likely that there will be a deficit in 2020/21. Further note that due to the current pandemic, less job outcomes will be realised during 2020/21 and this will also adversely affect the financial position.
- Agree that once the new delivery arrangements are in place in April 2021, under the NOLB policy direction, a detailed review of the affordability of employability service provision across Argyll and Bute will be conducted. This review will need to take into account the impact of the COVID-19 pandemic, associated financial support packages and the flexibility to repurpose the Argyll and Bute Council allocation of Phases 2 and 3 of the NOLB to support economic recovery.

ARGYLL AND BUTE COUNCIL EMPLOYABILITY FINANCIAL UPDATE

2.0 INTRODUCTION

- 2.1 The purpose of this report is to provide the members of the Business Continuity 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.
- Note that based on the in-year 2019/20 financial outturn, it is likely that there will be a deficit in 2020/21. Further note that due to the current pandemic, less job outcomes will be realised during 2020/21 and this will also adversely affect the financial position.
- Agree that once the new delivery arrangements are in place in April 2021, under the No One Left Behind (NOLB) policy direction, a detailed review of the affordability of employability service provision across Argyll and Bute will be conducted. This review will need to take into account the impact of the COVID-19 pandemic, associated financial support packages and the flexibility to repurpose the Argyll and Bute Council allocation of Phases 2 and 3 of the NOLB to support economic recovery.

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 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.
- 4.2 Details on the contracts delivered by the Employability Team was presented to the Environment, Development and Infrastructure (EDI) Committee on 12th September 2019. An update paper on the financial position for the team was presented to the EDI Committee on 5th December 2019. The Council's Strategic Management Team, at its meeting on Monday, 27th January 2020, requested that the budgetary position for the Employability Team was to be presented to members of the Policy and

Resources Committee in February 2020, which was later postponed until the meeting in May 2020 (now the Business Continuity Committee).

Financial Performance

- 4.3 A summary of the financial performance for 2019/20 is outlined in **Appendix 1, Table 1**. The in-year deficit position for 2019/20 has been mitigated due to a carry forward credit balance at the end of 2018/19, with the inclusion of financial contributions agreed previously, to achieve a surplus position where the current balance is £434.

Performance Challenges

- 4.4 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.
- 4.5 Due to the current COVID-19 pandemic all face-to-face contact with programme participants ceased on 17th March 2020. Delivery of all contracts is now being done remotely by Key Workers via the telephone, social media and hopefully through other digital platforms being explored and developed, such as webinars and the use of Google Classroom. Key workers are still providing in-work support, as appropriate, and supporting participants to apply for current vacancies. At the time of writing this report, two participants who previously fell out of work have taken up subsequent employment at their local supermarkets. However, as 70% of provider fees under Fair Start Scotland are achieved on job outcome performance, despite some areas still recruiting at this time, the opportunities for participants to enter work will be more limited and some have now fallen out of work due to the current public health crisis.

Mitigation Actions

- 4.6 At the time of writing this paper a '*NOLB/Employability, COVID-19 Operational Response Group*' was formed with key employability partners from the Scottish Government, Skills Development Scotland, Department for Work and Pensions, Local Government and the Third Sector. The focus of this group is to work collaboratively to develop a shared understanding of the impact of the emerging health crisis on the Scottish labour market and employability system at an individual, employer and sectoral level. More detail on the outcomes from discussions can be shared with members verbally at the meeting in May. In particular, how existing funded programmes have been flexed to provide people and organisations with the support they need in the short to medium term.
- 4.7 PeoplePlus has requested detailed monthly costs from the Employability Team to feed into their discussions with the Scottish Government. It is anticipated that a financial support package will be announced shortly by the Scottish Government, which will provide some financial assistance to

the Employability Team. Details of this support and its duration will be provided at the committee meeting.

- 4.8 No information has been provided from Skills Development Scotland on a financial support package to cover Employability Fund delivery.
- 4.9 A significant level of funding from the Scottish Government, through the partnership agreement with local authorities (signed December 2018), is now coming directly to local Employability leads; the Economic Growth Manager for Argyll and Bute Council. The market failure associated with employability activity is being recognised by the Scottish Government, with some of this funding aligned to revenue costs.
- 4.10 Based on the in-year 2019/20 financial outturn, it is likely that there will be a deficit in 2020/21. Due to the current pandemic, less job outcomes will be realised during 2020/21 and this will also adversely affect the financial position.
- 4.11 Once the new delivery arrangements are in place in April 2021, under the NOLB policy direction, a detailed review of the affordability of employability service provision across Argyll and Bute will be conducted. This review will need to take into account the impact of the COVID-19 pandemic. In particular, discussions are currently being had through SLAED, SOLACE, COSLA and the Scottish Government on the proposal to adopt a flexible approach in order to repurpose the £60m of monies for Phases 2 and 3 of NOLB to support economic recovery. Given the anticipated exponential increase in the number of unemployed as a result of the COVID-19 pandemic. Such a flexible approach will be followed through for consideration and labour market interventions at the local Argyll and Bute level.

5.0 CONCLUSION

- 5.1 This report provides the members of the Business Continuity 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 strives to offer a robust and financially sustainable approach to the delivery of the employability provision across Argyll and Bute. Combining the skills, strengths and experience of staff 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.

6.0 IMPLICATIONS

- 6.1 Policy The current 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* 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 at present.
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. This is a core function of the Council's Employability Team.
6.5.1	Equalities	All activities will comply with all Equal Opportunities/Fairer Scotland Duty policies and obligations.
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.

Kirsty Flanagan, Executive Director with responsibility for Employability
Cllr Aileen Morton, Policy Lead for Economic Growth

29th April 2020

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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	26,436	28,465	87,923
Employability Fund		3,492	2,300	5,268	4,242	15,301
*NOLB / ABERTI income		0	0	0	9,057	9,057
*SERI claims		1,400	2,000	2,000	0	5,400
Annual contribution from Economic Growth		0	0	0	3,000	3,000
Additional contribution from Economic Growth budgets		0	0	0	16,000	16,000
Workforce Planning/Business Panel Funding for Employability		0	0	0	20,000	20,000
Total Income		21,946	20,267	33,704	80,764	156,681
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	41,960	48,504	164,703
Running costs (e.g. staff travel, premises, etc, but exc. salaries)		3,011	6,574	260	3,723	13,568
NOLB / ABERTI expenditure		0	0	0	7,000	7,000
SERI payments to employers		1,400	4,000	0	1,000	6,400
Payments to other bodies for Employability Fund delivery		0	3,840	0	0	3,840
Participant Costs - travel/training/PPE		-191	1,318	942	2,065	4,135
Total Expenditure		35,807	58,384	43,162	62,292	199,645
Balance	43,398	-13,861	-38,118	-9,458	18,473	434

*Notes: NOLB: No One Left Behind

ABERTI: Argyll and Bute Employer Recruitment and Training Scheme

SERI: Scotland's Employer Recruitment Incentive