

NORTH LANARKSHIRE COUNCIL
REPORT

To: EDUCATION COMMITTEE		Subject: NORTH LANARKSHIRE'S EMPLOYABILITY SERVICES - BASELINE INFORMATION
From: HEAD OF EDUCATION (SKILLS, LIFELONG LEARNING & YOUTH EMPLOYMENT)		
Date: 27 January 2017	Rep: LMCM/PK	

1.0 INTRODUCTION

The purpose of this report is to provide baseline information on the current employability provision within North Lanarkshire.

2.0 BACKGROUND

2.1 Context

Employability services within North Lanarkshire are delivered by a wide range of local and national organisations, both statutory and voluntary, and a key aspect of this for the Council has consistently been to identify how its provision aligns and complements the work of a range of key partner agencies and organisations. There have been a number of significant policy changes in the environment for employability services delivered by partners in the recent past, triggered by a range of regional and national factors.

The provision of Council services also evolves on a continuous basis in response to a range of opportunities and challenges and therefore requires ongoing evaluation to ensure that employability services remain targeted and responsive in the support that they provide to North Lanarkshire residents.

2.2 Baseline Information

Taking into account policy changes and labour market intelligence, periodically it is important to take stock of current provision to ensure that Members have an up to date picture of the North Lanarkshire employability landscape for consideration when planning future services.

Appendix 1 lists partners delivering employability services to the 16+ age group.

3.0 CONSIDERATIONS

3.1 North Lanarkshire Labour Market

The North Lanarkshire labour market is emerging from one of the most challenging periods in recent decades. The local economy has undergone a major transition from an economy reliant on heavy industry to today's more dynamic and flexible economy. In that period there have been two major recessions, in the early 90s and the most recent financial crisis in 2008. Unemployment in North Lanarkshire peaked in February 2012, with youth unemployment reaching levels not seen since the early 1990s. Since that point the labour market has shown recovery with the levels in North Lanarkshire reducing significantly as can be seen from the information in table 1.

Table 1

Age Group	Job Seekers rate	Feb 2012	Nov 2016
16-64	North Lanarkshire	5.7% (12,617)	1.5% (3,395)
	Scotland	4.4% (151,896)	1.4% (49,025)
16-24	North Lanarkshire	10% (3,795)	1.0% (390)
	Scotland	7.2% (44,180)	1.0% (5,695)

Challenges which continue despite the decrease in unemployment include:

- (i) Low quality of employment with weak wage growth, less full time employee jobs and increased use of limited hour's contracts with associated underemployment;
- (ii) The number of middle income jobs has been reduced and jobs have become more polarised on either side of the income scale; and
- (iii) An ongoing challenge for North Lanarkshire is the number of residents receiving health related benefits, with one of the highest rates in Scotland.

Appendix 2 provides further information on the local labour market.

3.2 Ongoing Changes in Current Provision

A number of local, regional and national factors have either altered in the recent past or will influence future employability provision, these include:

- significant change within the North Lanarkshire labour market;
- increased focus on the transition between school and the labour market;
- increased focus on the links between health and employment and supporting those further from the labour market;
- responding to the needs of employers and local businesses in relation to skills and recruitment;
- devolution of responsibility for UK employability programmes to the Scottish Government from April 2017;
- DWP changes to the benefits system to incentivise work with the ongoing introduction of Universal Credit to replace Job Seekers Allowance and other benefits; and
- the impact of the EU referendum result.

3.3 Council Provision and Performance

As the labour market in North Lanarkshire has recovered, the Council's employability services have focused on supporting those further from the labour market with barriers to employment. The key role for the Council's team in this is in the creation of employment opportunities with local employers that can then be accessed by participants in our programmes with a mix of subsidised and unsubsidised vacancies that are suitable. The team also offer support in recruitment and sourcing staff with new employers to the area. In addition, targeted joint working with colleagues directly delivering upon the Developing the Young Workforce has begun and is growing.

Alongside these core activities the service has also ensured that the Council remains the lead provider of services within the area by delivering on national programmes and engaging with the new devolved employability programmes from the Scottish Government. The key programmes and roles that the service is involved in delivering in 2016/17 are:

- (i) Prospects for You(th) – leading and managing the delivery of the council led EU funded employability programmes running until December 2018 which aim to secure employment for over 3000 residents.

Performance in terms of jobs secured as at November 2016 is outlined in Table 2 below:

Table 2

Programme	2016/17 Target	November 2016 Target	November 2016 Actual	Variance
Prospects for Youth	521	313	333	+20
Prospects for You	592	384	352	-32
TOTAL	1,113	697	685	-12

The contract period runs until March 2018 for Prospects for Youth and until December 2018 for Prospects for You.

- (ii) Within the EU funded programme working with all delivery partners – Routes to Work, CLD Hubs, Debt & Money Advice and the Council's compliance and verification team – to ensure maximum EU grant can be accessed and utilised for employability services.
- (iii) Scottish Employer Recruitment Incentive – this SDS administered scheme provides 45 wage subsidies for young people with extensive barriers to gaining employment and all places have been allocated for 2016/17
- (iv) Youth Investment Programme – while the Council's large scale wage subsidy scheme ended in March 2016 there are continued payments of £624k committed to employers for up to the end of 2016/17
- (v) Alongside the delivery or management of the delivery of the above programmes the employability service provides policy and labour market information as required and manages the operational relationship between the Council and Routes to Work.

In relation to the Scottish Local Authorities Economic Development Indicator Framework for 2015/16, an annual report on performance across a range of measures for every council, North Lanarkshire led employability activities both supported and progressed into employment the second highest numbers in Scotland.

3.4 Finance

Core funding for the delivery of employability services comes from £2.6 million allocated annually for match funding for employability programmes with £293,000 of this allocated to support the Council's Modern Apprenticeship Programme.

3.5 Future Challenges & Opportunities

The Council's employability services have responded to the current labour market with the above programmes. However, the funding environment continues to be dynamic with changes to national and EU sources of funding approaching. The most significant of these is in relation to the EU referendum result.

EU funding operates in 6-7 year cycles and the current cycle runs from 2014-2020. In 2015 the Scottish Government communicated notional allocations to local authorities delivering employability support. North Lanarkshire has been allocated £3.5 million for Pipeline employability activities and £5 million from the Youth Employment Initiative from 2014 – 2018. Both these programmes received offers of grant in 2016 and contracts are in place for their delivery. A further notional allocation of £3.5 million is allocated from 2019-2020 for employability activity from EU funds and these are not yet contracted.

Following the referendum there was widespread concern across the UK about the extent to which monies allocated to 2014-20 EU programmes would be able to be accessed but the UK and Scottish Governments have stated that those projects under contract by September 2016, such as those in North Lanarkshire, would continue to receive funding. Therefore, at a minimum there will be EU funds until the end of 2018 and given the timescale to financially close programmes this will undoubtedly take contracts into March 2019.

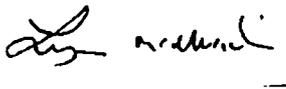
Given the forthcoming devolution of employability services to the Scottish Government and its planned introduction of a three to five year £32 million per annum programme in April 2018, there will be opportunities to secure funding for employability services in North Lanarkshire and these will be explored along with any other programmes introduced.

3.6 Conclusion

The information in this report provides an overview of not only the range of services and provision within the area, but also the ongoing or imminent reviews of the range of employability services provided by the Council and Routes to Work. The funding environment for employability services post EU funding will undoubtedly be the key challenge moving forward. This will also offer the opportunity for the Council to develop and agree the service it wishes to provide to unemployed residents in future years and within this new context.

4.0 RECOMMENDATIONS

Members are asked to note the baseline information on the current employability provision within North Lanarkshire.



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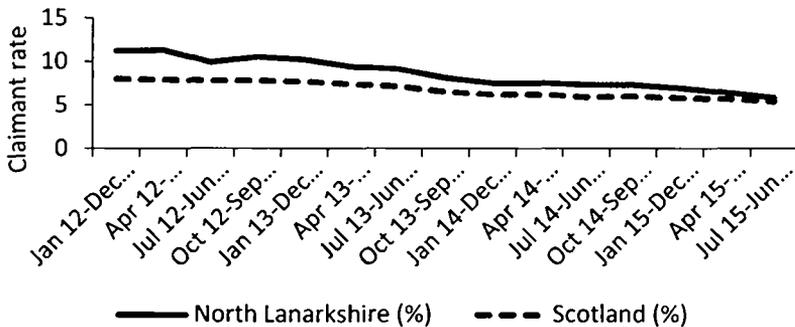
Employability Services within North Lanarkshire 16+	
<i>North Lanarkshire Council</i>	<p>Employability Services lead on large scale employability provision to unemployed residents, though employer engagement and funding. The Council also operates a large scale Modern Apprentice Programme, a Supported Employment Programme for residents with learning disabilities, and various community justice and health related employment initiatives.</p> <p>In relation to Developing the Young Workforce an employer led Regional Invest in Youth Board has been established which will work with local employers across Lanarkshire and East Dunbartonshire to join young people with employers.</p>
<i>Routes to Work Ltd</i>	The Council's ALEO with responsibility for participant based employability services within North Lanarkshire and currently delivers the Council's EU funded programmes, and a number of other programmes.
<i>Jobcentre Plus/Department of Work and Pensions</i>	UK wide organisation operating local Jobcentres and associated activities to match unemployed people to work opportunities. Lead agency in delivering benefit payments
<i>Skills Development Scotland</i>	<p>Scottish wide agency leading on skills development and the delivery of careers information, advice and guidance.</p> <p>Responsible for the delivery and funding of skills development programmes through the Scottish Employability Fund.</p>
<i>New College Lanarkshire</i>	New College Lanarkshire is now the sole integrated further education college in North Lanarkshire and incorporates the former Motherwell, Coatbridge and Cumbernauld Colleges. It delivers a wide range of full and part time vocational training and employability programmes, and works closely with NLC on the development of school transition programmes.
<i>Third Sector Organisations</i>	A range of national and local providers of employability services, often to defined groups or specific geographical areas.
<i>NHS Lanarkshire</i>	Health services recognise that the challenges of addressing poor health, poverty and employability are interlinked. Consequently they work to develop joint approaches to issues such as poor mental health, substance abuse, disability or managing long term conditions
<i>Training providers</i>	A range of training organisations in the private, voluntary and public sectors are also key to the partnership – often providing generic employability or more sector focused training via contracts issued by employers or agencies listed above.
<i>Specialist support agencies</i>	Provide support to particular targeted groups or to address identified barriers to employability progression. These organisations commonly do not see employability as their core purpose, but can often engage and introduce support elements as 'add ons' to the main service.

North Lanarkshire Labour Market 2012-2016

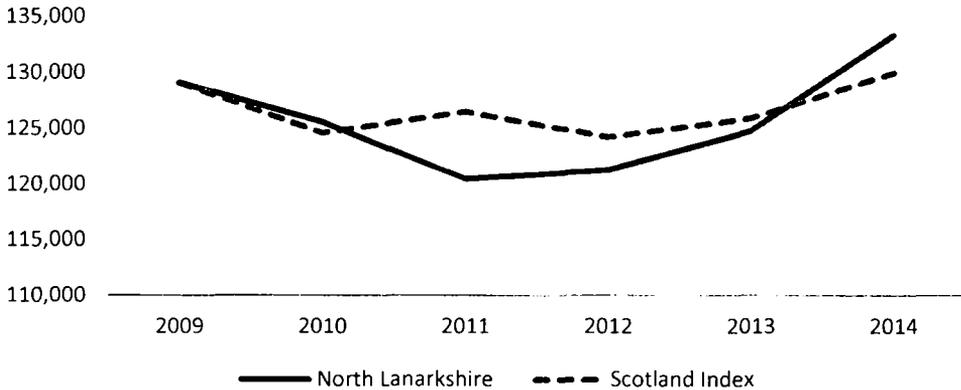
Job Seekers Allowance claimants, North Lanarkshire



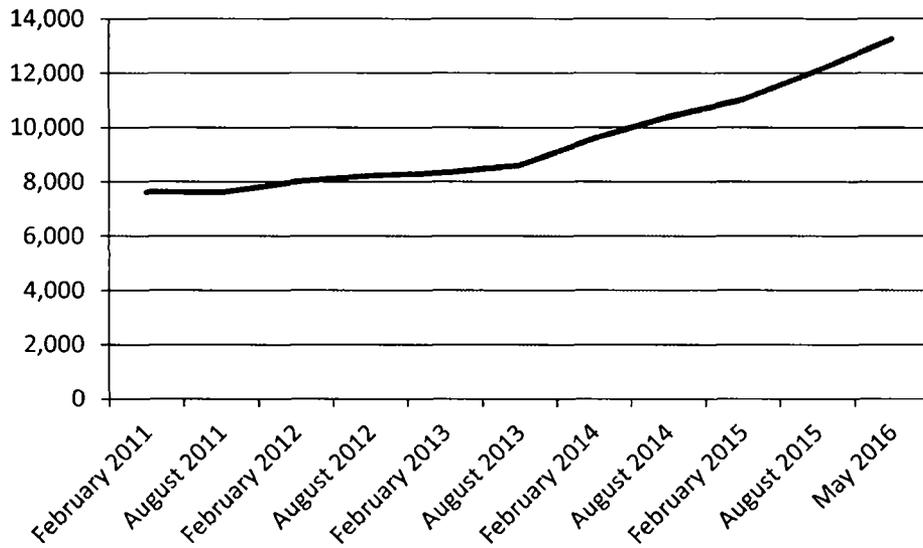
Model Based Unemployment, January 2012 to June 2016



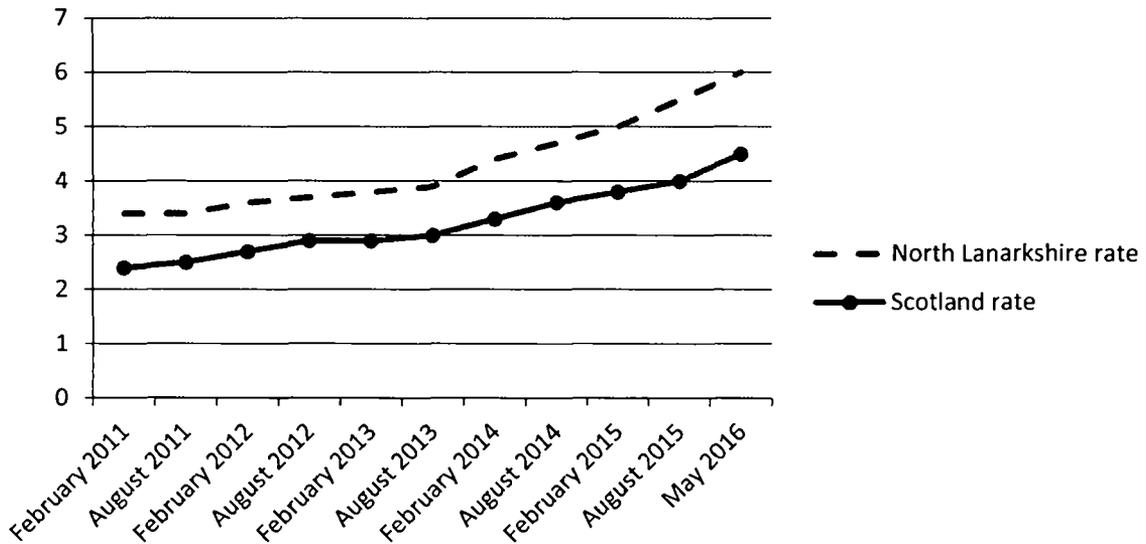
Total employment in North Lanarkshire in 2014, 133,300 (5% of Scottish total)



North Lanarkshire ESA and incapacity (health related) benefits



ESA and incapacity (health related) benefits as proportion of resident population



Workforce Trends

- Employment recovering strongly with 7% growth from 2013 (3% Scotland)
- 32% work in higher level occupations (42% nationally) (2015)
- 74% employment in private sector (77% nationally)
- 23% in part-time employment (26% nationally)
- 4.3% in non-permanent employment (5.3% nationally)
- Employment rate of 71%, slightly lower than the national rate (73%) (2015)