

ECONOMY, ENERGY AND FAIR WORK COMMITTEE**DRAFT BUDGET 2019-20****SUBMISSION FROM Employment Related Services Association - Employment Support****1. Introduction and background**

- 1.1 This evidence has been compiled by the Employment Related Services Association, the UK-wide body for providers of employment support on behalf of its dedicated Scottish Network, Employment Support Scotland, in response to the call for views on the Scottish Draft Budget 2019-20. The evidence relates specifically to the questions on employment support in Scotland.
- 1.2 Employment support services in Scotland are funded by a range of means: Scottish Government, UK Government and Jobcentre Plus, European money, Big Lottery Fund, trusts and foundations, corporate money, local authority spending, plus, in some cases, organisations' own incomes. Research in 2012 by Cambridge Policy Associates found that only 12 percent of employability spend in Scotland emanated from the Department for Work and Pensions.
- 1.3 The Smith Commission recommended that employability services, at that point commissioned by the Department for Work and Pensions, should be devolved to the Scottish Government. This translated in practice to devolution of responsibility for commissioning and managing services replacing the Work Programme, which served people who were on year plus unemployed and with more barriers to the workplace, and Work Choice, which serviced people with disabilities and health conditions. However, major changes to the allocation of funding by the Department for Work and Pensions saw budgets for outsourced services cut by around 80 percent across England, Scotland and Wales, with the majority of those previously served by the Work Programme and Work Choice now served by Jobcentre Plus.
- 1.4 The Scottish Government has therefore had far less money devolved to it than was currently invested in outsourced employment support services. For 2017/18 it put in place a one year transitional service, Work Able and Work First. From April 2018 it has had in place Fair Start Scotland, the most ambitious programme devised, commissioned and managed by the Scottish Government.
- 1.5 The Committee is asked to note, first and foremost, that a) Fair Start Scotland is very new and thus it is not possible to yet draw conclusions about its effectiveness or operation; b) Fair Start Scotland is merely part of a far wider employability support picture in Scotland. The challenge is therefore twofold: first to ensure that the scheme itself is effective; second to ensure that the wider employability support landscape is integrated and aligned, particularly around the more vulnerable jobseekers, learners and those on low pay.

2. Programme design and procurement process

- 2.1 The Scottish Government put in place an inclusive programme design process, which involved a national expert committee including Scottish Government officials, Jobcentre Plus, DWP, business bodies, disability specialists, plus representatives from Employment Support Scotland and other umbrella bodies. This was chaired by an independent expert. This is one of the most inclusive processes that ERSA has witnessed across the UK. However, procurement timelines were very short and there was some concern the nature of the process privileged organisations who had more resources and access to more experienced bid writers. Some smaller organisations struggled with the nature of the procurement process, despite clear efforts by Scottish Government to ensure that support was in place. In addition, the problem was exacerbated by the decision to impose the Public Procurement Scotland process on successful bidders who wish to bring additional suppliers into their delivery network.

Another point to note is it is not clear that the single-stage technical procurement process supports the Scottish Government's policy aims for local, connected delivery, nor does it result in the most efficient or cost-effective delivery infrastructure. Successful bidders in many instances have had to establish new operations and partnerships in parts of the country where they lack an established footprint.

- 2.2 Questions about how the programme could combine sufficient fees for service, with a payment by results structure were discussed at length by the expert advisory group, with the Scottish Government stress testing a range of scenarios. Generally, it is important to appreciate that a good level of service fee is necessary to ensure sufficient up front funding to enable quality of support for all those who access the service. This helps cash flow, an important consideration for charities and smaller organisations in particular. However, many in the employment support sector are also now accustomed to working within a partial payment by outcomes framework. Scottish Government has taken care to ensure that the outcomes rewarded by the programme align with wider goals around inclusivity and productivity, whilst ensuring that service guarantees are in place for everybody who accesses the programme.
- 2.3 Specifically in relation to 'parking and creaming', it is worth the Committee noting that the new iteration of Scottish programmes are not designed for those who are close to the labour market and thus it is unlikely that there will be jobseekers 'to cream'. However, to ensure that there is sufficient support regardless of the distance to be travelled into sustained employment, Fair Start Scotland has a number of streams within it, based on levels of need. In addition the Scottish Government has developed standards of service, to which all providers have signed up, and which are being closely monitored through the contract management process.
- 2.4 One point to note is that the Minister for Business, Fair Work and Skills has stated that Fair Start Scotland delivery will include provision of Individual Placement and Support (IPS), which is a therapeutic process, with a global evidence base, designed to help those with severe and enduring mental health problems into

employment, but latterly also used in the field of common mental health issues, including anxiety and depression. The IPS model has developed fidelity standards to which it must adhere; however, these are relatively costly. There is concern that these will be hard to afford within the Fair Start Scotland funding model. If it is delivered within the current funding pot, there is concern that an IPS-light type model will be applied, which will not have sufficient levels of fidelity to gain results. If IPS is not provided within the Fair Start Scotland model, it is important that IPS provision is available alongside it and that individuals who have volunteered for FSS are able to also access IPS therapy without any barrier.

3. Integration with Jobcentre Plus and ensuring high levels of participation

3.1 Fair Start Scotland is only funded to support 38,000 people. As such, it is highly targeted programme which, if it were bigger, would seem likely to be of benefit a far wider cohort of people in Scotland. It would therefore seem that the major concern should be about how the service is rationed/targeted. With this in mind, the Department for Work and Pensions, in its negotiation with Scottish Government, ensured that Jobcentre Plus is the major referral route for the provision. However, the history of programmes that rely on Jobcentre Plus for referrals tends to be one of under referral and/or inaccurate referral. Although it is still early days, this is the major concern for Fair Start Scotland.

3.2 At present, it appears that knowledge about Fair Start Scotland is not uniform across Jobcentre Plus offices. This is despite extensive efforts by both Scottish Government officials and Fair Start Scotland providers to provide information to Work Coaches.

In particular, Employment Support Scotland members believe that it is essential that those being referred to the scheme understand the nature of the provision on offer and the level and length of commitment that this entails. At present, there is feedback that too many people are being referred without this information. To counter this, whilst knowledge of the scheme grows, it is therefore recommended that Fair Start Scotland providers are given access to Jobcentre Plus offices so they can explain the scheme firsthand rather than relying on Work Coach knowledge. Although this is not part of the programme's design and will entail additional cost to providers of the service, it is the most obvious and reliable way to increase appropriate referrals to the programme in the short term. In addition, members believe that third party organisation referral eligibility checks must be streamlined to ensure that there is sufficient momentum in the process.

3.3 There are also concerns about integration and alignment with other provision. In particular, there is concern that different areas (particularly local authorities) are taking different views about whether jobseekers on FSS provision are able to access other support, such as that funded through the European Social Fund. It is hoped that this will be smoothed out as the programme continues. Employment Support Scotland believes it would be wrong to deny individuals on FSS access to other support, including support with skills development. The objective must be to align funding around individuals to ensure that they are able to access all the support they need.

- 3.4 One particular example about which there is concern is the Individual Training Account (ITA). As it stands, it appears that those volunteering for FSS is not able to access an ITA. This appears discriminatory and not in spirit of the integration and alignment agenda being pursued in Scotland.

4. Measurement of success

- 4.1 It will be important, at the appropriate time, for there to be full transparency re the success of Fair Start Scotland and all employability programmes. Employment Support Scotland has therefore been part of conversations re the development of appropriate success measures and the type of evaluation suitable for the scheme. Broadly, we believe that there is a public interest case in information on the following points:

- Number of individuals who are eligible for the scheme against the number of places available.
- Number of people starting the scheme (based on eligible volunteers once they understand the nature of the provision and level of commitment required) overall
- Numbers entering work and sustaining employment, plus – if the information is available from HMRC – levels at which they are working (thus supporting the Fair Work agenda)
- Wellbeing measures – success in gaining qualifications, completing volunteering placements, reduce use of health services, etc
- Numbers and types of of employers engaged
- Financial information, including cost per placement and per employment outcome.

It is also worth adding that providers believe that SG took a very inclusive approach through the programme design process and would want to see that continues in relation to the development of success measures and in the interests of continual

- 4.2 It is also recognised, however, that there is a cost to providers (and indeed Scottish Government as the programme manager) in gathering such information. As such, agreement on success measures must be reached with the impact of gathering such information on providers (of all size), employers and jobseekers/workers themselves in mind. There is also no interest in providing information until the programme is in a sufficiently steady state and jobseekers have been on it for a sufficient amount of time for information to be meaningful.

5. Wider issues

- 5.1 Employment Support Scotland members believe that, overall, Fair Start Scotland contains the main ingredients to make it a success. There will be learning over the initial months (and indeed years) which Scottish Government will be able to use to refine the programme and also feed into wider plans for employability in Scotland. The Committee is therefore asked to remember that this is the first time that Scottish Government has been able to use its powers at scale and this is a learning process.

- 5.2 The devolved powers, however, are only part of the much wider employability landscape in Scotland. There is the opportunity to ensure that there is high quality employability and skills provision for everybody in Scotland, be they school age or mid life and looking to join the workforce after a period of unemployment or change career. Employment Support Scotland is therefore supportive of the wider work exemplified by 'No One Left Behind', work to explore the better integration of health and employment through the Health and Work Support Service pilot in Dundee and Fife, plus the announcements by the First Minister on the Scottish Government's Programme for Government.
- 5.3 However, there is more that could be done to ensure that every person in Scotland has access to careers advice throughout their working lives, there could be greater visibility and access to employment pathways, including Modern Apprenticeships, plus work to ensure that the patchwork of provision which currently exists is far better aligned within communities and to future industrial needs.
- 5.4 Such an approach needs leadership and it needs investment. As such, the Committee is also reminded that there is an opportunity through the review of the Employability Fund to reconfigure elements of provision, whilst it is essential that Scotland receives a fair deal from the UK Prosperity Fund as one of the major sources of funding for employment and skills provision overall.

**Employment Support Scotland
September 2018**