



**University
of Glasgow** | Training & Employment
Research Unit

**REVIEW OF NORTH AYRSHIRE EMPLOYABILITY CONTINUUM:
FINAL REPORT**

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1. BACKGROUND AND BRIEF

Background

Over the last 5 years or so a number of local employability partnerships across Scotland have developed employability pathways, pipelines or continuums. These set out in a number of steps the journey that an unemployed individual might make, catering for those furthest back in the labour market all the way through to sustainable job entry. These pipelines vary in terms of the number of steps, but in broad terms are a mechanism for aligning the developmental and progression needs of different sets of individuals with the services required to fulfil these. Although these continuums are often set out in a linear fashion, there is no requirement for clients to travel along each step of the continuum, and indeed from time to time they may go backwards and re-enter the continuum at an earlier stage. This continuum approach has been recognised as good practice throughout the UK, and within the Scottish context North Ayrshire's approach is considered as a 'best practice' model and one of the earliest to be introduced.

The Brief

The North Ayrshire Employability Continuum consists of a number of key projects which link together and complement each other to help clients make an effective journey from engagement to sustainable employment. As the Continuum has been in place for some time, North Ayrshire Council (NAC) have decided to commission a process of review. In broad terms the review is required to:

- Evaluate existing provision.
- Advise on future delivery structure in light of changing labour market, policy and funding context.

In more specific terms the study being commissioned is expected to review the following:

- *"The specific models/activities developed to deliver employability programmes.*
- *The balance of the programme and the targeting of the right client group.*
- *The impact of individual aspects of this programme.*
- *The extent to which it provides value for money.*
- *The appropriateness of the tendering/contracting model used to commission delivery agents.*
- *The use of the Employability Continuum as a strategic tool.*
- *The changing roles of the partners/stakeholders (SDS, NHS, etc.).*
- *The impact of DWP's Work Programme and other DWP initiatives.*
- *The prioritisation of services if resources are reduced.*
- *Services which should be increased/reduced/discontinued."*

Methodology

To answer these questions:

- Labour market trends have been examined for North Ayrshire and Scotland.
- Key policy changes in relation to welfare and employability have been reviewed, alongside a consideration of changes to the Continuum's main funding streams. This has been supplemented by a small number of interviews with key policymakers.
- The Employability Continuum's monitoring data has been analysed to assess the effectiveness of the Continuum as a whole and the individual projects within it.
- Interviews have been undertaken with key partners and Continuum delivery organisations to identify the strengths and weaknesses of the Continuum,

how it can be improved and their views of the priorities for the Continuum for 2011-2014.

Given the budget limitations and the short timescale for this study, it has not been possible to undertake a survey of Continuum clients. Additionally, our experience tells us that clients find it difficult to feed back on complex service delivery involving two or more providers.

The findings of the research were discussed at a workshop with the Client and partner organisations on Friday 1 October. Following written feedback from NAC on this Draft Final Report, a Final Report will be prepared.

Structure of the Report

The structure of this report is as follows:

- Chapter 2 outlines the ***changing labour market context***;
- Chapter 3 discusses the ***changing policy and funding environment***;
- Chapter 4 provides a ***description of the North Ayrshire Employability Continuum*** and its programmes;
- Chapter 5 ***analyses the activities and outcomes of the Continuum*** to assess effectiveness and value-for-money;
- Chapter 6 summarises the ***views of Continuum partners and delivery organisations***;
- Chapter 7 provides a ***review of the Employability Continuum***; and
- Chapter 8 provides ***recommendations for future delivery***.

2. CHANGING LABOUR MARKET CONTEXT

Introduction

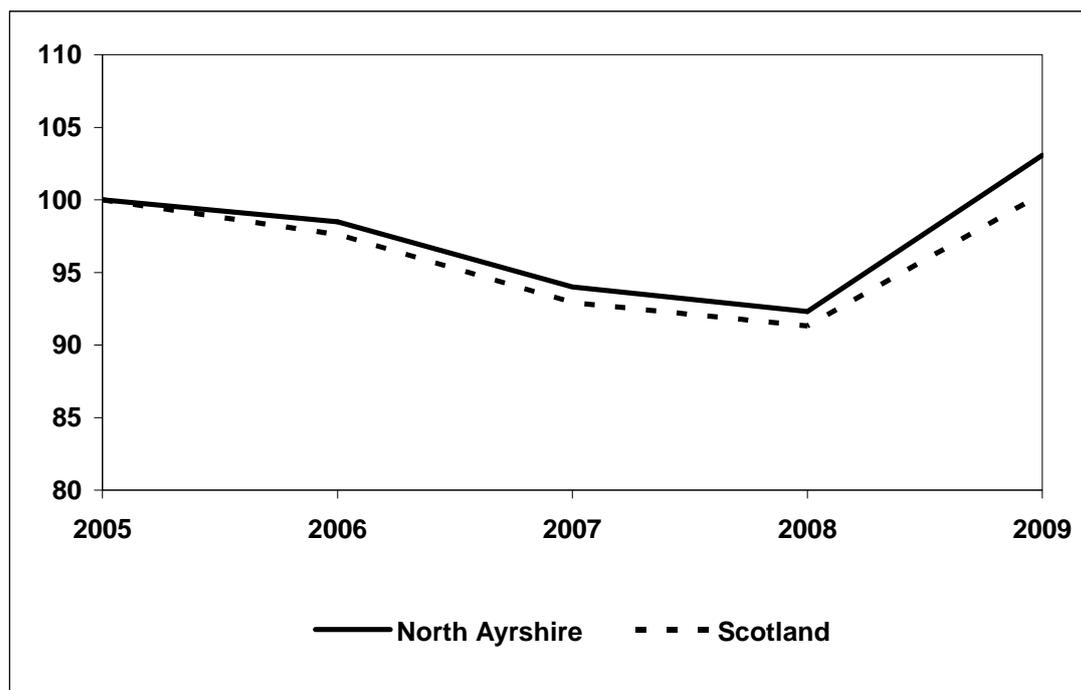
Labour market conditions have changed greatly since the design and implementation of the North Ayrshire Employability Continuum. This chapter will examine how these have changed in North Ayrshire and Scotland using published data on benefit claimants, employment and vacancies. Trends will be examined over two time periods:

- Since mid-2006 – reflecting the publication of the Scottish Government's Workforce Plus strategy in July 2006.
- Since August 2008 – reflecting the start of the ESF/FNA funding for the North Ayrshire Employability Continuum.

Worklessness

North Ayrshire was making good progress in reducing the numbers claiming DWP out-of-work benefits (e.g. Jobseekers Allowance, Incapacity Benefit, Employment and Support Allowance, Income Support, etc.), with progress closely tracking that of Scotland. However, the recession has reversed this trend, with the number of benefit claimants back above 2005 levels.

Figure 2.1: DWP Benefit Claimants, North Ayrshire and Scotland (2005=100)

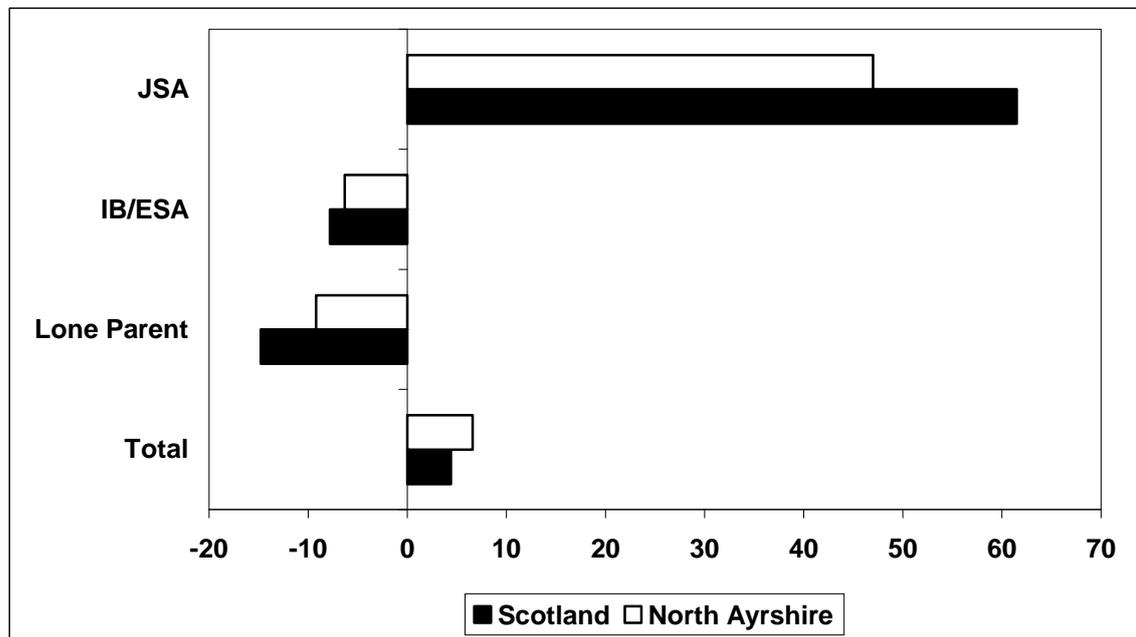


Source: NOMIS – DWP Benefits

Figure 2.2 looks at the changes in the numbers claiming in each group between May 2006 (the quarter in which the Scottish Government's Workforce Plus strategy was launched) and February 2010 (most recent data available). Despite the recession, progress has been made in reducing the numbers claiming Incapacity Benefit/Employment and Support Allowance and the numbers in the lone parent group (mainly claiming Income Support). Most of these reductions would have been 'banked' before the recession hit. Whilst North Ayrshire has made significant progress on these, less progress has been made than at the Scotland level. The

numbers claiming Jobseekers Allowance has risen by 47% over this period (although this is less than the 61% increase for Scotland as a whole).

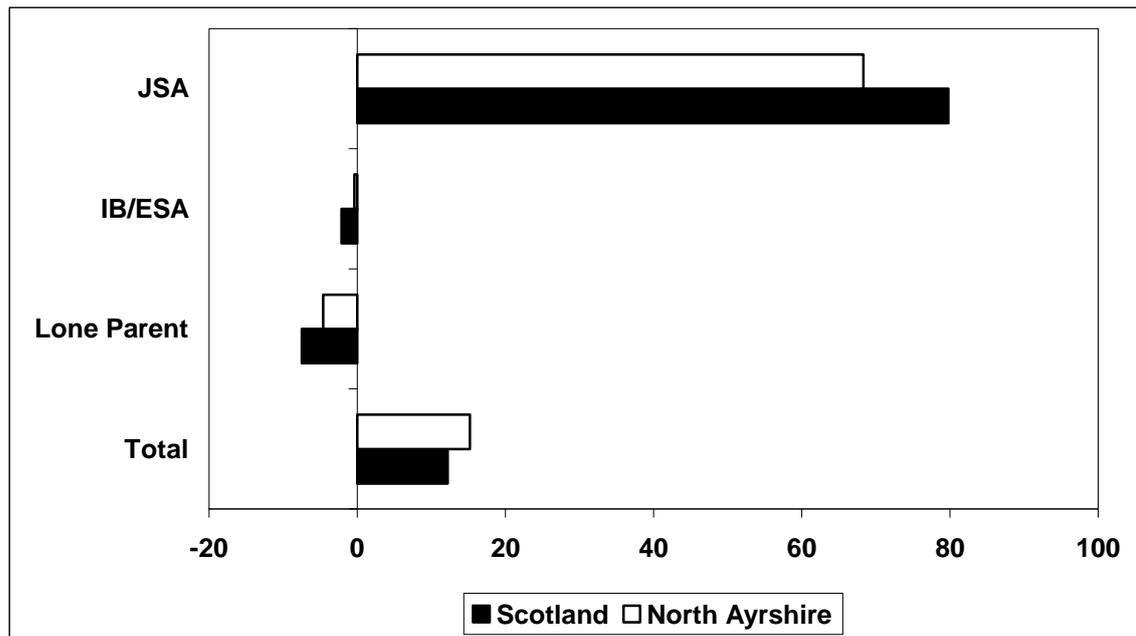
Figure 2.2: % Change in DWP Benefit Claimants, May 2006 – February 2010



Source: NOMIS – DWP Benefits

Looking at more detail at the period since the North Ayrshire Employability Continuum was established. Reflecting the fact that this time period coincides with the recession, the numbers claiming Jobseekers Allowance has increased by 69% in North Ayrshire, compared to an 80% increase across Scotland as a whole. One positive aspect is that despite the recession, North Ayrshire has made progress in reducing the numbers in the lone parent group. However progress with this group and in reducing the numbers claiming Incapacity Benefit/Employment and Support Allowance has been more modest than for Scotland as a whole, and as a result, the percentage increase in benefit claimants in North Ayrshire over this period has been higher than in Scotland as a whole – despite a smaller increase in the numbers claiming Jobseekers Allowance.

Figure 2.3: % Change in DWP Benefit Claimants, August 2008 – February 2010



Source: NOMIS – DWP Benefits

Changing Nature of Client Group Over Time

Figure 2.4 shows how the composition of North Ayrshire's benefit claimants has changed over time. Since May 2006, there has been an increase in all groups claiming benefits except:

- Those aged over 55; and
- Those claiming benefits for 2 years or more.

Since August 2008:

- There has been an increase in all groups except the long term unemployed.
- Males, under 25s and over 55s appear to have been particularly badly hit by the recession.
- There has been a significant increase in the numbers employed for less than 12 months – reflecting the large on-flow onto the claimant count in 2009 and early 2010.
- The increase in the numbers aged 55 and over claiming benefits is particularly disappointing as North Ayrshire had made significant inroads into this group prior to the recession.

As the majority of the increase in the number of benefit claimants is new Jobseekers Allowance claimants, it is also worth exploring how this client group has changed. As Figure 2.5 shows, there has been a substantial increase in the numbers of individuals that have been on Jobseekers allowance for between 1-2 years and 2 years plus (120% and 100% increases respectively). Given that these are the 'active jobseekers' amongst benefit claimants, this suggests that there are significant problems in the functioning of the North Ayrshire labour market that are preventing individuals from finding work.

Figure 2.4: DWP Benefit Claimants by Sex, Age and Duration, North Ayrshire

	May 2006	August 2008	February 2010	May 06 – Feb 10		Aug 08 – Feb 10	
				Change	% Change	Change	% Change
Male	8,040	7,310	9,000	960	11.9	1,690	23.1
Female	7,140	6,740	7,180	40	0.6	440	6.5
Age							
Under 25	2,330	2,160	2,870	540	23.2	710	32.9
25-54	9,410	8,970	10,280	870	9.2	1,310	14.6
55 +	3,440	2,190	3,010	-430	-12.5	820	37.4
Duration							
Up to 1 Year	4,870	4,530	6,440	1,570	32.2	1,910	42.2
1-2 Years	1,450	1,380	1,780	330	22.8	400	29.0
2 Years +	8,870	8,140	7,970	-900	-10.1	-170	-2.1

Source: NOMIS – DWP Benefits

Figure 2.5: JSA Claimants by Sex, Age and Duration, North Ayrshire

	May-06	Aug-08	Feb-10	May 06 – Feb 10		Aug 08 – Feb 10	
				Change	% Change	Change	% Change
Male	2,810	2,410	4,100	1,290	45.9	1,690	70.1
Female	980	900	1,470	490	50.0	570	63.3
Age							
Under 25	1,240	1,090	1,310	70	5.6	220	20.2
25-54	2,190	2,000	3,390	1,200	54.8	1,390	69.5
55 +	360	230	400	40	11.1	170	73.9
Duration							
Up to 1 Year	3,160	2,860	4,620	1,460	46.2	1,760	61.5
1-2 Years	430	340	750	320	74.4	410	120.6
2 Years +	210	100	200	-10	-4.8	100	100.0

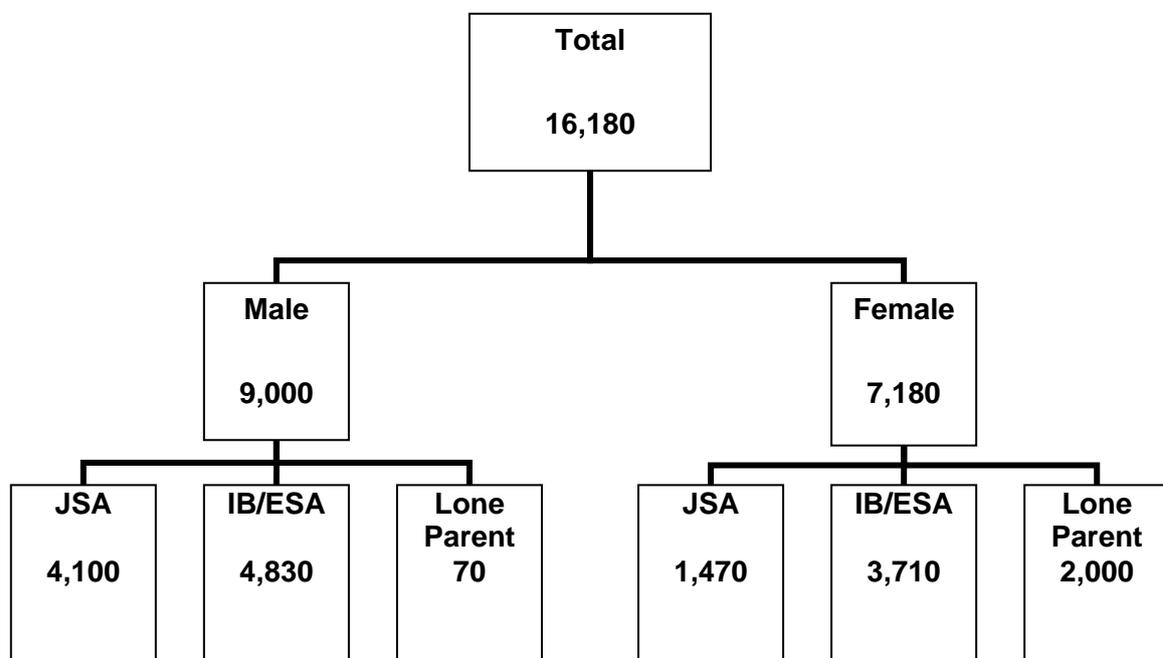
Source: NOMIS – DWP Benefits

Current Profile of Benefit Claimants

Figures 2.6, 2.7 and 2.8 provide an overview of the current profile of North Ayrshire's benefit claimants. Key points to note from Figure 2.6 include:

- In February 2010, there were 16,180 working age adults claiming an out-of-work benefit in North Ayrshire. This is equivalent to 20.0% of the working age population – a much higher proportion than for Scotland as a whole (14.8%).
- There are similar numbers of men and women claiming benefits (56% of claimants are men and 44% are female).
- Incapacity Benefit and Employment and Support Allowance claimants are the largest group – accounting for just over half of all claimants.
- 5,570 individuals are claiming Jobseekers Allowance – 34% of total claimants.

Figure 2.6: DWP Benefits Claimants by Sex and Client Group, North Ayrshire, February 2010

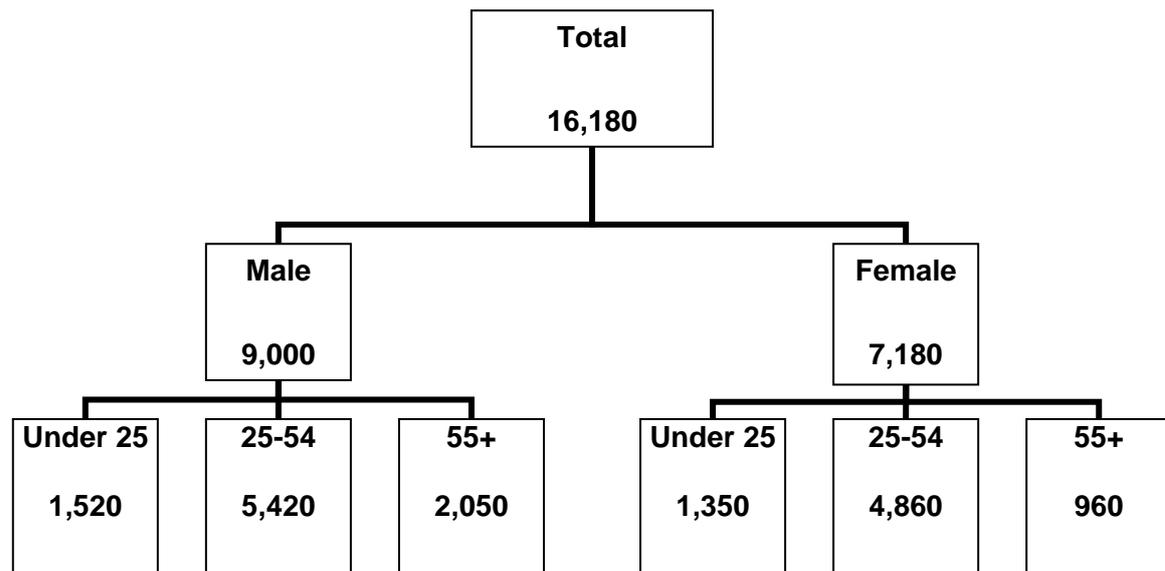


Source: NOMIS – DWP Benefit Claimants

Figure 2.4 showed that the numbers of young people and older workers claiming benefits has increased significantly as a result of the recession.

- Under 25s now account for 18% of all benefit claimants, with a roughly even split between males and females.
- Over 55s account for 19% of all benefit claimants. Two-thirds of these claimants are men.
- Despite the significant increases in the numbers of young people and older workers claiming benefits, prime age workers (i.e. those aged 25-54) remain the bulk of the workless (64% of all claimants).

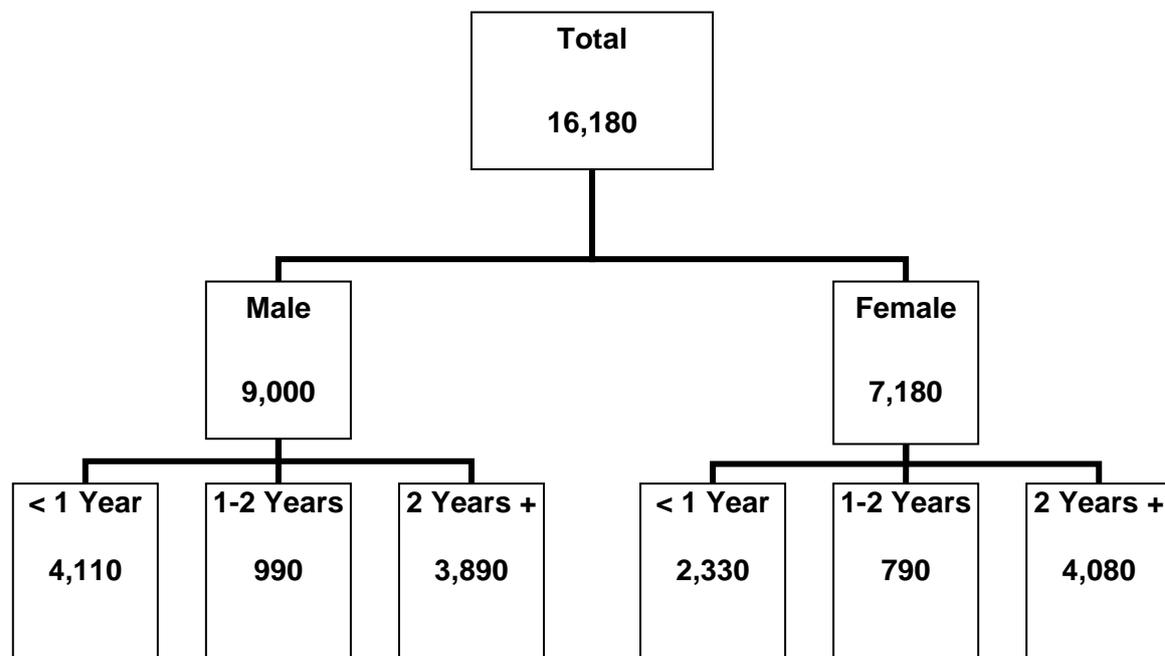
Figure 2.7: DWP Benefits Claimants by Sex and Age, North Ayrshire, February 2010



Source: NOMIS – DWP Benefit Claimants

There has been a significant on-flow onto Jobseekers Allowance as a result of the recession and as a result 40% of claimants have been claiming for less than a year. However, the largest group remains the long term unemployed and in particular, 49% of benefit claimants have been claiming for 2 years or more.

Figure 2.8: DWP Benefits Claimants by Sex and Duration, North Ayrshire, February 2010



Source: NOMIS – DWP Benefit Claimants

MCMC

Figure 2.9 compares the 'More Choices More Chances' group (those aged 16-19 not in employment, education or training) in North Ayrshire with Scotland. Based on these figures:

- North Ayrshire's MCMC group is estimated at around 980 in 2009. However, due to the method used, this is likely to be an underestimate.
- The MCMC group in North Ayrshire increased by nearly 8% between 2006 and 2009. The percentage increase in the numbers in the MCMC group was lower in North Ayrshire than Scotland as a whole.
- The proportion of young people in North Ayrshire who are in the MCMC group remains significantly above the Scottish average. At nearly 14%, North Ayrshire has the highest rate of any local authority in Scotland

Figure 2.9: More Choices More Chances Group, 2006-2009

	2006	2007	2008	2009	Change	% Change
Number						
North Ayrshire	910	810	860	980	70	7.7
Scotland	23,530	20,990	23,270	26,290	2,760	11.7
%						
North Ayrshire	12.8	11.2	12.0	13.9	1.1	-
Scotland	8.9	8.0	8.8	10.0	1.1	-

Source: Scottish Government

Note: Data based on combination of School Leaver Destinations Survey and DWP Benefit claimants. These are likely to underestimate the number of 16-19 year-olds not in employment, education or training.

Implications for North Ayrshire Employability Continuum

20% of North Ayrshire's working age population are claiming benefits, compared to just 15% of the Scottish working age population. This means the task for the North Ayrshire Employability Continuum is significant.

In terms of the groups that the Continuum should focus their efforts on assisting:

- The largest group of benefit claimants is those claiming health and disability related benefits – i.e. Incapacity Benefit or Employment and Support Allowance. If the Continuum is to deliver a long-term and significant reduction in the proportion of the North Ayrshire population that is claiming an out-of-work benefit, it must focus resources on this group.
- Jobseekers Allowance claimants account for just over a third of all claimants – and this is the group that has grown most rapidly during the recession. Given that North Ayrshire already has very high levels of worklessness, it is important that these recently unemployed do not become disconnected from the labour market. In the short to medium term (i.e. next 2-3 years), the Continuum must focus resources on getting these individuals back into work quickly.

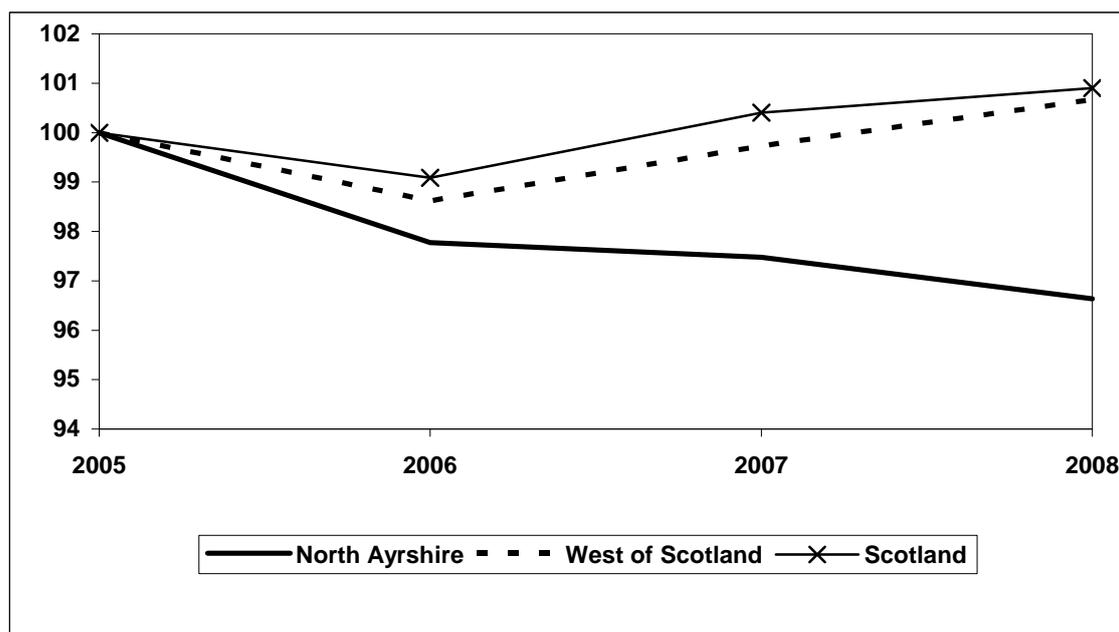
- Older workers (aged 55 and over) appear to have been particularly badly hit by the recession – and many young people in North Ayrshire make a poor transitions into the labour market (as evidenced by the very high proportion in the MCMC group and rising unemployment amongst young people). However, the majority of claimants are in the prime age group – 25-54. This suggests the NAEC must offer a range of services that are suitable for different age groups.

Employment and Vacancies

Employment

Getting individuals back into work, requires there to be employment opportunities available to them. North Ayrshire has a low jobs density – with just 3,609 jobs per 10,000 adults. This is just 64% of the Scottish figure. If North Ayrshire had the same jobs density as Scotland as a whole, there would be 22,500 more jobs. Even more concerning is the fact that the number of jobs in North Ayrshire has been falling for some time, compared to an increase in jobs at a Scottish level.

Figure 2.10: Employment, North Ayrshire, West of Scotland and Scotland (2005=100)



67% of North Ayrshire residents in employment work in North Ayrshire and 80% of local jobs are taken by local residents. The remaining 33% of local residents in employment work in other areas and given that the employment picture in the West of Scotland is more positive than that in North Ayrshire, the Continuum must ensure it is building linkages to job opportunities outside North Ayrshire.

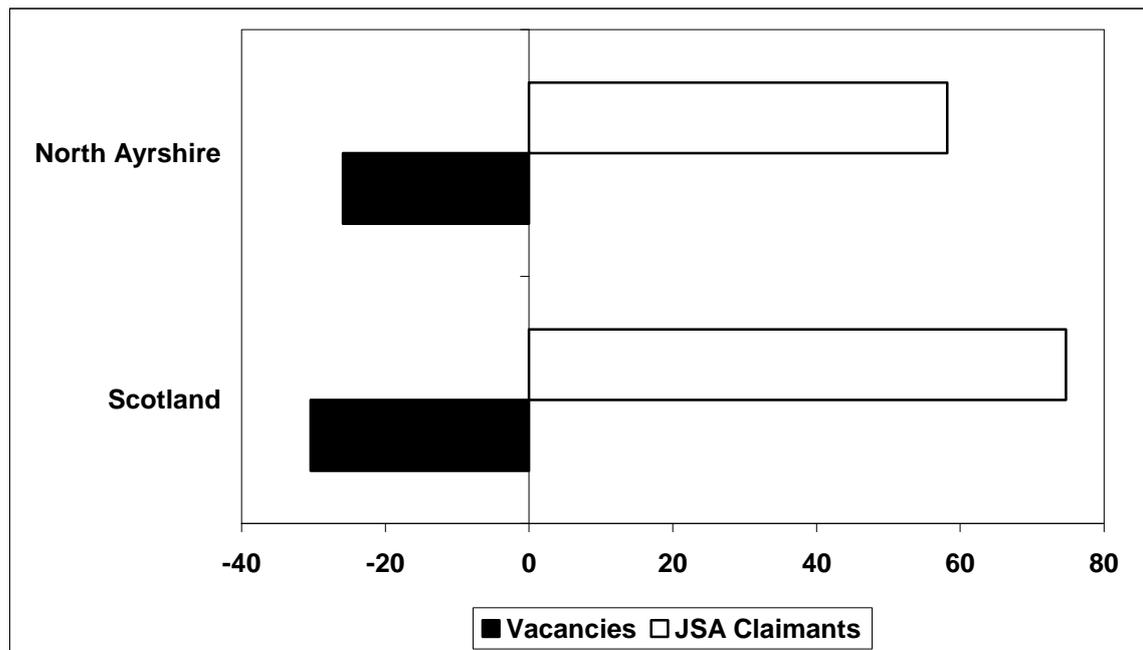
Vacancies

One sign of the vibrancy of the labour market is the number of jobs notified to Jobcentre Plus. ONS (2002) estimates that between a third and a half of all job vacancies are notified to Jobcentre Plus and that this varies significantly between areas and sectors (and it also may have changed since this research has been

carried out). Anecdotally, the proportion of vacancies notified in North Ayrshire is thought to be low.

Since 2008, the number of vacancies in North Ayrshire notified to Jobcentre Plus has been falling whilst the number of unemployed has been increasing. North Ayrshire has seen a slightly smaller decline than Scotland as a whole.

Figure 2.11: % Change in JSA Claimant Count and Jobcentre Plus Notified Vacancies, 2008-2010



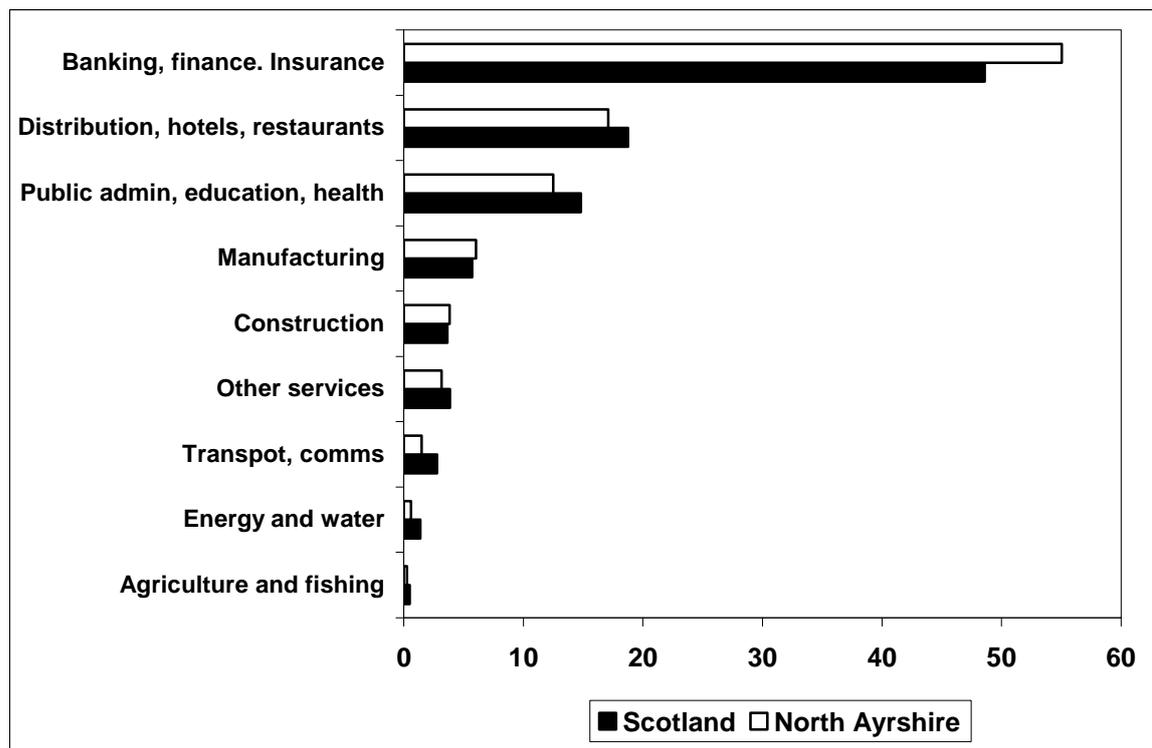
Source: NOMIS – Claimant Count and Jobcentre Plus Vacancies

Note: Figures are quarterly averages for June-August each year

In designing appropriate services, the Employability Continuum must ensure that it is meeting the needs of employers with vacancies. In the most recent quarter, the key industries recruiting were:

- Business services (labelled as banking, finance and insurance in chart).
- Distribution, hotels and restaurants.
- Public administration, education and health.

Figure 2.12: Breakdown of Jobcentre Plus Notified Vacancies by Industry, June – August 2010



Source: NOMIS – Jobcentre Plus Vacancies

Implications for North Ayrshire Employability Continuum

North Ayrshire lacks jobs – and the recession has made this situation worse.

- A key priority for the Continuum must therefore be to ensure it is aware of what job opportunities are available (both within and outwith North Ayrshire). Given that most vacancies are not advertised through Jobcentre Plus, the Continuum must have robust employer engagement activities in place. Employer engagement is also important in helping to establish the skills and attributes employers require and can help ensure that the other aspects of the Continuum are meeting these. Whilst representing a significant investment of time and resources, employer engagement will be critical to the success of the Continuum over the next few difficult years.
- Connecting to existing job opportunities may not be enough and the Employability Continuum should explore how it can help create additional jobs in the area. There may be scope for the Continuum to do this:
 - Directly – through wage subsidies (perhaps building on the current Future Jobs Fund model) or by maximising the employment opportunities generated as a result of public sector spend (as in the Vineburgh Regeneration project); and/or
 - Indirectly – by working with partners involved in providing business development support services to ensure that firms (including social enterprises) are able to access supports that will enable them to create jobs.

Future of Labour Market

The Scottish economy has experienced a severe recession, with the economy officially in recession for five quarters from Quarter 3 of 2008 to Quarter 3 of 2009. During this time, output declined by 5.9%. Scotland is now out of recession but:

- Output remains well below pre-recession levels.
- Growth is likely to be weak over the medium term. The Office for Budget Responsibility has forecast that the economy will grow by 1.2% in 2010, 2.3% in 2011 and 2.8% in 2012. The National Institute for Economic and Social Research (NIESR) has forecast lower growth than OBR for the years 2011 to 2015.

These forecasts were made following the June 2010 Budget and as such take account of the likely impact of the announcements made. However, given that the Budget announcements mean:

- Taxation will increase;
- Benefits and pensions will be reduced; and
- Public spending will be reduced;

some question whether GDP growth can stay positive as all of these measures will reduce demand in the economy at a time when it is already fragile.

Research undertaken for DWP (Stafford and Duffy, 2009) found that in the 1970s, 1980s and 1990s recessions, unemployment increased for 49, 80 and 36 months respectively. This means that in each case, unemployment continued to increase for a significant period after the economy moved out of recession and GDP began to grow. This suggests that unemployment could continue to rise over the coming months and years.

Even if the economy does recover, the impacts on employment are likely to be modest for some time. There are two main reasons for this:

- Employers hoard labour during recessions and this process will take some time to unwind. For example, where employers reduced hours of work rather than letting staff go during the recession, increases in demand will be met by increasing hours of work rather than hiring new workers.
- Productivity grows at approximately 2.0-2.5% per annum – i.e. the UK can produce 2.0-2.5% more goods/services each year with the same number of employees. This means that GDP growth must be above this rate before employment begins to increase.

Implications for North Ayrshire Employability Continuum

The economic circumstances outlined above are affecting all of Scotland and much of the developed world. However, they are likely to have particularly severe effects on North Ayrshire as it is starting from a position of weakness:

- Pre-recession, North Ayrshire had one of the highest levels of unemployment in Scotland and this will persist unless North Ayrshire can buck the trends on unemployment and jobs growth outlined above.
- Pre-recession, North Ayrshire had a high level of youth unemployment and a large proportion of young people in the MCMC group. As young people tend to be disproportionately affected by the decline in available employment opportunities during the recession, North Ayrshire risks a 'lost generation'.

It is therefore essential that North Ayrshire has a robust systems and processes for tackling unemployment in place and the Employability Continuum is a key part of this offer. As employment growth is likely to be weak in the short to medium term, this reiterates the need to focus on employer engagement activities.

3. CHANGING POLICY AND FUNDING ENVIRONMENT

Introduction

As the policy and funding context is relatively fast-changing, it is important that the North Ayrshire Employability Continuum stays on top of these changes. A desk based review of key UK and Scottish policies in relation to welfare and worklessness has been undertaken, alongside a review of the major changes to ESF and other funding. This has been complemented by a small number of interviews to assess the changing policy and funding environment for employability services and the implications of this for how NAC goes forward with its Continuum.

Changing UK and Scottish Government Policy on Worklessness

UK Policy

Given the high levels of benefit claimants in North Ayrshire, any changes to the benefits system and welfare provision are likely to have a significant impact on the area. The Coalition Agreement (HM Government, 2010) outlined plans to end all existing welfare to work programmes and replace them with a single programme to help all unemployed people back into work – the **Work Programme**. The Government are aiming to have the Work Programme in place nationally by Summer 2011.

Some preliminary details about the Work Programme have already been announced. In terms of the design of the programme:

- The Work Programme will aim to help individuals back into work through early, targeted, personalised support.
- Providers will have significant flexibility (known as a **black box** approach) – in terms of deciding what approach is best for each client and how they deliver this support. This will allow much more personalisation of services.
- Jobseeker's Allowance claimants that face the most significant barriers to work will be able to access support immediately.
- Providers will be responsible for both helping individuals back into work and supporting them in the early stages of employment.

Delivery and management arrangements include:

- As under the previous Government, delivery will be contracted out.
- Prime contracting will be the norm. It is anticipated that the contract package area will be Scotland and that there will be just 2 or 3 contractors for all of Scotland.
- DWP wishes to encourage the involvement of smaller providers (e.g. voluntary sector and small local groups), with these providers being encouraged by the Minister for Welfare Reform to think about consortia formation, financing and management.
- Contracts will focus on outcomes and a payments-by-results approach.
 - Clients that are hardest to help will attract higher payments.
 - Payments will be linked to sustained employment.
- In addition, whilst there have been no announcements relating to spend, it is generally anticipated that there will be less money available per client.

In addition to the Work Programme, two other employability programmes are planned:

- **Get Britain Working** will be a range of measures to be put in place to supplement the core Work Programme:
 - **Work Together**, promoting volunteering opportunities, including a brokerage service.

- **Work Clubs**, community led organisations to support jobseekers.
- **Youth Action for Work**, providing Work Pairings (young people placed with a sole trader for six months work experience), additional apprenticeships and pre-apprenticeships, additional college and university places and new Technical Schools in the UK's 12 largest urban areas.
- **Work for Yourself**, offering access to business mentors, start up loans and financial support for 6 months for unemployed entrepreneurs.
- **Work Choice** will to replace the WORKSTEP and Work Preparation programmes and the Job Introduction Scheme from October 2010. It will support disabled people who have more complex needs, particularly those who require intensive specialised support. Support will be delivered in three phases - help for up to six months to find work, in-work support and longer term help with career development.

As well as reforming employability services, there will also be attempt to simplify the benefits system and improve work incentives. The first change announced – in the June 2010 Budget (HM Treasury, 2010a) was that in the future benefits will be indexed to the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI). As the CPI is normally lower than the RPI, this will erode the value of benefits over time. **21st Century Welfare** (DWP, 2010) outlined the Government's analysis of the key failings of the current benefits system and how it might seek to address these.

- The main problems are considered to be that the incentives to work are currently weak and the benefits system is too complex.
- The Government proposes tackling these through the introduction of a single Universal Credit that will bring together out-of-work benefits, other benefits (such as Housing Benefit) and tax credits.
- Tapers/disregards will be used to ensure individuals are better off in work than on benefits.
- Proposals are made to introduce greater conditionality for receiving benefits. This will build on the current policy to reassess all Incapacity Benefit claimants for their readiness for work over the next 4 years.

The introduction of the Universal Credit was confirmed in the Spending Review (HM Treasury, 2010b) and further details were given in the Welfare Reform White Paper **Universal Credit: Welfare That Works** published on 11 November 2010. The complexity of the benefits system means that the Universal Credit will not be introduced for new claimants until 2013, with existing claimants being transferred over to Universal Credit from 2013 onwards. The process will not be complete until the next Parliamentary term (2015-2020). Whilst the Universal Credit will result in significant changes for benefit claimants and the incentives to work, the current timetables mean it will not affect individuals during the next phase (2011-2013) of North Ayrshire Employability Continuum funding.

The Spending Review (HM Treasury, 2010b) also announced:

- A one-year time limit will be introduced for the Work Related Activity Group on Employment and Support Allowance.
- A range of amendments to Working Tax Credits are planned. Whilst the Government is committed to making work pay, most of these would appear to reduce the incentives to work:
 - The basic and 30 hour elements of Working Tax Credit will be frozen for 3 years from 2011-12.

- The percentage of childcare costs that can be claimed through the childcare element of the Working Tax Credit will be reduced from 80% to 70%.
- Couples with children must work at least 24 hours a week, with one partner working at least 16 hours, in order to be eligible for Working Tax Credit.
- The Child Element will be increased by £30 more than indexation in 2011-12 and £50 more than indexation in 2012-13.
- Household benefit payments will be capped so that from 2013 onwards no workless family earns more than the average working family (defined as median after tax earnings). This will be around £500 per week for couples and lone parent families and £350 for single adult households.

Implications for North Ayrshire Employability Continuum

In the short-term, the Work Programme creates a number of challenges for North Ayrshire:

- What will be delivered and to whom will remain uncertain for some time yet. This makes it difficult for the partners in North Ayrshire to plan their delivery.
- The use of prime contractors – with possibly just 2 or 3 contractors in Scotland – presents a challenge for a small local authority area like North Ayrshire to influence what gets delivered.

The Employability Continuum should be building links to potential Work Programme contractors *now* to ensure that:

- They have good quality, early intelligence about what they plan to deliver, management arrangements, sub-contracting, etc. By understanding what is planned, the Continuum can begin to plan how it will add value to this mainstream delivery.
- The approach they are developing meets the needs of North Ayrshire. As North Ayrshire is a relatively small area, it should be working with other local authority areas to influence the design and delivery of the Work Programme.

Changes to the benefits system may lead to an increase in demand for Employability Continuum services. These clients are likely to have significant support needs and it is currently unclear to what extent mainstream DWP programmes will address these. If they do not, the Employability Continuum may experience increased demand for services at a time when funding is becoming tighter.

Scottish Policy

The Scottish Government's employability framework, **Workforce Plus**, published in 2006, set out a range of actions aimed at moving more people from benefits to work and creating a more coherent employability service. These focused on supporting the local, joined up delivery of employability services, partnership working between agencies and greater engagement of employers. Although Workforce Plus is now 4 years old, it is currently unlikely that it will be replaced by a revised strategy – the Scottish Government's focus will remain on supporting local employability partnerships, and ensuring that employability is built into its other strategies and policies.

Achieving Our Potential, the Scottish Government's framework to tackle poverty and income inequality, also has relevance for worklessness policy. It proposes action to:

- Make work pay, by providing people with skills and training and supporting the creation of employment opportunities,
- Maximise the potential for people to work, through removing barriers to employment, and
- Maximise income for all.

It also proposes greater support for Community Planning Partnerships and engagement with the third sector, private sector and communities.

However, it is important to note that the Scottish Government's policies on worklessness may change following the Scottish Parliamentary elections in May 2011.

Implications for North Ayrshire Employability Continuum

The North Ayrshire Employability Continuum is a good fit with the current Scottish Government policy on tackling worklessness and is well regarded by policymakers at a national level. The key strengths are perceived as:

- Programme of activities in place reflects local needs and priorities.
- Continuum has the right partners on board.
- It is well-organised and managed (for example, got up and running quickly, up-to-date with claims, use of tendering to manage delivery, etc.).
- Willingness to contribute to wider policy groups and discussions.

In planning the activities for the next few years, the Employability Continuum must strike a careful balance – ensuring it links in closely to current policy whilst not being seen as too closely aligned in case there is a change of government and approach.

North Ayrshire Policy

North Ayrshire Council has recently commissioned an ***Economic Development and Regeneration Strategy 2010-2020*** to guide the interventions of the Council and its partners.

The ***vision*** that guides the North Ayrshire Economic Development and Regeneration Strategy is that by 2020 North Ayrshire will be:

- ***Vibrant*** – With more businesses and jobs located in the area, and revitalised town centres.
- ***Diverse*** – There will be a diverse range of businesses and industries in North Ayrshire, attracting a wide range of people to live and work in the area.
- ***Connected*** – North Ayrshire will be well-connected to ensure individuals and businesses can take advantage of opportunities outside the area. North Ayrshire will have a clear role in the wider Glasgow City Region.
- ***Ambitious*** – Individuals and businesses will be ambitious, making the most of what North Ayrshire has to offer and taking advantage of the connections to elsewhere. The public sector will be ambitious for North Ayrshire as a whole and ensure the supports are in place to help individuals and businesses to realise their ambitions.
- ***Visible*** – Individuals, businesses, policymakers and funders will have a clear sense of what North Ayrshire can offer them.

Combined, these characteristics will **revitalise** North Ayrshire's economy and communities, making them more **resilient**.

Two **strategic goals** have been set for the Strategy.

- North Ayrshire becomes a **leading location for doing business**, with a jobs density in the top half of all Scotland's local authorities. A longer term aspiration is to be in the top quartile of Scotland's non-city local authorities.
- Worklessness is at the Scottish level and there is less inequality within North Ayrshire, with no datazone having an unemployment level of more than double the rate for North Ayrshire as a whole. This will help **halve the number of deprived areas** in Scotland's worst 15%.

In addition, a **strategic principle** has been established.

- The **public sector will be responsive** to the needs of businesses and individuals and will achieve this by **working more effectively** individually, collectively and, where appropriate, in partnership. To facilitate this, partners will be asked to sign up to the strategy, outlining the commitments they will make towards delivering the vision, goals, objectives and projects.

8 **strategic objectives** have been set including one that directly relates to tackling worklessness.

- To provide an accessible and seamless pathway of **services to help workless residents**, including young people, into sustainable employment.

Implications for North Ayrshire Employability Continuum

Tackling worklessness is a key element of the new **Economic Development and Regeneration Strategy** for North Ayrshire. This should help in securing buy-in and funding for Continuum Services.

Changes in the Funding Environment

Public Sector Spending Cuts

On 24 May 2010, the Chancellor of the Exchequer and the Chief Secretary to the Treasury announced spending cuts of £6.2 billion in this financial year (2010/11). This was followed by the Budget on 22 June 2010 (HM Treasury, 2010a). This set out the UK Government's plan to:

- Reduce annual spend on public services by £99 billion by 2015/16 (equivalent to 15% of public expenditure in 2009/10).
- Raise £29 billion more annually in tax revenues by 2015/16.

The Spending Review published on 20 October 2010 (HM Treasury, 2010b) outlined spending plans in more detail, with Scottish Government spending to decline **7%** in real terms over the period 2010/11 to 2014/15. This is better than had been anticipated but will have significant impact on the money available for delivering public services – including employability services – in Scotland.

North Ayrshire Employability Continuum Funding

To date, the North Ayrshire Employability Continuum has been funded mainly by a combination of European Social Fund and Fairer North Ayrshire monies. However, there have been significant changes made to both of these funding streams.

ESF

The Continuum has to date received a significant proportion of its funding from ESF Priority 1 (Progressing Into Employment). However, in response to the changing

socio-economic situation since the design of the programme, the previous ESF Priority 1, Priority 2 (Progressing Through Employment) and Priority 3 (Improving Access to Lifelong Learning) have discontinued, and remaining unallocated funds have been combined into a new 'Priority 5'. The focus of Priority 5 is linking local needs and opportunities – largely (although not exclusively) through funding Community Planning Partnerships to create 'strategic skills pipelines'. SCVO, STUC, Scottish Funding Council and Skills Development Scotland are all also eligible to bid.

CPP bids for Priority 5 funding must meet a range of criteria. These include being able to demonstrate:

- Strategic fit in terms of national and local outcomes and strategies, and how the bid will meet local needs and priorities.
- Labour market justification for proposed focus and activities.
- Existence of a strong strategic and operational local partnership, working together to an agreed employability pathway and outlining individual and shared responsibility for outcomes.
- Understanding of existing multi-agency service delivery.
- Links to local employment services and employers and links for clients to other agencies and providers for future support or progression.
- Links with partner such as Skills Development Scotland, colleges, STUC, third sector, etc.
- Why grant funding is required and why these activities cannot be undertaken without additional support.
- Consideration given to equal opportunities, environmental sustainability and social inclusion in the design of the strategic skills pipeline.
- The key outputs that will be delivered by the project shown against each of the Priority 5 Indicators.

On behalf of the CPP, North Ayrshire Council submitted a Stage 2 application for Priority 5 funding for the Continuum on 26 September 2010.

Fairer North Ayrshire

The North Ayrshire Employability Continuum's ESF funds have been match funded predominately by the **Fairer North Ayrshire** fund administered by the North Ayrshire Community Planning Partnership. In April 2008, the Scottish Government replaced a wide range of funding streams (e.g. Workforce Plus, More Choices More Chances, Working for Families etc.) that each addressed a specific policy priority with a single fund – the Fairer Scotland Fund. Funds were provided to Community Planning Partnerships (CPPs) who were expected to use it to meet their local priority outcomes in relation to poverty, disadvantage and deprivation. Within North Ayrshire, this fund was branded as Fairer North Ayrshire.

Since March 2010, Fairer Scotland Funds have been rolled up into the general revenue funding provided to local authorities by the Scottish Government. As these funds are no longer ring fenced, North Ayrshire Council is no longer required to spend these resources on tackling poverty, disadvantage and deprivation. Community Planning partners are expected to use their mainstream resources to tackle poverty and reduce deprivation. Progress towards the National Outcomes will continue to be monitored through Single Outcome Agreements.

Implications for North Ayrshire Employability Continuum

Given public spending cuts, it is likely that less money will be available for the North Ayrshire Employability Continuum going forward. This will mean that the Continuum must find efficiencies, improve effectiveness and have a clear plan about the services it will continue to deliver and those that it can either do less of or discontinue altogether.

Whilst the funding situation will be tight – and we believe the Continuum must plan for this – several factors are in North Ayrshire’s favour:

- The ESF Priority 5 ‘pipeline’ that has been proposed is similar to North Ayrshire’s current Employability Continuum. This means North Ayrshire has a good track record in delivering this model, which should place it in a good position for securing funding.
- Tackling worklessness is a key element of the new North Ayrshire Economic Development and Regeneration Strategy so funding the Employability Continuum should continue to be a priority for North Ayrshire Council and its partners.
- The Scottish Government will continue to monitor the contribution of local CPPs to the National Outcomes through the Single Outcome Agreements. It is highly unlikely that Scottish Government would be welcoming of an approach that did not allocate resources to employability, especially in a high unemployment area like North Ayrshire. This should help to ensure that despite the removal of ring-fencing, that funds continue to be allocated to the Employability Continuum.

4. DESCRIPTION OF EMPLOYABILITY CONTINUUM

Overview of Continuum

Rationale

The original rationale for the development of the North Ayrshire Employability Continuum was to address the persistently high levels of worklessness and labour market disadvantage in North Ayrshire. Despite concerted efforts on the part of the local Community Planning Partnership to reduce worklessness in North Ayrshire to a level closer to the Scottish average – including prioritising ‘Getting People Back Into Work’ within the Regeneration Outcome Agreement, and dedicating 50% of available resource to tackle this issue – it was estimated that at best they had achieved a ‘stand still’ position, as North Ayrshire continued to suffer from large scale industrial decline and resultant redundancies. The Continuum approach was developed and adopted by the Community Planning partners to better target ROA funding and to integrate and align with existing partner activity.

The lack of progress on reducing levels of worklessness was the rationale for North Ayrshire Council, as lead partner in the CPP, to draw together a number of key strategic initiatives for support through a linked ESF/ERDF application. It was hoped that the additional resources from ESF/ERDF funding would allow the CPP to increase the scale of the various interventions to such a level that we should start to see a narrowing of the gap between North Ayrshire and Scottish average figures, allowing a sustainable improvement in the area.

What Does it Involve?

The North Ayrshire Employability Continuum is not a single programme, but is made up of a number of discrete interventions which are linked and complement each other to provide a mechanism to help clients progress from worklessness to sustained employment.

The key client group for the Continuum are young people in the MCMC/NEET group, clients on the various non-active benefits such as incapacity and disability benefits, those suffering various health/mental health problems and lone parents. This represents a move to target interventions at those furthest away from the labour market, in line with key Scottish, UK and European policies.

Who Leads?

The North Ayrshire Employability Continuum pilot application has two distinct levels of partnership, the strategic level and at delivery level.

At the strategic level, as a CPP project, it has been designed by the lead partner North Ayrshire Council in full consultation with all key local partners. At the full CPP Board level all statutory partners were consulted on the approach developed to deliver this project and the strategic interventions included.

Delivery of the project will be the responsibility of the CPP’s Social & Economic Development thematic sub-group. This group of partners were actively involved in the development of the Continuum approach and contains all the local partners involved in employability issues. This group shall be actively involved in managing the project, with key members providing both the tendering panel and the project steering group. This group are updated monthly on project performance by the NAC employed Employability Co-ordinator and will actively work to ensure all aspects of the project are delivered.

North Ayrshire Employability Continuum

First Contact	Signposting Service	Job Readiness	Specialist Support	Generic Core/Key Skills	Vocational Training	Transitional Employment	Entry to Employment	Employment Sustainability	Workforce Development
Initial point of engagement	Assessment of appropriate intervention	Job search skills, CV and interview prep, etc.	e.g. debt advice, drugs/alcohol support etc	Core skills support – e.g. communication etc.	Access to job related training	Supported employment option			Support to ensure job retention
Integrated Employability Service									
Activate									
Extended Outreach									
			Volunteering Programme						
		Lookahead							
				Vineburgh					
			Job Rotation						

How is it Delivered?

North Ayrshire Council as lead applicant for European funding along with the CPP Social & Economic Development group decided that all aspects of the programme should be delivered on a tendered basis. As a result, each of the component programmes are delivered by different organisations.

Component Programmes***Integrated Employability Service***

The IES consists of three programmes that form the backbone of the Continuum.

Community Employment Initiative

CEI is the first stage of an Integrated Employability Service. This project involves community based outreach activities, introducing economically inactive people to the labour market, increasing participation in labour market programmes & the sustainability of outcomes

Jobs Access Programme

The aim of the Jobs Access Service is to improve the social and economic position of disadvantaged residents by widening access to employment opportunities, skills development, education and training. This is achieved through seeking to deliver links with local and national employers, in conjunction with a range of employability support and training for the client group, as well as a programme of post-placement support.

EQUIP

EQUIP is a transitional employment programme providing an integrated package of support to overcome barriers to social and economic participation. Since many of the client group targeted would not be ready or properly prepared to take up employment opportunities, this project clarifies the individual's needs and offers appropriate continued support with clear structures and a planned pathway. The project will act as the employer to the individual during the period of engagement.

The Integrated Employment Service aims to facilitate smooth transitions for clients between its component programmes and to provide links to other aspects of the Continuum.

The IES is delivered by CEiS Ayrshire.

Activate

The Activate Project employs advisers to:

- Deal directly with participants from the first point of contact to the completion of the programme objectives within allocated schools;
- Engage with the target group and identify individual needs, and the barriers preventing entry to the labour market;
- Deliver a programme aimed at enhancing the development of students' employability skills;
- Provide a mentoring and tracking service to participants for one year beyond their school leaving date;
- Ensure the involvement of adults including guardians, social work etc to encourage active support in the client's personal and vocational development.

Vineburgh

The Vineburgh Regeneration initiative involves the rebuilding of more than 300 homes over a 4 to 5 year period. As the lead developer, Cunninghame Housing Association (CHA) aims to maximise training and employment opportunities through

the large scale investment in the physical regeneration of the area. Opportunities on the programme are specifically targeted at MCMC clients.

The project has 2 strands:

- Housing Careers Training Programme – providing training towards Level 3 qualifications and a programme of job search.
- Jobs from Construction – employment of construction apprentices and ground workers by Vineburgh contractors.

Extended Outreach

The Extended Outreach programme provides 2 project workers to support S3 and S4 pupils identified as already disengaged from school or at risk of disengagement and subsequently being NEET post school. These clients typically experience multiple barriers to successful post-school experience and are at high risk of offending and long term benefit dependency.

Project workers organise and deliver an individualised learning plan targeted at improving employability skills including literacy, numeracy and personal and social development. Young people are offered supported work experience and intensive guidance from a careers officer, as well as continued support immediately after leaving school.

Lookahead

The Lookahead programme is an integrated and co-ordinated early intervention model clients with specific and multiple barriers to entering and sustaining work. This supported approach links into a range of specialist services and address the needs of those mental health issues, physical disabilities, learning disabilities or addictions

The aim is to offer clients from these target groups a joined up health and employability support model utilising the skills of a cross-disciplinary delivery team and ensuring full integration with the local employability infrastructure.

Lookahead is delivered by the Wise Group.

Volunteering Programme

The Volunteering Programme seeks to use the potential of volunteering opportunities to provide a pathway to employment and lifelong learning for those at disadvantage and furthest from participation in learning or the labour market. It also promotes active citizenship and the notion that individuals take responsibility for their own futures. Services include:

- A one-to one befriending service for young people who are excluded or are at risk of being excluded from mainstream education, to assist them through transitional phases.
- Targeting of people with additional support needs, to improve their confidence, self esteem, social support networks and potential employment prospects through volunteering, and also also increase the number of volunteer involving organisations which are prepared to include individuals with higher support needs.
- An employability project which will provide a course in confidence building, elementary training in ICT, interview and CV building skills, followed by a volunteer placement of up to 14 weeks.

The Volunteering Programme is delivered by Volunteering Centre North Ayrshire (VCNA).

Job Rotation

The Job Rotation model combines activities both to promote of business development and to tackle worklessness. It achieves this through two strands:

- The provision of training and development for existing employees that meets the employer's needs – therefore helping to make the businesses more productive and competitive, and to increase their employment.
- Raising the employability of workless people through the provision of training and work experience placements for 26 weeks with local companies. Trainees receive job preparation training and support, and are paid the rate for the job whilst they are on placement. Employers are given a contribution towards their wages.

The two types of activity are complementary in that the provision of subsidised trainees to businesses then 'frees up' the existing employees to undertake training of their own.

The North Ayrshire Job Rotation programme is delivered by the Workers' Educational Association.

5. ANALYSIS OF ACTIVITIES AND OUTCOMES

Introduction

The Employability Continuum is predominately funded by North Ayrshire CPP ESF/ERDF grants plus match funding from the Fairer North Ayrshire (although a small number of projects also have match funding from additional sources – e.g. Skills Development Scotland contribute funds towards Activate). Job Rotation is funded through a separate ESF bid, matched by funding from the North Ayrshire, East Ayrshire and South Ayrshire CPPs. As such, its costs, targets and outcomes are measured separately and relate to performance across their entire operating area. As such, Job Rotation is not included in the following tables.

Targets

North Ayrshire Employability Continuum has a range targets in terms of the activities and outcomes that are expected. These are shown in Figure 5.1.

Figure 5.1: Programme Targets

	Target
<i>Activities</i>	
Participants	3,424
Job Brokerage Initiatives	3
<i>Outcomes</i>	
Entering employment	1,316
Entering education or training	1,103
Gaining partial or full qualification	2,424
Sustaining employment for 6 months	926

Source: North Ayrshire Council Monitoring Data

Progress Against Targets

Figure 5.2 shows that at the end of March 2010 (i.e. 20 months into a total funding period of 32 months) the programme has already met or exceeded its targets in terms of:

- Total number of participants – currently at 105% of the expected final total
- Number of job brokerage initiatives – 100%

Figure 5.2: Activities

	Target	August 08 – June 09	July 09 – March 10	Total to Date
Participants	3,424	1,849	1,752	3,601
Brokerage Initiatives	3	3	0	3

Source: North Ayrshire Council Monitoring Data

With regard to the outcomes delivered by the Continuum:

- 974 clients have entered employment, 74% of the total expected by the end of the programme's funding
- 1,087 clients have entered education or training – 99% of the final target
- 1,128 have gained a partial or full qualification – 47% of the target

- 466 have successfully sustained employment for six months, 50% of the target amount – although the nature of this outcome means that there will be a substantial time lag.

Figure 5.3: Outcomes

	Target	August 08 – June 09	July 09 – March 10	Total
Entering employment	1,316	413	561	974
Entering education or training	1,103	567	520	1,087
Gaining partial or full qualification	2,424	540	588	1,128
Sustaining employment for 6 months	926	0	466	466

Source: North Ayrshire Council Monitoring Data

Value for Money

As shown in Figure 5.4, the total cost of the Continuum programme so far (to March 2010) has been just under £1.78 million. This is 64% of the total approved budget for the programme.

Figure 5.4: Costs (£)

	Total Approved	August 08 – April 09	April 09 – March 10	Total to Date
Staff	212,858.00	84,880.63	112,292.10	197,172.73
Participants	2,000.79	1,521.00	985.00	2,506.00
Other	2,560,660.00	646,639.27	931,418.04	1,578,057.31
Total	2,775,518.79	733,040.99	1,044,695.14	1,777,736.04

Source: North Ayrshire Council Monitoring Data

One measure of the value for money or cost effectiveness of employability programmes is the 'cost per outcome'. This is shown in Figure 5.5. Based on the spend to date of £1.78 million from Figure 5.4 above, it can be estimated that:

- For each client entering employment, £1,825 has been spent.
- For each client reaching a 'positive destination' (i.e. entering employment, education or training), £863 has been spent.

Figure 5.5: Cost per Outcome

	Number	Cost per Outcome (£)
Employment	974	1,825
Positive Destination	2,061	863

Source: North Ayrshire Council Monitoring Data

Comparison of Value for Money

Overall, the cost effectiveness of the Continuum appears to compare favourably with that of other employability programmes. For example, cost per job estimates for

mainstream New Deal for Young People and New Deal 25+ were £2,600 and £3,500 (in 2007), rising to £4,300 and £4,700 when delivered through Employment Zones. In terms of ESF projects, the 49 projects in Lowlands and Uplands Scotland that received funding in the 2007 'Shadow Round' had an average cost per positive outcome of £3,452. Again, the cost effectiveness of the Continuum appears to be significantly more than these programmes.

Performance Over Time

As would be expected, there has been some variation in the delivery of outcomes by the programme over time. Figure 5.6 compared outcomes achieved in the periods August 2008–June 2009 and July 2009–March 2010 with what would have been expected had progress towards the target outcomes been constant.

There are a number of points that can be taken from this:

- As would be expected, the pace of achievement picked up between 2008/09 and 2009/10, across all four of these outcomes.
- The programme is on track to meet its target number of clients entering employment.
- The programme is on track to meet its target number of clients entering education or training – in fact, if the current rate of delivery continues into 2010/11, it is likely to substantially exceed its target.
- It appears unlikely that the target for clients gaining partial or full qualifications will be met, based on the numbers achieved so far.
- It is not clear whether the 'sustained employment' target will be met – although it is quite possible, given the inevitable time lags associated with this outcome.

Figure 5.6: Changing Performance Against Targets

	Aug 08 – Jun 09			Jul 09 – Mar 10			To End Mar 10	
	Expected	Actual	Difference (%)	Expected	Actual	Difference (%)	Required to reach target	Status
Entering employment	452	413	-8.7	370	561	+51.6	342	On track
Entering education or training	378	567	+50.0	309	520	+68.3	16	On track
Gaining partial or full qualification	834	540	-35.3	682	588	-13.8	1,296	Unlikely to achieve
Sustaining employment for 6 months	318	0	-100.0	260	466	+79.2	460	Not yet clear

Source: North Ayrshire Council Monitoring Data

Performance of Continuum Programmes

Targets have been set for those programmes that were tendered/contracted out – i.e. the Integrated Employment Service, Vineburgh, Lookahead and VCNA. Figure 5.7 shows the targets that have been set.

- In three cases (participants; entering education or training; and gaining partial or full qualification), the combined targets set are less the total ESF/FNA targets. This may be because the other programmes are expected to contribute towards the overall target – but clearly the Continuum risks missing its targets if what the programmes have been asked to do is less than what the Continuum as a whole needs to achieve.
- The Continuum is heavily reliant on the Integrated Employment Service (delivered by CEiS Ayrshire) to achieve its targets.

Figure 5.7: Programme Targets

	Target Set	% of ESF/FNA Target
Participants		
Integrated Employment Service	2,255	65.9
Vineburgh Regeneration	30	0.8
Lookahead	320	9.3
VCNA	300	8.8
Total	2,905	84.8
ESF/FNA Target	3,424	100.0
Entering employment		
Integrated Employment Service	1,395	106.0
Vineburgh Regeneration	20	1.5
Lookahead	61	4.6
VCNA	15	1.1
Total	1,491	113.3
ESF/FNA Target	1,316	100.0
Entering education and training		
Integrated Employment Service	915	83.0
Vineburgh Regeneration	4	0.4
Lookahead	-	-
VCNA	65	5.9
Total	984	89.3
ESF/FNA Target	1,103	100.0
Gaining partial or full qualification		
Integrated Employment Service	675	27.8
Vineburgh Regeneration	22	0.9
Lookahead	106	4.4
VCNA	24	1.0
Total	827	34.2
ESF/FNA Target	2,424	100.0
Sustaining employment for 6 months		
Integrated Employment Service	975	105.3
Vineburgh Regeneration	15	1.6
Lookahead	14	1.5
VCNA	15	1.6
Total	1,019	110.0
ESF/FNA Target	926	100.0

Figure 5.8 presents the activities and outcomes for each programme to March 2010, alongside the progress being made towards the targets set for individual programmes and the Continuum as a whole. The contribution of each programme is also considered.

- The four organisations that have been set targets are making good progress towards these and in many cases were already close to the target or had exceeded the target despite the programme still having 12 months to run.
- Areas of concern include the numbers entering education and training from VCNA and the numbers sustaining employment from the Integrated Employment Service and VCNA. However, sustaining employment is a lagging indicator so this may resolve itself over coming months.
- The Integrated Employment Service is responsible for the bulk of the outcomes, reflecting the scale of this intervention, alongside the job brokerage role it play in the Continuum.

Figure 5.8: Programme Achievements

	Total to March 2010	Progress toward target	% of Overall Achievement
Participants			
Activate	151	-	4.2
Integrated Employment Service	2,670	118.4	73.9
Vineburgh Regeneration	24	80.0	0.7
Extended Outreach	163	-	4.5
Lookahead	320	100.0	8.9
VCNA	284	94.7	7.9
Total	3,612	105.5	100.0
Entering employment			
Activate	14	-	1.4
Integrated Employment Service	882	63.2	88.7
Vineburgh Regeneration	12	60.0	1.2
Extended Outreach	1	-	0.1
Lookahead	74	121.3	7.4
VCNA	11	73.3	1.1
Total	994	75.5	100.0
Entering education or training			
Activate	20	-	1.7
Integrated Employment Service	859	93.9	72.8
Vineburgh Regeneration	0	0.0	0.0
Extended Outreach	120	-	10.2
Lookahead	166	-	14.1
VCNA	15	23.1	1.3
Total	1,180	107.0	100.0
Gaining partial or full qualification			
Activate	0	-	0.0
Integrated Employment Service	691	102.4	76.3
Vineburgh Regeneration	0	0.0	0.0
Extended Outreach	85	-	9.4
Lookahead	130	122.6	14.3
VCNA	0	0.0	0.0
Total	906	37.4	100.0
Sustaining employment for 6 months			
Activate	0	-	0.0
Integrated Employment Service	417	42.8	92.1
Vineburgh Regeneration	0	0.0	0.0
Extended Outreach	0	-	0.0
Lookahead	31	221.4	6.8
VCNA	5	33.3	1.1
Total	453	48.9	100.0

Notes: 1. Lookahead – total results at 31st July 2010

2. Figures for Vineburgh initiative to end June 2010

Value for Money of Individual Projects

Figure 5.9 shows the cost per job and cost per positive outcome for each project. This shows wide variations – however, this reflects the differing roles each project serves in the Continuum and the different client groups assisted. As such, projects with a high cost per outcome figure should not necessarily be considered less efficient than those with low figures.

In addition, a couple of projects face specific problems:

- Vineburgh Employment and Training Initiative - The housing trainee element of this programme was not complete at the time of the evaluation – so while most of the costs had already been incurred for supporting these individuals by June 2010, these individuals were still on their work placement. By the end of November 2010, 21 of the 22 Vineburgh project participants were in employment.
- Activate – One of the main outcomes of this project is getting young people at risk of becoming part of the MCMC group to stay on at school. However, this outcome does not qualify as ‘entering employment and training’ for ESF purposes and these outcomes are therefore not included in these figures.

Figure 5.9: Costs by Project (to March 2010)

	Jobs	Positive Outcomes	Costs (£)	Costs per Job (£)	Costs per Positive Outcome (£)
IES	882	1,741	1,233,508	1,398	709
Extended Outreach	1	121	93,040	93,040	769
Lookahead	74	240	343,242	4,638	1,430
Activate	14	34	127,101	9,078	3,738
Volunteering Programme	11	26	262,925	23,902	10,113
Vineburgh	12	12	233,158	19,429	19,429

Note: Figures for Vineburgh initiative to end June 2010

Comparison of Value for Money of Individual Projects

In terms of the individual projects that make up the Employability Continuum, as the project that delivers the vast majority of the Continuum’s employment outcomes, the Integrated Employment Service appears to perform well when compared to a selection of alternative approaches (see Figure 5.10). Extended Outreach and Lookahead also compare well in terms of cost per positive outcome. The Volunteering Programme on the other hand appears to be relatively high cost – although this could reflect the focus of the programme on softer outcomes rather than moving people in to employment or training.

In the future, it would be beneficial to collect more data on softer outcomes as it is currently difficult to judge the value of those projects that work with those furthest from the labour market and are not yet ready to move into education, training or employment.

Figure 5.10: Cost per Job Outcome, UK Labour Market Programmes, 2007

Programme	Cost per Job (£)	Type
Basic Skills – SIBS	30,800	Training
Remploy Businesses	19,500	Disability
WBLA-BET	17,000	Training
Fair Cities (inc. centre)	8,903	Fair Cities
Workprep	7,600	Disability
Fair Cities (exc. Centre)	7,572	Fair Cities
WBLA-LOT	6,300	Training
Workstep	4,800	Disability
Link up	4,700	Jobseekers
EZ ND25+	4,700	Employment Zone
PSL ND25+	4,600	Employment Zone
EZ NDYP	4,300	Employment Zone
EMO	4,200	Area-based
EZ NDLP	4,000	Employment Zone
Remploy Interwork	3,800	Disability
Progress2work	3,600	Jobseekers
ND25+	3,500	Jobseekers
PSL NDYP	3,200	Employment Zone
Access to Work	2,900	Disability
WBA-SJFT	2,800	Training
NDYP	2,600	Jobseekers
NDDP	2,400	Disability
Pathways to Work	2,400	Disability
NDP	2,300	Lone parents and partners
Action Teams	2,000	Area-based
NDLP	800	Lone parents and partners
ND50+	400	Jobseekers
Work Trials	200	Jobseekers

Source: IES (2007)

6. VIEWS OF CONTINUUM PARTNERS AND DELIVERY ORGANISATIONS

Introduction

Interviews have been conducted with key partners including North Ayrshire Council, Jobcentre Plus, Skills Development Scotland and Irvine Bay Regeneration Company. These consultations have focused on:

- Reviewing the strengths, weaknesses and effectiveness of the services delivered through the Continuum. Key questions have included:
 - To what extent are we procuring the right services and do we have the balance right across the Continuum?
 - How good is the performance of the projects/programmes within the Continuum and what can be done to improve this?
- Considering the implications of the significant change in labour market conditions since the Continuum was designed and implemented. How, if at all, does the Continuum need to change to reflect the more depressed labour market conditions?

Interviews have also been carried out with key staff of the programmes making up the Continuum, to secure their perspectives on:

- The performance of their own programme and what could be done to enhance this.
- The effectiveness of the Continuum as a whole including the impact of other projects and programmes on the service that they are able to provide to their clients – and how this overall effectiveness could be enhanced.

Both sets of consultations have been carried out using standard checklist of questions to maintain a consistency of approach. This chapter draws on these interviews to provide an overall assessment of:

- Strengths and weaknesses.
- Recommendations for improvements.

Assessment of Continuum

Key Continuum partners and delivery organisations were asked about the value of the Continuum as a whole, whether the Continuum was fit for purpose, how it could be improved and what the priorities should be for the future.

Value of Continuum

The main value of the Employability Continuum to partners and programme staff was that it provided an overarching structure and coherence to efforts to tackle worklessness in North Ayrshire. It has helped change the way in which organisations think about the delivery of employability in North Ayrshire – with the continuum/pipeline ‘concept’ encouraging them to think about their delivery as being part of a coordinated effort. In addition, the Employability Continuum has improved linkages between different providers (and wider partners), so knowledge of what is available and potential referral routes has improved.

Is Continuum ‘Fit for Purpose’?

Local partnerships and funders need to ensure that their continuums or pipelines are populated with appropriate and effective services reaching back to the initial engagement stage and forward to helping sustain people in employment. This is often the area where partnerships struggle. Partners and delivery organisations were asked whether they felt the right basket of services was in place in North Ayrshire – and if the balance between the different elements was appropriate.

Interviewees felt that the North Ayrshire Employment Continuum was well-specified and as a result the right range and mix of services were in place. No gaps were identified, although many felt that more needed to be done to engage with employers and/or to directly create employment opportunities. This reflected the perception that a lack of jobs in North Ayrshire was the major barrier to getting more people into work.

In addition to having the right services in place, the balance between activities is seen as sensible by most partners. However, most raised concerns about whether this balance would continue to be appropriate in the future, given changing labour market conditions and the potential impacts of welfare reform.

- Recession has increased the number of clients accessing services that are close to labour market. The services these clients need (e.g. help with jobsearch and re-skilling) tend to be shorter and sharper than the longer-term help those with health or other barriers require to move towards and into work.
- Welfare reform could mean more individuals with significant health and other barriers on Jobseekers Allowance (e.g. ex-Incapacity Benefit claimants). At the moment it is unclear whether the Work Programme will provide additional support to those moving from Incapacity Benefit onto Jobseekers Allowance – but if this is not built into the programme, there is likely to be an increasing need for services for this group.

Partners/delivery organisations were asked about whether they thought the services in place were effective. Most felt unable to answer this. Whilst they are informed about progress against headline targets (at the CPP Economic and Learning Partnership or at ad hoc Operational Meetings), they do not know whether individual contracts are effective or value-for-money and how they compare to similar programmes elsewhere. Some flagged up that the introduction of the *Meganexus* management information system should help resolve some of these problems, others felt that more needed to be done to facilitate sharing of information on effectiveness and (more importantly) share learning on what has worked and why.

Tendering/Contracting Processes

Many of the Continuum services were put out to competitive tender. The exceptions to this are:

- Activate is a Skills Development Scotland programme and includes SDS funds as well as ESF and FNA funds and therefore SDS had to deliver this.
- Extended Outreach is part of North Ayrshire Council's Education and Skills provision.
- Job Rotation is funded through a separate ESF application by WEA for the three Ayrshire local authorities.
- The Vineburgh Construction project was not tendered as it related to a major housing regeneration scheme being delivered by Cunninghame Housing Association.

North Ayrshire Council had previously used tendering for European funding programmes and their approach built on this experience. Most consultees were positive about the tendering/contracting process. This is seen as improving value-for-money by reducing bureaucracy (for example, by reducing the amount of time required for audit) and costs (as a result of the competitive tendering processes). However, some mentioned that tendering works against the spirit of partnership and it can be difficult to reconcile these two different 'roles'.

Potential Improvements

Whilst the Continuum was considered highly by partners, this does not mean it cannot improve. A number of potential improvements were suggested including:

- **Improving linkages between Continuum programmes.** As outlined earlier, there are already linkages between the different programmes in the Continuum but there is scope to improve these further.
- **Ensuring delivery organisations are rewarded for their contribution.** Organisations are currently paid for delivery of activities – but if the Continuum decides to pursue an outcomes-based payments system in the future (as has been suggested by some partners), delivery organisations need to be confident that their contributions in moving an individual closer to the labour market will be acknowledged or they will hold onto clients rather than refer onto other services.
- **Improving links to employers.** Interviewees considered the major inhibitor to achieving more is the lack of employment opportunities in North Ayrshire. As such, they felt the Continuum needs to do more to build linkages to employment opportunities.
- **More regular meetings of the Operational Group** (comprising Employability Continuum staff and programme staff). These should focus on sharing information and learning and, where necessary, driving improvements in processes (e.g. referrals).

Assessment of Component Programmes

Figure 6.1 provides an overview of the key strengths, weaknesses and areas of improvement suggested by the key staff of each programme funded under the North Ayrshire Employability Continuum. Whilst each programme is different and the issues identified reflect the client groups, operating structures and requirements placed on each, there are some common issues:

- Most were reluctant to identify weaknesses – instead seeing ‘challenges’ to delivery.
- Organisations tended to review progress and make improvements on an ongoing basis.

Figure 6.1: Strengths and Weaknesses of Continuum Programmes

	Strengths	Weaknesses	Potential Improvements
Activate	<ul style="list-style-type: none"> • Well-tested product – operating in 11 areas across Scotland. • Early intervention model – much harder to reengage once they have left school. • Young person has key worker/single contact point. Key worker is proactive in contacting clients. • Support continues for year after young people leave school. 	<ul style="list-style-type: none"> • MCMC activities in schools increasing. SDS currently reviewing Activate – concerns about potential duplication with other services. • Increasing outcome is ‘staying on at school’ – but these do not count towards ESF. 	<ul style="list-style-type: none"> • Currently looking at ways of measuring distance travelled.
Integrated Employment Service	<ul style="list-style-type: none"> • Integrated service allows clients to access wide range of services through single contact point. • Seen as ‘honest broker’ by individuals and increasingly by employers. • Organisation has good understanding and linkages of local community. • Good relationships with other providers. • NAC’s willingness to allow service to adapt to emerging needs. 	<ul style="list-style-type: none"> • Physical constraints – could achieve more if had additional site but trying to address through outreach. 	<ul style="list-style-type: none"> • Currently developing employer engagement activities – hope will help generate more placements and job vacancies. • Also considering developing social enterprise opportunities to directly create employment opportunities. • Improving aftercare for individuals and employers.
Vineburgh Regeneration	<ul style="list-style-type: none"> • As CHA is client for regeneration programme, this provided direct link and leverage with contractor. • Apprenticeships are ‘real jobs’ – not training scheme. • Willingness of HAs to be flexible in recruiting/management of young people. 	<ul style="list-style-type: none"> • Public sector spending cuts has meant there are few jobs in housing sector for those completing the Housing Management traineeships. 	<ul style="list-style-type: none"> • Housing management traineeship could be delivered in 18 months rather than 21. • Reduce time dedicated to induction.

	Strengths	Weaknesses	Potential Improvements
Extended Outreach	<ul style="list-style-type: none"> • At risk young people make better transitions post-school. • Allows significant time to be dedicated to assisting young people. • Support customised to needs of individual. • Skills, dedication and resilience of staff. 	<ul style="list-style-type: none"> • Appears expensive compared to mainstream education – but offset by cost savings post-school (e.g. benefits, health, crime). • Lack of training opportunities available locally in sectors young men interest in (e.g. construction, mechanics, etc.) 	<ul style="list-style-type: none"> • Increase capacity – so can help more young people.
Lookahead	<ul style="list-style-type: none"> • Very flexible – responds to needs of clients. • Links to other services used by client group (e.g. health, social services). • Knowledge and skills of staff (of client group, barriers faced, other services can access). 	<ul style="list-style-type: none"> • Nature of client group also means that need to spend significant time with clients - with impact on resources required. 	<ul style="list-style-type: none"> • Increase capacity. • Expand range of training available. • Offer more accredited training. •
VCNA	<ul style="list-style-type: none"> • Provides those not ready to move into work with structured way of improving confidence and gaining work experience. • Provision of training and personal development before placement. • Gaining good reputation within community – so getting word of mouth referrals. 	<ul style="list-style-type: none"> • Have linkages to other programmes – but could improve these further. 	<ul style="list-style-type: none"> • Improving linkages to other programmes in Continuum. • Improving aftercare/follow-up.

	Strengths	Weaknesses	Potential Improvements
Job Rotation	<ul style="list-style-type: none"> • Significant track record in delivering sustainable employment. • Addresses both worklessness and workforce development. • Strong employer engagement. • Training delivered is based on needs of local economy and employers. • Ayrshire-wide – so can offer NA residents placements in SA. 	<ul style="list-style-type: none"> • Lack of resources – declining over time. 	<ul style="list-style-type: none"> • As being running for long time and has been refined repeatedly – so limited scope for improvement.

Future Priorities

Finally, partners and delivery organisations were asked about what they thought the Continuum's priorities should be for 2011-14, given the changing labour market, policy and funding context. It should be noted that most partners expressed a great deal of uncertainty about what the priorities should be.

In relation to priority groups, there were two schools of thought:

- North Ayrshire has high levels of benefit claimants in all groups so the Employability Continuum must offer some services for every group.
- Alternatively, given likely reduction in funding alongside worsening labour market, some thought it was imperative that the Employability Continuum focused its efforts. A number of different priority groups were suggested by interviewees including:
 - Those close to labour market (e.g. recently redundant).
 - Those furthest from labour market.
 - Young people in the MCMC group – or at risk of becoming part of this group.

In terms of the services that should be included in the Continuum, the consensus was that the current Continuum model has served North Ayrshire well and the 'stages' and associated activities should continue. The one area where major change is required is improving linkages to employers.

Interviewees were also asked about which elements of the Continuum should be sustained if funding was significantly reduced.

- Many advocated continuing with all aspects of the Continuum – but scaling everything down. However, this is often difficult to achieve as the economies of scale within programmes mean reducing the level of delivery would make some programmes uneconomic (or not viable).
- The alternative is to focus on particular client groups and some interviewees advocated this approach – with priority groups suggested including:
 - Those close to labour market (e.g. recently redundant)
 - Those furthest from labour market
 - Young people in the MCMC group.
- The client groups chosen will determine the services required. For example, if the focus was on those close to labour market, the Continuum would not need a health project, would require different types of engagement services to those currently in place and greater efforts would be needed to secure vacancies.

7. REVIEW OF NORTH AYRSHIRE EMPLOYABILITY CONTINUUM

Introduction

In commissioning this research, the North Ayrshire Council wanted the following issues to be reviewed:

- *“The specific models/activities developed to deliver employability programmes.*
- *The balance of the programme and the targeting of the right client group.*
- *The impact of individual aspects of this programme.*
- *The extent to which it provides value for money.*
- *The appropriateness of the tendering/contracting model used to commission delivery agents.*
- *The use of the Employability Continuum as a strategic tool.*
- *The changing roles of the partners/stakeholders (SDS, NHS, etc.).*
- *The impact of DWP’s Work Programme and other DWP initiatives.*
- *The prioritisation of services if resources are reduced.*
- *Services which should be increased/reduced/discontinued.”*

This chapter is intended to pull together the key conclusions on each of these from the earlier chapters and represents TERU’s assessment of how North Ayrshire Community Planning Partnership should go forward.

Use of the Employability Continuum as a Strategic Tool

The Employability Continuum has changed the way employability services are conceptualised and delivered locally – reducing overlap and duplication and ensuring all partners and delivery organisations know and understand what is being delivered and by whom. By changing perceptions and working practices, the Continuum has had a significant impact above and beyond the numbers it has helped move towards and into work. The Employability Continuum could be strengthened further as a strategic tool by:

- Ensuring mainstream delivery (e.g. by Jobcentre Plus and SDS) is included in the Continuum ‘model’. This will help ensure that linkages are made between these and the Continuum’s activities and should lead to these organisations being held more rigorously to account for their delivery within North Ayrshire.
- Providing more opportunities for Continuum delivery organisations to meet and share experiences, address problems, etc.

Client Groups Targeted

Figure 7.1 shows that:

- The current profile of Continuum clients is broadly similar to that of the benefit claimants as a whole. The one group that is significantly underrepresented is those that have been claiming benefits for more than 2 years.
- The Continuum has not supported as many women, over 50s or long term (1 year plus) claimants as it had anticipated. There are 3 potential reasons for this – that targeting of these clients has been poor, that the services on offer do not appeal to these client groups or simply that these individuals are not currently actively trying to move into employment. The Continuum should explore the reasons for this underperformance in more detail so that it can improve the appropriateness, quality and attractiveness of the services it offers for these clients.

Figure 7.1: Breakdown of Client Group (% of Total)

	Target Participants (3,424)	Actual Participants to March 2010 (3,601)	Benefit Claimants (16,180)
<i>Gender</i>			
Male	43.7	68.9	55.6
Female	56.3	34.6	44.4
<i>Age</i>			
Under 25	14.3	38.2	17.7
25-50	51.4	52.7	63.5
Over 50	34.3	12.6	18.6
<i>Period of Worklessness</i>			
Up to 1 year	12.7	39.9	39.8
1-2 Years	12.9	7.2	11.0
2 Years +	36.1	16.4	49.3

Note: Benefit Claimant age breakdown is Under 25; 25-54; and 55+

North Ayrshire has a large number of individuals within all benefits groups, coupled with a limited number of vacancies. In deciding which groups to focus on, two principles should apply

- Focus should be on those that are not well served by mainstream delivery.
- Focus should be on those that can benefit from the Continuum's assistance – i.e. that will move into employment as a result of the Continuum's support.

Using these principles, alongside the analysis of North Ayrshire's labour market performance and the views of consultees, we recommend the Continuum focuses its efforts on three groups.

- The 'newly long term unemployed' – i.e. those that lost their jobs during the recession and have quickly become part of the long-term unemployed. The focus here is not on assisting every individual that becomes unemployed but to fast track those reaching 6 months unemployed into the IES and, in particular, its job brokerage services.
- Young people at risk of becoming part of the MCMC group. This group is also at risk as 16/17 year olds are not entitled to Jobseekers Allowance and are unlikely to be able to access the Work Programme.
- Individuals with significant health or other barriers that are a significant distance from the labour market. In addition, services will be required for those Incapacity Benefit claimants that have been reassessed as fit to work.

For the first two groups, the rationale is about preventing worklessness from rising even further. Given the long-term costs of unemployment to North Ayrshire – both directly in terms of the cost of benefit payments and indirectly as a result of a lack of local income, increased demand of statutory services such as social work and health services and as a constraint on economic growth – these should be seen as early intervention 'invest to save' projects. In addition, the numbers in these two groups are relatively small and they are less likely to require intensive support than others, so it should be relatively cost effective to assist them.

The rationale for supporting those with severe barriers to employment is that these are likely to be the least well served by mainstream provision and therefore there is likely to be a need for the Continuum to fill the gaps for this client group. A second argument is that the long term prosperity of the North Ayrshire economy will depend on dramatically increasing the proportion of residents that are in work – and 56% of current claimants are on Incapacity Benefit or Employment and Support Allowance. Whilst it may be difficult to get these groups directly into work at the current time, it is important that they are supported so they will be able to move into work when the economy picks up.

The balance of effort between these 3 groups will depend on how the Work Programme operates. There have been some suggestions that those on IB/ESA will have immediate access to the Work Programme and if this is the case, it may be possible for the Continuum to deliver fewer services to this group and use its resources on another group.

Model/Activities Developed, Balance of Programme and Services to be Increased, Decreased or Discontinued

The high demand for North Ayrshire Employability Continuum services, coupled with high outcomes suggest that the Continuum is offering the right services and that these are both effective and well-regarded by local residents. Stakeholders were positive about the design and specification of the model, with most feeling the Continuum had the mix and balance of services right.

However, having been an appropriate model in the past does not necessarily mean it will be fit for purpose in coming years. One way of assessing the design of the model going forward is by benchmarking it against the ESF Priority 5 strategic skills pipeline.

ESF Priority 5

The new Priority 5 provides funding for “*local sustainable strategic skills pipelines*”, consisting of a range of activities which offer ‘transferable competencies’ to individuals. The activities on offer should cover employability help for those furthest from the labour market, measures to progress them into employment with opportunities for future career progression opportunities and vocational and higher level job related training where appropriate. The likely stages of a stages of a skills pipeline envisioned for Priority 5 applications are illustrated below.

Figure 7.2: Priority 5 Strategic Skills Pipeline

<u>Stage 1</u> Referral/Engagement activity	<u>Stage 2</u> Barrier removal	<u>Stage 3</u> Vocational activity	<u>Stage 4</u> Employer Support, Engagement & Job Matching	<u>Stage 5</u> In- Work/Aftercare & Skills Development
Clients not job ready		Job ready clients		In work clients

Stage 1 activity concentrates on early engagement, the identification of clients’ needs and the development of individual action plans.

Stage 2 is focused on removing the barriers to employment that individuals face and helping them to become more ‘job ready’. This could include:

- Specialist and non-traditional employability provision e.g. debt support/financial advice, condition management.
- Training, education or work preparation to build confidence and develop basic skills such as ICT, literacy, numeracy and English for speakers of other languages.
- Volunteering opportunities.

Stage 3 provides job-related activity for more work ready clients, including vocational training, industry specific qualifications, developing core skills, supported volunteering, job search advice, job tasters and work experience.

Stage 4 consists of pre-employment support for job ready individuals to move directly into employment, employer engagement and matching, short placements into jobs, aftercare to help ensure sustainability and support for progression in employment. It can also include support for people who want to enter occupations or sectors where their gender is under-represented, in order to tackle gender segregation and the pay gap.

Stage 5 activities support clients to sustain and progress in employment, through initiatives to:

- Encourage and support the development of vocational and core skills among low-skilled and low-waged individuals and specific groups (such as women returners).
- Support disadvantaged young people and adults in apprenticeships.
- Provide training for those wishing to start up or manage a business, particularly from under-represented groups.
- Enhance the skills of those starting up new companies or in self-employment and key managers in SMEs and social enterprises.
- Provide the high level business and management skills required by social enterprises to improve their sustainability.

These activities are indicative of those which will be considered eligible and the most likely stage in the pipeline where the intervention may take place. Where partnerships wish to undertake activities under other stages, they must demonstrate how their pipeline fits within the 5-stage structure. Applications must show the full strategic skills pipeline for participants, which elements will be improved by ESF funding and how this will strengthen the client support available and links between the partners and with employers.

North Ayrshire's current pipeline is focused on Stages 1-4. This suggests **greater efforts** should be focused **on Stage 5**. North Ayrshire Community Planning Partnership's ESF Priority 5 Stage 2 bid has suggested addressing this by building linkages to North Ayrshire Council Business Development Team's Skills for Growth programme and continuing to utilise the Job Rotation model.

In terms of the balance of activities within Stages 1-4, it is difficult to assess this as most of the Continuum programmes cut across more than one of the stages. However, our recommendations would be to:

- **Reduce spending on client engagement** (Stage 1). As the Continuum builds momentum and the delivery organisations are becoming well known within the local community there is less of a need for large scale engagement activities. Linked to this, the increasing number of benefit claimants within North Ayrshire may mean engagement activities are counter-productive – encouraging clients to come forward that the Continuum will not have the capacity to support. We are not suggesting that the Continuum should pull away from engagement activities altogether but that it focuses a smaller proportion of its resources on this Stage than in the past.
- **Maintain spending on removing barriers** (Stage 2). Some clients are likely to have fewer barriers than those assisted in the past (e.g. recently long term unemployed), whilst others may have more (e.g. those previously on Incapacity Benefit or Employment and Support Allowance that have been re-assessed as fit for work) – so it should be possible to keep the proportion of spend dedicated to this stage roughly the same by spending less on some clients and more on others.
- **Increase spending on vocational activities** (Stage 3). Given the current economic climate, vocational activities are also likely to become more

important in helping Continuum clients to compete effectively for available jobs – so the Continuum should consider focusing a larger proportion of its resources on this Stage.

- **Increase spending on employer engagement** (Stage 4). As we outlined earlier in this report, employer engagement will become even more critical over the next few years and as a result we think the Continuum should be focusing more attention on this than in the past.

An alternative way to consider the question of what the Continuum should contain going forward is to compare it to best practice elsewhere. On behalf of DWP, Hasluck and Green (2007) reviewed *What Works for Whom?* in relation to employability services. They found that:

- Clients were extremely diverse in their personal characteristics, attitudes and motivations, the barriers they face and their household, community and labour market context. This creates a need for holistic approaches that tackle the particular barriers and motivations of each individual client – rather than ‘one-size fits all’ approaches. Another implication of this finding is that targeting approaches at specific client groups (e.g. young people, long term unemployed, lone parents) is not necessarily effective as it can be other characteristics that determine the services they require.
- The timing of interventions is important – and in particular, working with clients that are motivated to participate.
- There is little evidence that the type of provider (e.g. public, private or voluntary) influences the effectiveness of delivery. More important is the attributes and skills of staff delivering the service.
- Jobsearch is central to moving off benefits but there is little evidence on the effectiveness of different types of jobsearch and whether particular approaches are more or less effective for particular client groups.
- Employer attitudes to unemployed clients matter as they control access to employment opportunities. Some programmes (e.g. Work Trials) are praised for changing the attitudes of participating employers by providing them with an opportunity to see what unemployed clients can bring to the workplace.

City Strategy Approach

DWP established the City Strategy approach in 2007 to tackle worklessness in 15 of the most disadvantaged areas across the UK. The areas selected were chosen as they were amongst the furthest from the then Government’s ambition of an employment rate of 80%. The City Strategy approach is to bring local partners together to set shared priorities and then to align their efforts to these priorities. The City Strategy Partnerships work alongside mainstream DWP provision. The approach has similarities to the Employability Partnerships across Scotland – and North Ayrshire’s Employability Continuum in particular. The major difference between the Employability Continuum and the City Strategy approach is that City Strategy pathfinders were given flexibility by DWP to try different approaches to tackle local issues.

The City Strategy Learning Network suggests there are a number of lessons that can be learnt from the experience of the City Strategy Partnerships:

- Importance of being focused but flexible – with the **focus** on achieving particular outcomes/impacts, whilst retaining **flexibility** around who is assisted and how.
- The strength of the City Strategy Partnerships has come from partners **working together to identify the local area’s problems and solutions.**

- Whilst facing different problems and opportunities, three features have been common across the 15 partnerships and are seen as critical to their success.
 - Having non-employability services in place to help clients make a successful transition into work (e.g. tackling debt, transport and health problems).
 - Working with employers to develop a clear understanding of their employment and skills needs.
 - Being responsive – both to opportunities as they arose and to what worked and what didn't (i.e. getting rid of approaches that aren't working or changing them).

Source: City Strategy Learning Network (2010)

Given the evidence from this research, North Ayrshire Employability Continuum should:

- Work together to agree the priorities going forward and the services required to address these. This review is a key tool to assist partners in their decision making – but the partners themselves must discuss and agree how to go forward in order to ensure full buy-in and alignment of resources/efforts behind the Continuum.
- Ensure each client can access a holistic package of support from across the Continuum. This will require a mix of services to be in place (i.e. the Continuum needs to continue to deliver a range of services) and for processes and procedures (and incentives) to be in place to ensure contractors/providers willing to share clients. At the moment, there appears to be no structure in place to ensure each client accesses the package of support that best meets their needs – with the services accessed determined by the provider they approach first. The Continuum should seriously consider whether each client should have a personal adviser/key worker – or if there is some other way of formalising the services clients will access.
- Avoid funding services for specific groups (e.g. young people, long term unemployed, disabled) – instead structuring services around the different services required (e.g. job search, developing skills, removing barriers, gaining work experience, etc.). This is particularly important in a small area like North Ayrshire where funds available are limited. The one exception to this is the MCMC group who are likely to require dedicated services.
- Build jobsearch into all services. Given that little is currently known about the relative effectiveness of different models of delivering jobsearch or what works best for different client groups, North Ayrshire should closely monitor this element of the Continuum.
- The importance of employer engagement was flagged up in both these studies – reiterating the need for North Ayrshire Employability Continuum to focus resources on this end of the pipeline.

Value for Money

The North Ayrshire Employability Continuum represents good value for money with a cost per job figure of £1,825 and a cost per positive destination of £863. This compares favourably to evidence available on other employability programmes. The North Ayrshire Employability Continuum must continue to focus on delivering value for money going forward. Key to this will be:

- Using the Continuum to ensure duplication and overlap of services is minimised.
- Setting clear objectives for the Continuum as a whole and the individual programmes within it.

- Continuing to monitor progress against outcomes on a regular basis and amending the approach taken if an individual programme or the Continuum as a whole is failing to achieve its targets.
- Encouraging partners to share good practice.

Impact of Individual Programme

Within the Continuum, the outcomes and value for money figures vary significantly across the different programmes. This reflects the different clients supported and services delivered – and therefore it is important not to place too much emphasis on the relative performance of each project – especially as most perform well compared to approaches elsewhere (see Figure 5.10). Looking at the programmes in broader terms:

- All programmes appear to be clearly specified, with a clear understanding across partners about what each programme delivers.
- There is a good mix of approaches on offer – suggesting that most clients will be able to find a ‘good fit’ for their requirements.
- Linkages between projects – especially referrals – could be improved.
- Whilst it has not been possible to compare each programme in detail to similar approaches elsewhere, the approaches undertaken by the Continuum projects do appear to reflect good practice.

It is however worth briefly considering good practice in three areas:

- There is growing interest in using volunteering as a tool to help individuals improve their employability – especially those that are significant distance from the labour market. Given that this is an emerging area of focus, we have considered some of the evidence on how best to utilise volunteering.
- Maximising the employment and training opportunities that can be generated from major capital projects (either public or private) should be an essential part of the Continuum’s approach given the low jobs density in the area. These approaches have been piloted in North Ayrshire by Cunninghame Housing Association through the Vineburgh Employment and Training Initiative discussed in this report. The Continuum proposed in the ESF Priority 5 application has indicated that it plans to focus more attention on these ‘community benefit in procurement’ approaches – so we have reviewed the good practice literature on these.
- Elsewhere in this review it has been recommended that more focus is placed on employer engagement – so it makes sense to review good practice in this area.

Volunteering

The Institute for Volunteering Research (2009) undertook a review of the link between volunteering and employability, surveying the 220 Volunteer Centres in England. The found that over a third of the Volunteer Centres surveyed were involved in delivering volunteering, reflecting the growing awareness that volunteering can help raise employability by building confidence, developing skills and by proving to employers that individuals are ‘work ready’. It identified good practice as including:

- Being clear about the group(s) that will be supported, their needs, motivations and support they need – and the support services that will be provided by the Volunteer Centre.
- Ensuring that the voluntary organisations taking placements have the capacity to support the client.
- Establishing good relationships with Jobcentre Plus and other employability services. Volunteering should never be seen as a ‘mandatory’ activity –

referrers must refer only when they think volunteering is the best approach to meet the clients needs.

- Adopting a client-centred approach – focusing on individual needs and motivations and being flexible in the approach being taken.

The Volunteering Programme in North Ayrshire would appear to match this established ‘good practice’. Given the importance of volunteering as a step towards employment (and the growing importance of the voluntary sector in light of public sector spending cuts), it will be important to ensure voluntary organisations in the area have the capacity to support workless clients.

Community Benefit in Procurement

Given that the Continuum has signalled its intention to develop more community benefit in procurement approaches such as that used by the Vineburgh project, it is worth exploring good practice in this field. TERU (2008a and 2008b) have identified two broad approaches to ensuring that local people benefited from major projects. If a public sector player is the developer, then it holds a strong bargaining position, with scope for measures to improve access to job opportunities to be imposed through the procurement process. This can be achieved either through:

- Requiring contractors to have agreed to a charter or code of practice to access work, or;
- Seeking ‘voluntary’ commitments from contractors to create local employment or training opportunities.

A report by the Scottish Government (2009) looking at how to secure community benefits in procurement identified the following key success factors:

- ***Requirements Specification*** – Thought needs to be given to the community benefits requirements from the beginning of the procurement process.
- ***Organisation, Culture and Resources*** – A key element is a ‘champion’ for community benefits who knows what can be expected, supports the work of the procurement team and works with contractors and their supply chain to ensure that requirements are met.
- ***Roles and Responsibilities*** – Contracting authorities need to establish a ‘process map’ setting out who is responsible for the different elements of championing, procuring, implementing and monitoring community benefits. Stakeholders should be involved in developing the specification.
- ***A Systems Response*** – Although community benefits need to be defined for individual contracts, there will be benefits in adopting a systematic approach, including:
 - Implementing an approach that ensures compliance with procurement and good practice e.g. wording in Contract Notices that will allow community benefit requirements to be included as a core requirement.
 - Involvement of a stakeholder group in the procurement that has the skills to set appropriate targets and score responses in the award process.
 - An appropriate output monitoring and reporting arrangement.
 - External funding and services so that contractors are better able to deliver the requirements at little cost to the contracting authorities.
- ***The Supply-Side*** – Contractors need to be able to access services that will allow them to meet the recruitment and training requirements being placed on them. This can include public sector training organisations, screening and job-matching services, small business support agencies and funding providers.

Employer Engagement

Research by McGregor *et al.* (1999) for the Joseph Rowntree Foundation established the key principles for attracting and retaining employer support as being:

- Making engagement as simple and straightforward as possible for the employer. In particular, it is important that there is one point of contact and not a plethora of different projects approaching each project. It is worth considering adopting an 'account management' system where a single member of staff deals with the employer. In North Ayrshire, this role could be played by either CEiS Ayrshire (as part of the Integrated Employment Service) or by building on the current business engagement activities undertaken by the Council's Business Development team.
- Targeting appropriate employers – at the appropriate time. For example, in the event of a major construction project, the lead times involved (both in terms of the project going on-site and in developing the skills employers require) are usually significant so it is important to approach the contractor at an early stage.
- Tailoring the approach to the needs of employers. This helps secure a greater sense of buy-in to the project.
- Ensuring that you deliver a quality product which benefits the employer. In the current economic climate, employers need to see real benefits (e.g. delivering low cost recruitment services, helping them access trained staff, etc.) from getting involved. The Continuum must be focused on delivering benefits – and promoting these to employers.
- Using existing employers to involve others. Employers that are currently engaged possess the networks, credibility, and understand the constraints and motivations of employers.
- Ensuring mechanisms are in place to help small businesses to get involved. It is easy to focus on large employers – both public and private – but the majority of jobs are in SMEs.

Whilst this research was clearly undertaken some time ago, these basic principals remain the same – and have been reiterated by more recent studies. North Ayrshire Employability Continuum must explore all avenues to engage employers given the lack of job opportunities in North Ayrshire.

Appropriateness of Tendering/Contracting Model

The Scottish Government's Employability in Scotland website describes procurement as central to delivering high quality employability services. The use of a tendering/contracting model by North Ayrshire Council (on behalf of the Community Planning Partners) adds significant value by:

- Reducing bureaucracy in meeting ESF reporting requirements. This means more of the available funding can be invested into frontline services.
- Reducing risk for the Continuum – as services are clearly specified and managed. This can be more difficult under other management arrangements.

Given that the use of tendering/contracting adds value, the Continuum should ***continue to use procurement to ensure it is maximising effectiveness and efficiency.***

Assuming North Ayrshire continues to use tendering/contracting, it is worth considering whether North Ayrshire's approach is 'best practice' or if it could be improved in any way. To our knowledge, there is no literature directly relating to good practice examples in procurement within Scottish employability partnerships – however, there is a body of literature at the UK and international level on how

procurement can be used to maximise the quality and effectiveness of public services, including employability services.

Mansour and Johnson (2006) have drafted a guide to procuring effective employment services. Whilst focusing on major national programmes (e.g. New Deal, Employment Zones, Pathways to Work), the lessons they draw hold for local approaches as well. They suggest that **outcome funding** is the best model for delivering effective and value-for-money employability services.

Outcome funding is when payment is provided to contractors on achievement of an outcome such as job entry or sustaining employment for 13 weeks. Payments can also be made to contractors for progress clients further from the labour market have made towards employment (e.g. improved literacy levels, started volunteering, moved into education/training, etc.).

The advantages of outcome funding compared to payment at key milestones (e.g. client start/completion) or payment to deliver the programme are as follows.

- Contractors are motivated to ensure that clients achieve the programme's objectives (e.g. move into employment, increase skills, etc.).
- This drives programme design and delivery – leading to services are more focused on the needs of individuals and employers.
- The risk of underperformance is minimised – meaning the procurer can be more confident of achieving their objectives.
- Money is only spent if the programme's objectives are achieved. However, this can also be a disadvantage as underspends often generate a 'credibility' problem with funders.

Whilst Mansour and Johnson present outcome funding as an **alternative** to milestone funding or payment for delivery of the programme, the reality is that most 'outcome funding' models actually contain a **mix of payment methods**. For example, the Employment Zone model (discussed below) included both milestone payments (for engagement, completion of 6 weeks on programme, etc.) and outcome payments.

Effective Procurement: Employment Zones

Employment Zones are considered to be 'best practice' in procurement and the use of outcome funding. Key to the Employment Zone approach was:

- Providers were asked to develop innovative solutions to getting those furthest from the labour market into sustainable employment.
- Employment Zone contractors received initial payments to cover the first 4 and 26 weeks of the programme.
- Further payments were based on entry into sustainable employment and the speed this was achieved. The largest payment was tied to sustaining employment or self-employment for 13 weeks.
- The Employment Zone approach involved significant risks for the contractors – as they bear the cost of developing, piloting and rolling out new approaches without knowing whether they would work.
- However, the rewards were also potentially large – if their approach was successful, the outcomes payments would be significant.
- This procurement approach led to the Employment Zones delivering a jobs outcome figure of 10 percentage points higher than the New Deal programmes.

Source: Mansour and Johnson (2006)

Whilst the procurement model used by the Employment Zones undoubtedly contributed to success of this programme, using such an approach in North Ayrshire would present a number of challenges.

- Firstly, all of the current contractors are third-sector organisations – with a mix of national and local players. For the smaller amongst these organisations, the risks involved in moving to an outcome funding would be significant and the Continuum may lose some valued deliverers. However, this can be addressed by ensuring the system adopted included both outcome payments and milestone payments. In addition, if an approach is genuinely new and innovative, the Continuum could consider building in an up-front payment to help develop and deliver the service.
- Secondly, it is important that performance measurement is aligned to contract management and given the focus on achieving outcomes, contractors will require significant flexibility to tailor their services to how they think they can most effectively achieve these outcomes (Nunn, Bickerstaffe and Mitchell, 2009). Indeed, a lack of flexibility was cited as one of the main problems with the outcome-based contracting used in the provider-led Pathways to Work (Hudson *et al.*, 2010). Adopting an element of outcome funding approach would mean the Continuum having less control over what is being delivered and a reduced ability to avoid duplication or overlaps.
- Thirdly, outcome funding can encourage providers to cream off the best clients and ‘park’ those that will be more difficult to move into work (Finn, 2009). This can be tackled by ensuring payments are in place for moving those that are further from the labour market towards and into employment.
- Finally, without careful management contractors may deliver more outcomes than the Continuum can afford to pay. Whilst this would be economically beneficial for the area as a whole, this clearly would be perilous to the Continuum itself as its income is fixed.

It is also worth noting that an outcome funding model (or a mixed payment for delivery/milestone payments/outcome funding system) would require more staff time to monitor and manage – with associated cost implications.

Overall, our recommendation would be to add an element of outcome funding to the current tendering/contracting model. However, given the disadvantages of outcome funding outlined above, this transition must be carefully managed. In particular, we recommend that:

- Outcome funding comprises only part of the funding package (and certainly no more than 50%). Milestone payments (e.g. for client engagement) and, in some cases, payment for delivery should also be part of the payment model.
- Outcome payments should include progress towards employment (especially for those further from the labour market), job entry and job sustainability.
- The Continuum reviews the impact of the introduction of outcome funding – both on clients outcomes and the offer, delivery and financial stability of contractors – on an ongoing basis.

It is particularly important to manage this transition well as North Ayrshire is a small area, characterised by good relations between the Continuum and contractors (for example, with openness on both side to changing delivery if something isn't working or circumstances change) and Continuum programmes are delivering well. The Continuum must ensure that it consults with partners/contractors about any changes in contracting and is open and transparent about the contracting process.

Other elements of good practice raised in Mansour and Johnson (2006) include:

- Contracts must be of sufficient scale that they are economically efficient. For example, all contracts have fixed costs in terms of providing staff and

premises and put in place systems and procedures to manage the contract. Assuming that the Continuum has significantly less funds available in the future, this suggests that North Ayrshire should consider stopping some services all together – rather than trying to deliver all of the current programmes at a smaller scale.

- Procurement and contract management should be seen as part of the same process – with the tendering just the first stage of a process that also includes managing implementation. North Ayrshire would appear to have a model that already successfully manages this. In particular, the Continuum staff work closely with contractors to respond to changing circumstances.
- Framework partnership agreements are proposed as a measure for delivering significant change. As these arrangements are long term (e.g. 5-10 years) and focused on high level outcomes (e.g. reducing unemployment rates in a locality), the procurer and contractor can work in partnership to develop effective approaches to tackling worklessness. The current short-term funding (with a maximum of 2 years ESF Priority 5 funding available) could mitigate towards North Ayrshire adopting this kind of approach – but over the long term, this is a model that North Ayrshire should consider in more detail.

More generally, the National Audit Office has recently (2010) published a Successful Commissioning Guide to assist local authorities to procure services from third-sector organisations. It sets out eight principles for good procurement, namely:

- *“Understanding the needs of users and other communities by ensuring that, alongside other consultees, you engage with the third sector organisations, as advocates, to access their specialist knowledge;*
- *Consulting potential provider organisations, including those from the third sector and local experts, well in advance of commissioning new services, working with them to set priority outcomes for that service;*
- *Putting outcomes for users at the heart of the strategic planning process;*
- *Mapping the fullest practical range of providers with a view to understanding the contribution they could make to delivering those outcomes;*
- *Considering investing in the capacity of the provider base, particularly those working with hard-to-reach groups;*
- *Ensuring contracting processes are transparent and fair, facilitating the involvement of the broadest range of suppliers, including considering sub-contracting and consortia building, where appropriate;*
- *Ensuring long-term contracts and risk sharing, wherever appropriate, as ways of achieving efficiency and effectiveness; and*
- *Seeking feedback from service users, communities and providers in order to review the effectiveness of the commissioning process in meeting local needs.”*

The North Ayrshire Employability Continuum would appear to conform to these principles – but it should use the NAO’s Successful Commissioning Toolkit to benchmark its processes and procedures and identify any improvements that are implemented.

Changing Roles of Partners and Stakeholders

As part of this review, we interviewed a number of partners/stakeholders. Many were aware of the work of the Continuum through its regular updates to the CPP Economic and Learning Group but felt that they did not have a formal role in relation to the Continuum.

The development of new organisational structures to implement the ***Economic Development and Regeneration Strategy 2010-2020*** should help rectify this. The Strategy recommends:

- Establishing a high level Strategic Group to ensure the Strategy's vision, goals, objectives and projects are delivered.
- Establishing a dedicated Implementation Group comprised of the operational leads for each of the key organisations with a remit and responsibility for delivering economic development and regeneration services in North Ayrshire. The Implementation Group will monitor and report to the Strategic Group on:
 - Progress of individual Strategic Projects.
 - Progress against milestones and targets.
 - Key issues, challenges and opportunities emerging.

The Implementation Group will include all of the key partner organisations interviewed (and some of these will also be represented on the Strategic Group). As tackling worklessness is one of the two Strategic Goals of the Strategy and “*providing an accessible and seamless pathway of services to help workless residents, including young people, into sustainable employment*” is a Strategic Objective, the role of key partners in overseeing, monitoring the progress of and supporting the Continuum should be significantly strengthened.

As discussed earlier, the timing of interventions is important and, in particular, capturing clients when circumstances mean they are motivated to move towards and into work (Hasluck and Green, 2007). Jobcentre Plus and other partners (e.g. NHS, social services) have a key role to play in identifying clients that would benefit from the services available and referring them onto the Continuum and the Continuum should seek to strengthen these relationships going forward.

Impact of Work Programme and other DWP Initiatives

In the short-term, the Work Programme creates a number of challenges for North Ayrshire:

- What will be delivered and to whom will remain uncertain for some time yet. This makes it difficult for the partners in North Ayrshire to plan their delivery.
- The use of prime contractors – with possibly just 2 or 3 contractors in Scotland – presents a challenge for a small local authority area like North Ayrshire to influence what gets delivered.

The Employability Continuum should be building links to potential Work Programme contractors **now** to ensure that:

- They have good quality, early intelligence about what they plan to deliver, management arrangements, sub-contracting, etc. By understanding what is planned, the Continuum can begin to plan how it will add value to this mainstream delivery.
- The approach they are developing meets the needs of North Ayrshire. As North Ayrshire is a relatively small area, it should be working with other local authority areas to influence the design and delivery of the Work Programme.

Prioritisation of Services if Resources are Reduced

The main strength of the Continuum is that it offers a comprehensive and coherent offer – providing a range of services for client groups at different stages in their journey towards and into work. Prioritising services is therefore problematic – as ‘picking and choosing’ between these interlinked services undermines the broad principle that sits behind the Continuum.

Given the current economic circumstances and the changes proposed to the benefits systems, the priorities for the Continuum must be:

- To support those clients that are not supported (or not sufficiently supported) by mainstream delivery. Until we know more about the design of the Work Programme it is difficult to predict which clients will need assistance and the services that they will require but we would anticipate the services to include:
 - Assistance to overcome barriers for those being moved from IB/ESA onto Jobseekers Allowance; and
 - Vocational skills/job-matching for those that have recently become unemployed.
- To focus on those interventions that are most effective in moving clients towards and into work.
 - Notwithstanding the ‘caveats’ we have placed on comparing programmes, it is clear that IES and Lookahead are both effective in getting individuals into work.
 - The Job Rotation project (which is not included in the main Continuum data) also appears to be highly effective.
 - The timing of this review meant that most of the Vineburgh Regeneration project housing trainees were nearing the end of the 18 month programme (meaning that most costs had already been incurred) but had not yet finished their placement (so most had not moved into work) and therefore the cost-per-job figure for this programme as a whole appeared high. However, by end of November 2010, 21 of the 22 programme participants (both housing trainees and apprentices) were in employment – which would translate into a substantially lower cost-per-job figure than suggested in Figure 5.9.
 - Without more detail on softer outcomes, it is currently difficult to assess which projects are most effective in moving harder to help clients closer to the labour market.

Using Pipeline to Consider Prioritisation

North Ayrshire Council, on behalf of the North Ayrshire Community Planning Partnership, has submitted an application for ESF Priority 5 funds for the period April 2011 to March 2013. In this application, a new 5 stage ‘pipeline’ is proposed. This reflects the ESF Priority 5 Strategic Skills Pipeline.

Figure 7.3: Proposed North Ayrshire Employability Pipeline

	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
Priority Strategic Skills Pipeline 5	Referral/ engagement activity	Barrier removal	Vocational activity	Employer support, engagement and job matching	In-work/ aftercare and skills development
North Ayrshire Employability Pipeline (proposed)	Engagement activities – focus on participants with multiple barriers/ furthest from labour market	Targeted barrier removal activity including Jobs Access Programme, Working for Families, Lookahead and Volunteering programme	Jobs Access Programme to act as clearing house for vocational training	Transitional Employment Programme, Community Benefits Support Programme and Housing Traineeship Scheme	Skills for Growth and Sustaining Employment (Job Rotation) programme

In commissioning this review, the Continuum has asked us to map out how this proposed pipeline might operate in different funding situations – i.e. if they receive all of the funding requested from ESF plus match funding, if they receive 75% of the funding requested and if they receive 50% of the funding requested. This is shown in Figure 7.4.

Figure 7.4: Alternative Funding Scenarios

North Ayrshire Employability Pipeline (proposed)	100% funding (£5.8 million)	75% funding (£4.4 million)	50% funding (£2.9 million)
Engagement activities – focus on participants with multiple barriers/ furthest from labour market	Include	Scale back by focusing efforts on building relationships with partner agencies to secure referrals from target groups	Same as 75%
Targeted barrier removal activity including Jobs Access Programme, Working for Families, Lookahead and Volunteering programme	Include all	Include – but scale back efforts. Must focus on approaches that have demonstrated effectiveness in tackling barriers.	50% funding will mean able to assist significantly fewer clients– so will need to scale back even further. However, employability services have fixed costs – so will need to rationalise number of services on offer. Decision about which service(s) to stop funding should be based on effectiveness of service in tackling barriers for agreed target groups.
Jobs Access Programme to act as clearing house for vocational training	Include	Include – as focus on accessing mainstream funded skills activities – so limited cost to Pipeline	Same as 75%
Transitional Employment Programme, Community Benefits Support Programme and Housing Traineeship Scheme	Include all	More effort needed than in past – so needs funding. Focus on approaches offering best value for money – may not be able to fund all projects	Again, given cuts in client numbers, need to scale back significantly compared to 100% funding. Focus on simplified employer engagement structures (through Jobs Access Programme) and fund TEP, LOAN, etc. where clear added value can be demonstrated.
Skills for Growth and Sustaining Employment (Job Rotation) programme	Include all	Important - but need to scale back efforts. As Job Rotation demonstrated success over time in working with this client group, focus efforts on this project.	Again, scale back significantly. Explore funding Job Rotation in partnership with other areas to maintain scale.

8. RECOMMENDATIONS FOR FUTURE DELIVERY

Priority Client Groups

Going forward, the Continuum should focus its efforts on three groups.

- The 'newly long term unemployed' – i.e. those that lost their jobs during the recession and have quickly become part of the long-term unemployed.
- Young people at risk of becoming part of the MCMC group.
- Individuals with significant health or other barriers, especially those Incapacity Benefit claimants that have been reassessed as fit to work.

Services Required

Without knowing in advance what funds will be available, it is difficult to specify what the services should be. As such, this section is focused on the balance of spend across different stages in the pipeline.

- **Reduce spending on client engagement.** As the Continuum builds momentum and the delivery organisations are becoming well known within the local community there is less of a need for large scale engagement activities. Linked to this, the increasing number of benefit claimants within North Ayrshire may mean engagement activities are counter-productive – encouraging clients to come forward that the Continuum will not have the capacity to support. We are not suggesting that the Continuum should pull away from engagement activities altogether but that it focuses a smaller proportion of its resources on this Stage than in the past.
- **Maintain spending on removing barriers.** Some clients are likely to have fewer barriers than those assisted in the past (e.g. recently long term unemployed), whilst others may have more (e.g. those previously on Incapacity Benefit or Employment and Support Allowance that have been reassessed as fit for work) – so it should be possible to keep the proportion of spend dedicated to this stage roughly the same by spending less on some clients and more on others.
- **Increase spending on vocational activities** (Stage 3). Given the current economic climate, vocational activities are also likely to become more important in helping Continuum clients to compete effectively for available jobs – so the Continuum should consider focusing a larger proportion of its resources on this Stage.
- **Increase spending on employer engagement** (Stage 4). As we outlined earlier in this report, employer engagement will become even more critical over the next few years and as a result we think the Continuum should be focusing more attention on this than in the past.
- **Focus more attention on sustainability and progression in work.** North Ayrshire Community Planning Partnership's ESF Priority 5 Stage 2 bid has suggested addressing this by building linkages to North Ayrshire Council Business Development Team's Skills for Growth programme and continuing to utilise the Job Rotation model.

Prioritisation of Services if Resources are Reduced

If resources for the Continuum are significantly reduced, the priorities must be:

- To support those clients that are not supported (or not sufficiently supported) by mainstream delivery.
- To focus on those interventions that are most effective in moving clients towards and into work.

Continuum Design

- The Continuum must be sufficiently flexible to respond to changes in mainstream delivery. This is a particular issue as the Work Programme will not commence until Summer 2011 and it is likely to take some time to get up to speed. This flexibility can be achieved in one of two ways.
 - By awarding interim contracts for 2011/12 and then contracting for the medium term once the design and delivery of Work Programme has become clearer.
 - By issuing contracts for the whole period – but building clauses into these to allow delivery/client groups to be adjusted as required.
- Given that the use of tendering/contracting adds value, the Continuum should continue to use this approach.

Building Links to Work Programme

The Employability Continuum should be building links to potential Work Programme contractors **now** to ensure that:

- They have good quality, early intelligence about what they plan to deliver, management arrangements, sub-contracting, etc. By understanding what is planned, the Continuum can begin to plan how it will add value to this mainstream delivery.
- The approach they are developing meets the needs of North Ayrshire. As North Ayrshire is a relatively small area, it should be working with other local authority areas to influence the design and delivery of the Work Programme.

Lack of Jobs

North Ayrshire lacks job opportunities and this was one of the main issues delivery organisations flagged up as inhibiting them from achieving more. As outlined above, it will be important to focus more accessing employment opportunities.

Developments should include:

- Ensuring structures are in place to maximise the employment and training opportunities generated from major developments in the area – both public and private. Irvine Bay Regeneration Company is already working with the Continuum to ensure its capital projects generate employment and training opportunities and the Vineburgh Employment and Training Initiative was designed to create job opportunities from the housing regeneration ongoing in this local area. This approach should be extended by establishing mechanisms to identify potential opportunities and lever employment and training benefits from these. This requires having early intelligence about opportunities and associated employer needs. A good practice model is Fife Council's regular review of planning applications to help identify potential employment opportunities.
- Building better linkages with the Council's Business Development team. This will allow a more comprehensive offer to be offered to employers and to act as a source of early intelligence about opportunities.
- Building linkages to job opportunities outside North Ayrshire. Linked to this, partner organisations should also continue to lobby for improvements to the transport infrastructure – as this will help expand the range of jobs that individuals are able to access.
- CEiS Ayrshire has revisited its employer engagement activities. This is a positive developments and the Continuum should monitor their impact to see what lessons can be learnt.
- The Job Rotation model provides a model for creating additional employment opportunities whilst assisting with the progression of other staff. This should remain part of the Continuum's offer.

- Public sector reform may create opportunities for social enterprises to develop and deliver services. The Continuum should explore how Opp2mise can support the creation of sustainable job opportunities in the social enterprise sector.

Improvements to Structures and Processes

Governance Structures

At this stage in the Continuum's development, it would be sensible to put in place some clearer structures. The structures proposed are:

- The Employability Continuum should report to the **Implementation Group** established to deliver the Economic Development and Regeneration Strategy.
- An **Operational Group** comprises partners and delivery organisations meets on an *ad hoc* basis. This group **should meet more regularly** – say every 6 weeks – to discuss progress against targets, emerging issues and to share learning.

Measuring Outcomes More Effectively

Overall, the North Ayrshire Employability Continuum has performed well against its activity and outcome targets and it will be important to maintain, and if possible in the current economic climate, improve on this performance. One way of helping ensure the focus on achievement is maintained would be to add an element of outcome funding to the current tendering/contracting model. This transition must be carefully managed and we recommend that:

- In the first instance, outcome funding comprises only part of the funding package (and certainly no more than 50%). Milestone payments (e.g. for client engagement) and, in some cases, payment for delivery should also be part of the payment model.
- Outcome payments should include progress towards employment (especially for those further from the labour market), job entry and job sustainability.
- The Continuum reviews the impact of the introduction of outcome funding – both on clients outcomes and the offer, delivery and financial stability of contractors – on an ongoing basis.

In addition, additional resources will need to be dedicated to managing and monitoring this new system.

In Chapter 6, we saw that some partners/contractors continued to be reluctant to share clients and there is a risk that this may deteriorate further if outcomes-based payments were to be introduced. The best way of addressing this is to include soft outcomes or measures of distance travelled as part of the package of 'outcomes' that contractors are paid for. However, there are a number of challenges in adopting such an approach.

- Developing a set of appropriate measures and ensuring they are applied consistently across organisations.
- Areas that have tried this approach have found that if moving forwards a 'stage' triggers a payment, they end up with everyone at the final stage – but few are actually ready to move into work.

Developing these soft outcomes should be a task for the Operational Group outlined above. As well as helping drive performance, these should also help the Continuum partners to better understand the client journey and can then feed into better programme design and delivery.

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