

FIFE COUNCIL

Environment & Transportation Committee
Management Committee
January 2008

Agenda Item No: 13

BEST VALUE REVIEW OF EMPLOYABILITY

1.0 PURPOSE OF REVIEW - STRATEGIC CONTEXT

- 1.1 Fife Council manages a complex spectrum of employability projects, currently investing £10.3m per annum. The range of activity spans across a number of Council services including Development Services, Community Services, and Social Work Services. These Services are making a significant impact on employability in Fife reaching over 12000 clients across the spectrum from early engagement to job placement. At the same time, there is the opportunity to examine the potential for a more coherent approach to this provision.
- 1.2 The purpose of this Best Value Review is to assess how best Fife Council can maximise its impact on employability. The Review examines and appraises options for restructuring of employability services delivered by Fife Council to meet the objectives of Best Value.
- 1.3 The key objective of the review is to bring forward recommendations which will ensure an enhanced impact on employability in Fife. This key outcome will be assessed through examination of a number of outputs:
- Reviewing outreach engagement activity
 - Reviewing Fife Council's role as a provider of job opportunities
 - Reviewing development support and training role
 - Reviewing the potential for building capacity in the social economy of the third sector

2.0 STRATEGIC CONTEXT AND POLICY DRIVERS

- 2.1 Tackling worklessness is a key strategic driver for Fife Council and its Community Planning partners. This echoes the UK Government's five-year strategy "Opportunity and Security Through Life" which aims to tackle worklessness and high levels of incapacity benefit dependency. There are a wide range of national strategies which inform the most effective approach to employability in Fife:

2.1.2 Workforce Plus : An Employability Framework for Scotland

The national employability framework focuses on five work streams - workless clients, employment demand, intervention supply, low paid/low skilled, and those not in education, employment and training.

2.1.3 A New Deal for Welfare : Empowering People to Work

A New Deal for Welfare outlines the Government's proposals for the reform of incapacity benefit with an emphasis on supporting people to return to work.

2.1.4 Closing the Opportunity Gap

Closing the Opportunity Gap contains objectives and targets to measure progress on the Scottish Government Social Justice Agenda.

2.1.5 Lifelong Learning Strategy

The Scottish Government has set out five goals for lifelong learning in Scotland, which see a link between people taking part in lifelong learning and their increased ability to find work, support their children's learning and be active in their communities. Skills for Scotland, a Lifelong Skills Strategy (September 2007) sets out a framework for work with learners, communities, institutions and employers.

2.1.6 Adult Literacy and Numeracy in Scotland Report

The Adult Literacy and Numeracy strategy identifies a target of doubling the number of adult literacy learners in Scotland.

2.1.7 Adult ESOL Strategy for Scotland

In autumn 2005 the Scottish Executive undertook a consultation exercise on a proposed national strategy for ESOL. Two funding streams have recently been announced for Further Education and Community Learning & Development Partnerships.

2.1.8 Same as You?

A report by the Scottish Executive in 2000 requiring local authorities to examine provision for people with learning disabilities. An agreement between Fife Council and NHS Fife to work in partnership in relation to this has been established.

2.1.9 Fresh Talent

Expansion of the European Union in May 2004 and the Scottish Executive's Fresh Talent initiative identified to meet the skills shortages, has led to a rise in the number of economic migrants in Fife.

2.1.10 Careers Scotland Governance

The Scottish Government has recently announced the merger of Careers Scotland and learndirect scotland to provide a new skills development agency as part of the Skills for Scotland strategy.

2.2 The wider policy context for employability is changing rapidly at a UK level and this has important implications for what Local Authority does in this area, as well as how it does it. At the UK level Government policy has been outlined recently by the publication of two reports - Lord Leitch on Skills and David Freud on Welfare Reform.

2.2.1 The Leitch Review of Skills

The Leitch report identifies that the UK has a productivity problem and is behind its major competitors in terms of output per hour worked. Leitch argues that this is in part due to poor skill levels in the UK workforce and that a major effort is required to improve this over the next fifteen years. In Scotland the response to Leitch will take the form of the Scottish Skills Strategy, which was recently announced by the Scottish Government. The implications of this for Fife Council will be a growing focus on sustainable employment rather than helping people find a job. This is likely to create a much longer service and links the employability agenda with the skills and work agenda. This reinforces the need for the Council to develop its approach to employability in close alignment with its funding and service partners - and with the three colleges in Fife. It also means that there is a strong connection between its employability work and its business development work. The route to work for any individual is likely to contain significant skills elements - but these need to be strongly connected to jobs in the labour market. The Council needs to ensure that its approach - and the services it offers - are strongly linked to demand.

2.2.2 Reducing Dependency - Increasing Opportunity : The Freud Report on Welfare Reform

The Freud report outlines the objective of delivering increased participation through a series of measures intended to:

- Rationalise and personalise programmes for inactive individuals
- Focus on funding outcomes rather than activities
- Create a funding model for programmes that reflect a saving to the Treasury that will result in long-term inactive individuals returning to work
- Have the right balance between help and responsibilities ("a carrot flavoured stick").
- Simplify the benefits system

The provision of Government funded services to support this increase in participation and employability will require local authorities to ensure that all frontline staff are a fundamental part of a high performance local infrastructure and that Councils deploy their own investments in a way that ensures high performance and maximises the outcome of sustainable employment.

The main implication for Fife Council, delivered in part through the analysis of options considered through this Best Value Review, is that it requires to ensure that the local framework and the local infrastructure in Fife is consistent with the direction of travel set out in Leitch and Freud.

2.3 Finally there is an emerging policy context in relation to local government and its relationship with the Scottish Government, which has seen a strongly expressed commitment to the value and role of the third sector in the delivery of public services. This is likely to take the form of strong encouragement for the contracting of local services to the third sector and the potential to build both their capacity and professionalism. The implication of this for employability is to further examine the potential to deliver better value through considering outsourcing services to local and national third sector organisations.

3.0 REVIEW AND EVALUATION OF EMPLOYABILITY ACTIVITY

3.1 What Fife Council Currently Does

3.1.1 The Fife Council Employability Activity is delivered by, and on behalf of, Development Services, Community Services and Social Work Services, deploying annual revenue expenditure of £10.3m with an income of £4.5m, employing 175 staff and reaching over 12,000 customers/clients. The majority of this activity is provided through direct resources from Government to deliver employability related services, or through specific short-term funding for this purpose. Significant reviews of activity have been implemented over the previous two years which has resulted in over £2.5m of efficiency and operational savings being delivered. It is anticipated that further savings will require to be delivered via the current three year budget process. As a result of this the focus of the review is less around the potential to reduce expenditure given the specific grant or contracted nature of funding which underpins much employability work; and more around the potential to utilise these resources more effectively to result in enhanced employability outcomes.

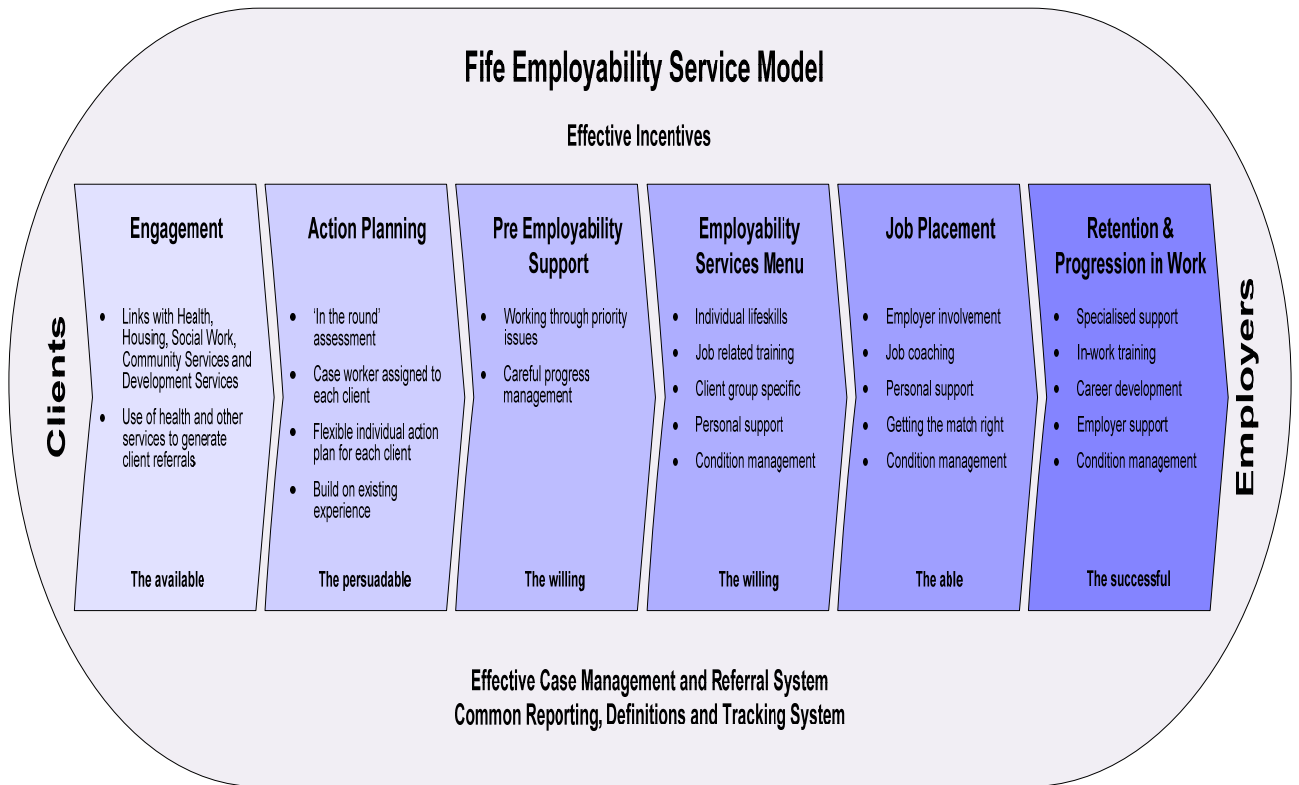
3.1.2 The pattern of the Council's employability activities reflects a range of projects which have grown up over time in a relatively adhoc way depending on need, opportunity and interest. There are five types of projects/service:

- A range of mainstream services offering focused support to relatively large numbers of clients at key stages across Fife.
- A complementary focus on relatively small projects concentrating on groups with specialist needs.
- An emphasis on engagement, assessment, referral and case management.
- Support for successful locally based employability projects.
- Support for projects providing "like work" experiences.

3.1.3 Significant work has been undertaken over the last year by Fife Council and its Community Planning Partners, led by Scottish Enterprise Fife, to determine a Fife Employability Framework. In essence the framework describes a coherent employability service for Fife in which there is a complete supply chain of providers and a consistent and high quality service offered to both individuals and employers. The aim is to improve performance and enhance the outcomes achieved from current resources. This framework is a vital part of the context for The Best Value Review. If we are to achieve a more coherent and effective impact from the range of employability activities that Fife Council engages in, a crucial starting point is to understand the relationship between these activities and the contribution they make to the over all Fife framework for employability.

3.2 Fife Employability Framework - Identification of Fife Council Contribution

3.2.1



3.2.2 The above framework identifies the range of interventions and supports which are necessary if Fife is to be successful in supporting a wider range of clients, who may often be a significant distance from employment, to ultimately achieve and sustain employment. Fife Council's current activity in relation to employability has been mapped against this model to assist in assessing where our contribution is currently focused.

3.2.3 This evaluation suggests:

- There is a lack of investment in either end of the spectrum of assistance - i.e. engagement at one end and retention and progression at the other.
- The performance figures suggest that a significant proportion of the spend in the middle of the spectrum does not necessarily lead to sustainable work and that a proportion of clients attract this spend, yet do not proceed into work or gain a job, but subsequently lose it.
- The investment in assessment is not sufficient to ensure that each client gets the right kind of support service at the right time.

The key conclusion to be drawn from this analysis is the need to visit how best Fife Council's Employability Services can contribute to the completion of the supply chain described in the framework and how best to manage the redistribution of resources and focus that is likely to be required for a more effective impact.

3.2.4 To some extent the current distribution of employability activity reflects a historical position, where a majority of clients were closer to work and their requirements were more likely to be in relation to training. The impact of Government policy is in part a recognition of the significant number of clients - including those on incapacity benefit - who are significantly further away from work. This therefore requires the kind of activity which local authorities engage in, in relation to employability, to better reflect the needs and support that these clients require (e.g. an increasing focus on early engagement of hard to reach groups, flexible individual assessment of individuals and significant pre-employability support).

3.3 **Performance**

3.3.1 The Performance of Fife Council's current employability work has also been reviewed through an audit and analysis of provision. This has provided an opportunity to define the contribution to the employability framework which projects and services make and to measure performance against key performance indicators where they exist. A summary of the key projects and services and performance against targets is attached at Appendix 1.

3.3.2 It is possible to draw a number of conclusions from the available performance information.

- Performance against a range of targets is positive, with targets being exceeded in some areas.
- The available performance measures are often measuring different things, and therefore it is difficult to assess the overall impact the various activities are having on employability. A more coherent framework for performance measurement and assessment is required to better assess the impact activities are having against the employability framework.
- Further work is required to determine the potential overlap between services working with similar client groups and to develop referral protocols.
- There is a general understanding that intervention in relation to employability can reduce demands on other Council services, e.g. Social Work and Housing and also on Health but it is difficult to quantify this.
- A more robust performance framework is required if we are to be able to assess the impact of all of our work.

In broad terms Fife Council's current performance in relation to the activity it undertakes is good. Taken in the round, however, the lack of coherence across this activity suggests that the overall impact could be more effective if more focus was given to reshaping our activity to those areas at either end of the employability spectrum where greater support is most likely to achieve positive and sustainable results.

The following sections of the Best Value Review consider the options for achieving this.

4.0 FIFE COUNCIL'S POTENTIAL ROLE IN EMPLOYABILITY

4.1 A detailed examination of the range of activity undertaken in relation to employability suggests there are five possible roles for the Council in the area of employability:

- As a **funder/provider of pre-employment support and training**, offering specialist support services to a variety of clients who are distant from work.
- As a **funder/provider of outreach engagement assessment and referral services**
- As a **provider of job opportunities and stepping stones to work** elsewhere - drawing on the scale and nature of its responsibilities and jobs, and its roles as a major procurer of services and capital projects
- As a winner and manager of **external funding** for employability
- As a **builder of capacity** in the local infrastructure and in particular in the social economy and third sector

4.2 These potential roles are clearly not mutually exclusive, but it would not necessarily be consistent to pursue some of these in combination. An assessment of these roles was undertaken as part of the Best Value Review, with this analysis carried out against key criteria including: complimentarity; consideration of strengths and responsibilities; and promotion of links to relevant Council Services.

4.3 This assessment suggests that of the five roles the one that requires further consideration would be the focus on pre-employment support and training. This has already been acknowledged in Development Services implementation of their review of Vocational Training and Additional Support Needs (ASN) provision. This has enabled a move away from direct training delivery to a client centred, demand led and outcome focused provision around personal development including assessment, mentoring and coaching, tasters and placements. These changes reflect national evidence demonstrating the higher performance of organisations which focus on assessment, placement and coaching, rather than direct delivery of training. This direction of travel is supported.

4.4 It is also worth considering whether Fife Council is best placed as a provider of these services – given that there is no evidence that council delivery of these services perform more highly than if they are delivered by others, including importantly, the Third Sector. There may be exceptions to this in terms of training which is integrated into Council Services – notably within Social Work. There are also currently very good examples of Third Sector provision for employability in Fife. There is the potential for the Third Sector to be supported to grow and develop its role further as a key partner in the Fife Employability framework. There is an opportunity to review the Council's direct provision with a view to investing strongly in building the local Third Sector infrastructure and using this investment to support the creation of larger, stronger Third Sector organisations, better placed to win future employability contracts.

5.0 CONSIDERATION OF OPTIONS

5.1 There are a number of dimensions which require to be considered in examining a Best Value approach to Fife Council's contribution to Employability. These areas of consideration are not mutually exclusive:

(i) One set of considerations relate to the current range of activities of the three Services, and a requirement to consider the management arrangements surrounding these Services. The options include:

- **No major change** : In other words a continued focus on the employability projects in Development Services, Community Services and Social Work, with management by the individual Services
- **Joint management** : Moving towards greater joint management of activities across the three Services with the potential for pooling of financial, staffing and accommodation resources
- **Arms length management** : Putting the combined resources under external management as an arms length organisation
- **Partial or wholly subcontracting individual Services**, linked to building the capacity of the voluntary, community and third sector, with a view to commissioning them to deliver the employability services of the three departments.

(ii) The second dimension is consideration of a far broader based holistic approach, making **employability a driver** for action across the Council. This would involve a range of activities:

- Developing a shared vision of employability and its implications for each part of the Council's activities.
- Ensuring that all frontline staff working with people from priority groups are alert to the opportunity to help individuals make progress towards work. This would include developing a "no wrong door" approach across the Council
- As an employer, ensuring that all appropriate jobs are genuinely accessible to people in the priority groups and that Fife Council is able to provide stepping stones for others to work elsewhere (by providing a supported "real work" experience and a reference)
- As a procurer of products and services making sure that the Council promotes and supports employment opportunities for people from the priority groups
- As a planning authority ensuring a particular emphasis on minimising travel to work, creating sustainable communities
- As a funder of employability services, making sure that spend in procurement process are aligned with that of partners to create a coherent approach to employability
- Ensuring that the way in which Council staff engage with employers, formed part of a co-ordinated partnership approach
- As a property user, making sure that the accommodation needs of individual Services and their staff, ensure the creation of a range of accessible and approachable Service Centres for people in the priority groups.

- (iii) **Consideration of the current Opportunity Centre Service** and the potential to enhance its viability through partnership support. In practice this could see a move over time towards significant co-located service centres bringing together Council, NHS and other services.
- (iv) Consider creating a **Fife-wide case management service** to guide the clients through the complex array of services.
- (v) Consider **building the capacity of the third sector**, with a view to taking greater responsibility for delivery of employability activity.
- (vi) Finally while the preceding options consider how best to develop provision it is also necessary to consider in relation to Best Value **discontinuing the service**. In other words wind down current employability services and not seek new external funding at the end of contracts

5.2 The analysis of options first of all confirms that discontinuing the services currently delivered will not deliver Best Value in relation to Employability in Fife. Fife Council's contribution to the Fife Employability Framework is crucial – in relation to early engagement, and pre-employability support particularly and discontinuing these services would have a significant negative impact on achieving employability outcomes. Equally no change in how we go about delivering these services is not an option that will achieve a significant positive contribution to Employability.

5.3 In ensuring that Best Value is obtained from Fife Council's engagement in employability work, and to best maximise the impact of our activity, there is a very strong case for employability to become a key driver of activities across the Council. If this is to work, it will require strong political leadership and clear lead senior officer support and accountability to drive this approach forward across all of the Council's activities. There is a strong argument for having a single lead officer working closely with a small management group of staff from the key Services who currently play significant roles in relation to employability.

5.4 The analysis also suggests that in moving towards a single lead Council wide responsibility for employability services, there will be value in examining more closely the potential for a more integrated approach across the services currently engaged in employability work. This should include consideration of joint management of activities and/or resource pooling. This would allow a more co-ordinated approach across the Services to:

- Agreeing priority clients roles and areas
- Agreeing how the Council could best add value to current services, in the context of the employability framework
- Connect up initiatives so that they provide (perhaps to the external sources as well) a progressive route to and through work for individuals
- Attracting and managing external funding.

- 5.5 In addition the Council can maximise its impact as a provider of job opportunities and stepping stones to work elsewhere - drawing on the scale and nature of its responsibilities and jobs and its role as a major procurer of services and Capital projects.
- 5.6 The development of a Fife-wide outreach, engagement, referral and case management service should also be taken forward by the Council. This should build upon the solid foundation of the wide range of frontline staff and its positive experience of approaches exemplified by Opportunities Out There in Fife and best practice in other Authorities. This should also explore the creation of a branded “no wrong door” service involving all partners and building on the shared property portfolio and the Opportunity Centre brand name.
- 5.7 While the analysis supports a more coherent approach with a single lead role, the analysis also suggests that continuing direct delivery of pre-employment support and training provision requires further review. Fife Council (through a more coherent lead role) and its partners - have an interest in building a high performance infrastructure. There is a further case for Fife Council to embark on a direction of travel which would progressively contract elements of the three Services current provision to the third sector (and Further Education Colleges) with the objective of building a small number of significant and robust organisations with the professional competence and capacity to succeed in any future arrangements for contracts. This would also allow the Council to focus on extracting the highest employability gains from its own array of services and responsibilities.

There are two implications of this direction of travel. The first is in recognising that the current third sector is relatively fragile across Fife (with some notable exceptions) and limited in its capacity. As such a shift of resource and responsibility can not be undertaken in the short term, without significant investment in a third sector development programme.

5.8 A Third Sector Development Approach

- 5.8.1 The direction of policy at both the UK and Scottish level, following the Freud report, the DWP City Strategy programme and Workforce Plus is to support a shift in the procurement of employability services toward the third sector and social economy organisations.
- 5.8.2 The reasons for this are partly based on financial imperatives and the view that the third sector will be able to attract funding which local government cannot access, partly on the view that the quality of performance is potentially there (if scaled up) and that this will result in a more effective use of public funds, and finally because the incentives for the third sector to deliver in this area (growth and meeting social objectives) can be more sharply and effectively driven by procurement processes in ways that are more difficult for public agencies.
- 5.8.3 The only way that the third sector can be developed as a serious provider of employability services is through linking a strategic vision to the active management of funding and other resources. This strategic vision is set out in the Fife Employability Framework and it is built around the idea that an effective supply

chain of providers is needed to deliver all aspects of the employability process, from engagement to progression to work and, crucially, the transitions between them. Fife Council should look at building on the capacity of existing local organisations (such as West Fife Enterprises) and the creation of local consortia to make best use of collective resources.

5.9 The Opportunity Centres and Their Future

5.9.1 The Best Value Review has described the context of the employability framework and the structural model that is emerging from the partner's work on the framework. This structure has three elements:

- Local bases for outreach, engagement and assessment in the highest priority communities. These would form the base for "Opportunities Out There" type outreach workers who can provide a place where clients can come for "close to home" support, for this would also be delivered in the home and places people gather (e.g. Community Centres, Shopping Centres)
- "Closer to work" centres where service provision is co-located on a permanent basis and which are strongly connected to the local outreach basis from where they receive a steady flow of clients.
- An array of training and specialist service providers who will deliver services in their own premises and from "closer to work" centres and other community facilities

This proposed structure has clear implications for the Opportunity Centres and their potential future role and model.

5.9.2 The Opportunity Centres were set up to provide an independently branded access point to a range of employability related services provided by Fife Council and Careers Scotland. There are currently six Opportunity Centres in Fife, located in Cowdenbeath, Cupar, Dunfermline, Glenrothes, Kirkcaldy and Leven. Each Centre operates as an open access drop-in as well as providing some structured group work sessions and one-to-one support. A range of services are provided including: adult basic education; English for speakers of other languages; careers guidance; support with CVs, applications and interviews; access to computers, e-mail and the internet; redundancy advice; and information on learning opportunities training and funding.

5.9.3 The Opportunity Centres form an invaluable part of the infrastructure for employability but need to change significantly to fully realise the potential of their role as part of the employability framework.

5.9.4 There needs to be strong connections forged between individual Opportunity Centres and the proposed outreach and engagement services in the priority communities, so that there is a steady progression of priority clients into the Opportunity Centre.

5.9.5 The Opportunity Centres should be strongly focused on employability and measure their success on client progression into sustainable work. There is the potential for the evolution of significant co-located service centres focusing on employability in major communities, drawing together key services such as Health, Social Work, Community Services and Development Services.

6.0 BEST VALUE CONCLUSIONS AND RECOMMENDATIONS

6.1 The broad conclusion of the review is that **the Council should adopt employability as one of its drivers of action across its responsibilities.** The analysis of the Council's current activities in relation to employability have identified the opportunity to further develop and sharpen the areas of lead activity for Fife Council and also to ensure a more co-ordinated approach. There are six key areas of action which are identified below, which taken collectively can ensure the Council achieves best value from its employability services. Some of the recommendations can be implemented immediately while others are around building capacity and changing emphasis over time. Appendix 2 provides a route map and action plan which outlines the key specific actions and lead responsibilities to implement the conclusions and recommendations outlined below.

6.2 The Council should further develop and extend its role as a **funder/provider of outreach, engagement, assessment and referral services.** The Council should explore successful approaches (as exemplified within the current Opportunities Out There Service in Fife and best practice models elsewhere) with a view to extending its reach to all priority communities. There may also be value in examining whether this outreach approach could be developed with the third sector.

The Council should also **take the lead in introducing a common assessment system** backed by clear referral protocols (which is already being pioneered by Next Steps).

6.3 The Council should consolidate its role as a **provider of job opportunities and stepping stones to work elsewhere.**

There are clear opportunities drawing on the scale and nature of the Council's responsibilities and jobs and its role as a major procurer of services and Capital projects to enhance its direct influence on employability. There is an opportunity to accelerate the Council's already considerable progress in opening up its vacancies to those furthest from work and providing short-term work placements for those who need experience and references to gain full time work. The Council should also fully realise the potential of its contracting and procurement arrangements to create local jobs and training opportunities.

6.4 The Council should act as a **winner and manager of external funding** for employability. This can be achieved by further deepening the Council's already extensive expertise and experience in extracting external funding and providing this as a service to both other partners and to the third sector.

- 6.5 The Council should act as a **builder of capacity in the local infrastructure and in particular the social economy of the third sector**. This would require an approach of progressively contracting with the third sector for the delivery of employability services where possible. In tandem with this shift from the Council to the third sector, leading a strategic development plan for the third sector in Fife. This can be achieved by investing in the third sector organisations with the highest performance and the greatest potential for growth, and through including social economy staff and leaders in joint training programmes.
- 6.6 **The Council should review and develop the role of its Opportunity Centres.** The Opportunity Centres form an invaluable part of the infrastructure for employability but need to change significantly to fully realise the potential of their role as part of the employability framework. Centres need to develop strong connections with the proposed outreach and engagement services in priority communities to ensure progression of priority clients into the Opportunity Centres. The Centres require to be strongly focused on employability and measure their success by client progression into sustainable work. They should contribute to the evolution of significant co-located service centres.
- 6.7 It is important that Fife Council can deliver a coherent "single service" approach to its employability work. It is clear from the Best Value analysis that the main way of maximising the impact of the Council and ensuring the highest employability returns from its investment is by evolving the way in which services work. For this reason consideration of possible restructuring should be placed in the wider context of driving out an employability perspective across everything that the Council does, so the management of the process is not just about the management of the employability spend of Social Work, Development Services or Community Services. The Council will only realise its full potential of contributing to the employability agenda across Fife if there is a clear and focused accountability for driving the process across all its Services. It is therefore recommended that **the Council establishes a small employability management group, of senior managers from the key Services which is chaired by the Executive Director (Local, Communities & Housing Services) with single lead responsibility reporting directly to the Chief Executive**. The Executive Director would have responsibility for; driving out the employability agenda across all the Services and activities of the Council and; joining up the employability spend of the three core Services and focusing them more clearly on priority clients and areas, and on the outcome of sustainable employment.

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