



University of Glasgow | Training & Employment  
Research Unit

**THE CONTRIBUTION OF THE THIRD SECTOR TO EMPLOYABILITY IN  
SCOTLAND**

**FINAL REPORT**

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**Andrea Glass, Alison Quashie and Alan McGregor**

**Andrea Glass**  
Email: [andrea.glass@glasgow.ac.uk](mailto:andrea.glass@glasgow.ac.uk)  
Tel: 0141 3306715

**Training and Employment  
Research Unit (TERU)  
40 Bute Gardens  
University of Glasgow  
Adam Smith Building  
Glasgow  
G12 8RT**



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## EXECUTIVE SUMMARY

### Background

1. The Third Sector is recognised as a key player in delivering employability services, with a distinctive role where much of its effort is focused on supporting more disadvantaged individuals.
2. Whilst the sector's role is not in doubt, there is uncertainty with regards to the scale of current investment flowing through the Third Sector across Scotland. This research seeks to update the data available to help inform the future workplan of the Third Sector Employability Forum.
3. This small scale research study provides a useful snapshot of the contribution of the Third Sector to Employability in the financial year 2013/2014, but it proved challenging to get comprehensive data from some funders and Third Sector organisations relating to employability contract activity. The contribution identified should therefore be viewed as the *minimum* contribution in terms of expenditure, client support and activities in 2013/2014.

### Third Sector Contribution

4. At a *strategic level* the TSEF works to support the development of policy for the sector and works to develop the capacity of the sector around delivery.
5. The sector also makes an important contribution at an *operational level* through delivering employability services to a wide range of clients. This research focuses on directly contracted services and subcontracted provision (where it has been possible to collect data).
6. A significant, quantifiable *minimum* contribution of just under **£58,000,000** can be identified for the Third Sector in 2013/2014. This included:
  - More than £8,000,000 of funding secured through 'charitable routes' including the Big Lottery Fund and Inspiring Scotland that would not otherwise be accessible to public and private organisations.
  - An estimated £10,250,000 flowing to the Third Sector through the Employability Fund.
  - An estimated £7,490,000 from the Scottish Government through Community Jobs Scotland;
  - More than £14,000,000 through ESF.
  - An estimated spend for the Work Choice programme in Scotland 2013/2014 of £8,700,000<sup>1</sup>.
7. Issues of commercial confidentiality made it impossible to access data for a number of other potentially significant sources of contribution from the Third Sector, most notably through the Work Programme and the Jobcentre Plus Support Contract.

### In-depth Analysis of Third Sector Employability Projects

8. The in-depth survey carried out as part of this exercise was not designed to be a representative sample of all Third Sector organisations so the results cannot be used to extrapolate to the population of Third Sector organisations and their

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<sup>1</sup> Calculated taking UK Work Choice spend provided by DWP and applying it pro-rata to Scotland.

activities in Scotland as a whole. Nonetheless it provides a detailed picture of provision across 50+ employability projects delivered by 20 key players indicating the scale and impact of their activities.

- In 2013/2014 the projects were targeted to:
  - Work with 17,925 clients
  - Get 4320 into employment;
  - Get 2174 engaged in education or training;
- 72% of these projects operated in 2012/2013. Of the clients they worked with in terms of positive recorded outputs:
  - 36% of clients found employment.
  - 23% of clients were engaged in education or training.

### **Key Issues from the Research for the TSEF to Address Going Forward**

9. This research provides an evidence base that raises a number of important issues for the TSEF to address going forward, including a number of strengths on which it can build.

- *Additionality.* The Third Sector is able to access funding from charitable bodies that would not be available to private and public sector organisations to deliver employability activities.
- *Role of the Third Sector.* With few exceptions, LEP leads and prime contractors identify an important role for the Third Sector built on a number of identified sectoral strengths, including engagement, working with the most disadvantaged and the ability to respond quickly to changing demands. Given the variation of on the ground there remains an issue around which organisation(s) 'represent' the sector in any given situation.
- *Demonstrating Impact.* The Third Sector needs to be able to demonstrate its impact more effectively which requires implementing an approach that captures its activity on an ongoing basis.
- *Need for Capacity Building.* Given the nature and demands of large scale employability contracts the sector faces challenges if the Scottish Government's ambition for the Third Sector to play a greater role in employability services is to be realised.
- *Pipeline Drives Behaviour.* The pipeline is driving the behaviour (and consequently the type and volume of input) from the sector. Improving employment prospects, particularly for disadvantaged individuals, requires considerable thought around how best the sector's contribution can be managed.
- *Need for Clarity.* As a sector there is a need for clarity to identify the most important priorities in terms of maximising the significant contribution that it makes to employability and then tasking specific individuals or organisations to move forward on an agreed agenda that builds on the evidence base from this research.
- *Procurement.* The lack of consistency in procurement processes across different LEP areas and funders, makes it very challenging for Third Sector organisations to engage in the process. To engage effectively funders need to be willing to design their procurement frameworks to facilitate Third Sector participation.

## 1. BACKGROUND AND BRIEF

### Background

Through the establishment of the Third Sector Employability Forum (TSEF), set up to present a collective voice and enhance the contribution of the sector to employability in Scotland, the Scottish Government demonstrated its recognition of the importance of the Third Sector as a key player in delivering employability services. The Third Sector has a distinctive role with much of its effort focused on supporting more disadvantaged individuals. However whilst the sector's role is not in doubt, the Brief indicated that there is uncertainty with regards to the scale of current investment flowing through the Third Sector across Scotland. Fundamentally this study reflects the general acceptance of a key role for the Third Sector, but seeks to update the data available.

### Brief

The TSEF commissioned this research to inform their future workplan through the gathering of an evidence base to identify the scope of the sector's contribution to employability. The Brief stated that the work was to include desk based research and some field work. The evidence gathering would seek to identify:

1. "The national funding sources for the sector including an overview of contracts held and their fiscal value, size, geographic spread target groups, number and profile of participants and outcomes. Including the size of the Third Sector involvement in employability - namely the turnover of the organisations and the number of employees involved.
2. Through Local Employability Partnerships their investment in the Third Sector, its value and alignment in the landscape. The information gathered should be mapped onto the 5 stages of the Employability Pipeline."<sup>2</sup>

The next chapter explores the research methodology in more detail.

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<sup>2</sup> TSEF Research Brief (2013)

## 2. RESEARCH METHODOLOGY

### Introduction

Employability defined by the Scottish Government is *'the combination of factors and processes which enable people to progress towards employment, to stay in employment and to move on in the workplace'*<sup>3</sup>. At commissioning it was agreed that this research would focus on employability support designed to impact directly on providing individuals with the skills and attributes necessary to access and sustain employment. This would not include monies to support activities that facilitate participation such as childcare, transport and activities that improve health and wellbeing more generally. The Employability Pipeline, the framework to support the development of employability services across Scotland, is used as the basis for the analysis of activities. This research provides a 'snapshot' for the financial year 2013/2014.

Gathering data on funding is challenging and 'messy' and requires activity on a range of fronts. In response to the Brief, in broad terms the research approach involves two main components:

- Deskbased research through a mapping exercise to determine the sources of employability funding flowing to the Third Sector;
- Interviews with Local Employability Partnership (LEP) leads to assess the level of investment of LEPs in the Third Sector.

### ***Deskbased Research: Mapping Exercise***

This is a relatively modest research exercise that is not resourced to undertake a comprehensive, bottom up mapping exercise of Third Sector organisations engaged in the delivery of employability services. However in order to present as comprehensive a picture as possible and to maximise the value of the data collected, the approach to mapping took a two pronged approach:

- Firstly, key funders of employability services including the Scottish Government, Skills Development Scotland and Department for Work and Pensions were identified and interviewed to determine the extent of the information that they would be able to provide on the various employability contracts they let in terms of their value, lead organisation, client groups, activities, outcomes etc. In some instances they were able to provide information directly, whilst in others there was a need to go directly to service providers to gather information.
- Secondly, a sample of key Third Sector organisations (including those on the TSEF Executive) was approached to complete a pro-forma for each of their projects that has a focus on employability. This standardised 'Contract Information Sheet' captured information about the delivery organisation, target clients, numbers of participants, outcomes, levels of funding, estimates of funding across the range of activities the pipeline, delivery geographies etc. The data gathered through the pro-forma was then used for in-depth data analysis.

### ***Interviews with LEP Leads***

To support this exercise, the Brief also called for an exploration of the investment by the LEPs in the Third Sector across the different stages of the employability pipeline. Interviews were secured with 30 of the 32 LEPs.

<sup>3</sup> Scottish Government (2006) Workforce Plus: An Employability Framework for Scotland

### Challenges of the Approach

Once the research was underway it became apparent that the research team faced a number of challenges to the approach that had been anticipated for the study. In broad terms this related to the volume and quality of data that could be obtained from participating organisations.

- **Mapping Exercise**
  - Funders
    - Whilst the majority of funders were prepared to provide global figures relating to projects and programmes, most were unwilling or unable to provide the level of detail anticipated in the Brief around individual contracts. For some funders this related to the nature of contractual agreements with providers.
    - Where funders suggested that service providers were approached directly, whilst they were supportive in terms of alerting them to the research they had no control over the amount of data that contractors were willing and/or able to provide. This was particularly the case in instances where providers considered the information requested to be commercially confidential.
    - Even where funders could provide an overall figure, many organisations struggled to provide information about the spread of activity across the Employability Pipeline.
  - Third Sector Organisations
    - There was considerable variation in the willingness of the Third Sector organisations approached to complete templates for the in-depth analysis. Some were not willing to participate at all whilst others provided some information but not at the level of detail required. Some organisations cited lack of resources to complete the templates within the given timescale, whilst others raised concerns relating to commercial confidentiality particularly in relation to financial and performance data. Other organisations with a wide range of employability projects provided data for only one or two projects, or only completed partial information within the templates.
- **Interviews with LEP Leads**
  - Despite repeated attempts to contact them, not all LEP leads participated in the research.
  - There was significant variation across the LEPs in terms of their overall engagement with and knowledge of the Third Sector.
  - There was significant variation across the LEPs with regard to the level of detail of data that they were able to provide. In some instances this reflected individuals' knowledge of the breakdown of employability expenditure by sector and/or pipeline stage, in others a lack of capacity to dedicate to drawing the information together.

Collectively these issues presented serious challenges to undertaking the research as planned. Significant time and resources were invested by the research team in attaining as much data as possible to provide the basis for analysis.

### Limitations of the Research

The scale of this research means that whilst it provides a useful snapshot of the contribution of the Third Sector to Employability 2013/2014, there are a number of caveats:

- As outlined above it proved very difficult to get comprehensive data from some funders and Third Sector organisations relating to employability contract activity.
- Where participants were unable or unwilling to provide data there was limited scope to be able to persuade them to do so.
- The in-depth survey is not a representative sample of all Third Sector organisations so the results presented in Chapter 4 cannot be used to extrapolate to the population of Third Sector organisations and their activities in Scotland as a whole. Nonetheless it does provide a detailed picture of provision across 20 key players, and the analysis of their activities can provide the basis for identifying key issues to be addressed by the Third Sector and help it to shape its future approach.

Given the known gaps in the data, the contribution of the Third Sector identified in this research should therefore be viewed as the *minimum* contribution in terms of expenditure, client support and activities in 2013/2014.

### 3. EMPLOYABILITY EXPENDITURE FLOWING TO THE THIRD SECTOR

#### Introduction

This chapter firstly sets out the ways in which the Third Sector contributes to employability and then goes on to look in more detail at the expenditure that flows to it to deliver activities with a focus on employability. The expenditure has been organised around three main sources:

- Charitable routes;
- Government and Government Agencies; and
- Local Employability Partnerships.

Overall this presents a picture of the scope and scale of the Third Sector's contribution. Data relating to geographic spread has been included where possible, although lack of comprehensive data prevents meaningful detailed analysis that could, for example, highlight gaps in specific areas. As the majority of funders were unable to provide data relating to the spread of their activities across the Employability Pipeline, analysis by stage is restricted to the Employability Fund.

#### In What Ways Does the Third Sector Contribute?

At a **strategic level** the TSEF works to support the development of policy for the sector and works to develop the capacity of the sector around delivery.

The sector also makes an important contribution at an **operational level** through delivering employability services to a wide range of clients. These services can be categorised into four different areas of activity:

- Directly contracted services where Third Sector organisations are funded to deliver a specific employability programme or range of activities.
- Subcontracted services where Prime Contractors subcontract Third Sector organisations to deliver an employability service in full or in part on their behalf or to provide specialist services e.g. sector specific training.
- Third Sector projects and services that impact on the employability of clients but are not funded specifically for that purpose.
- Third Sector projects and services that pick up clients from mainstream services through informal signposting.

This research focuses on the first two of these i.e. directly contracted services and subcontracted provision (where it has been possible to collect data). However this does not imply that the Third Sector is not making an important contribution in other ways only that this research is not set up to evidence this type of activity.

#### Employability Expenditure: Charitable Sources

##### **Big Lottery Fund**

The main (but not only) source of Big Lottery Fund funding that supports employability projects is the Life Transitions Programme, which supports people at times of change in their lives, including engaging people who are disengaged from the world of work, focusing on people who are economically inactive. The funding supports projects that help to achieve the following outcomes for its Life Transitions Programme:

- Outcome 2: More people previously outside the labour market access sustainable jobs created in enterprises and organisations working towards social aims.
- Outcome 3: More economically inactive people are in touch with job-seeking services.

In 2013/2014 the Big Lottery Fund supported Third Sector organisations to deliver 42 projects contributing directly to employability through the Life Transitions Programme (Outcomes 2 and 3) as shown in Figure 3.1. These projects were delivered across 25 of Scotland's 32 local authority areas:

- 32 projects were delivered in a single local authority area only, with the remainder delivering across two or more areas, and one delivering Scotland wide.
- The total awards across the projects' lifetime (from two to six years) ranges from £132,000 to £1,000,000.
- An estimated funding figure for 2013/2014 is just under **£5.8 million**.

**Figure 3.1: Big Lottery Funding (Life Transitions Outcomes 2 and 3)**

Organisation Name	Delivery by Local Authority Area	Total Award (£)	Project length (months)	Estimate per annum <sup>1</sup> (£)
Aberdeen Forward Ltd	Aberdeen City	453,343	60	90,669
Access to Employment Ayr Ltd	South Ayrshire	238,163	36	79,388
ADDACTION	East Ayrshire, North Ayrshire, South Ayrshire	200,629	36	66,876
Alternatives West Dunbartonshire CDS	West Dunbartonshire	816,559	60	163,312
Apex Scotland	Dumfries and Galloway	550,736	48	137,684
Bridges Project	East Lothian	478,180	60	95,636
Claverhouse Training	Dundee City	543,490	36	181,163
Clydesdale Community Initiatives	South Lanarkshire	915,256	60	183,051
Coach House Trust	Glasgow City	483,310	48	120,828
Cornerstone Community Care	Aberdeen City, East Ayrshire, Glasgow City, North Ayrshire, North Lanarkshire, South Ayrshire, West Dunbartonshire	669,769	36	223,256
DEAP Limited	Angus, Falkirk	409,626	36	136,542
Dumbarton Area Council On Alcohol	West Dunbartonshire	496,049	72	82,675
Employability Orkney	Orkney Islands	299,215	36	99,738
Enable Scotland (Leading the Way)	Angus	969,969	48	242,492
Erskine Hospital	Scotland wide	131,802	24	65,901
Fife Employment Access Trust	Fife	687,090	60	137,418
Forth Sector	City of Edinburgh, Midlothian, West Lothian	1,000,000	37	333,333
Garvald Community Enterprises Ltd	City of Edinburgh	371,525	60	74,305
Golspie Recycling and Environmental Action Network	Highland	451,896	24	225,948
Gorbals Recycles	Glasgow City	441,370	36	147,123
Jobs & Business Glasgow <sup>2</sup>	Glasgow City	519,880	36	173,293
L.A.M.H. Recycle Ltd	North Lanarkshire, South Lanarkshire	453,608	48	113,402
Lothian Centre For Inclusive Living	City of Edinburgh, East Lothian, Midlothian, West Lothian	414,788	60	82,958

Organisation Name	Delivery by Local Authority Area	Total Award (£)	Project length (months)	Estimate per annum <sup>1</sup> (£)
Moffat CAN Ltd	Dumfries and Galloway	222,555	36	74,185
Momentum Scotland	East Ayrshire, Glasgow City, North Ayrshire, North Lanarkshire, Renfrewshire, South Ayrshire, South Lanarkshire	793,061	36	264,354
Move on	Glasgow City	307,975	60	61,595
Moving On Inverclyde Ltd	Inverclyde	688,691	72	114,782
New Start Highland	Highland	673,748	36	224,583
Raploch URC Landholdings Ltd	Stirling	973,632	60	194,726
Reachout with Arts in Mind	Clackmannanshire	575,492	60	115,098
Saheliya	City of Edinburgh	481,061	60	96,212
Scottish Drugs Forum	City of Edinburgh, Glasgow City	596,141	36	198,714
SHIRLIE Project Ltd	Highland	438,572	48	109,643
Sikh Sanjog	City of Edinburgh	413,939	48	103,485
Spruce Carpets Ltd	Glasgow City	567,580	60	113,516
The Marie Trust	Glasgow City	388,112	48	97,028
The Sorted Project	City of Edinburgh	226,870	36	75,623
Thenue Housing Association Ltd	Glasgow City	445,570	48	111,393
Turning Point Scotland	Aberdeen City	380,000	60	76,000
Volunteer Centre Aberdeenshire	Aberdeenshire	326,348	60	65,270
West Fife Enterprise Limited	Fife	696,405	36	232,135
Women Onto Work	City of Edinburgh, East Lothian, Fife, Scottish Borders, West Lothian	600,000	36	200,000
<b>Total</b>				<b>5,785,333<sup>4</sup></b>

Note: <sup>1</sup> This figure has been calculated assuming equal spend across each year (which may not reflect actual spend).

<sup>2</sup> Jobs and Business Glasgow included as a Third Sector organisation by funder as it has charitable status although not typically regarded as such by the sector

### ***Inspiring Scotland***

Inspiring Scotland uses a venture philanthropy model to facilitate change for vulnerable individuals by using long term funding to develop Scotland's charities to support a range of activities. Whilst it has a number of different funds, the 14:19 fund which was established in 2008 has a focus on supporting young people to make an effective transition from school into education, training or employment.

In 2013/2014 Inspiring Scotland supported 12 projects (as part of a funding cocktail) that they determined as in-scope for this research. Projects delivered exclusively to school age children within secondary schools are not included. Projects included were:

<sup>4</sup> Rounded to £5.8 million in the text

- The Rural Skills Initiative delivered by the Murton Trust for Education and the Environment, which uses an outdoor and hospitality setting to enable young people to achieve qualifications. This supports both young people disengaged from school to participate in an alternative vocational curriculum and young people referred on a 16+ Activity Agreement in Angus.
- The Inspiring Scotland Secondary School Programme, delivered by FARE, which works both in school and in the community via outreach and streetwork initiatives to provide early intervention work and post 16 employability support leading to certified training and a range of vocational qualifications in Glasgow.
- Working it out, delivered by Tomorrow's People, which provides a 16 week intensive programme of community challenge projects to engage young people on a journey to employment in Edinburgh, Glasgow, Inverclyde and Scottish Borders local authority areas.
- Alpha Ventures, delivered by the East Ayrshire Ceres Organisation, providing training, work experience and employability skills to young carers in the hospitality sector in East Ayrshire.
- Recycle a bike, delivered by Fallin Community Enterprises in Falkirk, Stirling and North Lanarkshire local authority areas.
- The 14:19 Fund project, delivered by the Callander Youth Project, helping to engage young people in education, employment and training in Stirling.
- The 14:19 Fund project, delivered by the Calman Turst, helping to engage young people in education, employment and training in Highlands.
- The 14:19 Fund project, delivered by Street League helping to engage young people in education, employment and training in Argyll and Bute, Edinburgh, Glasgow, Inverclyde, Midlothian, Renfrewshire, Stirling and West Dunbartonshire local authority areas.
- The 14:19 Fund delivered by Action for Children helping to engage young people in education, employment and training in East Ayrshire, East Dunbartonshire, Edinburgh, Glasgow, North Lanarkshire and West Dunbartonshire local authority areas.
- The 14:19 Fund Stepping Up Programme delivered by Enable, helping to support young people struggling with school work or further education through bespoke mentoring and online learning, delivered across Angus, North and East Ayrshire, West Dunbartonshire, Edinburgh, Glasgow, Inverclyde and Renfrewshire local authority areas.
- The 14:19 Fund project delivered by YIP World helping to re-engage disengaged young people in education, employment and training in Argyll and Bute, Edinburgh, Glasgow, Inverclyde, Midlothian, Renfrewshire, Stirling and West Dunbartonshire.
- The 14:19 Fund project Get Hooked on Fishing targets young people at risk of social exclusion, supporting individuals in East Ayrshire, Glasgow, North Ayrshire, North Lanarkshire and Renfrewshire.

These projects were delivered across 18 of Scotland's 32 local authority areas with Inspiring Scotland directly investing **£2,300,000** in 2013/2014. The total value of these projects in 2013/2014, taking into account the contributions from other funding sources which include the Employability Fund, Work Programme, Local Authorities, corporate donations and organisational reserves is just under **£3,900,000**.

In addition the in-depth mapping exercise of key delivery organisations also identified Inspiring Scotland as a funder:

- Supporting Impact Arts' employability project for young people aged 16-21 that uses fashion and arts to engage young people and teach basic employability skills as they move into a home.
- Contributing to Enable's activities focused on supporting people with learning disabilities.

### **Foundations and Trusts**

There are a range of foundations and trusts that could potentially support employability projects in Scotland which include The Robertson Trust, Comic Relief and the Lloyds TSB Foundation for Scotland. However there is very little detail available on the scope of activity and the volume of funding, primarily due to a lack of resources within the organisations to participate in an exercise to identify potentially in-scope projects.

- The Robertson Trust is an independent grant making trust. Although unable to provide resource to assist in terms of identifying projects with a specific employability remit, education and training and criminal justice are two of its seven priority areas of support. Whilst the Trust does support larger charities it has a focus on supporting small to medium sized charities, particularly those with a focus on achieving positive outcomes for disadvantaged individuals and communities.
- Comic Relief was unable to provide resource to assist in terms of identifying projects in Scotland with a specific employability remit. However the type of projects its supports will have an impact on employability. Through its UK main fund it seeks to support vulnerable young people. One of the outcomes stipulated for the fund is to help '*Young people progress into employment, enterprise, training and education opportunities*<sup>5</sup>. The focus of its Local Communities Programme which provides grants of between £1,000 and £10,000 from its UK Small Grants scheme is designed to empower local communities to make a difference in their area, one aspect of which is to build the skills of local people.
- Whilst employability is not a specified priority area for activity, the Lloyds TSB Foundation identified a contribution totalling **£28,000** across seven projects in 2013/2014. With the exception of providing volunteer expenses for one project, the remainder supported salary costs of key project workers. These projects all have a direct link to employability and are delivered by:
  - Employability Orkney, who provide supported employment and volunteer placements to increase confidence and self-esteem for up to 30 people.
  - Fly Cup Catering who work to reduce social isolation for people with disabilities.
  - Glasgow ESOL Forum working to improve the English language and literacy skills of asylum seekers, refugees and migrants.
  - Checkin Works, who provide supported entry into the jobs market;
  - Glasgow Wood Recycling project who seek to increase independence, life skills and employability of volunteers;
  - ACE Corton working to increase opportunities for service users to participate in the Life Skills Programme;
  - Caberfeidh Horizon who provide training and work experience for clients with learning disabilities and those returning to work who are long term unemployed.

<sup>5</sup> <http://www.comicrelief.com/our-grants/uk/what-we-fund>

## **Employability Expenditure: Government and Government Agencies**

### **Scottish Government**

In recent years the Scottish Government has shown its commitment to supporting the Third Sector through dedicated funding. This included the £3 million Third Sector and Social Enterprise Challenge Fund (2012-2013) funding 24 projects to that supported 1,600 unemployed 16-24 year olds, the £3 million Just Enterprise Programme (2011-2014) to support new and growing business and the £4 million Enterprise Growth Fund (2011-2012) to help support sustainability.

In relation to individual as opposed to organisational support the main funding is through Community Jobs Scotland, which began in 2011 and with the confirmation of Phase 4 will now run to 2015. Community Jobs Scotland (CJS) is a Scottish Government funded jobs creation programme with the dual function of making young people more employable and increasing the capacity of Third Sector organisations. CJS is delivered by SCVO working with a partnership of 565 Third Sector organisations across all 32 local authority areas in Scotland. Jobs are created in these Third Sector organisations for young people aged 16-24 (with a particular focus on young people aged 16-19). There is also a part-time CJS aimed at people with disabilities and long-term health conditions. In the financial year 2013/2014 the contribution is approximately **£7,490,000**, which funds 1,000 people who started in 2013 – 2014 and 1,060 who started in 2012 – 2013 but were still in the job in 2013 – 2014.

### *European Social Fund (ESF)*

The ESF Programme 2007-2013 in Scotland funded a wide range of activity to support employment, helping individuals to further develop their skills and enhance their job prospects. The two Operational Programmes for Scotland are the Lowlands and Uplands Region (LUPS) and the Highlands and Islands Region (H&I). Figure 3.1 below shows expenditure approved through the Scottish Government in 2013 to projects delivered by Third Sector organisations. Given the late stage of the programme this does not represent a typical year in terms of expenditure, with several projects delivered through the Third Sector ending in previous years. Figures 3.2 and 3.3 show that in 2013 in terms of expenditure approved through the Scottish Government as the Managing Authority (MA) to the Third Sector there was:

- **£10,946,260** in the LUPS area;
- **£3,318,388** in the H & I area;
- **£14,264,648** in total.

This expenditure is shown by organisation and project and by ESF Priority.

Figure 3.2 ESF Approved Expenditure 2013 (LUPS)

Priority	Organisation	Project	Expenditure Approved 2013 (£)
<b>Priority 1: Progressing into Employment</b>	Venture Trust	Venture Trust - Inspiring Young Futures	906,978
	The Wise Group	Transitional Employment (TE)	617,817
	Scottish Association for Mental Health	GLASGOW SOUTH Samh	609,543
	Scottish Association for Mental Health	GLASGOW NORTH Samh	567,131
	Momentum Scotland	Momentum Work Choice (Work Entry)	420,536
	ENABLE Scotland	Make the Move - Jobseekers who have Learning Disabilities	262,859
	ENABLE Scotland	Make the Move - People with learning disabilities into work	225,318
	Forth Sector	Forth Bridge	219,539
	Glasgow Centre for Inclusive Living	GCIL Professional Careers	88,891
<b>Priority 2: Progressing through Employment</b>	Intowork	Higher Support Needs: Progressing through Employment	236,686
	Momentum Scotland	ESTeam Job Retention1	228,015
	Momentum Scotland	Momentum Work Choice (Retention)	84,808
	The Wise Group	Wise Futures	61,759
<b>Priority 3: Improving Access to Lifelong Learning</b>	Scotland's Learning Partnership	The 3 R's Campaign	823,202
<b>Priority 5: National Skills Pipeline</b>	The Prince's Trust	P5 Third Sector - Sub Project 3 - The Princes Trust	2,081,210
	The Prince's Trust	National Third Sector Consortium - Sub Project 2 Fairbridge	739,727
	Scottish Association for Mental Health	P5 National Third Sector Consortium - Sub Project 11 - SAMH	591,254
	Kibble Education and Care	P5 Third Sector – Sub Project 12 - Kibble	560,146
	ENABLE Scotland	P5 Third Sector Consortium - Sub Project 7 - ENABLE	444,210
	Momentum Scotland	P5 Third Sector Consortium – Sub Project 4 -Momentum	394,735
	Right Track Scotland Ltd	P5 Third Sector Consortium - Sub Project 9 - Right Track	393,074
	Action for Children	p5-Third Sector-Sub Project10-AFC-2	218,672
	Apex Scotland	P5 – Third Sector – Sub Project 6 – Apex.	170,149
<b>Total</b>			<b>10,946,260</b>

Note: Derived from data provided by the European Structural Funds team of the Scottish Government.

Figure 3.3 ESF Approved Expenditure 2013 (H&amp;I)

Priority	Organisation	Project	Expenditure Approved 2013 (£)
<b>Priority 1: Progressing into Employment</b>	Calman Trust Ltd	Can- Do	447,019
	The Springboard Charity	Increasing the Workforce in Scotland's Highland's & Islands	359,072
	New Start Highland	Aspire, Transform, Achieve	353,793
	Shirlie Project	Highland Supported Employment	262,127
	Apex Scotland	Apex Ascend	254,661
	employability orkney	Supported Employment	151,626
	Moving On Employment Project	Job crew approach to supported employment	148,321
	Merkinch Enterprise	Information Technology Training for the Unemployed	93,145
	Shirlie Project	Highland Integrated Supported Employment	92,894
	Day1	Day1 Youth Mentoring towards Sustainable Employment	35,992
	Merkinch Enterprise	Employment Training in the Community	24,262
	Sgailean, Western Isles Foyer.	Sgailean, Western Isles Foyer	23,833
	Orkney Blide Trust	Orkney Clubhouse	13,569
	Workers' Educational Association	WEA Step into Learning	10,322
<b>Priority 2: Progressing through Employment</b>	Social Enterprise Academy	Working with Social Enterprise	452,131
	Centre for Scottish Public Policy (CSPP)	CSPP Internship programme for Scottish Graduates	152,877
	Moray Firth Media Trust	Digital Media	143,767
	Cairngorms Outdoors Access Trust	Access Skills Training Project	127,768
	Scottish Council for Voluntary Organisations	Highlands and Islands Equality Forum	77,258
	Voluntary Action in Badenoch and Strathspey	Community Enterprise Project	64,924
	Uist Wool	CALANAS - Transforming Traditional Skills	29,025
<b>Priority 3: Improving Access to Lifelong Learning</b>	Scottish Council for Voluntary Organisations	MSC Equalities and Human Rights	1,861,876
<b>Total</b>			<b>3,318,388</b>

Note: Derived from data provided by the European Structural Funds team of the Scottish Government.

## Skills Development Scotland

### Employability Fund

The Employability Fund brought together a range of national training programmes (including Training for Work and Get Ready for Work) to facilitate the delivery of provision designed to be more flexible and responsive to the needs of employers. Its approach to funding is based on the achievement of individual milestones and positive outcomes, through interventions that enable young people to gain experience of the workplace. Figures 3.4 and 3.5 show the estimate for the financial year 2013/2014 of Employability Fund money flowing **directly** to the Third Sector to deliver projects and the distribution of this across the pipeline. The total estimated funding for the year is **£10,250,000<sup>6</sup>**. This can be set in the context of an overall contract value for 2013-14 estimated at £29,444,689. Based on these estimates the Third Sector is delivering approximately **35% of the overall contract value**.

The Employability Fund supports projects at Stages 2, 3 and 4 of the Employability Pipeline. From the total estimated expenditure of £10,250,000 through Third Sector organisations, across the pipeline it is anticipated that:

- 32% will be at Stage 2 Barrier Removal;
- 52% will be at Stage 3 Vocational Activity;
- 16% will be at Stage 4 Employer Engagement and Job Matching.

**Figure 3.4 Estimated Employability Fund Expenditure Across Employability Pipeline by Third Sector**

CLIENTS OUT OF WORK		CLIENTS IN WORK		
Stage 1 (Referral Engagement & Assessment)	Stage 2 (Barrier Removal)	Stage 3 (Vocational Activity)	Stage 4 (Employer Engagement & Job Matching)	Stage 5 (In work & Aftercare)
0%	32%	52%	16%	0%
£0	£3,320,000	£5,300,000	£1,625,000	£0

Figure 3.4 shows the pattern of Employability Fund expenditure by Stage across the Employability Pipeline by LEP area. This shows concentrations of spend in a relatively small number of LEP areas.

- At Stage 2
  - Glasgow (22%), North Lanarkshire (10%) and South Lanarkshire (10%) account for 42% of the spend at Stage 2 ;
- At Stage 3
  - Edinburgh (13%), Dundee (12%), Glasgow (10%), North Lanarkshire (9%) and North Ayrshire (9%) account for more than half of the total spend at Stage 3.
- At Stage 4
  - Edinburgh (16%), South Lanarkshire (15%) and Dundee (10%) account for 41% of the total spend at Stage 4.

<sup>6</sup> Based on predictions as of end January 2014 and rounded down from £10,254,025 for use in the text.

**Figure 3.5 Pattern of Employability Fund Expenditure by Stage and LEP Area Across the Employability Pipeline**

	Stage Two (£)	% Stage Two Spend	Stage Three (£)	% Stage Three Spend	Stage Four (£)	% Stage Four Spend
Aberdeen	£77,061	2	£63,829	1	£106,982	7
Aberdeenshire	£47,392	1	£113,317	2	£30,154	2
Angus	£39,022	1	£149,412	3	£37,659	2
Argyll and Bute	0	0	£31,684	1	£26,393	2
Dundee	£106,444	3	£647,143	12	£168,146	10
Edinburgh	£281,618	8	£715,753	13	£262,513	16
Glasgow	£728,980	22	£556,180	10	£121,810	7
Clackmannanshire	£28,351	1	£31,684	1	0	0
Dumfries and Galloway	£94,666	3	£124,897	2	£20,297	1
East Ayrshire	£146,031	4	£214,962	4	£60,086	4
East Dunbartonshire	£5,666	0	£5,008	0	0	0
East Lothian	£38,639	1	£115,979	2	£35,120	2
East Renfrewshire	£4,632	0	£21,656	0	£6,108	0
Falkirk	0	0	0	0	0	0
Fife	£205,145	6	£219,883	4	£44,702	3
Highland	£137,098	4	£122,213	2	£34,175	2
Inverclyde	£90,721	3	£66,453	1	0	0
Midlothian	£51,508	2	£61,519	1	£6,672	0
Moray	£18,481	1	£50,772	1	£18,062	1
North Ayrshire	£145,631	4	£486,112	9	£102,377	6
North Lanarkshire	£318,603	10	£500,074	9	£11,776	1
Orkney	0	0	0	0	0	0
Perth and Kinross	£55,215	2	£138,974	3	£27,583	2
Renfrewshire	£96,168	3	£64,066	1	£17,931	1
Scottish Borders	£69,569	2	£29,037	1	0	0
Shetland	0	0	0	0	0	0
South Ayrshire	0	0	£108,941	2	£100,007	6
South Lanarkshire	£317,035	10	£423,219	8	£237,048	15
Stirling	£14,241	0	0	0	£38,714	2
West Dunbartonshire	£30,382	1	£20,772	0	£49,274	3
West Lothian	£173,237	5	£223,789	4	£61,319	4
Western Isles	0	0	0	0	0	0
<b>Total</b>	<b>£3,321,535</b>	<b>100</b>	<b>£5,307,328</b>	<b>100</b>	<b>£1,624,907</b>	<b>100</b>

The total estimated funding of £10,250,000 supports projects delivered by 40 Third Sector organisations across 28 of Scotland's 32 LEP areas (with no expenditure in

Falkirk, Orkney, Shetland and Western Isles). The organisations receiving funding, and the LEP areas in which they deliver projects are shown in Figure 3.6

**Figure 3.6 Estimated Employability Fund Expenditure 2013-2014 by Third Sector Organisation and LEP Area of Delivery**

Third Sector Organisation	Value
<b>1. Aberdeen Foyer</b>	<b>Total: £257,875</b>
• Aberdeen City	£187,731
• Aberdeenshire	£70,144
<b>2. Aberlour Child Care Trust</b>	<b>Total: £18,069</b>
• Aberdeen City	£8,828
• Moray	£9,241
<b>3. Access to Employment Ayr</b>	<b>Total: £63,081</b>
• South Ayrshire	£63,081
<b>4. Access to Industry</b>	<b>£33,490</b>
• City of Edinburgh	£33,490
<b>5. Action for Children</b>	<b>Total: £300,946</b>
• East Ayrshire	£60,348
• Glasgow City	£118,977
• Inverclyde	£54,072
• West Dunbartonshire	£67,549
<b>6. Apex Scotland</b>	<b>Total: £287,968</b>
• Clackmannanshire	£28,351
• Dumfries & Galloway	£64,782
• Glasgow City	£64,764
• Inverclyde	£27,792
• Renfrewshire	£36,622
• Scottish Borders	£65,659
<b>7. Barnardo's</b>	<b>Total: £361,540</b>
• Aberdeenshire	£70,974
• Dundee City	£89,489
• Highland	£82,826
• Moray	£38,357
• Perth & Kinross	£51,402
• Renfrewshire	£28,492
<b>8. Blackburn Local Employment Scheme (B.L.E.S. Training)</b>	<b>Total: £172,551</b>
• West Lothian	£172,551
<b>9. Calman Trust</b>	<b>Total: £69,537</b>
• Highland	£69,537
<b>10. Canongate Youth Project</b>	<b>Total: £42,435</b>
• East Lothian	£20,451
• Midlothian	£21,984
<b>11. Capital City Partnership</b>	<b>Total: £434,979</b>
• City of Edinburgh	£434,979

<b>Third Sector Organisation</b>	<b>Value</b>
<b>12. CEiS Ayrshire</b>	<b>Total: £107,922</b>
• Dumfries & Galloway	£12,231
• North Ayrshire	£95,691
<b>13. Claverhouse Training</b>	<b>Total: £144,610</b>
• Dundee City	£138,378
• Perth & Kinross	£6,232
<b>14. CraigOwl Communities</b>	<b>Total: £170,040</b>
• Angus	£32,780
• Dundee City	£137,260
<b>15. DEAP Limited</b>	<b>Total: £121,617</b>
• Angus	£86,212
• Dundee City	£35,406
<b>16. ENABLE Scotland</b>	<b>Total: £340,127</b>
• East Ayrshire	£45,176
• East Dunbartonshire	£10,674
• East Renfrewshire	£10,740
• Fife	£33,793
• Glasgow City	£57,932
• North Ayrshire	£85,420
• Renfrewshire	£16,582
• South Lanarkshire	£35,009
• Stirling	£14,241
• West Dunbartonshire	£5,666
• West Lothian	£24,895
<b>17. Galloway Training Limited</b>	<b>Total: £142,659</b>
• North Ayrshire	£142,659
<b>18. Helm Training Ltd.</b>	<b>Total: £332,949</b>
• Dundee City	£332,949
<b>19. Impact Arts (Projects) Ltd</b>	<b>Total: £45,053</b>
• Glasgow City	£45,053
<b>20. Momentum Skills</b>	<b>Total: £113,102</b>
• Glasgow City	£25,604
• Renfrewshire	£22,889
• Scottish Borders	£32,947
• South Lanarkshire	£31,662
<b>21. North Edinburgh Childcare</b>	£28,105
• City of Edinburgh	<b>Total: £28,105</b>
<b>22. Paisley and Johnstone Training Group Ltd</b>	£44,374
• North Ayrshire	£28,504
• Renfrewshire	£15,870
<b>23. Port of Leith Housing Association (TOiL-Training Opportunities in Lothian)</b>	<b>Total: £60,113</b>
• City of Edinburgh	£60,113

<b>Third Sector Organisation</b>	<b>Value</b>
<b>24. Pulteneytown Peoples' Project</b>	<b>Total: £43,956</b>
• Highland	£43,956
<b>25. Rathbone Training (Total)</b>	<b>Total: £2,404,520</b>
• Angus	£68,079
• City of Edinburgh	£169,126
• Dumfries & Galloway	£122,993
• Dundee City	£188,251
• East Ayrshire	£159,361
• East Lothian	£97,293
• Fife	£372,907
• Glasgow City	£402,082
• North Ayrshire	£110,168
• North Lanarkshire	£227,088
• Perth & Kinross	£164,138
• South Ayrshire	£52,213
• South Lanarkshire	£167,575
• West Lothian	£103,246
<b>26. Right Track Scotland Ltd.</b>	<b>Total: £1,183,240</b>
• City of Edinburgh	£258,461
• Glasgow City	£356,264
• Midlothian	£87,718
• North Lanarkshire	£355,190
• South Lanarkshire	£125,607
<b>27. Routes to Work South</b>	£398,701
• South Lanarkshire	<b>Total: £398,701</b>
<b>28. South West Arts &amp; Music Project (SWAMP)</b>	£90,032
• Glasgow City	<b>Total: £90,032</b>
<b>29. Street League</b>	<b>Total: £691,324</b>
• City of Edinburgh	£101,454
• Glasgow City	£148,180
• Inverclyde	£75,310
• North Lanarkshire	£145,511
• South Lanarkshire	£141,466
• West Lothian	£79,403
<b>30. Cullisvale Services Ltd (The Scottish Training Foundation)</b>	£90,552
• North Ayrshire	<b>£90,552</b>
<b>31. The Princes Trust</b>	<b>Total: £157,418</b>
• City of Edinburgh	£48,213
• East Ayrshire	£11,122
• Glasgow City	£98,083
<b>32. The Shirлие Project</b>	<b>Total: £72,110</b>
• Highland	£72,110

<b>Third Sector Organisation</b>	<b>Value</b>
<b>33. The Springboard Charity and Springboard UK</b>	<b>Total: £273,388</b>
• City of Edinburgh	£42,375
• Dumfries & Galloway	£39,854
• Fife	£63,030
• North Ayrshire	£39,390
• South Ayrshire	£34,000
• West Lothian	£54,740
<b>34. The Wise Group</b>	<b>Total: £315,021</b>
• East Ayrshire	£43,051
• North Ayrshire	£66,873
• North Lanarkshire	£90,888
• Renfrewshire	£18,015
• South Ayrshire	£18,913
• South Lanarkshire	£77,282
<b>35. Training for Care</b>	<b>Total: £73,492</b>
• City of Edinburgh	£35,209
• East Lothian	£28,287
• Midlothian	£9,996
<b>36. Voluntary Action Angus</b>	<b>£39,022</b>
• Angus	£39,022
<b>37. Workers' Educational Association</b>	<b>Total: £245,209</b>
• Aberdeen City	£10,898
• City of Edinburgh	£4,653
• East Ayrshire	£102,023
• North Ayrshire	£75,120
• North Lanarkshire	£11,776
• South Ayrshire	£40,740
<b>38. Working Rite</b>	<b>Total: £416,971</b>
• Aberdeen City	£40,415
• Aberdeenshire	£49,746
• Argyll & Bute	£58,076
• City of Edinburgh	£43,707
• Clackmannanshire	£31,684
• East Lothian	£43,707
• East Renfrewshire	£21,656
• Highland	£25,057
• Moray	£39,718
• Renfrewshire	£39,696
• West Lothian	£23,511
<b>39. Raploch URC Landholdings Ltd</b>	<b>Total: £38,714</b>
• Stirling	£38,714
<b>40. The Lennox Partnership</b>	<b>Total: £27,213</b>
• West Dunbartonshire	£27,213

Figure 3.7 shows the estimated total Employability Fund expenditure in Third Sector organisations by LEP area and the number of organisations in receipt of funding in each area. This shows that:

- Expenditure is concentrated in the LEPs in Glasgow, Edinburgh, North and South Lanarkshire and Dundee, which collectively represent 53% of the total awards to Third Sector Organisations.
- A third of the LEP areas received less than £100,000 of Employability Fund money through the TS in 2013/2014. This includes Scottish Borders, Moray, Clackmannanshire, Argyll and Bute, Stirling, East Renfrewshire and East Dunbartonshire and Falkirk, Shetland, Orkney and Western Isles (the LEPs that received no money from the EF directly to Third Sector organisations).
- There is wide variation across LEPs in terms of the numbers of Third Sector organisations delivering funded projects ranging from only one in Argyll and Bute and East Dunbartonshire to more than 10 in Glasgow and Edinburgh.

**Figure 3.7: Estimated Employability Fund Expenditure through Third Sector Organisations 2013/2014**

LEP Area	Total Estimated Expenditure 2013/2014	Number of Third Sector Organisations
Glasgow	£1,406,970	10
Edinburgh	£1,259,884	12
South Lanarkshire	£977,302	7
Dundee	£921,733	6
North Lanarkshire	£830,453	5
North Ayrshire	£734,376	9
Fife	£469,730	3
West Lothian	£458,346	6
East Ayrshire	£421,080	6
Highland	£293,486	5
Aberdeen	£247,871	4
Dumfries & Galloway	£239,859	4
Angus	£226,092	4
Perth & Kinross	£221,772	3
South Ayrshire	£208,947	5
Aberdeenshire	£190,864	3
East Lothian	£189,738	4
Renfrewshire	£178,165	7
Inverclyde	£157,174	3
Midlothian	£119,698	3
West Dunbartonshire	£100,428	3
Scottish Borders	£98,606	2
Moray	£87,315	3
Clackmannanshire	£60,034	2
Argyll & Bute	£58,076	1
Stirling	£52,955	2
East Renfrewshire	£32,396	2
East Dunbartonshire	£10,674	1
<b>Total</b>	<b>£10,254,025</b>	<b>40<sup>1</sup></b>

Note<sup>1</sup>: This column shows the number of Third Sector organisations delivering in each LEP area. In some instances the same organisations deliver across a number of different LEP areas area. There are only **40** individual organisations receiving awards.

### *Employer Recruitment Incentive*

The Employer Recruitment Incentive offers £1,500 to employers who take on a targeted young person either as a Modern Apprentice or into a job for 15 hours or more per week. Support is offered to employers by Third Sector organisations including Action For Children, Barnardo's, Carers Trust, Cornerstone, Enable and Workers Educational Association, who are funded to provide this specialist support. A breakdown of expenditure for 2013/2014 cannot be provided as the information relates to spend and forms part of SDS' financial results to be considered by Parliament. It is anticipated that SDS Annual Accounts will be published late summer 2014.

### **Department for Work and Pensions**

#### *Work Programme*

The Work Programme launched in 2011 and is a payment by results approach to delivering employment services designed to support the long term unemployed (or those at risk of becoming long term unemployment) into sustainable employment. Claimants are referred randomly to Work Programme prime contractors by Jobcentre Plus advisers.

Almost all Third Sector providers in Scotland have been unable to participate in the DWP Work Programme as prime contractors. This is primarily because the commissioning strategy itself stipulated financial criteria, including an annual turnover of £20 million, which effectively excluded any Third Sector organisation that has a regional rather than a UK wide focus.

In Scotland the prime contractors are the private sector companies Ingeus and Working Links. They are required to provide services to help individuals to find and sustain work by supporting them for 104 weeks at least in line with their minimum service offer. However the type of support they provide should be tailored to the needs of the individual and providers are given the flexibility to be innovative. The principle that local providers are best placed to identify and access appropriate provision for clients means that there is no prescription from government about delivery, either in terms of the type of support to be provided or which organisations should provide it. This 'black box' commissioning approach is designed to encourage providers to build strong relationships with those in their supply chain, to enable them to draw on appropriate support for their clients.

Third Sector organisations potentially have a key role to play in providing support services to the long term unemployed as organisations in the Work Programme supply chain. In broad terms prime contractors work with Third Sector organisations in one of the following ways:

- To deliver end to end provision for clients in geographic areas where that provision is not undertaken in-house (Tier 1 providers);
- To deliver specific aspects of a service e.g. a block of vocational training with a sectoral specialism or to tackle a specific barrier to work (Tier 2 providers);
- To provide specialist services delivered on a flexible basis, without a focus on payment by results. These services are bought at the point of need.

A one-off data collection exercise undertaken by DWP in 2011<sup>7</sup> identified more than 50 Third Sector organisations engaged in the supply chains of Scotland's Work

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<sup>7</sup> DWP (2011) Work Programme – Voluntary and Community Sector Organisations within the Work Programme

Programme prime contractors<sup>8</sup>. However whilst this demonstrates the potential for engaging the Third Sector as a supplier of specialist services through the Work Programme, it does not provide any indication of the volume or value of the work contracted to the Third Sector, nor is it possible to determine whether these organisations remained part of the supply chain in 2013-2014.

Quantifying the contribution of Third Sector organisations to the Work Programme is hard to do as no data are publicly available on the spend in Scotland and given the 'black box' approach taken to provision not something on which prime contractors are required to report. Whilst individual Third Sector organisations contracted through the Work Programme could theoretically calculate their contributions to attempt to build a picture of the sector's contribution from the bottom up, this would not be comprehensive but more importantly could be in breach of confidentiality agreements on management information or contractual agreements between the Prime contractor and the delivery organisation.

However, although it has not been possible to ascertain a figure for expenditure from the Work Programme to the Third Sector in 2013/2014, it is clear that as a sector it does make a contribution acting as subcontractors in the delivery of services. This can be evidenced as follows:

- The Wise Group, The Lennox Partnership and Routes to Work North deliver end to end provision for Working Links in specific geographic areas. These organisations represent more than a third of partner organisations providing end to end provision.
- Although the volume and value of the contracts are not known, at least half of the more than 30 organisations delivering on the Work Programme for Ingeus are Third Sector.

Work Programme providers are always looking to strengthen their supply chain, which presents an ongoing opportunity for Third Sector organisations to engage. However the Work Programme is a challenging contract to deliver and the payment by results funding model with its time lag and monitoring demands makes it difficult for many Third Sector organisations. Participation is primarily restricted to larger organisations with a successful track record in delivering employability services, as the nature of the contracts mean that the majority of smaller organisations lack the capacity to engage beyond the provision of ad-hoc specialist services.

It is also worth noting that as a large scale mandatory two-year programme for the long-term unemployed, the introduction of the Work Programme impacted significantly on the Third Sector. The impacts were firstly around shifts in the policies of funders in moving to target different customer groups and secondly around limiting the access of the Third Sector to work with long-term unemployed people, which had been a traditional customer group for many organisations over the longer term.

#### *Work Choice*

Work Choice is a voluntary employment programme designed to help disabled people find and sustain employment. In Scotland Work Choice is delivered by two Third Sector organisations, the Shaw Trust and Momentum. The supply chains for these organisations themselves comprise of predominantly Third Sector organisations. The estimated spend for the Work Choice programme in Scotland

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<sup>8</sup> Details of these are included in the supporting Access database containing the 'Information Hub'.

2013/2014 is **£8,700,000<sup>9</sup>**. In the first three quarters of 2013/2014 there were 2,030 referrals in Scotland to the programme. Assuming a similar number of referrals in the final quarter and applying the overall performance figure of 27% of referrals achieving a job outcome across the lifetime of the programme to date, would result in an estimate of 550 individuals entering employment in the period 2013/2014.

#### *Job Centre Plus Support Contract (JCPSC)*

The JCPSC is designed to allow Jobcentre Plus to provide its clients with high quality, timely and flexible support. DWP identified private sector providers JHP Training and Reed as the prime contractors for this in Scotland. Whilst no Third Sector providers are contracted directly, there is potential for Third Sector organisations to be:

- Subcontracted directly by prime contractors to provide services that they do not deliver in-house;
- Subcontracted as 'Third Tier' organisations by these subcontractors.

In 2013/2014 in relation to the JCPSC, whilst a financial estimate cannot be made due to reasons of commercial confidentiality, it is possible to determine where the Third Sector plays a role in delivery.

- For JHP, the majority of the JCPSC is delivered in house, however and roughly 30% is subcontracted. JHP uses three Third Sector organisations, Claverhouse, CEiS Ayrshire and Inverclyde Community Development Trust, as part of its supply chain of seven suppliers. In contract terms around a quarter of subcontracted provision is through these Third Sector organisations.
- Reed delivers all of its activities through the JCPSC in house, so does not engage with any Third Sector organisations.

### **Employability Expenditure: Local Employability Partnerships**

#### ***LEP Investment in the Third Sector***

The LEPs are multi-agency, cross sectoral partnerships (typically led by a local authority) with a remit to drive forward the Workforce Plus agenda at a local level. Whilst they vary in membership and specific approach across different areas their activities typically include providing and/or co-ordinating funding, procuring services, helping to co-ordinate resources to maximise outcomes and where appropriate to co-ordinate and manage European Funds.

Although there are significant differences in the operation of LEPS across Scotland, the Brief called for an assessment of the contribution of the LEPs to the Third Sector. The leads of the 32 LEPs were invited to participate in a short (15 minute) interview designed to determine:

- The value of LEP investment in the Third Sector and its alignment in the employability landscape;
- Their views on the strengths of the Third Sector and challenges faced in working together.

As highlighted in Chapter 2, there was significant variation across the LEPs in terms of their overall engagement with and knowledge of the Third Sector and the level of detail that they were willing and able to provide. Of the 32 LEPs across Scotland:

- Two did not respond to the invitation to interview and a further one was not able to provide data.

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<sup>9</sup> Calculated taking UK Work Choice spend provided by DWP and applying it pro-rata to Scotland.

- Ten LEPS reported that they do not invest in the Third Sector as they have no financial resources/budgets for procuring employability services<sup>10</sup>.
- Six LEPS provided data for the last year full financial year (2012/2013)<sup>11</sup>.

The LEP leads were only able to provide expenditure data in the geographic areas in which it is the LEPs that co-ordinate funding and/or procure employability services. The funding for these activities comes predominantly from local authorities and ESF, although in some instances through ERDF and DWP e.g. through the Flexible Support Fund. In many LEP areas although individual LEP partners will fund or deliver employability services, these resources do not flow directly through the LEP structure so are not included here.

Given all of the limitations outlined above the expenditure data provided should be treated with caution<sup>12</sup>. Nonetheless key points to note are that:

- LEP leads identified more than £16,000,000 of investment in Third Sector organisations to deliver employability services in 2013/2014. To avoid double counting it is important to note that some of this investment comes through ESF. Given the level of detail provided it is not possible to determine a precise figure through this research exercise. However to provide a rough estimate, if an assumption is made that where LEPs have not given a breakdown of expenditure 50% is assumed to be ESF (likely to be an overestimation) then a **minimum of £9,000,000** can be identified predominantly from local authorities.
- The percentage of total investment flowing through the LEPs that goes to the Third Sector varies significantly across different LEP areas. In areas where there is LEP investment in the Third Sector, the percentage ranges from 10% to 81%, reflecting different approaches to delivery on the ground.
- Given that information is patchy, caution is required in assessing how LEP investment in the Third Sector is distributed<sup>13</sup> across the Employability Pipeline, however in taking the 15 LEP areas where information has been provided the pattern of investment is as follows:
  - Stage 1 (16%)
  - Stage 2 (25%)
  - Stage 3 (25%)
  - Stage 4 (27%)
  - Stage 5 (7%)

### **Working with the Third Sector**

To help provide a platform on which to increase engagement and strengthen partnership working, LEP leads were asked about their views on the role of the Third Sector, its key strengths and some of the challenges around LEPs and the Third Sector working effectively together. A summary of their responses are outlined below. It is important to note that firstly these are the **perceptions** of interviewees and secondly within the constraints of this research exercise their views have not been tested with the Third Sector. Nonetheless as potentially key players in shaping local delivery it is important that their views are presented, to help the Third Sector to develop a greater understanding of how they might maximise the benefits of working together to deliver employability services in Scotland.

<sup>10</sup> In these LEP areas employability monies are channelled through a range of other individual organisations (including some local authority departments).

<sup>11</sup> 2013/2014 data has been requested for the Final Report. For purposes of the draft the 2012/2013 figures have been used as a proxy.

<sup>12</sup> Data for the contribution of the LPEs are contained within the supporting Information Hub.

<sup>13</sup> Percentages add up to 101% due to rounding.

### *Role of the Third Sector and Areas of Activity*

There was a near consensus from LEP leads that the Third Sector plays an important role in employability at the local level both strategically and operationally.

- At the strategic level they can inform local strategic planning through consultations or direct membership in partnerships and working groups and they bring a non-public sector perspective, which partnerships consider useful. In some areas the sector shares information with LEPs through client tracking systems.
- At the operational level the Third Sector is seen as the delivery agent for a range of services that prepare people for work including coaching, offering placements, providing volunteering and job opportunities and through training and employment schemes. Some of the activities are delivered on the sector's own initiative whilst others are delivered within national employability programmes where Third Sector organisations are contractors or subcontractors. In cases where employability projects are funded through ESF monies, Third Sector organisations often act as partners who bring matched funding to the table and deliver on service level agreements.
- There is a perception amongst LEP leads that much of the activity undertaken by the Third Sector is at Stage 1 and 2 of the Employability Pipeline.

### *Key Strengths of the Third Sector*

Interviewees identified a number of key strengths for the sector:

- The most frequently cited strength is that the Third Sector delivers additionality in terms of funding (i.e. they lever in external funding into local communities which local authorities and mainstream employability agencies, such as SDS and Jobcentre Plus could not otherwise access e.g. CJS and lottery monies).
- Many Third Sector organisations have strong specialisms that can support harder to help clients effectively.
- In the main they are good at working in partnership with other organisations.
- The sector includes a diverse range of organisations that are flexible and can adapt well. They are innovative and come up with ideas around how to support harder to help clients and are more willing to work with these types of clients, such as individuals with learning disabilities and those with mental health problems.
- They are relatively quick in decision making and are responsive to the needs of clients.
- Organisations are strong in terms of effective client engagement, often seen as approachable and accessible to clients. They are very supportive and they offer a safe environment for clients, particularly at the initial stages of the pipeline.
- Sometimes they operate in geographical locations where mainstream services are not available, for instance remote rural areas.
- Local based Third Sector organisations are well connected with their local areas.

### *Building a Stronger Foundation for Partnership Working*

Partnership working has a key role to play in developing and delivering appropriate employability services for clients. LEP leads identified a number of areas which impact on the level of effective engagement between LEPs and the Third Sector. Greater awareness will help the sector to address these issues going forward.

- LEPs are only aware of a small number of organisations that they consider have the capacity to be able to compete for and deliver larger scale

employability contracts. Limited strategic capacity and a lack of strong leadership, can lead to a focus on day to day delivery rather than taking a long term strategic view. Unless this can be addressed there is a danger that as funding becomes more constrained over time it will become potentially harder for the sector to complete.

- The shift towards an output based system of funding has led to some smaller Third Sector organisations struggling to or being unable to deliver services for LEPs and local authorities. Without the capacity to deliver a fairly robust business model or robust governance and reporting processes around data and financial monitoring, it is difficult to respond to the demands of contracting organisations. The significant time lags involved in output based payments can also create cash flow problems for smaller Third Sector organisations.
- Sometimes organisations within the Third Sector receive funding to deliver projects that do not tie in with their organisational aims and objectives, which can present a cultural challenge for them in working with contracting organisations that require results, often within a specified timeframe.
- Many LEPs do not have access to comprehensive information about the range of Third Sector organisations on their patch, their services to support clients and their level of performance.
- Around a fifth of interviewees raised concerns that some of the Third Sector organisations that operate at a UK or Scottish Level are not well connected at a local level, potentially leading to a lack of fit with the local employability pipeline.
- Whilst in some respects a strength, the diversity of the Third Sector was seen as a challenge by some LEP leads. When public sector organisations want to invite the Third Sector to join partnerships they struggle to identify who to speak to as there is no single, representative body for the sector.

## 4. IN-DEPTH ANALYSIS OF THIRD SECTOR EMPLOYABILITY PROJECTS

### Introduction

This chapter focuses on in-depth analysis of more than 50 individual projects<sup>14</sup> delivered by 20 Third Sector organisations in Scotland. Participants included some of Scotland's key delivery organisations in the sector demonstrated by the volume, range and reach of their provision, but also their engagement in and commitment to supporting policy development and capacity building for the sector around employability through their membership of the TSEF Executive and wider forum.

As they were not drawn up to be a representative sample of Third Sector organisations the figures presented in this chapter cannot be extrapolated to the Third Sector in Scotland as a whole. Neither do they provide a dataset from which to compare the 'performance' of the individual projects, organisations nor the sector as a whole, for example, in terms of job entry rates. Nonetheless the analysis here presents a snapshot of activity in 2013/2014 to support clients (many of whom are a long way from the labour market and facing significant barriers to employment) for a number of significant organisations delivering employability services. This can provide the basis for identifying both key issues that need to be addressed and those that need to be further explored. This will help the TSEF in terms of shaping up its future approach.

### Expenditure and Activity Across the Pipeline

In 2013/2014 the identified turnover of these organisations with regard to their employability activities was **£16,600,000<sup>15</sup>**. This was funded by a cocktail of funding primarily through:

- The Scottish Government
- Skills Development Scotland (The Employability Fund)
- ESF;
- DWP;
- Local Authorities;
- Big Lottery;
- Inspiring Scotland;
- Charitable and corporate donations.

Figure 4.1 shows the breakdown of expenditure (where projects were able to estimate spend) across the five stages of the Employability Pipeline.

<sup>14</sup> The database comprises of 53 individual projects and one composite return covering a range of employability projects.

<sup>15</sup> Rounded down from £16,628,162 for use in the text.

**Figure 4.1 Estimated Expenditure Across Employability Pipeline by Third Sector**

CLIENTS OUT OF WORK					CLIENTS IN WORK	
Stage 1 (Referral Engagement & Assessment)	Stage 2 (Barrier Removal)	Stage 3 (Vocational Activity)	Stage 4 (Employer Engagement & Job Matching)	Stage 5 (In work & Aftercare)		
11%	25%	28%	22%	13%		
£1,687,851	£3,731,884	£4,251,892	£3,333,238	£1,930,929		

Note: Not all of the projects that provided total expenditure were able to estimate its spread across the pipeline. The expenditure allocated in Figure 4.1 is estimated at £14,935,794. This is 90% of the total expenditure of £16,628,162.

Three quarters of expenditure is at Stages 2, 3 and 4 of the pipeline with significantly less at Stages 1 and 5.

### Client Characteristics

In 2013/2014 these projects were targeted to support 17,925 clients. Figure 4.2 shows the percentage of projects working with priority groups. This shows that in terms of priority groups:

- The majority of projects support young people (57%)
- Almost half of projects support offenders/ex-offenders (48%);
- Just over a third of projects support individuals with learning difficulties (37%); lone parents (35%) and individuals with mental health problems (35%).

**Figure 4.2 Priority Groups Supported by The Project**

Client Type	% of Projects
Young people	57
Offender/ex-offender	48
Learning Difficulties	37
Lone parents	35
Mental Health Issues	35
Women	29
Ethnic Minorities	28
Disabled	28
Substance Misusers	28
Carers	26
Homeless	24
Short term unemployed	8
Veterans	4
Care leavers	2

In terms of target outputs the projects are to achieve:

- 4320 into employment;
- 2174 engaged in education or training;
- 127 into volunteering.

Projects also reported a range of other targets around clients achieving qualifications, work placements and the removal of specific barriers.

72% of the projects operated in 2012/2013 and Figure 4.3 shows their outputs. Of the clients they worked with in terms of positive recorded outputs:

- 36% found employment.
- 23% were engaged in education or training.

**Figure 4.3 Project Outputs 2012/2013**

	<b>Number</b>
Total Clients	12,897
Clients into Employment	4656
Clients engaged in Education or Training	2989
Volunteering	227

### **Project Activities**

Projects were asked to identify the types of activities that they deliver. Figure 4.4 shows these activities across the Employability Pipeline. To deliver these activities these projects engaged 283 employees.

**Figure 4.4: Activities Delivered by Projects Across the Employability Pipeline.**

	<b>Projects Delivering (%)</b>
<b>At Stage 1: Referral, Engagement and Assessment</b>	<b>80</b>
Outreach activities	22
Identification and assessment of client needs	57
Development of personalised action plans	28
<b>At Stage 2: Barrier Removal</b>	<b>83</b>
Confidence Building	82
Vocational Rehabilitation	17
Careers Information and Guidance	57
Financial Advice and Support	30
Literacies	28
Improving Health and Wellbeing	24
Other	2

	Projects Delivering (%)
<b>At Stage 3: Vocational Activity</b>	96
Employability skills development	87
Job search advice	69
Vocational Training	72
Work Experience	46
Volunteering	26
Self-employment and enterprise support	32
<b>At Stage 4: Employer Engagement and Job Matching</b>	83
Careers information advice and guidance	54
Employer engagement	54
Job search support	80
Job matching and brokering	48
Self-employment and enterprise support	15
Other (please specify):	6
<b>At Stage 5: In Work and Aftercare</b>	44
Careers Information Advice and Guidance	9
Supported employment	19
Occupational health and wellbeing support	20
Skills development	13
Redundancy support	2
<b>At all stages of the Pipeline</b>	44

This shows that:

- 80% of the projects are delivering at least one activity at Stage 1;
- 83% of projects are delivering at least one at Stage 2;
- 96% of projects are delivering at least one at Stage 3;
- 83% of projects are delivering at least one at Stage 4;
- 44% of projects are delivering at least one at Stage 5.
- 44% of project deliver across all stages of the pipeline.

Given that there are no funding streams designed to deliver end to end funding this suggests that some projects are supporting clients by drawing on elements of their wider provision.

Figure 4.5 shows the distribution of the employability projects delivered by the Third Sector organisations in the in-depth survey. Key points to note are:

- A third of these projects are delivering in Glasgow, supporting more than 2,500 clients.
- A quarter or projects deliver in Dundee, Edinburgh, Renfrewshire and East Ayrshire.
- Almost half of the clients are supported across five of the LEP areas; Glasgow, Dundee, Edinburgh, Renfrewshire and East Ayrshire.

**Figure 4.5: Activities Delivered by Projects by Geography**

LEP Area	Projects delivering in area (%)
Glasgow	32
Dundee	26
Edinburgh	23
Renfrewshire	25
East Ayrshire	26
South Ayrshire	19
North Ayrshire	23
West Dunbartonshire	25
North Lanarkshire	15
South Lanarkshire	15
Angus	8
East Renfrewshire	13
Fife	13
Highland	8
Inverclyde	13
Stirling	11
Aberdeen	6
Aberdeenshire	6
Argyll and Bute	11
East Dunbartonshire	90
Falkirk	6
Midlothian	8
Moray	6
Perth and Kinross	9
Scottish Borders	4
West Lothian	2
Western Isles	4
Dumfries and Galloway	6
East Lothian	4
Orkney	4
Clackmannanshire	2
Shetland	4
Total	

In terms of demand for services, 40% of the projects suggested that the demand for places is likely to exceed the numbers of clients that they are funded to support, 19% holding a waiting list and only 1 project reporting a likely shortfall in anticipated client numbers.

Although with its limitations, this 'snapshot' of activity by 20 Third Sector organisations provides an insight into the scope, scale and demand for Third Sector involvement in the delivery of employability services across the Employability Pipeline in 2013/2014.

## 5. KEY ISSUES ARISING FROM RESEARCH

### Introduction

The key issues arising from this research are drawn from:

- The assessment of the employability expenditure across the Third Sector;
- The views of LEP leads interviewed as part of the research.

### Summary of Expenditure

Figure 5.1 below summarises the expenditure on employability flowing through the Third Sector in 2013/2014 that has been identified in the course of this research. It presents the source, contribution and where possible has attached a monetary value to the contribution. In addition to the income that the sector generates on its own, Figure 5.1 shows a significant, quantifiable contribution as follows:

- An identified **minimum** contribution to employability from the Third Sector of just under **£58,000,000**.
- More than **£8,000,000** of funding through 'charitable routes' including the Big Lottery Fund and Inspiring Scotland that would not be accessible to public and private organisations.
- More than **£14,000,000** through ESF.
- A number of other potentially significant sources for which a monetary value cannot be calculated due to issues of commercial confidentiality, most notably from the Work Programme and the Jobcentre Plus Support Contract.

**Figure 5.1 Summary of Third Sector Expenditure (2013/2014)**

Source	Type of Contribution	Value (2013/2014) <sup>16</sup>
TSEF	Strategic contribution to policy and sectoral capacity building.	In kind
Big Lottery Fund	Project funding through the Life Transitions Programme	£5,800,000
Inspiring Scotland	Project funding through 14:19 Fund	£2,300,000 <sup>1</sup>
TSB Foundation for Scotland	Funding contribution	£28,000
Robertson Trust	Funding contribution	Data unavailable
Comic Relief	Funding contribution	Data unavailable
Scottish Government	Community Jobs Scotland	£7,490,000
ESF	Scottish Government as MA	£14,270,000
Skills Development Scotland	Employability Fund	£10,250,000
Skills Development Scotland	Employer Recruitment Incentive	Data unavailable
DWP	Work Programme	Data unavailable
DWP	Work Choice	£8,700,000
DWP	Jobcentre Plus Support Contract	Data unavailable
LEPs	Commissioned services <sup>2</sup>	£9,000,000
<b>Total</b>		<b>£57,838,000</b>

Note: <sup>1</sup> This contribution supports projects with a total value of £3,900,000

<sup>16</sup> All figures rounded to nearest £10,000

<sup>2</sup> To avoid double counting ESF monies an estimated contribution of £7,000,000 has been subtracted from the identified £16,000,000.

### **Key Issues from the Research for the TSEF to Address Going Forward**

This research provides an evidence base that raises a number of important issues for the TSEF to address going forward, including a number of strengths on which it can build.

#### **Overall Contribution**

The Third Sector makes a significant contribution to employability in Scotland that can be evidenced as follows:

- In 2013/2014 the sector delivered employability projects with a *minimum* value of just under **£58,000,000**.
- The sector makes a further non quantifiable contribution to employability delivering through a range of programmes for which financial data cannot be obtained. In the main this relates to subcontracted provision through the prime contractors of employability programmes through DWP.
- Interviews with prime contractors and LEPs leads identified additional activity undertaken by the Third Sector which helps to raise individuals' employability but are not necessarily funded as employability projects.

Although only a snapshot, the in-depth analysis of the 50+ employability projects showed:

- In 2013/2014 the projects are targeted to:
  - Work with 17,925 clients
  - 4320 into employment;
  - 2174 engaged in education or training;
- 72% of these projects that operated in the 2012/2013. Of the clients they worked with in terms of positive recorded outputs:
  - 36% of clients found employment.
  - 23% of clients were engaged in education or training.

#### **Additionality**

The Third Sector plays a key role in terms of additionality because it is able to access funding from charitable bodies that would not be available to private and public sector organisations to deliver employability activities. In 2013/2014 this amounted to more than £8,000,000 of activity through the Big Lottery Fund and Inspiring Scotland. There is also an additional non quantifiable contribution from other large charitable funding bodies including the Robertson Trust and Comic Relief who fund some projects with an employability remit.

#### **Role of the Third Sector**

With few exceptions, LEP leads and prime contractors of employability services identify an important role for the Third Sector in employability. This role is built on a number of identified sectoral strengths, particularly those around supporting individuals who do not typically engage with mainstream agencies and working effectively to progress the most disadvantaged clients. The diversity and flexibility of the Third Sector organisations involved in employability is also seen as a strength, with organisations able to respond quickly to changing demands.

Whilst the majority of LEP interviewees saw a key role for the Third Sector at a strategic level informing policy and planning through consultations and partnership working, there remains a critical issue to be addressed around which organisation(s)

'represent' the sector in any given situation as there is significant variation on the ground.

### ***Demonstrating Impact***

The Third Sector needs to be able to demonstrate its impact more effectively. This requires implementing an approach that captures its activity on an ongoing basis.

### ***Need for Capacity Building***

The Third Sector is not a homogenous group, with interviewees making a distinction between large scale, national Third Sector organisations with a strong track record in the delivery of employability services and smaller local organisations. For example, the focus for prime contractors for DWP is to deliver services to clients that get them into sustainable employment and to do this they will work with the organisations best placed to do so irrespective of their sector. There are big challenges here if the Scottish Government's ambition for the Third Sector to play a greater role in employability services is to be realised. This will require significant capacity building in the sector.

### ***Pipeline Drives Behaviour***

The pattern of delivery of employability across the pattern is largely determined by the requirements of the funding streams available, specifically in relation to outcomes. The pipeline is driving the behaviour (and consequently the type and volume of input) from the sector. Improving employment prospects, particularly for disadvantaged individuals, requires considerable thought around how best the sector's contribution can be managed. It is critical that the Third Sector is aware of where its strengths lie so that as a sector it can take a justifiable position about how best to support clients to progress along the pipeline, particularly as there are no funding streams designed to provide end to end support.

### ***Need for Clarity***

As a sector there is a need for clarity to identify the most important priorities in terms of maximising the significant contribution that it makes to employability and then tasking specific individuals or organisations to move forward on an agreed agenda that builds on the evidence base from this research.

### ***Procurement***

Whilst a detailed exploration of procurement processes with regards to employability expenditure was not part of this research exercise, a number of issues were raised that need to be addressed. These include:

- The lack of consistency in procurement processes across different LEP areas, makes it very challenging for Third Sector organisations to engage in the process.
- Whilst a long list of specialist Third Sector providers have been identified within the supply chain of Work Programme contractors, no figure on the value of the work contracted to the Third Sector is available<sup>17</sup>. This means that it is not possible to calculate the contribution.
- If the Third Sector is to engage effectively in procurement, funders need to be willing to design their procurement frameworks to facilitate their participation.

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<sup>17</sup> DWP (2011) Work Programme – Voluntary and Community Sector Organisations within the Work Programme