

North Lanarkshire Council Report

Enterprise and Growth Committee

approval noting

Ref LMcM

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Covid-19 Economic Recovery – Employability

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Executive Summary

Following approval by committee of the Council's Covid-19 Economic Recovery Plan which is aligned to the previously approved Economic Regeneration Delivery Plan (ERDP), this report seeks to fully update the committee regarding those aspects of the Covid-19 Economic Recovery Plan relating to employability and the measures being taken to mitigate the impact of the pandemic on the North Lanarkshire's labour market.

Specifically report outlines how existing employability programmes are being re-aligned or re - designed to meet the new challenge as well as providing details of new externally funded initiatives to support the employment, education or training of young people as a response to the negative impact of the measures taken to control the spread of Covid -19 on the labour market. These initiatives and the role the Council is being asked to play in their delivery and co-ordination in our communities are set out within this report.

Recommendations

It is recommended that the Enterprise and Growth Committee :

- (1) note the information provided on the Council's existing programmes response to support unemployed residents;
- (2) note the information provided on the UK Government's Kickstart Scheme and the Scottish Government's Youth Guarantee;
- (3) endorse the implementation of the approach to the role that the Council is being asked to fulfil, as set out in paragraph 2.7 of the report in order to draw down funding and to co-ordinate delivery in North Lanarkshire; and
- (4) note the alignment of these measures with the Plan for North Lanarkshire and more specifically the findings of Phase 1 of the Council's Employability Review and the importance of the impact of such measures on supporting North Lanarkshire's approach to the employment, education or training of young people.

The Plan for North Lanarkshire

Priority Improve economic opportunities and outcomes

Ambition statement (11) Increase economic opportunities for adults by understanding, identifying, and addressing the causes of poverty and deprivation and barriers to financial inclusion

1. Background

1.1 North Lanarkshire Council has had a long held commitment to addressing the impact of unemployment on its communities and a track record of successfully supporting its residents into sustained employment, both in the face of rapid de-industrialisation and subsequent recessions as well as in recent periods of economic growth. Helping local people move towards and then successfully progress in a job has been central to the Council's aspirations for North Lanarkshire. Services which get this right, impact upon and advance many of the changes sought after in our communities, and also the commitment to help existing and new businesses thrive in North Lanarkshire. The Council's employability programmes have utilised Council investment and significant sources of external funding over a number of years to fund its activities, many of which have been delivered in partnerships with local employers and/or other employability stakeholders.

1.2 The rapid and deep impact of the Covid-19 restrictions on the economy and their devastating impact on the labour market presents another challenge and one which will require a co-ordinated a well-resourced response to address it effectively. Table 1 shows this impact on the claimant count in North Lanarkshire with a rise of 112% since March 2020 in the 16-24 year old age group as being of particular concern. It is known that periods of economic inactivity for young people can have long term and deep effects on their future earning capabilities and health but also that the economic crisis is having a disproportionate effect on that group.

Table 1 Claimant Count by Age, August 2020

Age	Number of North Lanarkshire claimants	Claimants as a proportion of age group population (NL)	Claimants as a proportion of age group population (Scotland)	% change in claimants from previous month (NL)	% change in claimants since March 2020 (NL)
Age 16-24	3,500	9.7%	8.1%	+ 0.4%	+ 112.1%
Age 25-49	8,935	8.1%	7.2%	+ 2.7%	+ 94.9%
Age 50+	3,570	5.1%	4.7%	+ 4.4%	+ 85.4%

- 1.3 The challenge is expected to get even greater as unemployment figures continue to rise and the number of vacancies in the job market decrease. The latest figures available for August 2020 show there were 44 claimants for each vacancy in North Lanarkshire (in 2019 there were 1.5 unemployed people for each vacancy), a 52.9% decrease in the number of vacancies since last year. However, a recent survey suggests that over 50% of employers expect to make redundancies once the Job Retention Scheme ends in October 2020. This analysis leads to a central estimate that there will be 650,000 redundancies in the second half of 2020 across the UK. North Lanarkshire has the third highest amount of employees on the scheme in Scotland with 49,500 employees furloughed (August 2020).

2. Report

2.1 Existing Council Programmes

- 2.1.1 The Council has its major EU funded employability programme, Prospects, delivered in tandem with Routes to Work Ltd, and this continues to provide all age support to residents, including support to the Education and Families Pathways Programme for those young people within 6 months of leaving school. This programme was designed to work with those unemployed people who have barriers to entering the labour market and would usually engage with up to 2,000 people per annum and support around 1,000 into employment and since the start of the programme in 2015 25% of the funding has supported young people. Around 50% of the £4 million per annum costs comes from the European Social Fund. During lockdown from March until late May this programme concentrated on supporting existing clients to secure employment and employers to retain staff. Since June it has been fully operational again and providing support to new clients, many of whom have been recently made redundant. During the three months of lockdown the programme supported 48 people into employment and in the same period last year supported 243 into work, which again shows the scale of the current challenge.

- 2.1.2 In the period from July to August 2020 the programme has supported 126 people into employment, still below normal levels but closer to usual performance. However, in the current situation there is no doubt that those existing clients on the programme who have barriers to entering employment are being pushed out of opportunities as employers have a wider pool of applicants to choose from, many of who will have recent work experience and good employment skills. However, these clients do not require the level of support that is required for those with barriers and programme is trying to ensure that all clients get the same opportunities with employers. The key mechanism for this are the employer recruitment incentives available to employers and these are available if the client had existing barriers before joining the programme.

- 2.1.3 This incentive has been restructured to provide 50% of the employee's wage, to a maximum of the Real Living Wage rate, for twelve months, paid in advance to support employers with their cash flow for SMEs. This is in addition to the existing EU funded wage subsidy which is available to non-SMEs which pays 50% of the national minimum wage.

2.2 Existing Targeted Support

- 2.2.1 The Council has other significant streams of external funding from the Scottish Government which are being used to enhance the support available through the Prospects EU funded programme:

- (i) No One Left Behind (NOLB) (£445,183 for 2020/21) – this is being used to enhance support for young people with mental health issues, the Black and Ethnic Minority (BAME) community and the over 50s as well as support the employer recruitment incentive for SMEs.
- (ii) Prospects for Parents (PfP) (£339,000 for 2020/21) – launched during lockdown, this funding supports clients where families are in or at risk of poverty, to access or progress in work. The funds are to support 65% of parents in work and 35% parents pre-employment. Eligible clients are: Lone Parents, BAME parents, Families with a disabled member – parent, child or adult member, Mothers under 25, Families with a baby under 1 year, Families with more than 3 children.
- (iii) Young people with Additional Support Needs (ASN): the current contract to support this group is with Enable Scotland, a third sector organisation specialising in supporting people with learning disabilities and ends in December 2020. In conjunction with the Supported Enterprise team within the Communities Service a new externally funded (NOLB) service for this group to support their transition from school to sustained employment is being designed and will begin in January 2021.
- (iv) Partnership Action for Continued Employment (PACE): This is the Skills Development Scotland led partnership approach to dealing with redundancies of over 20 employees and the Council's employability team provide the lead for the Council in this partnership. However, given the volume of redundancies expected in coming months and the fact that many smaller companies may be making redundant smaller numbers of staff the Council has approached the Scottish Government for additional resources to support this activity and await a response.

2.3 New Funding

- 2.3.1 The impact on young people is viewed as a priority to be addressed and this is shared by the UK and Scottish Governments. Therefore, they have drawn up initiatives to further address the impact on young people but will need the support, experience and capacity of local government to deliver these effectively. These initiatives and the role the Council is being asked to play in their delivery and co-ordination in our communities are described within this report.

2.4 Kickstart Scheme

- 2.4.1 On 2 September the UK Government introduced the £2 billion Kickstart Scheme via the Department of Work and Pensions (DWP). The scheme can be used to create new 6-month job placements for young people who are currently on Universal Credit and at risk of long-term unemployment. The job placements should support the participants to develop the skills and experience they need to find work after completing the scheme. Funding is available for 100% of the relevant National Minimum Wage for 25 hours a week, plus associated employer National Insurance contributions and employer minimum automatic enrolment contributions. Funding is available following a successful application process. Applications must be for a minimum of 30 job placements. Kickstart is not an apprenticeship, but participants may move on to an apprenticeship at any time during, or after their job placement. Any organisation, regardless of size, can apply for funding and there are already moves by some larger businesses to use the scheme in North Lanarkshire to recruit.

- 2.4.2 The job placements created with Kickstart funding must be new jobs and must not replace existing or planned vacancies or cause existing employees or contractors to lose or reduce their employment. Each application should include how participants will be supported to develop their skills and experience, including: support to look for long-term work, including career advice and setting goals support with CV and interview preparations supporting the participant with basic skills, such as attendance, timekeeping and teamwork. The scheme is scheduled to operate until December 2021.
- 2.4.3 Initial discussions have taken place and whilst only a basic level of information is known at this time on the mechanics of delivering the scheme there are a number of immediate actions that have been taken:
- (i) An assessment of the viability of using the scheme internally within the Council in areas where there is a demand for young people;
 - (ii) An assessment of potential demand from other Community Planning partners to recruit using the scheme including the range of voluntary organisations across the area which supported the Shielding response;
 - (iii) Assess demand among current businesses with a relationship to the Council and act as an intermediary for the scheme to support employers.
- 2.4.4 If involved the Council's employability team and Routes to Work Ltd would engage with young people on the scheme to support and develop their existing employability skills and their transition to sustainable employment or training.

2.5 Scottish Youth Guarantee

- 2.5.1 The Scottish Youth Guarantee is a £60 million response by the Scottish Government which will allocate £30 million to local government to support its response and based on previous allocation methodology North Lanarkshire would stand to receive c £1.9 million. The other £30 million is split between colleges, Skills Development Scotland (SDS) and the Developing the Young Workforce (DYW) Regional Groups. The overall response is an addition to their No One Left Behind strategy for employability support in Scotland.
- 2.5.2 The full details have still to be published. However, it is known that the Scottish Government wish to see their funding to local government discussed and determined via a local employability partnership which integrates key employability stakeholders in the process to ensure effective planning and working across the spectrum of the employability needs for young people, i.e. it should fund work with those who have existing barriers and little or no work experience as well as support those who are job ready into employment with employer recruitment incentives. There are also emerging discussions around how this funding could be used to enhance Kickstart.

2.6 Role of the Council – Delivering in line with the Workforce of the Future Strategy 2020-2023

- 2.6.1 These new funding streams would be integrated and aligned with current Council programmes aligned to the delivery of the Plan for North Lanarkshire and be fully targeted at young people, from those leaving school or in our Pathways Programme to those young people who may have recent work experience but have been made redundant.
- 2.6.2 At the Policy and Strategy Committee of 19 March 2020 the *Employability Review/Workforce for the Future Strategy 2020 - 2023* was approved with one of the priorities in the Phase 1 action plan being:

2.6.3 *'Implement future governance structures including a Strategic Board and Operational Steering Group to progress and monitor delivery of the Workforce for the Future Programme, and further develop partnership arrangements.'*

2.6.4 The impact of the pandemic has slightly delayed the implementation of this action. However, given the need to meet the Scottish Government's request and ensure this funding is co-ordinated, the scope of the membership and remit of the current local employability partnership has been broadened quickly until such time as the Strategic Board and Operational Steering Group are established. The current group is led by the Council and consists of Department of Work and Pensions (DWP), New College Lanarkshire, Skills Development Scotland and Routes to Work. It is an operational group which looks at respective current priorities and seeks ways to support the reduction in unemployment across the area and has met monthly since March 2020. In addition, the Scottish Government have clearly communicated that future funding from their No One Left Behind strategy will be predicated on local employability governance arrangements being in place for stakeholders and led by local authorities.

2.6.5 Therefore, as part of the process of co-ordinating these funding streams and ensuring they are targeted effectively as well as meeting the request of the Scottish Government to have employability stakeholders involved the current employability partnership in the area this has been expanded and now includes additional members from relevant Council teams and from Developing the Young Workforce Regional Group, NHS Lanarkshire and Voluntary Action North Lanarkshire.

2.7 Integration and Alignment of Support

2.7.1 There are existing close working arrangements across all council teams dealing with employers and unemployed residents in relation to employability, enterprise support, community learning and development and the financial inclusion team. This expanded operational group will meet regularly and co-ordinate the implementation of Kickstart and the Youth Guarantee and ensure there is integration and alignment of these funds with existing partners responses and recovery plans as well as the Council's Covid-19 Economic Recovery Plan.

3. Equality and Diversity

3.1 Fairer Scotland Duty

3.1.1 There are no specific impacts to note.

3.2 Equality Impact Assessment

3.2.1 There are no specific impacts to note.

4. Implications

4.1 Financial Impact

4.1.1 There are no specific impacts to note.

4.2 HR/Policy/Legislative Impact

4.2.1 There are no HR/Policy/Legislative impacts linked to this report.

4.3 Environmental Impact

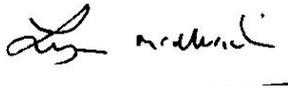
4.3.1 There are no environmental impacts linked to this report.

4.4 Risk Impact

4.4.1 None.

5. Measures of success

5.1 New funding to supporting the employment, education and training of young people in North Lanarkshire is optimised and utilised to full its potential, actively working with community planning partners, local employers, and the community and voluntary sector as appropriate.



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