
NORTH AYRSHIRE COUNCIL

15 June 2021

Cabinet

Title: **Employability Services' response to unemployment in North Ayrshire**

Purpose: To provide an update on Council employability services in response to levels of unemployment and seek approval to review and further develop the role of the Local Employability Partnership.

Recommendation: That Cabinet:

- (a) Notes the update provided on the range service responses to levels of unemployment in North Ayrshire.
- (b) Agrees to a review of the Local Employability Partnership governance arrangements to reflect the ongoing programme of devolvement of national employability resources.
- (c) Agrees to receive details of the proposed review and a proposed new Employability Services Delivery Plan and Improvement Plan at a future Cabinet meeting for consideration of approval.

1. Executive Summary

- 1.1 This report sets out the challenges of unemployment levels in North Ayrshire, and the approach being taken to respond nationally and locally. In addition, the report outlines the proposed review of the Local Employability Partnership governance arrangements in response to the programme of devolvement of national employability resources. Associated with the review of governance arrangements there will be a new delivery and improvement plan created which will outline arrangements and actions with partners across North Ayrshire to deliver effective employability services which meet the needs of local people and businesses. The developing delivery plan will also outline the approach to existing and anticipated new employability services' funding.

2. Background

- 2.1 The impact of Covid-19 restrictions on the economy are well documented. Rising unemployment has been a feature of this, although the UK Government's Job Retention (furlough) Scheme has mitigated the scale of unemployment that many had feared. Despite this, the employment rate in North Ayrshire has still experienced a

notable decline, as well as the economic inactivity rate increasing significantly. The yet unquantifiable impact of furlough support ending is also a key consideration going forward.

- 2.2 Locally the claimant count saw a significant rise over the spring and summer of 2020, peaking at 8.9% in July and August. The rate came down slightly towards the end of the year, which is most likely due to Further and Higher Education intakes, combined with a partial re-opening of the economy at the time. Forecasting unemployment in the coming year is extremely challenging due to the number of public health and economic variables, however, there exists a concern that numbers could rise significantly again, when the Job Retention (furlough) Scheme ends. North Ayrshire currently has 7,300 residents on furlough (as of 31 March 2021). The table below shows the most recent claimant count figures in comparison to neighbouring authorities and the national position.

Claimant count data for the Ayrshires, Scotland, and the UK (Apr 21)

Area	Claimant count	Claimants as a proportion of residents aged 16-64
East Ayrshire	5,640	7.4%
North Ayrshire	6,545	8.0%
South Ayrshire	4,535	6.8%
Scotland	208,580	6.0%
United Kingdom	2,647,555	6.3%

- 2.3 To date locally, males and females have seen similar rises in claimant count levels. However, across the country and locally, the 16-24 age group have been disproportionately negatively impacted. While unemployment is damaging for all our residents, there is particular concern around young people, as there is considerable evidence around the long term “scarring” impact of youth unemployment. As a result of these concerns, both national and local governments have prioritised new resources to support young people.

UK Government responses

- 2.4 The UK Government response has centred on preventing mass unemployment through the Job Retention Scheme. The scheme has succeeded in preventing unemployment rising as quickly as many expected however many economists have commented that the scheme is hiding the true scale of the problem and that unemployment will rise significantly when the scheme is withdrawn (currently extended until the end of September 2021).
- 2.5 The UK Government also launched a £2bn investment in the Kickstart programme in early September 2020. The scheme is designed to provide financial incentives for businesses to create 6-month job opportunities for young people. Organisations were invited to apply to become “gateway” providers, essentially delivering parts of the programme on behalf of the Department for Work and Pensions.
- 2.6 UK Government have also planned investments into the Job Centre network, with thousands of new work coaches planned to be recruited across the UK in the coming

year and launched new services such as the Job Entry Target Scheme (JET), which offers 26 weeks of light touch support to job seekers, mainly through an online portal.

Scottish Government responses

- 2.7 The new Scottish devolved employability scheme “Fair Start”- has now been extended to 2023, with further investment of £20M. In North Ayrshire, this scheme is delivered by the Lennox Partnership.
- 2.8 Scottish Government responses to rising unemployment have focused on young people. The Young Person’s Guarantee was launched on 5th November 2020, with associated funding of £60M. £30M of this was allocated to Local Authorities to distribute based on local needs.
- 2.9 The Further Education sector have also received new funding through the Young Person’s Guarantee and will be delivering a new Pathways to Apprenticeship programme which aims to support young people to gain an industry recognised qualification and develop their knowledge, skills and experience in a sector with future opportunities.
- 2.10 Developing Young Workforce partnerships have been funded to provide DYW co-ordinators in every school. DYW co-ordinators will work to connect employers and young people and work with partners to develop routeways for young people leaving school. This funding is only for one year at this stage, although there is an expectation that it will be extended by a least a further year. In North Ayrshire, we intend to enhance the DYW offer, to ensure all our schools have adequate resource to support young people.

North Ayrshire Council responses

- 2.11 North Ayrshire Council’s employability services immediate response to lockdown in March 2020 was to move to an online and telephone model of support across all services. The focus initially in lockdown was staying in contact and supporting people with health and well-being assistance but since July 2020 vocational and training programmes have been developed and delivered on-line alongside some physical class-based learning in partnership with Ayrshire College. In addition, work experience and sector-based work academies have been delivered. An on-line jobs fair was also developed in partnership with DWP. While we believe there will always be a place for face-face support, our services have innovated to develop new ways of engaging and supporting people. We believe in the long-term, our services will be more modern and responsive as a result.
- 2.12 In the early months of lockdown in 2020, new registrations to employability services went down before picking up over the summer. Since April 2020 over 686 new registrations have been made and over 230 residents supported into employment. The employability hubs closed during lockdown, due to the Covid restrictions in place but are now starting to re-open to offer face-face service by appointment. New ways of working will be reflected in a re-design of employability hub services and in cognisance of the developing community hub proposals.

- 2.13 North Ayrshire Council's Modern Apprenticeship programme proceeded in April 2020 as planned despite the obvious difficulties and uncertainty at the time. Many existing apprentices lost out on practical experience during this time, making achievement of their qualifications challenging. The council supported these young people with contract extensions in order that they could achieve their qualifications. Despite obvious disruption to the programme, we have continued to provide apprenticeship opportunities. We have also proceeded with plans for the 2021 intake of apprentices. Our commitment remains to provide 50 new apprenticeship opportunities this year, however the continued focus on home working has limited the number of office-based opportunities. We have had to focus on more outdoor based and trade apprenticeships in order to maintain progress but hope to be able to offer more office based opportunities later in the year, as restrictions ease and services are better able to support young people again.
- 2.14 When Covid disrupted the final months of schooling in 2020, the Council and Skills Development Scotland worked collaboratively to ensure that young people expected to leave school in the summer were being supported. Young people were supported to consider all options such as college, returning to school or entering the jobs market. Advisors encouraged young people to have several options open, to account for the uncertainty. Each year the Scottish Government produce statistics on outcomes of school leavers (snapshot in October after they have left school). Nationally the positive destinations for school leavers dropped from 95% to 93.3%. In North Ayrshire the rate dropped from 94% to 92.4%. Unsurprisingly the largest drop was seen in the number of school leavers who entered employment. The young people who didn't make an initial positive transition continue to be supported by partners.
- 2.15 North Ayrshire Council provide a redundancy support service as part of the national PACE (Partnership for Action to Continued Employment) service. PACE is chaired by Skills Development Scotland and draws on support from a range of local and national agencies to support workers facing redundancy. Since lockdown there have been 13 PACE notifications through the HR1 process (companies making more than 20 staff redundant) for North Ayrshire companies - potentially affecting 360 employees. However, with the introduction and extension of the furlough scheme, most of these redundancies have not taken place. As noted previously, there is a concern that the cessation of the Job Retention Scheme in September could precipitate more redundancies. Through the PACE process we will continue to engage with employers and staff to provide support as required.
- 2.16 North Ayrshire Council has successfully bid to become an approved Gateway provider for the Kickstart Scheme (detailed at 2.5). As a Gateway provider, we will
- Administer the programme, and ensure participating companies get paid
 - Provide wrap around support to young people and companies to ensure placements are successful
 - Assist employers and young people with training that will enhance their placement and prospects in the future.
 - We will also supplement the DWP financial package to encourage payment of the Real Living Wage, in line with our Community Wealth Building aspirations.
- 2.17 Local companies have responded positively to the scheme, with hundreds of potential vacancies being identified. Over 100 jobs were placed with the Job Centre during

April and we expect to place more than 300 additional jobs over the summer. This is one of the largest kickstart schemes in the country and will make a material difference to young people and the business community. The scheme has been impacted by delays and administrative difficulties at national level, but it is hoped the scheme will be extended beyond its planned end date of December 2021 to mitigate for time lost.

2.18 The Young Person's Guarantee (YPG) is being developed and implemented by partners in each area of Scotland. North Ayrshire's Local Employability Partnership have been developing our local offer to young people over the last 6 months. Initial plans and investments are in place but there remains flexibility to amend plans as the economic outlook and the needs of young people become clearer. Our initial YPG plans centre around –

- Increased key worker capacity
- Enhancing Kickstart programme, through Living Wage supplements and extensions to contracts
- Employer recruitment incentives (for those not eligible for kickstart)
- Digital devices and connectivity
- Summer employability hubs are being launched in various high schools

2.19 North Ayrshire Council and its partners launched the "North Ayrshire Young Person's Guarantee" from mid-June onwards. The launch will set out our commitment to make sure that all our young people have an offer of a job, education, training, or volunteering opportunity.

2.20 In February 2021 the Ayrshire Joint Committee approved the "Working for a Healthy Economy" project. This will provide £5M of resources across Ayrshire, to support individuals to overcome health barriers to work and to retain work when they have health issues. This service was launched across Ayrshire in May. In addition, a "Community Wealth Building" pan Ayrshire approach will bring £3M of resources to Ayrshire for several initiatives including a resource to support and promote "Fair Work" amongst local employers to help address unemployment and inequality.

2.21 The overall approach to the delivery of employability services and the challenges ahead has an ethos of "No one left behind". Pre-Covid, the council already made significant and focused investments through match funding a European Social Fund programme of services. These services are all continuing and are focused on those groups who face the most barriers to work such as lone parents, care experienced young people, disabled residents, unemployed families, and the local Syrian community. It is vital that such residents are not left behind because of a focus on the newly unemployed. Services are based on the whole person's needs and are about far more than training and skills. This "whole person" approach is also demonstrated in the new Better Off service available in the 3 Towns – integrating financial inclusion services with employability, health and wellbeing supports.

Future funding and responses

2.22 The employability system was already complex and recent new funding streams add to that complexity and risk of duplication and/or gaps. Whilst Local Authorities

received new funding in 20/21, the funding position with some schemes for 21/22 is unconfirmed at this point, which makes longer term planning challenging.

Local Employability Partnership Review

- 2.23 It is the responsibility and role of the Local Employability Partnership to make sense of a complex landscape of funding and services and make decisions about where resources are best deployed. While the council has the legal responsibility for most of these new funds, the LEP play a key role in shaping the use of resources to ensure resources are most effectively used and a joined up holistic service is available for clients.
- 2.24 The North Ayrshire LEP has the following members: North Ayrshire Council, Department of Work and Pensions, Skills Development Scotland, The Ayrshire Community Trust, Ayrshire College and Ayrshire Chamber of Commerce. It currently meets monthly and sets the direction for employability delivery in North Ayrshire.
- 2.25 As part of a partnership agreement between Local Government and Scottish Government approved by COSLA, a programme of devolvement of national employability resources is in place. The major change will occur in 22/23, when national resources for the Employability Fund and Community Jobs Scotland, will be devolved to Local Government for it to design services based on local priorities. In addition, replacement of European Social Funds with the new Shared Prosperity Fund requires a preparedness amongst the local service providers to be able to quickly and effectively be responsive with good service design.
- 2.26 In order to be prepared for this significant increase in resources, across the country Local Employability Partnerships are currently undertaking a review through a self-assessment process, which will lead to the development of improvement action plans. This is designed to ensure that the role of LEPs is strengthened and that services are developed in partnership with the public and 3rd sector. Ultimately the council will have legal responsibility for the funds but the LEP will have a key role to play in ensuring transparency and inclusiveness of the planning and design of approaches.
- 2.27 The LEP in North Ayrshire is already strong, but we will continue to build on the strengths of existing local and national services to better align funding and to improve the integration of employability services to face the challenges and expectations ahead. The improved action plan will:
- Adopt a collective leadership approach and ensure that we operate in a manner that is open, fair and accountable.
 - Work collaboratively to create an environment of trust and respect.
 - Contribute to a shared strategy and action plan reflecting the vision agreed by the partnership;
 - Align policy and practice to improve outcomes and value from public/partner expenditure;
 - Ensure an appropriate approach to governance providing collective leadership ensuring a robust framework for decision-making, risk management and accountability.

- Better alignment of funding and where appropriate co-produce and co-commission provision to meet identified needs and/or to enhance or complement existing provision.
- Agreeing to support shared performance management systems and to attain partners' commitment to working towards consistent data sets in line with the Shared Measurement Framework.
- To collectively scrutinise performance and agree any required actions; and
- To effectively communicate with partners, stakeholders and service users adopting an inclusive, collaborative, and flexible approach.

2.28 In addition to an improvement action plan being agreed with partners, it is proposed that through the LEP a new NA Employability Delivery Plan will be agreed with partners. This will set out priorities and approaches but remain flexible so that it can respond to the needs of a changing economy and dynamic funding environment.

3. Proposals

3.1 It is proposed that Cabinet:

Notes the update provided on the range of service responses to levels of unemployment in North Ayrshire

- Agrees to a review of the Local Employability Partnership governance arrangements to reflect the ongoing programme of devolvement of national employability resources.
- Agrees to receive details of the proposed review and a proposed new Employability Services Delivery Plan and Improvement Plan at a future Cabinet meeting for consideration of approval

4. Implications/Socio-economic Duty

Financial

4.1 Scottish Government have allocated new funds to Local Government to implement the Young Person's Guarantee and provide additional redundancy support. 2021/22 funding allocations should be known by the summer. North Ayrshire Council is also attempting to maximise the uptake of the UK Government's Kickstart scheme, to deliver more resources to the area.

Human Resources

4.2 Young Person's Guarantee resources have allowed the Council to proceed with the creation of six graduate posts for a fixed term of a year. This will provide opportunities for local unemployed or underemployed graduates impacted by the current lack of opportunities in the wider labour market.

Legal

4.3 Any new external funding received have conditions of grant. These have been reviewed and the most challenging aspects are the timescales required for

commitments and spend associated with the Scottish Government grants. As noted above, this is being managed to avoid the risk of clawback.

Equality/Socio-economic

- 4.4 At the heart of the council's employability investments and services are issues of equality, with a focus on providing support to those most excluded from economic activity.

Environmental and Sustainability

- 4.5 Development work is underway to build a training and employment programme into the Council's plans to plant 100,000 trees. The plan is to have young people trained and employed on this initiative using the funding programmes outlined above. Any other emerging opportunities to support environmental and sustainability initiatives through employability services will be developed when appropriate.

Key Priorities

- 4.6 Our approach to tackling unemployment directly responds to the following priorities in the council plan –
- North Ayrshire has an inclusive, growing, and enterprising economy.
 - North Ayrshire's residents and communities enjoy good life-long health and well-being.

Community Wealth Building

- 4.7 Tackling unemployment directly responds to the pillar around Fair Employment by focusing support on those residents who have the most barriers to securing Fair Employment.

5. Consultation

- 5.1 Although the new resources outlined above are in the main grant awards to the council, partners have been consulted about the plans to utilise them. Further consultation will take place in the coming months, as more resources are anticipated.

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Background Papers