

The background of the slide features a large, light blue crest of the University of Alaska. The crest is shield-shaped with a crown on top. The shield is divided into four quadrants: the top-left shows a ship, the top-right shows a moose head, the bottom-left shows a ship, and the bottom-right shows an eagle. A banner at the bottom of the shield contains the text "ANE FOR A".

## **Agenda Item 9**

# **Employment and Training Unit Proposal**

**Falkirk Council**

**Title:** Employment and Training Unit Proposal  
**Meeting:** Executive  
**Date:** 17 January 2023  
**Submitted By:** Director of Place Services

**1. PURPOSE OF REPORT**

- 1.1 The purpose of this paper is to propose a more efficient use of the Employment and Training Unit budget given the changing funding landscape of employability provision, locally and nationally.
- 1.2 The recommendations help to reduce the Council's budget gap and contribute to the 2022-27 Council Plan's strategic enabler of Financial Sustainability.

**2. RECOMMENDATIONS**

- 2.1 It is recommended that the Council agrees:
  - 1) to reduce Employer Recruitment Incentives as outlined in the report to deliver efficiencies of £332,610, and
  - 2) to reduce commissioned training and support provision programmes as outlined in the report to deliver efficiencies of £67,000.

**3. CLIMATE CHANGE CONSIDERATIONS**

- 3.1 There are no direct climate change implications resulting from the recommendations above.
- 3.2 The service continues to implement blended learning where possible and this reduces the need for in-person appointments and the carbon impacts from transport.

**4. BACKGROUND**

- 4.1 The Employment and Training Unit (ETU) was established in 2002 and celebrates its 20<sup>th</sup> anniversary this year. It provides a broad range of employability support interventions to 16-67 year olds and in the last 10 years has supported 10,894 local people and progressed in excess of 4,000 people into initial employment opportunities in addition to career progression opportunities, modern apprenticeships and transitions into college and university.
- 4.2 Each year the ETU supports an average of 1,200 new participants to the service, helping local people to overcome barriers to employment. Through the dedicated support of our experienced staff team and delivery of varied

support interventions, the ETU has continued to integrate and align provision to meet the changing needs of both participants and employers. ETU continues to secure fair and sustainable employment opportunities for over 400 participants furthest from the labour market, each year, while delivering value for money.

- 4.3 The Employment and Training Unit utilises a mix of funding streams to plan, co-ordinate and deliver employability support that meets individual participant and contract requirements. The current annual revenue budget of £2.4m supports 37% of the overall ETU staff budget. In total, 43 staff support delivery of ETU services (41.8 FTE).
- 4.4 The ETU work collaboratively with wider Council Services, the Local Employability Partnership, third and private sector to bolster the local employability offer and supports resource and capacity building through the co-ordination and delivery of 8 contracts and 10 programmes. Although contracts and programmes target specific groups through their individualised eligibility criteria, ETU has developed an innovative delivery model of integration and alignment that ensures inclusivity across all provision ensuring a person-centred journey that many Local Authority Employability services aspire to.
- 4.5 Falkirk Council Employment and Training Unit is the only local authority-led and delivered Fair Start Scotland (statutory) provision nationally. Falkirk Council leads this regional contract across Forth Valley as part of a regional partnership with Stirling and Clackmannanshire Councils, supported by NHS Forth Valley and the Scottish Association for Mental Health. It is anticipated the non-competitive action to further extend the statutory Fair Start Scotland employment programme for a further 12 months will be approved in the coming months, securing ongoing performance related funding for 2023/2024. This will however impact on the Scottish Governments 3 year, multi annual grant funding we had anticipated would replace Fair Start Scotland across all 32 Local authorities from April 2023.
- 4.6 Falkirk Council ETU again successfully collaborated in a regional partnership approach with Stirling and Clackmannanshire Councils to act as a Gateway organisation to support local businesses engaging in the UK Government, DWP led Kickstart programme for young people aged 18-24. Kickstart was implemented in response to the rising youth unemployment levels in the early part of 2020, as a result of the pandemic. This programme came to an end in September 2022, achieving an initial progression and sustainment rate of 67%. We continue to work with our regional colleagues regarding opportunities for regional collaboration.
- 4.7 Partnership is a key theme to our innovative approach supporting those furthest from the labour market. DFN Project Search is our award winning partnership provision supported by Falkirk Council, Forth Valley College, NHS Forth Valley and SERCO to support 18-24 year olds with learning disabilities and difficulties, to undertake an internship with supported progression opportunities within Forth Valley Royal Infirmary and wider ETU employers. Many of these participants have been placed into an ERI funded supported

employment position that provides ongoing in work coaching and mentoring and systematic instruction training.

- 4.8 Since 2020 ETU and the wider Local Employability Partnership has worked collaboratively to utilise funding and share resources to mitigate the impact of the pandemic on our priority groups and those disproportionately impacted. The development of the Falkirk Local Employability Partnership Delivery Plan 2022-2025 incorporates the LEP's vision and policy intent of No One Left Behind aligned to local priorities within the Council Plan 2022-2027, the Falkirk Plan 2021-2030, locality plans and National strategy areas such as the National Strategy for Economic Transformation and Child Poverty Best Start, Bright Futures Plan. This has had a significant impact on local indicators such as increased employment levels and decreasing unemployment and claimant figures, which are now outperforming the Scottish average and in some areas are better than pre-Covid statistics.
- 4.9 European Social Fund (ESF) provision, that has supported those with the most significant barriers to employment, will end in June 2023 with a run down and exit plan in place from January 2023. It is intended the UK Shared Prosperity Fund will mitigate some of the impact to resource, capacity and delivery and the reduction in commissioned provision. The UK Shared Prosperity Fund does not provide funding to be aligned to employer recruitment incentives unlike ESF. UK Shared Prosperity Fund does not require the 50% match funding that ESF provision required. Therefore, there will be less combined investment and increased external investment from this fund between 2022-2025.

## **5. CONSIDERATIONS**

- 5.1 Between 2020/2021 and 2021/2022 there was a significant increase in local and national funding aligned to employability support provision, to mitigate the impact of the COVID pandemic. This included an increased offer both locally and nationally of Employer Recruitment Incentives (ERI's), now aligned to a national framework model.
- 5.2 Prior to 2019 the ETU had only two mechanisms to fund ERI's, utilising Falkirk Council budget and match funding ESF funds. The inception of No One Left Behind (NOLB) grant funding in 2019 and the further addition of the Young Persons Guarantee (YPG) from Nov 2020 provided greater opportunity and flexibility of ERI's to support individual and local need during a period of economic recovery.
- 5.3 In 2021 an ERI framework was developed nationally to ensure a consistent minimum offer of ERI contributions across all 32 local authority areas. ETU continued to adapt the ERI offer to meet the needs of the participants utilising a mixed economy of funding, for example combining YPG and Falkirk Council ERI budget, to ensure maximum draw down of external funding. This has resulted in variations of payment terms such as 26 weeks or 52 weeks and also the percentage share of wage costs such as 50%, 75% or 100% in the case of supported employment opportunities.

- 5.4 Utilising the above approach ETU were able to support 171 ERI's in 2021/2022. ERI's contributed to 76 Modern Apprenticeship starts, 30 Supported Employment opportunities and 60 employment opportunities for those with barriers to employment. Although a mixed economy of funding is utilised to ensure a flexible approach, the Falkirk Council contribution equates to 100 ERI opportunities funded at 50% for 6 months. This is currently 18% of the ETU budget, this will reduce to a 5% allocation of ETU budget with the implementation of the ERI reduction.
- 5.5 Local Councils across Scotland continue to utilise employer recruitment incentives to support those with significant barriers to employment and disadvantaged groups. In Forth Valley, Clackmannanshire Council offers an incentive up to £6000, with Stirling offering a similar model with the exception of supported employment job opportunities where additional funding can be attributed. Glasgow City Council and the Edinburgh City partnership have a well-established flexible employer recruitment incentive model. Similarly North and South Lanarkshire and East and West Dunbartonshire, align to the minimum employer recruitment incentive within the Scottish ERI framework of 50% of wage costs provided for a period of 26 weeks.
- 5.6 The local and national improvement in employment rates and increase in vacancies would suggest a reduction in ERI would align with the current economic landscape. Participants now requiring support are presenting with greater and more complex needs. Although external funding previously utilised to support ERI's is reducing next year, where eligible this will continue to be utilised to support ERI's for a reduced number of participants. Our offer is likely to align more with the terms within the national framework model and prioritise supported employment opportunities, therefore targeting those with the greatest need.
- 5.7 The ETU has again been trailblazers with regards to the development and utilisation of a procurement framework locally to commission a variety of interventions since 2018. Many Local Authorities are now following suit. The framework enables ETU to provide quality and value for money provision that aligns to the five stages of the employability pipeline, including specialist support provision to overcome barriers, improve health and wellbeing, and develop skills and qualifications.
- 5.8 Due to the complex needs of our target groups, and those target groups across all local authority areas, these interventions remain key areas to assist with participant progression. As part of the requirement to make the Council financially sustainable it is important that all services review existing provision. Our own work suggests that a reduction of 15 short sharp interventions including certificated training courses (REHIS Food Hygiene, Manual Handling, First Aid and Health and Safety) typically run monthly, will continue to be provided for 10 rather than 12 months of the year without having a significant impact on local employment opportunities for those requiring additional support.
- 5.9 Personal development and wellbeing courses also run monthly to improve participant confidence, self-esteem and interpersonal skills. As part of this

review process we suggest that a reduction of this provision would initially reduce access to 120 places, however it is likely that the additional funding aligned to the UK Shared Prosperity Fund in 2023/2024 and 2024/2025 will mitigate the internal budget reduction for that period of time.

- 5.10 Elsewhere we have identified a further programme that could be withdrawn without a significant impact on the employment opportunities for local people. This programme is currently delivered by a local third sector provider to improve the community engagement and referral pathways for those with experience of the justice system and from within the recovery community. If this was discontinued, then individuals would continue to be supported through the five stages of the employability pipeline utilising programmes such as Fair Start Scotland and No One Left Behind
- 5.11 It is important to highlight that this review has attempted to ensure accessible services to the same volumes of participants (1200) throughout the delivery years by utilising staff knowledge and experience and caseload management while reducing commissioned provision. External funding will determine any further impact on the numbers of participants the ETU can support.
- 5.12 The Employment and Training Unit continues to attract external funding due to its quality and performance record and ability to remain informed of potential contract opportunities. External funding is made up of grant allocations, bidding for contracts and maintaining a high level of performance related income. The funding generated bolsters the local employability offer.
- 5.13 Having a mixed economy of funding allows for greater alignment and integration across provision locally, bolstering equality of access and enabling the ETU to deliver a person-centred approach to meeting the employment needs of local people, including those experiencing in work poverty.
- 5.14 The ETU will continue to provide a quality service to participants, utilising the knowledge and skills of staff to deliver additional support to fill the gaps in provision and utilising external funding opportunities that target priority groups. Resource and caseload management will be key in ensuring minimal impact is experienced.
- 5.15 The ETU regularly reviews employability support provision across the Falkirk area as part of its role within the Local Employability Partnership. Scottish Government grant funding allocation locally is now determined by the partnership and with the likely implementation of phase 3 of No One Left Behind now being scheduled for April 2024 we will ensure these changes are further reviewed in January 2024 to determine their impact and ensure budgets are being used to support those with the greatest need from our priority groups.

## **6 Consultation**

- 6.1 Consultation has taken place on these proposals with, HR, Finance and Legal Services, the Employment and Training Unit Management Team and Local Employability Partnership, that includes representation from across Falkirk Council, Forth Valley College, Skills Development Scotland, the Department for

Work and Pensions, FV Chamber of Commerce, FV NHS and the Falkirk Third Sector Interface. Further engagement will be undertaken with affected services and community groups as the proposed changes are implemented.

## 7. IMPLICATIONS

### 7.1 Financial

The proposal has the following financial implications:

Employer recruitment incentive (ERI) reduction of 75 funded places across the four-year period 2022/2023 – 2025/2026 resulting in 25 remaining ERI places. Budget decrease from £444,017 to £111,407 Withdrawal of the community engagement support programme creates a saving of £29,463. Year three reduction of 15 short courses, reducing places by 120 creating a saving of £37,537. Wider provision will continue to accommodate the employability support needs of these priority groups and investment from UK Shared Prosperity Fund will mitigate impact.

It is important to note that the pre pandemic ERI budget share was in the region of 8% and has been increase as part of the economic recovery plan locally and nationally. This proposal would therefore reduce this share from the current 18% to 5.6%.

<b>Internal Budget</b>	<b>2022/2023 £2,478,250.00</b>	<b>2023/2024 £2,353,925.00</b>	<b>2024/2025 £2,168,820.75</b>	<b>2025/2026 £2,062,256.67</b>
<b>ETU Expenditure</b>				
Property & Fleet Costs	£108,000.00	£108,000.00	£108,000.00	£108,000.00
Suppliers/ Services	£60,000.00	£60,000.00	£60,000.00	£60,000.00
Central Charges	£38,500.00	£38,500.00	£38,500.00	£38,500.00
Staffing (46%)	£870,952.25	£826,315.25	£826,315.25	£826,315.25
Employer Recruitment Incentives	£377,816.75	£266,812.50	£160,248.42	£111,406.55
Beneficiary Costs	£898,656.00	£869,193.00	£869,193.00	£831,318.00
<b>Total</b>	<b>£2,353,925.00</b>	<b>£2,168,820.75</b>	<b>£2,062,256.67</b>	<b>£1,975,539.80</b>
<b>Savings</b>	£124,325.00	£185,104.25	£106,564.08	£86,716.87
<b>Cumulative Saving</b>		£309,429.25	£415,993.33	<b><u>£502,710.20</u></b>

Cumulative savings of £502,710 consist of savings presented in recommendation 1 and 2 in addition to staff savings within the service resulting from anticipated natural attrition.

### 7.2 Resources

There will be an impact on the current staffing resource to ensure gaps in commissioned provision are mitigated through in house delivery where skills and capacity allow. Caseload numbers will be closely monitored to ensure the quality and performance of the service. The remaining employer recruitment

incentives will be targeted at those with significant barriers to employment. The challenging financial position of the Council will also require a review of the number of Modern Apprenticeships that can be financially accommodated within Council Services as a whole, reducing reliance on ERI funding.

### 7.3 **HR**

We have identified further savings aligned to the natural attrition of staff over the 4 year period and will continue to consult where necessary with HR colleagues and unions.

### 7.4 **Legal**

There are no legal implications with regards to this proposal.

### 7.5 **Risk**

<i>Risk Statement</i>	<i>Control Measures</i>
There is a risk that the externally generated income leveraged by the Employment and Training Unit is reduced, further impacting provision within the service.	We will maintain tight financial controls to ensure value for money in all commissioned provision, continuing to deliver quality services to a reduced number of participants.
There is the risk that a reduction in employer recruitment incentives will exclude some of our supported employers, such as third sector, to be able to provide employment opportunities for participants.	There is limited mitigation as a reduction in ERI numbers will mean a reduction in funded support placements with sympathetic employers. The ETU will continue to support individuals with remaining programmes.
There is a risk of impact on wider Council services resource due to tightening budgets and lack of employer recruitment incentives to support modern apprenticeship starts.	We will continue to work closely with HR however the current recruitment freeze combined with a reduction of young people entering the Council will result in the age demographic increasing.
There is a risk that the additional resource and capacity required to deliver more in house provision will decrease the number of participants supported by ETU and our ability to reach those priority groups disengaged from services, within local communities.	Mitigation is limited however we will continue to secure external funding to support commissioning of provision and ongoing engagement and reach to the same standard.

### 7.6 **Equalities**

An EPIA has been undertaken on this proposal and it found that there would be neutral impact on all but 1 of the protected characteristic groups. It is accepted that reductions in provision and employer recruitment incentives will impact the number of places available particularly to those young people that would traditionally receive support beyond core employability support provision and are more likely to be aligned to an employer recruitment incentive. The reduced places will be prioritised to those in most need of the provision and present with more complex barriers to employment. In



mitigation the service will continue to delivery core employability support interventions and leverage external funding opportunities that targets a wider support offer to these groups such as No One Left Behind and The Young Persons Guarantee to ensure quality and person-centred support to all participants.

## **8 CONCLUSION**

- 8.1 This proposal would contribute to reducing the Council budget gap and supporting the enabler priority within the Council Plan of financial sustainability.

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**Director of Place Services**  
**4 January 2023**

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**Appendices:**

**None**

**List of Background Papers:**

**None**