

**NORTH LANARKSHIRE COUNCIL  
REPORT**

<b>To:</b> ALEOS and EXTERNAL BODIES MONITORING COMMITTEE		<b>Subject:</b> Routes to Work Articles of Association
<b>From:</b> Head of Education (Skills, Lifelong Learning and Youth Employment)		
<b>Date:</b> 10 August 2016	<b>Ref:</b> LMCM/PK/EW	

**1. Purpose of report**

The purpose of this report is to seek the approval of Committee for an amendment to the Articles of Association of Routes to Work Limited in relation to its operating area.

**2. Background**

Routes to Work (RTW) is responsible for the delivery of a range of free employability services to residents of North Lanarkshire. The core services the company is delivering on behalf of the Council are EU funded employability services, the Work Programme, and the City Deal Working Matters project. Their services can be accessed across North Lanarkshire with delivery located in their main office in Bellshill, and satellite offices in Airdrie, Coatbridge, Craigneuk and Motherwell as well as from a wide variety of community settings through their teams of Key Workers.

Established in October 2002 by North Lanarkshire Council and Scottish Enterprise Lanarkshire, periodically the Council has sought legal advice to ensure that the ownership structure of Routes to Work is compliant with the transfer of EU funds to support the delivery of the Council's EU funded services. In 2014, and following legal advice, the ownership structure of the company required a further change and in February 2015 North Lanarkshire Council assumed sole ownership of the organisation.

The Council retains significant control over the activities and functions of the company through a number of mechanisms. These include:

- changes to the Articles of Association cannot be made without the endorsement of the Council;
- the Council's nominated Directors have specific voting rights on the Board which offer protection to the Council's interests;
- the company is funded to undertake functions on behalf of North Lanarkshire Council which are subject to service level agreements; and
- the organisation is restricted to operating within North Lanarkshire within its Articles of Association.

### **3. Considerations**

#### **3.1 Scottish Employability Framework**

As a result of the Smith Commission, responsibility for some employability programmes will be devolved to the Scottish Government in April 2017, including the DWP led Work Programme. The Scottish Government are in the process of designing a successor programme with the aim of creating a service which has an approach that complements existing programmes and targets support on those further from the labour market. They aim to have a one year transitional programme in place for 2017/18 and a three year programme in place for 2018/19 – 2021/22.

Limited information is available on the process for tendering these programmes or which organisations would be eligible to apply to deliver these new services; however, it is known that the timescale for the tendering process to start for the transitional one year programme is September 2016 and that the delivery areas specified by the Scottish Government may not match local government boundaries, a key issue for the Council.

North Lanarkshire Council and Routes to Work have an outstanding track record in the delivery of employability services in our area. A key reason for this has been the Council's willingness to take the lead in the provision of services within the area and tailor these to the needs of its residents. In doing so the Council has been adept at using Routes to Work, as its ALEO, to protect its services from being delivered by organisations with no stake in North Lanarkshire or which are profits driven.

Given that the delivery area for new services may be wider than North Lanarkshire, it may be that in order to ensure that the Council maintains its lead role in the delivery of employability services within North Lanarkshire, it may be necessary to bid for services that include North Lanarkshire as well as other areas using Routes to Work as the vehicle to do this.

#### **3.2 Articles of Association**

The current Articles of Association restrict Routes to Work to working solely within the boundaries of North Lanarkshire and, since the company was established, this has not presented a challenge to the Council in protecting its role in leading the provision of employability services across the area.

The sole focus of Routes to Work is the provision of the best possible employability services to North Lanarkshire residents, within their communities, on behalf of the Council and with serving the area is at the core of the organisation's vision. However, the recent developments outlined above in the delivery of devolved employability services in Scotland suggest that it may be prudent to remove this area based restriction, in order to protect the interests of the Council and its lead role in the delivery of employability services within the area.

The purpose of the proposed change is to safeguard the Council's role in the delivery of future employability services within North Lanarkshire. Given the safeguards the Council has over the function and activities of Routes to Work at a Board level and at an operational level, there would be no expansion of activities outside of North Lanarkshire without future proposals being considered and authorised by the Council.

A further safeguard is that in order to ensure compliance with procurement legislation in relation to the transfer of EU funds, a minimum of 80% of the work carried out by the company must be within North Lanarkshire.

#### **4. Conclusion**

North Lanarkshire Council has maintained a lead role in the provision of employability services for a number of years, ensuring there is uniform provision across the area that is not duplicated or led by motives other than the provision of a high quality service to residents.

New programmes emerging from the Scottish Government may require bidders to look at providing services across areas wider than local authority boundaries and the Council would like to safeguard its role as the lead provider within North Lanarkshire.

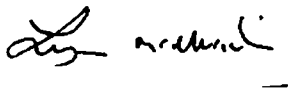
Routes to Work could potentially provide the vehicle for the Council to achieve this aim; however, its Articles of Association restrict it to North Lanarkshire as its 'Operating Area'.

The Articles of Association could be amended to allow Routes to Work to work across local authority boundaries in a measure which would provide the Council with the potential to safeguard its role as the lead provider of employability services within the area by removing reference to the phrase 'Operating Area' as North Lanarkshire.. The Council, through its sole ownership of Routes to Work, retains control over whether the Company would ever require to undertake activities outside of North Lanarkshire.

#### **5. Recommendations**

The ALEOs and External Bodies' Monitoring Committee is requested to:

- i) Consider the amendments which are recommended in respect of the Articles of Association for Routes to Work, as attached at Appendix 1;
- ii) Recommend acceptance of these amendments to the Policy & Resources Committee.



**Lizanne McMurrich**  
**Head of Skills, Lifelong Learning and Youth Employment**

Members seeking further information on the contents of this report are asked to contact Paul Kane, Employability Services on 01236 632867.

## Routes to Work Limited – Proposed Amendments to Articles of Association

Current Article	Proposed Amendment and new Wording	Rationale for Change
1. 2.8 “ <b>the Operating Area</b> ” means the local authority area of the Council;	Delete 2.8 entirely.	To remove restriction to working only in North Lanarkshire
<p>4.1 to relieve poverty <b>among the residents of the Operating Area</b></p> <p>4.2 to advance education, <b>among the residents of the Operating Area</b>, particularly among the unemployed</p> <p>4.3 to promote training in skills of all kinds, particularly such skills as will assist <b>residents of the Operating Area</b> in obtaining paid employment;</p> <p>4.4 to relieve unemployment for the public benefit, <b>in particular among residents of the Operating Area</b>, in such ways as may be thought fit, including assistance to find employment;</p> <p>4.5 to promote, operate and/or support other projects and initiatives which further similar charitable purposes <b>within the Operating Area</b>.</p>	<p>4.1 to relieve poverty</p> <p>4.2 to advance education, particularly among the unemployed</p> <p>4.3 to promote training in skills of all kinds, particularly such skills as will assist in obtaining paid employment;</p> <p>4.4 to relieve unemployment for the public benefit, in such ways as may be thought fit, including assistance to find employment;</p> <p>4.5 to promote, operate and/or support other projects and initiatives which further similar charitable purposes.</p>	To remove restriction to working only in North Lanarkshire
<p>7.6 to commission research, studies and reports <b>in relation to the Operating Area and/or its residents</b> with a view to identifying, evolving and (as appropriate) implementing appropriate strategies and programmes for economic, social and physical regeneration of the Operating Area;</p> <p>7.7 to liaise with public authorities, potential employers, community groups, voluntary bodies and others, all with a view to contributing to economic, social and physical regeneration <b>of the Operating Area</b>;</p>	<p>7.6 to commission research, studies and reports with a view to identifying, evolving and (as appropriate) implementing appropriate strategies and programmes for economic, social and physical regeneration.</p> <p>7.7 to liaise with public authorities, potential employers, community groups, voluntary bodies and others, all with a view to contributing to economic, social and physical regeneration.</p>	To remove restriction to working only in North Lanarkshire