

# North Lanarkshire Council

## Report

### Enterprise & Growth Committee

approval  noting

Ref LMcM/PK/EW Date 5/02/2019

### Employability - EU Funds

**From** Head of Communities

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#### Executive Summary

In early 2018 the Scottish Government invited the Council to submit an extension request to its current EU funded employability programme. Scottish Government also made a commitment to offer a decision on the extension request by the end of 2018. The aim being to ensure existing allocations of EU funds to employability programmes in Scotland were committed prior to the expected date of exit from the EU and would secure an offer of grant funding until December 2022, subject to an annual commitment from the Council.

At the Education Committee on 15 May 2018, it was agreed that the Council should submit an extension request and this was drafted and provided to the Scottish Government in August 2018. After further meetings and submissions of information, the Council was informed, on 27 November 2018 that, subject to ministerial approval, the extension request had been approved and an offer of grant would be issued in due course.

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#### Recommendations

It is recommended that the Enterprise and Growth Committee:

- (1) consider and note the contents of this report, and
  - (2) approve the acceptance of the grant offer for EU funded employability programmes.
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#### Supporting Documents

**Council plan to 2020** Priority: Improve economic opportunities and outcomes (provide employment support to reduce unemployment and underemployment); Action 2: Understand the differing needs of communities and take action to reduce economic inequality.

## 1. Background

The Council is the lead partner in the EU funded *Prospects* employability programmes. The first programme, *Prospects for Youth*, was aimed at 16-29 year olds and ran until September 2018. This programme has no extension opportunity and was a one-off programme introduced by the EU in response to high youth unemployment.

The second, *Prospects for You*, is aimed at those 30 years of age and over and is running until December 2018. As planned, this converted to an all age programme in October 2018 with subsequent increases in targets and expenditure. In line with the Scottish Government's request, the Council submitted an extension request for this programme which would take into account underspend in the current programme as well as secure the Council the EU funding allocated to it prior to the EU referendum, with an end date of December 2022. This Phase 2 submission included financial information and job outcome targets and, in line current national and local policy, is aimed at supporting unemployed and underemployed residents who need additional support to secure employment.

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## 2. Report

### 2.1 Prospects Performance 2016-2018

The broad national and local strategy in recent years has been to try to increase participation in fair and sustainable work to ensure that prosperity is shared across North Lanarkshire and Prospects was designed to meet this aim. When launched in April 2016 the Prospects programmes aimed to support almost 3,000 unemployed residents into employment and were designed to support those further from a job given that the labour market was recovering from the recession with a steadily rising employment rate in North Lanarkshire.

A feature of Prospects that was strengthened in comparison to previous programmes and has proved effective for many participants is the increased level of support offered during the transition into work and the in-work support offered to both the employer and employee up to 13 weeks and to 26 weeks in some cases. This support during the transition from benefits includes childcare, travel and other costs associated with starting employment. It also includes regular and systematic contact with the participant in the key first 13 weeks of work to ensure that any issues are addressed quickly.

The programme is on track to meet its job outcome targets and figures are set out in Table 1 below:

Table 1 – Prospects Programme - Performance

	<b><i>Prospects for Youth</i></b>		<b><i>Prospects for You</i></b>		<b><i>Prospects Totals</i></b>	
	Target	Actual	Target	Actual	Total Target	Total Actual
2016/17	521	504	592	548	1113	1052
2017/18	521	574	592	622	1113	1196
2018/19	207	100	444	654	651	754
<b>Sub Total</b>	<b>1249</b>	<b>1178</b>	<b>1628</b>	<b>1824*</b>	<b>2877</b>	<b>3002*</b>

\*figures up to October 2018

Over the last six months, as Prospects for Youth has been coming to an end, new participants aged 16-29 have been placed on the Prospects for You programme to ensure continued support is available to them after September 2018. Overall job outcomes exceeded target in October 2018 and by the end of Phase 1 will be higher.

The delivery partners are the Council's own Employability team, the Community Learning & Development Employability and Learning Hubs, Routes to Work Limited and five local Third Sector organisations. The project has also worked to develop closer referral routes with a range of sources including lone parents groups, supported employment clients, local criminal justice teams and GP surgeries and continued to promote the North Lanarkshire's Working brand to communicate the availability of the service to local employers and potential participants. Other partners include Job Centre+, New College Lanarkshire and Skills Development Scotland.

## 2.2 Prospects Finance 2016-2018

A start date of April 2015 was sought when the funding application was submitted by the Council in March 2015. However, the offer of grant from the Scottish Government did not materialise until August 2016. This financial offer was backdated to April 2015 and with no eligible expenditure in the period 2015/16 there was no draw down of grant for that period of around £1.27 million against an allocation of £3.46 million for the period 2015-2018. The extension offers the opportunity to roll this underspend into the period 2019-2022. See Table 2 below:

Table 2 – Prospects Finance – 2016-2018

	Approved Costs	Actual Costs	Underspend
Period	Apr 2015 – Dec 2018	Apr 2016 – Dec 2018	1 year
EU Funds	£3,463,049	£2,189,530	£1,273,519
NLC Match	£5,194,576	£3,284,296	£1,910,280
<b>Total</b>	<b>£8,657,625</b>	<b>£5,473,826</b>	<b>£3,183,799</b>

## 2.3 Prospects Extension Opportunity

As agreed by Committee in May 2018 an extension request was submitted to the Scottish Government which will provide significant external funding until December 2022. This will also contribute to the future improved and integrated approach to employability and workforce strategies currently being developed to contribute to the Council's Economic Regeneration Delivery Plan and ambition for our area.

The offer indicated from the Scottish Government is from 1 January 2019 - 31 December 2022 with the underspend from Phase 1 at the 40% grant rate and Phase 2 at 50% - this gives an average of 48.2% grant across both Phases. The figures for Phase 2 are outlined in Table 3 below:

Table 3 – Prospects Extension Finance 2019-2022

	Delivery Costs	Compliance Costs	Total Project Cost
Match Funding	£8,146,071.61	£632,737.41	£8,778,809.02
Grant	£7,533,899.08	£608,149.34	£8,142,048.42
<b>Total</b>	<b>£15,679,970.69</b>	<b>£1,240,886.75</b>	<b>£16,920,857.44</b>

This will provide an envelope of external funding for a continued large scale and voluntary employability service across North Lanarkshire until 2022. The outcomes associated with the funding are for there to be 9,130 residents supported and 4,100 job outcomes. The match funding would be committed annually and this would offer the Council the opportunity to review its commitment depending on circumstances.

## 2.4 Context

The proposed extension will allow the Council to roll its current employability provision into 2019, without a hiatus in terms of funding, within its current delivery structure. However, there are a number of potential changes to local employability provision which will be integrated into future delivery in due course. These include the outcome of the current review of employability within the Council and the outcome of the Fairness Commission's recommendations being implemented. There is also a Best Value review of the Council ALEO, Routes to Work Ltd which will report in September 2019.

Whilst aiming to maintain job outcome figures and sustainability of employment the extension will also allow the further integration of recent pilot activities within the programme. These include:

- supporting the developing the young workforce action plan via support to school leavers at risk of not entering employment, training or further education. There is also a new opportunity within the extension to develop provision for those young people who are in this group, up to 6 months prior to leaving school, in conjunction with Education colleagues;
- further development of work with Community Justice, Health, Housing and Supported Employment to ensure these groups have integrated access to employability provision;
- targeting support on the growing numbers of residents who are underemployed and/or on Universal Credit; and
- supporting the Council's wider regeneration agenda to ensure local businesses are supported to recruit and retain employees from North Lanarkshire.

Other clear challenges on the horizon include the impact of Brexit, the growing aging population, skills shortages in key North Lanarkshire sectors and the impact of future job automation.

In addition the funding envelope offers the Council the capacity to shape its own local employability programmes to support its own aims without duplicating or displacing national provision on an ongoing basis until 2022.

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### **3. Equality and Diversity**

#### **3.1 Fairer Scotland**

Assessment not required.

#### **3.2 Equality Impact Assessment**

Assessment not required.

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### **4. Implications**

#### **4.1 Financial Impact**

Delivery of the current Prospects programme and extension will be delivered from within existing resources.

#### **4.2 HR/Policy/Legislative Impact**

There are no HR/ Policy or legislative impacts.

#### **4.3 Environmental Impact**

No environmental impacts.

#### **4.4 Risk Impact**

Risks related to EU funds are closely monitored and all expenditure is verified by the Council's External Funding team. Confirmation of funding extensions has reduced the level of risk associated with the potential loss of existing allocation of EU funds.

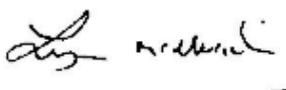
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### **5. Measures of success**

5.1 Council support to unemployed and underemployed residents continues to be available until 2022 and meets the future needs of employers.

5.2 Prospects continues to meet job outcome and sustainability targets

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**Head of Communities**