

**CREATING  
A FAIRER  
SCOTLAND**

**EMPLOYABILITY SUPPORT:  
A DISCUSSION PAPER**



**The Scottish  
Government**  
Riaghaltas na h-Alba

## Creating a Fairer Scotland: Employability Support: A Discussion Paper



### Foreword by the Cabinet Secretary for Fair Work, Skills and Training

From 1st April 2017, employment support services in Scotland will change. New powers to provide employment support for disabled people and those at risk of long term unemployment will be devolved to Scotland. This means the current Work Programme and Work Choice schemes run by the UK Department for Work

and Pensions (DWP) will be replaced by Scottish services to provide support, work experience and training to help Scotland's people find work, and stay in work.

The Scottish Government has long argued for Scotland to have full control over employment powers. There are compelling arguments for the Scottish Parliament to have full control of employment law and policy and welfare powers. As a result, discussions are on-going between the Scottish and UK Governments on the range and scope of powers to be devolved in the Scotland Bill. This includes the full range of services currently contracted by DWP, over welfare powers and over Jobcentre Plus. But we must work now to design, develop and deliver Scotland's future employability services.

Scotland's Economic Strategy set out this Government's view that building a more competitive economy and a fairer society go hand in hand. Employability services, which are vital in improving economic opportunities for those out of work, can make an important contribution to this agenda.

I want to take a fresh look at employment services in Scotland and at what works best in our existing employability services and networks. I want to develop a distinctly Scottish Approach that delivers more for those who have not benefitted from current programmes, particularly those furthest from the labour market. A Scottish Approach that works with our stakeholders, and works across boundaries. A Scottish Approach that works to support our ambitions for fair work, social justice and sustainable economic growth - for today and for the future.

That means consulting those who use services and developing new services focused on meeting the needs of the individual and the communities they live in, enabling everyone to make the most of their skills and potential. This consultation forms part of the Fairer Scotland<sup>1</sup> national discussion on how to make Scotland a fairer and more equal place in which to live.

I want to hear from everyone with an interest in employability services in Scotland, and everyone who has an interest in building our Fairer Scotland. Some of the issues in this paper are technical and detailed in nature. This paper is only part of the discussion. Over the coming months I plan to visit and meet with people across Scotland who have used, or may need to use employment support services. I plan to meet those who face additional barriers to finding work. I want to hear their views on

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<sup>1</sup> <http://fairer.scot/>

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the employment support they need, what works and what we need to do from here on.

Meanwhile, in this part of the discussion, I want to hear the widest possible range of views and from:

- the individuals and the families who can tell us about the services they need to help them to find and retain work;
- those who currently use these services;
- the communities and neighbourhoods where people work and live;
- groups and communities of specific interest, such as disabled people or those who face particular challenges in securing employment;
- employers and businesses to tell us what they need from those they employ;
- those who deliver services now or are seeking to deliver them in the future;
- those who fund services;
- the agencies, organisations and representative bodies who have an interest in how we support people into good quality, sustained and fair work.

I want to draw on a range of perspectives, experience and expertise to develop the Scottish Approach to employability support services. I want to identify best practice as we work to develop and deliver enhanced and more effective employment support in Scotland.

This paper invites and welcomes the views that will inform our future delivery model in Scotland. Please take part in our discussion.



**Roseanna Cunningham**  
**Cabinet Secretary for Fair Work, Skills and Training**  
**6<sup>th</sup> July 2015**

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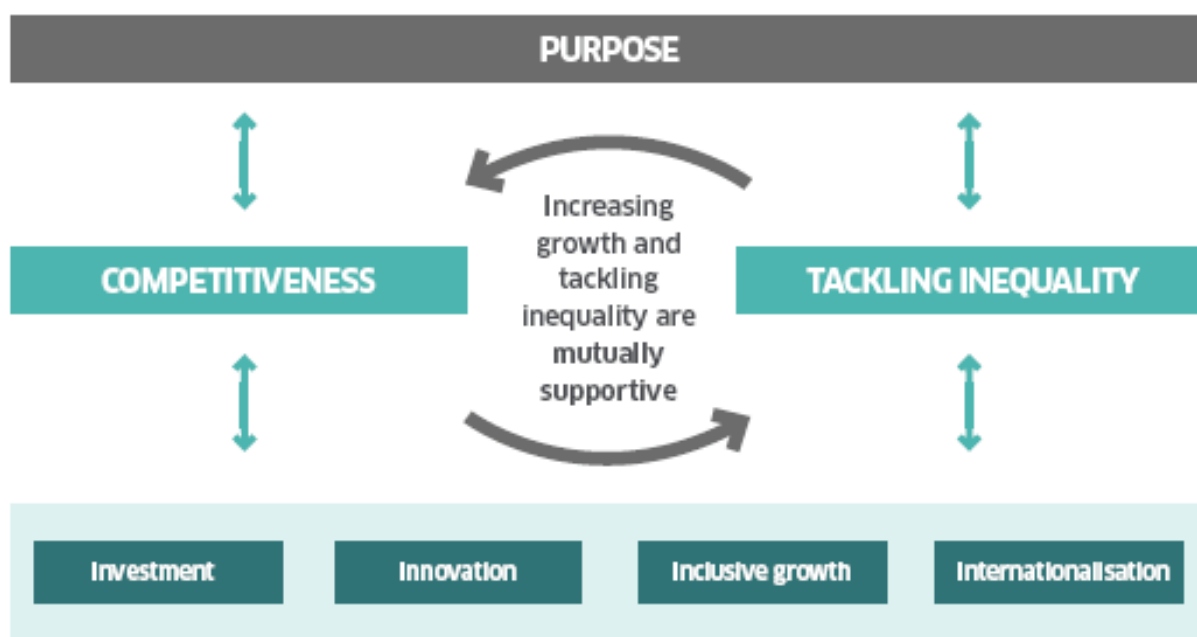
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## Executive Summary

In Scotland, a range of employability programmes and initiatives help tackle unemployment and support people into work. The Scottish Government, its agencies and a range of private, third and public sector partners help people find work, develop skills to prepare them for work and match the skills needs of Scotland's employers to those of Scotland's workforce.

Both national and local employability programmes provide a range of focused support, mentoring and vocational training. Apprenticeships across a range of sectors equip people with the skills they need for their job and to help progress in work. Scotland's schools, colleges and universities provide a wide range of quality education, training and skills opportunities. These approaches are all aimed at equipping Scotland's people with the skills they need for their world of work and producing the skills employers need to compete successfully and grow their business.

*Scotland's Economic Strategy*<sup>2</sup> sets out an over-arching framework for how we aim to achieve a more productive, cohesive and fairer Scotland.



Our approach is based on two key pillars; increasing competitiveness and tackling inequality. There is growing evidence that delivering sustainable growth and addressing long-standing inequalities are reinforcing – and not competing – objectives.

By maximising the economic opportunities for all of Scotland, we will be able to deliver sustainable economic growth that is shared by all, as well as creating a more successful and fairer society. Helping a person to find, stay and progress in work, to

<sup>2</sup> [www.gov.scot/economicstrategy](http://www.gov.scot/economicstrategy)

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find and access the right training or education opportunity is one of the ways in which we will deliver on these objectives.

In Scotland, the importance of employability to the wellbeing and sense of inclusion for an individual is embedded in our public policies in health, justice and equalities. It is the focus of effort across government at national and local levels. It is also the focus of a wide range of activity across public, private and third sector partners.

Promoting the principles of Fair Work in Scotland will boost productivity and create jobs, but also offer the best route out of unemployment and poverty for individuals and their families. We want a Scotland where unemployed people aim for jobs in the knowledge that they will be valued, rewarded and engaged in the jobs they find.

The key discussion areas in this paper are:

- what works best for unemployed people;
- the existing delivery landscape, scope for integrating services and whether to replace, develop or build on some, or all, existing services;
- ensuring all people in Scotland can access employment support services, but that these remain flexible enough to meet the employability needs of the individual;
- how to ensure early, accurate and realistic assessment of support needed, and how to share the assessment of need and join up services;
- balancing a national employment support service with the needs of the individual, local provision, and services from a range of providers most effectively;
- making the best use of resources to help unemployed people into work, while focusing specifically on people who face the most barriers to work;
- joining up service delivery and changing the way we deliver public services;
- incentives to help people find and stay in work, defining success by progression towards work within a wider context of fair work, dignity, inclusion and sustainability;
- flexibilities in the conditionality and sanctions regime in Scotland to better align with our principles of Fair Work, equity and social justice.

### **Alternative Formats**

This consultation paper will be made available in alternative formats. Anyone requiring the document in an alternative format should contact Joanne Farrow at [EmployabilityinScotland@scotland.gsi.gov.uk](mailto:EmployabilityinScotland@scotland.gsi.gov.uk) or the address below.

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# Creating a Fairer Scotland: Employability Support: A Discussion Paper

## 1 Introduction: The Approach for Scotland

1.1 Scotland is an open and welcoming nation in a global marketplace. The Scottish Government is determined to do all it can to make Scotland an even more attractive place to live and work and a thriving country in which to invest and do business. We will do all we can to make sure Scotland's employers have the best trained and skilled workforce possible.

1.2 Scotland's Economic Strategy sets out an ambition to create a more cohesive and resilient economy that improves the opportunities, life chances and wellbeing of every citizen in Scotland.

1.3 To deliver Scotland's Economic Strategy there are four priority areas where the Scottish Government's actions will be targeted to make a difference – investment, innovation, inclusive growth and internationalisation. Each priority area has a key role in driving forward improvements in the Scottish labour market and in creating opportunities through a fair and inclusive jobs market.

1.4 The Scottish Government's aim for employability support services are those that meet the needs of unemployed people and of employers. Services that give all people in Scotland the opportunity make the most of their skills and potential and services that help people find fair work. We want aligned and joined up services that focus on the needs of the individual and which help reduce inequality, promote diversity and equality and increase sustainable economic growth.

1.5 Helping unemployed people in Scotland find and stay in work is key to this. In addition, working to ensure the jobs in our labour market are fair is critical to ensuring the sustainability of employment and reducing the risk of individuals moving into work only to move back into benefit a short while later.

1.6 The Scottish Government is developing a Scottish Approach to Fair Work, building on last year's Working Together Review<sup>3</sup>. This encourages employers across Scotland to champion fair pay and conditions for employees. It aims to see workplaces where employer and employee rights are respected. It encourages employers and assists employees to reap the productivity gains, increased innovation and rewards from greater levels of employee engagement and other progressive workplace policies.

1.7 Such practices can enhance the reputation of employers and businesses. They can also improve workplace innovation, reduce absenteeism, give employees a voice and encourage engagement and learning. We want a Scotland where good quality and trust-based workplace relations between employers and employees encourage constructive dialogue across a wide range of issues, including pay and conditions.

1.8 Business is the cornerstone of our economy and a critical part of the fabric of Scotland. The Scottish Government understands the position of business, the challenges they face and the opportunities they bring. We are committed to supporting Scotland's businesses. We are committed to promoting the business

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<sup>3</sup> <http://www.gov.scot/Publications/2014/08/4647>

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benefits of Fair Work, to recognising and celebrating Fair Work excellence in our businesses community and to bringing employers and employees ever closer together. Ensuring our devolved employment support programmes align with the needs of employers, businesses and sectors is therefore crucial.

1.9 The Scottish Government supports payment of the Living Wage and is encouraging Governments across the UK do the same. On 6<sup>th</sup> June 2015, the Scottish Government gained official accreditation as a Living Wage employer<sup>4</sup> and we are committed to having 500 Living Wage accredited employers in Scotland by March 2016.

1.10 We have also established the Fair Work Convention<sup>5</sup> with experts from business and trades unions. The Convention will provide independent advice to the Scottish Government on matters relating to innovative and productive workplaces, industrial relations, fair work and the Living Wage in Scotland. This wider work will help unemployed people in Scotland aim for jobs in the confidence that they can be valued, rewarded, and engaged in the jobs they find.

### The Fair Work Convention

Announced by the First Minister on 15<sup>th</sup> October 2014, the Fair Work Convention will drive forward the Fair Work agenda by producing a Fair Work framework for Scotland by March 2016.

This will:

- Articulate a practical blueprint for Fair Work which promotes a new type of dialogue between employers, employees and trade unions, public bodies and the Scottish Government.
- Support the Scottish Government's objectives of increasing sustainable economic growth and reducing inequality through the promotion of greater diversity, innovation and equality in the workplace.
- Understand the business challenges in adopting Fair Work principles and offer help to support a progressive change.
- Learn from national and international research and leading edge practice in this area to provide independent advice to the Scottish Government on matters relating to Fair Work.

“We must ensure that people are valued, rewarded, engaged in their work – and we must allow everyone to feel they have a stake in the success of their workplace, their community and their country”

The First Minister. STUC Conference, Decent Work, Dignified Lives

<sup>4</sup> <http://news.scotland.gov.uk/News/First-Living-Wage-government-1979.aspx>

<sup>5</sup> <http://news.scotland.gov.uk/News/Scotland-a-fair-work-nation-1851.aspx>



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1.11 The Scottish Government is doing this because the labour market in Scotland, the industrial and service sectors in our economy and the kind of skills employers need are changing. This, plus the demographic challenge of an ageing population and an increasingly flexible and mobile workforce, means we need to maximise the numbers of working age people in work in Scotland.

1.12 Scotland's labour market has strengthened significantly since the end of the recession with the number of people in employment having risen to a record 2.6 million. There has been continued jobs growth in the past year, underpinned by rising participation – with the female employment rate reaching a record high. Scotland continues to outperform the UK on employment and inactivity rates but has a higher unemployment rate.

1.13 There has been an increase in young people in employment over the last year, along with a reduction in youth unemployment. Youth unemployment (at 13.9%) has improved over the year but still remains above the pre-recession level of 11.8% (Feb-Apr 2008<sup>6</sup>). There is also a degree of under-utilisation of labour market capacity, with underemployment and a desire for more hours still visible, although there have been improvements in recent months.

1.14 The disability employment rate in Scotland is 43.9%,<sup>7</sup> compared to 80.9% of non-disabled people who are in employment. It is clear that our future employability services for disabled people in Scotland must improve this situation.

1.15 Meeting the recruitment needs of Scotland's employers and tackling the demographic challenge we face means doing all we can to help unemployed Scots into work, and ensuring work is sustainable and fair. It also means working to remove barriers for groups who face particular challenges finding jobs, for example recognising the importance of childcare in enabling people to participate fully in the labour market. It means improving access to job opportunities, not just for those closest to the labour market but also for disadvantaged groups, such as disabled people, older workers, care leavers, people with convictions and individuals with caring responsibilities.

1.16 It means working to deliver change across civic Scotland, engaging UK and Scottish partners – at a national and local level - to develop a new Scottish Approach that:

- builds on existing services;
- meets the needs of unemployed Scots and employers in Scotland and the needs of those with specific barriers to employment;
- Works to deliver early intervention and personalised support, and
- provides services capable of helping every Scot who is able to work to find and sustain employment.

1.17 In Scotland we have a strong track record of delivering programmes to help and support people into work. We have a strong track record of effective, distinctive and competent public service delivery. But we can always do more.

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<sup>6</sup> Labour Force Survey ONS Feb-April 2015 (not seasonally adjusted)

<sup>7</sup> Labour Force Survey ONS Jan – March April 2015

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## 2 The Context

2.1 The Smith Commission<sup>8</sup> was set up on 19<sup>th</sup> September 2014, the day after the Scottish independence referendum. The Commission was established to "*convene cross-party talks and facilitate an inclusive engagement process across Scotland to produce, recommendations for further devolution of powers to the Scottish Parliament*".

2.2 On 27<sup>th</sup> November 2014, the Commission published its recommendations<sup>9</sup>. These will be brought into force through a Scotland Bill<sup>10</sup> currently going through the UK Parliament.

The Scottish Parliament will have all powers over support for unemployed people through the employment programmes currently contracted by DWP (which are presently delivered mainly, but not exclusively, through the Work Programme and Work Choice) on expiry of the current commercial arrangements. The Scottish Parliament will have the power to decide how it operates these core employment support services. Funding for these services will be transferred from the UK Parliament..

The proposed new Scotland Bill (as currently drafted) to bring this into force defines this as:

The making by a person of arrangements for, or arrangements for the purposes of or in connection with a scheme for, any of the following purposes—

(a) assisting disabled persons to select, obtain and retain employment;

(b) assisting persons claiming reserved benefits who are at risk of long-term unemployment to select, obtain and retain employment, where the assistance is for at least a year..

Paragraph 58 of Smith also suggested that although Jobcentre Plus may remain reserved, “ the UK and Scottish Government will identify ways to further link services through methods such as co-location wherever possible and establish more formal mechanisms to govern the Jobcentre Plus network in Scotland.”

The draft Scotland Bill is silent on this issue and discussion are ongoing between the Scottish and UK Governments on how this part of the Smith Commission agreement will be delivered.

2.3 As currently proposed, the UK Government will devolve power to the Scottish Parliament on programmes for unemployed disabled people (DWP’s Work Choice scheme) and those at risk of long term unemployment (DWP’s Work Programme scheme).

2.4 The Scottish Government believes the powers being devolved do not meet the recommendations made by the Smith Commission. The powers being devolved are too limited. The operation of Jobcentre Plus and all of DWP’s contracted

<sup>8</sup> <https://www.smith-commission.scot/>

<sup>9</sup> [http://www.smith-commission.scot/wp-content/uploads/2014/11/The\\_Smith\\_Commission\\_Report-1.pdf](http://www.smith-commission.scot/wp-content/uploads/2014/11/The_Smith_Commission_Report-1.pdf)

<sup>10</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/397079/Scotland\\_EnduringSettlement\\_acc.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/397079/Scotland_EnduringSettlement_acc.pdf)

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services need to be transferred to Scotland to allow a coherent and fully aligned approach to employability services in Scotland to be developed. Discussions are ongoing between Scottish and UK Governments on the scope and timing of the powers to be transferred and the funding for future delivery of employability services.

2.5 In relation to Social Security, the Smith Commission also recommended that the Scottish Government have powers over benefits for carers, disabled people and those who are ill. The Smith Commission recommended devolution of the Regulated Social Fund and some flexibilities around Universal Credit.

2.6 The Scottish Government has made the case for full devolution over social security and employment provision to ensure a more co-ordinated person centred approach could be taken forward. The Scottish Government are also keen to engage more widely with all those with an interest in the area of social security, and will publish an outline Scottish Government position towards the end of the year.

2.7 But in relation to employment support services, the Scottish Government recognises the vital importance of this support to unemployed people in Scotland. While the discussions between Governments continue, the Scottish Government is committed to working **now** to determine, develop and deliver the services it will provide from 1<sup>st</sup> April 2017.

### 3 The Current Approach – Work Programme

3.1 DWP currently contract for employment support services in Scotland through two main programmes, the Work Programme<sup>11</sup> and Work Choice<sup>12</sup>.

3.2 Providers are invited to tender for contracts to deliver support, work experience and training for people to help them find and retain work. Since 2011, DWP has contracted for Work Programme delivery with a small number of large prime contractors at a regional level, who may subsequently sub-contract regional and local delivery to a range of private, public and voluntary or community sector providers.

3.3 Referrals to the Work Programme are determined by DWP and managed by Jobcentre Plus (JCP). It is a mandatory programme which aims to support a range of JCP claimants, depending on type of benefits they receive and other circumstances and requirements. If people refuse to take part, their benefit can be withdrawn. The elements of support provided to unemployed people in Work Programme vary within the 2 year period of the service, but typical features include regular contact with an employment adviser, an assessment of the employment needs of the individual, help with searching for suitable jobs and preparing for interview and IT support and training.

3.4 Work Programme delivery in Scotland is delivered through two contracts held by Ingeus<sup>13</sup> and Working Links<sup>14</sup>. These two prime contractors in turn sub-contract

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<sup>11</sup> <https://www.gov.uk/moving-from-benefits-to-work/job-search-programmes>

<sup>12</sup> <https://www.gov.uk/work-choice/overview>

<sup>13</sup> <http://www.ingeus.com/pages/home/0/home.html>

<sup>14</sup> <http://www.workinglinks.co.uk/>

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delivery of services to a total of 49 suppliers in 57 sub-contracts across Scotland. Since it was introduced, DWP indicate 432,620 people across GB have been supported into work under the Work Programme, 38,510 of them in Scotland as at 31 March 2015.

3.5 Work Programme is now a 100% payment by results programme. Contractors are paid on outcomes, defined by the length of the employment sustained by individuals helped into work. Providers are paid different rates for helping different claimant groups into employment and keeping them there. Those with most barriers to employment attract the highest fee. In practice, payments for helping those closest to the job market are where the bulk of payments are made.

3.6 As at 31 March 2015, 23.8% of eligible referrals to Work Programme in Scotland achieved a job outcome payment and 68.6% of those completing the 2 year programme remained unemployed at the point of exit and were referred back to JCP.

3.7 Previous programmes aimed at introducing standard employability support or training options, such as in the New Deal and Flexible New Deal were found to be insufficiently flexible, particularly in meeting the need of people with more complex support needs. They were criticised for a “one size fits all” approach and limited effectiveness in equipping people with the skills needed for work.

3.8 DWP has a “black box” approach to Work Programme delivery. This means DWP do not specify the type or level of support providers give to people seeking work, but instead give providers scope to design provision within minimum service standards agreed with contractors.

3.9 In Scotland, we must learn from the strengths and weaknesses of both previous and existing approaches. There are arguments that a “black box” approach gives flexibility to deliver tailored services capable of meeting the needs of the individual, brings competition into the market, drives innovation and reduces costs. But the “black box” approach can also lead to complexity, with lack of clarity around what is delivered and what to expect. It can lead to services that don’t deliver what people actually need, especially where those needs are more complex.

3.10 Tendering of publicly funded services, and robust and transparent reporting and measuring of outcomes can help ensure maximum benefit is delivered by public resource. But there are also strong elements of public service obligation, social justice and inclusion in helping unemployed people into work, particularly people face a number of barriers to work.

### **4 The Current Approach – Work Choice**

4.1 Work Choice gives jobseekers with a disability a wider and more intensive range of support to help them become and remain economically independent.

4.2 There are 4 Work Choice contracts in Scotland managed by 2 prime providers, Momentum Skills<sup>15</sup> and Shaw Trust<sup>16</sup>, who in turn sub-contract with 19 suppliers in 32 contracts, including a range of third sector disability charities.

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<sup>15</sup> <http://momentumskills.org.uk/our-services/service/work-choice>

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4.3 Since it was introduced, DWP report there have been 11,960 referrals to Work Choice in Scotland, leading to 9,510 starts and 4,370 job outcomes.

4.4 Work Choice is a voluntary programme. Providers receive a service fee for each individual who starts Work Choice. They receive a further payment if the individual obtains a job outcome, and a payment if the job outcome is sustained, unsupported, for at least 6 months.

4.5 Work Choice takes a client centred approach, and includes elements of third sector provision. The target groups for Work Choice are disabled people who are unemployed, or in work but under threat of losing their job as a result of their disability. Participants are not required to be in receipt of any benefit. But critics of Work Choice suggest that it helps relatively few disabled people and that providers sometimes focus on those disabled people who have fewer barriers to work.

4.6 Work Choice has a range of elements to the programme. It can include support for individuals through job-coaching and mentoring and tailored support for individuals and for employers. It can also include longer-term help and support, with an emphasis on progression to unsupported employment where possible and tailored development plans. It can include supported employment, through payments to employers and businesses employing disabled people and access to employment in a Supported Business via Protected Places arrangements.

## 5 Existing Employment Services Scotland

5.1 We already have a strong network of delivery agencies, partners and bodies in Scotland that support the collective effort of helping unemployed into work. Skills Development Scotland (SDS)<sup>17</sup>, our national skills and training agency, plays a key role delivering a wide range of training opportunities and support services to meet the skills, employment and productivity needs of individuals and businesses in Scotland.

5.2 SDS manages Scottish employability and skills programmes, including the Employability Fund<sup>18</sup>, which contracts for a range of flexible, outcome-focused provision for unemployed individuals across Scotland. With 17,150 starts available on the programme each year, this provision is co-commissioned with local employability partners and is therefore informed by the needs of employers and local labour markets. An all-age, voluntary service, it aims to build the employability skills of unemployed people and provides guidance and support to help and progress to sustained employment, employment with training (including the Modern Apprenticeship programme<sup>19</sup> also run by SDS) or further education. As the national skills agency of Scottish Government and a key delivery body, SDS will play a leading role in developing and implementing Scotland's future employability services.

5.3 The Scottish Funding Council and Scotland's universities and colleges focus strongly on meeting the needs of all learners in Scotland and this includes a focus on

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<sup>16</sup> <http://www.shaw-trust.org.uk/individuals/helping-you-prepare-for-employment/work-choice/>

<sup>17</sup> <https://www.skillsdevelopmentscotland.co.uk/>

<sup>18</sup> <http://www.skillsdevelopmentscotland.co.uk/our-services/employability-fund/>

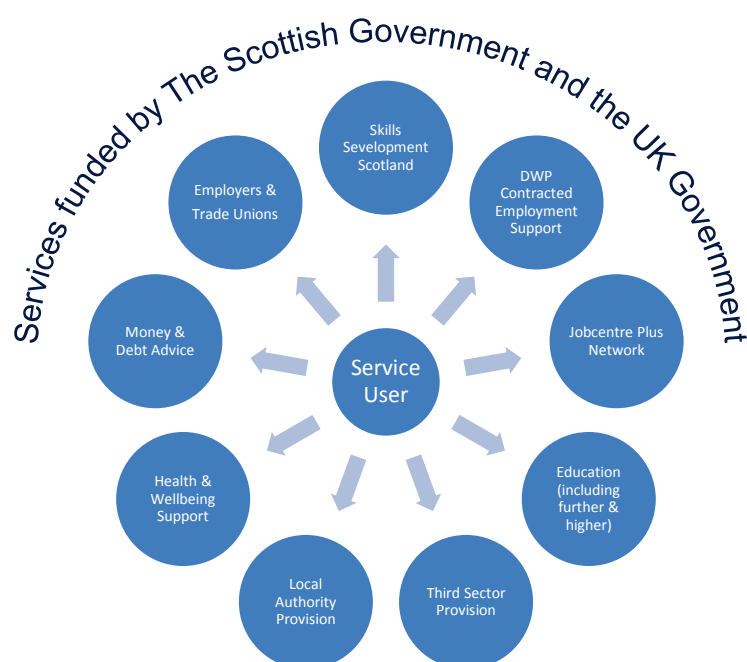
<sup>19</sup> <http://www.skillsdevelopmentscotland.co.uk/our-services/modern-apprenticeships/>

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employability needs. In addition to providing off the job learning for Modern Apprentices and meeting the specific skills needs of local employers, Scotland's colleges have a large volume of provision targeted at disadvantaged young people seeking to enhance their employability.

5.4 Scotland's local authorities play a key role providing employability support to their local communities. Within Community Planning Partnerships, local authorities lead at local level on a range of employability services, funded from a range of sources including the Employability Fund and European Structural Funds. Local Authorities bring local vision, knowledge and capacity which can be specifically tailored to meet local community and economic needs or circumstances. A strong network of Local Employability Partnerships<sup>20</sup> brings Scotland's 32 local authorities, together with a range of Community Planning partners, to join up the efforts, programmes and expertise of local delivery partners to focus on the employability needs of unemployed people.

5.5 Across these Partnerships a wide range of organisations with local expertise deliver programmes to meet specific training and skills needs in local communities and economies across Scotland. It will be important to build on these to balance national coherence and effectiveness with local services and ownership. The aim should be seamless, effective services across Scotland, capable of reflecting local strengths and encouraging innovation. The aim should also be to meet the varying range of unemployment needs and address the differing degrees of disadvantage among unemployed people in Scotland.



5.6 For future delivery, we also have an opportunity to consider how best to design and align other existing Scottish programmes. Some of these, like Scotland's

<sup>20</sup> <http://www.employabilityinScotland.com/policy-and-partnership/local-employability-partnerships/>

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Employer Recruitment Incentive,<sup>21</sup> are aimed at specific groups. This fund targets support at unemployed young people, providing recruitment incentives for the private sector, social enterprises and local authorities.

5.7 Other initiatives support young people to make effective transitions from school into work. This includes the Opportunities for All<sup>22</sup> commitment to an offer of a place in learning or training to all 16-19 year olds not already engaged in education, employment or training.

5.8 We have strong third sector provision, with an important range of charitable and not-for-profit organisations working to help people find, and stay in, work. At national level, the Third Sector Employability Forum<sup>23</sup> works to help the third sector develop the capacity to deliver employability services funded by government and gives a collective voice to the sector to influence policy development.

5.9 The Scottish Council for Voluntary Organisations currently delivers Community Jobs Scotland<sup>24</sup>, a programme aimed at creating work opportunities for young people within third sector organisations in Scotland. This is now increasingly aimed at young people with additional support needs, young care leavers and people with convictions.

5.10 Organisations like the Shaw Trust<sup>25</sup>, Momentum, Enable and Capability Scotland<sup>26</sup> are already helping those out of work due to ill health, social circumstance or disability to find a job and delivering the Work Choice programme in Scotland. But people with disabilities are at a particular disadvantage when it comes to finding and keeping a job. The barriers they face can include low confidence, employer attitudes and perceptions, and the built environment, as well as a lack of appropriate skills and experience.

5.11 The range and scope of existing employment support services is significant. There are strengths in existing delivery, with strong and increasing capacity across organisations at both national and local level. We must build on this and ensure that future services are the best they can be. As we consider future services in Scotland from April 2017 we have an opportunity to think hard about:

- what works best for unemployed people;
- what the scope for integrating current services is, and
- whether to develop, replace or build on some or all existing services in Scotland.

<sup>21</sup> <http://www.employabilityinscotland.com/policy-and-partnership/youth-employment/youth-employment-scotland-fund/>

<sup>22</sup> <http://www.employabilityinscotland.com/policy-and-partnership/youth-employment/opportunities-for-all/>

<sup>23</sup> <http://www.employabilityinscotland.com/policy-and-partnership/third-sector-employability-forum/>

<sup>24</sup> <http://www.scvo.org.uk/jobs-employability/vacancies/community-jobs-scotland/>

<sup>25</sup> <http://www.shaw-trust.org.uk/scotland/>

<sup>26</sup> <http://www.capability-scotland.org.uk/>

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### 6 What works best?

6.1 Devolution of powers over employability services provides an opportunity to look closely at existing services, assess how well they help people to find work and consider whether they provide value for money for the taxpayer. It is an opportunity to develop a distinct Scottish Approach which reflects the Scottish Government aims of democratic renewal. This means empowering communities and letting people have a say in decision making about issues that affect them. The Scottish Government wants employability services capable of helping to address inequality in Scotland, that align with the principles of Fair Work and Social Justice. In doing so, the Scottish Government believes we can more effectively deliver its purpose of a socially-just, equal and prosperous Scotland.

6.2 The Scottish Government outlined its overall aims for employment support in Scotland in the Scottish Parliament<sup>27</sup> on 28th April 2015, stressing the importance of services that will:

- a. meet the needs of unemployed Scots and employers in Scotland;
- b. meet the employability needs of those who face specific barriers to employment (for example disabled people, older workers, care leavers, people with convictions, and people with caring responsibilities);
- c. build on existing employment support services in Scotland;
- d. help deliver sustainable employment and economic growth.

6.3 A recent report for the Scottish Employability Forum<sup>28</sup> by Cambridge Policy Consultants (CPC)<sup>29</sup> estimated that £670m per year is spent on employment activity in Scotland, across UK, Scottish and local government.

6.4 The report also found the delivery landscape to be complex, that policies could be better aligned, and roles and responsibilities clearer. From the data available, it found it difficult to assess what employability services work best, how much support is targeted at specific customer groups and how best to align and prioritise finite public resourcing. It found that performance management and monitoring systems currently in place are not fit for purpose and these reflect and reinforce fragmentation in service delivery.

6.5 The CPC report found complexities and inadequacies in management information systems for employability services – how well they perform and how much they cost. Not enough of these systems are able to show just how effective services are in helping individuals into work and doing so in a cost effective way. It concluded that the ideal would be to establish a best practice performance management system for employability services in Scotland. It also concluded that the range and scale of delivery makes it difficult to standardise services. Introducing comprehensive monitoring systems to track the cost effectiveness of employability services would be expensive to develop and will be a longer term ambition. But as the Scottish Approach to employability takes form, this is the right time to think

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<sup>27</sup> <http://www.scottish.parliament.uk/parliamentarybusiness/28862.aspx?r=9919&i=90826>

<sup>28</sup> <http://www.employabilityinscotland.com/policy-and-partnership/scottish-employability-forum/>

<sup>29</sup> [http://www.employabilityinscotland.com/media/473005/sef - employability research - cambridge policy consultants - final report - november 2014.pdf](http://www.employabilityinscotland.com/media/473005/sef_-_employability_research_-_cambridge_policy_consultants_-_final_report_-_november_2014.pdf)



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about how to introduce an improved management information system and to support the development of the new approach.

6.6 But we now have an opportunity to think about outcome and performance management across programmes and to better understand what works best – what interventions are most effective in the short and the longer term. We must consider the different ways of delivering employment support in the private, public and third sector. This must include thinking about whether to integrate, or replace existing programmes. Whatever approach we take in Scotland, effective partnership working will be essential.

6.7 We also have the opportunity to use Scottish labour market intelligence to recognise the challenges and opportunities at sectoral and regional levels in Scotland. Meeting the skills needs of employers is a prerequisite of economic growth. Through the development of sectoral Skills Investment Plans (SIPs) and Regional Skills Assessments (RSAs), we are working with private and public sector partners to ensure that Scotland's skills and education system remains closely aligned with the needs of employers. Of course, different sectors in Scotland have different skills requirements, levels of opportunity and employment patterns. Our understanding of the skills needs in sectors is developed through our SIP and RSA programme of work. This will help us design employment services that support people to train for, seek, secure and keep the jobs in those sectors.

6.8 We need to explore the fit – or the lack of fit - between national and local delivery. There is no doubt that we must ensure unemployed people in Scotland receive the best possible support and that this happens consistently in all parts of Scotland. Not enabling every Scot to access support can mean some individuals may have less chance of finding work than others. People across Scotland need to have access support and help. The shape of Scotland's economy, the size and location of various sectors in it and where people choose to live, all play a role in determining where employers need workers and where workers can find jobs. But all unemployed people in Scotland are entitled to access the help from public services they need to find work. Delivering an effective standard of service to every Scot is essential.

6.9 There is little doubt that local employability services can focus on local economic issues and local labour market needs (for example in the oil and gas and energy sector, in financial services, fishing or agriculture). There is already significant expertise and commitment at a local level to helping people find work. Local Authorities in Scotland have real strengths in local service delivery, and have expert knowledge of local economy and community needs, both urban and rural. Colleges across Scotland are highly adept at designing training that meets the skills needs of employers in their area.

6.10 We intend to build on existing services, which differ to meet the employability needs in different areas. We want to identify best practice. We intend to build on the range of existing Scottish programmes which target employment support at specific groups, including services to help disabled unemployed people into work. National service delivery through a regional or area approach can deliver core services and flexibility to recognise and meet regional and area differences such as demography,

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geography, local labour market, travel to work areas and regional and area economies.

6.11 Scotland's cities and their regions play a central role in driving economic growth. Rural areas in Scotland also play a crucial role in Scotland's economy. To ensure we can genuinely reflect the reality and scope of area diversity across Scotland, build on strengths of existing services and reflect the needs of individuals and their communities, the Scottish Government favours regional and area definition in our national delivery approach. The options for delivering this are discussed in more detail in section 8 below.

6.12 The scope for variation in service delivery across Scotland is important and is a real strength. Retaining local experience and service expertise is important to delivering the overall national aims and ambitions for Scotland's employability support services. To deliver this, effective partnership between national and local delivery is essential.

6.13 But to ensure equity of access and quality of these services, the Scottish Government favours a national delivery approach with core elements available across the country. In order to ensure flexibility and to build on the strengths of existing services, we place high value on also focusing on meeting the needs of the individual and their communities. The Scottish Government is interested in hearing views on the arguments for both national and local delivery, as well as for the range of existing interventions and for support for different client groups.

6.14 In getting this balance right, it will be vital to ensure a smooth transition to redesigning the landscape of employability support services in Scotland, including assessing our existing services as we move to replace the Work Programme and Work Choice. We must maintain seamless and effective services to unemployed Scots and providers already working in the employability support system. Employers must have confidence that Scotland's employability services will help find the skilled workforce their businesses need. Finally, it is crucial that we establish and maintain the confidence of the Scottish public in the transition to future employment support services in Scotland.

6.15 To achieve that, and following this consultation, we will put in place an ongoing programme for communicating, marketing and messaging on the replacement services for unemployed Scots, and for providers and employers.

6.16 The starting point for the Scottish Government is that people in Scotland:

- should be able to make the most of their skills and potential;
- can access employment support services that can help them find and stay in a job,
- but that these must be flexible enough to meet the specific employability needs of the individual.

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In this area, some of the questions that we are keen to seek views on include:

What types of employment support services work best in Scotland, reflecting the very different needs of individuals who are unemployed?

How best can we ensure the needs of different businesses and sectors in Scotland, are aligned with employment programme outcomes?

What are the strengths and weaknesses of existing employment support programmes and delivery mechanisms in Scotland?

### 7 Identifying what people need and when?

7.1 The employability needs of individuals are as different as individuals themselves. Age, work experience, qualifications, location, gender, ethnicity, domestic and caring responsibilities, social circumstances and background, health, and mobility all influence the employability needs of individuals. And this list is not exhaustive. In redesigning Scotland's employability support services, we have scope to consider how to identify and meet these specific needs.

7.2 Understanding the needs of the individual is the first step to developing personalised services. Accurately and realistically assessing the support unemployed people need is crucial to making sure that person gets the help they need, and focusing that help properly and effectively. We need to think about what is the best way to do that, at what point and who is best placed to do it.

7.3 Currently, access to services is largely dependent on the benefits a person claims and the length of time they have been unemployed. This is not necessarily the best way of determining the support an individual needs. Support needs are better determined by the kind of factors listed above.

7.4 Work Programme and Work Choice use DWP and JCP classifications to determine the level and type of employment support received. Working age benefits (at present) remain reserved to UK Government. Going forward, the Scottish Government will continue to press for power over JCP, but meanwhile we will work closely with JCP on referral criteria, and the interface between our future employment programmes and JCP.

7.5 Someone who is applying for their first job, or someone who has been out of the labour market for a while, for example on a career break or as a member of the armed forces, may simply need advice or help from an employment advisor on where to look, or guidance on what to say in an application form or at interview. Employment support services should be adept enough to identify this early need, and flexible enough to provide this quickly. We recognise that this may already be the case, as Jobcentre Plus work coaches and service providers assess what help people need and to help them secure jobs quickly.

7.6 People who are out of work also look to enter the labour market at different stages. Some individuals need help them get job ready, perhaps with support to develop regular activity and positive routines and to connect with and relate to others. Assessing what individuals need to do to develop these routines and skills is

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an important step. Other people perhaps need help with training in the skills they need to develop for work, and this can include opportunities for work experience and volunteering. Others need help finding job vacancies or support matching their skills with an employer. And others need help to stay in work and to progress within the workplace, such as careers advice, occupational health support, rehabilitation support or training.

7.7 To reflect these stages, the Scottish Government has worked with its partners to develop an “Employability Pipeline”<sup>30</sup> for organisations to identify and then meet the different needs different people have at different stages in their journey into work. Whilst recognising that for individuals, the journey towards and into work is not a linear process, the pipeline concept provides a framework for the organisation and delivery of services to unemployed people in Scotland.

Pipeline	Stage 1 Engagement, assessment & referral activity	Stage 2 Needs assessment & barrier removal	Stage 3 Vocational activity	Stage 4 Employer engagement & job matching	Stage 5 In-work support & aftercare
	Introducing the idea of employment, changing attitudes and addressing perceptions	Providing information, encouragement and help to overcome barriers	Employment preparation including confidence building and core skills	Supporting people into employment	Job retention and progression, employer satisfaction and workforce productivity
Client Status	Not Job Ready	Not Job Ready	Job Ready	Job Ready	In Work
Examples of Eligible Activities	Outreach activities Self-referral Identification and assessment of needs Development of Personalised Providing Action Plans	Confidence Building activities Vocational rehabilitation Careers Information Advice and Guidance Financial Advice and Support Improving Health and Wellbeing	Employability Skills Development Vocational Training Work Experience Volunteering Self-Employment and Enterprise Support	Careers Information Advice and Guidance Employer engagement Job Search Support Job Matching and Brokering Self-Employment and Enterprise Support	Careers Information Advice and Guidance Supported Employment Occupational Health and Wellbeing Support Skills Development Redundancy Support Self-employment & Enterprise Support

7.8 The Cambridge Policy Consultants analysis looked closely at existing evidence on the types of support and interventions to assess what works best for individuals in both the short and long term, depending on their position in the employability pipeline. It provides a foundation on which to base discussion around the types of interventions employability support should offer in Scotland.

<sup>30</sup> <http://www.employabilityinScotland.com/employability-pipeline/>

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7.9 The pipeline framework can help those who plan and develop services at a national or local level, help assess where duplication and gaps exist, help address those issues, and ensure that at each stage people who need support are helped towards sustained employment. This could form the basis of defining future employability services. Future services could focus on each stage in the pipeline and be flexible enough to fit into these stages.

7.10 The type of employment support an individual needs can also change and evolve over time. Many studies<sup>31</sup> show the longer an individual is out of work, the more entrenched unemployment can become. As a result, the more complex and intensive the employment support, coaching or training need can become.

7.11 The value of early intervention, its impact and benefit for other areas of public services, including Health and Social Care services, is well documented. Waddell/ Burton in 2006 in their report *Is Work Good for You?*<sup>32</sup> focused on the health benefits of good work, and the negative health impacts of unemployment. Work can be central to individual confidence, identity, social roles and social status. Employment and socio-economic status are important to physical and mental health and mortality. And there is a strong association between worklessness and poor health.

7.12 DWP data<sup>33</sup> also shows that the longer individuals with health problems claim out of work benefits, the less the likelihood there is of them re-entering employment. Where the individual is able to engage and the right support is in place to enable recovery or management of a condition, there is a strong argument for early and active intervention to help those with health problems back into work.

7.13 The costs of more sustained and intensive individual support can be high, and there are difficult decisions about how to prioritise individuals or specific groups for employment support services. But the associated costs and benefits from supporting individuals into sustainable employment can have wider and positive societal and community impacts, benefits and savings. These are things Scotland's future employment support services must help to deliver.

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<sup>31</sup> <https://www.gov.uk/government/collections/health-work-and-wellbeing-evidence-and-research>

<sup>32</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/214326/hwwb-is-work-good-for-you.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/214326/hwwb-is-work-good-for-you.pdf)

<sup>33</sup> <http://www.urban.org/sites/default/files/alfresco/publication-pdfs/412887-Consequences-of-Long-Term-Unemployment.PDF>

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7.14 The Scottish Government believes that:

accurate and realistic assessment of the support unemployed people need is crucial to making sure the individual gets the help they need, and that help is focused and effective.

early intervention can deliver more positive results for the individual and make the pathway to sustainable work easier to deliver, but;

there are questions over how best to share the assessment of need and join up services within the existing framework, while maintaining a coherent approach.

In this area, some of the questions that we are keen to seek views on include:

How best can we assess the employment support needs of an individual and then ensure the support they receive is aligned with their requirements?

How best can the employability pipeline approach help providers assess and deliver services?

What is the optimal duration of employment support, in terms of both moving individuals into work, and then sustaining their employment?

## 8 How to deliver?

8.1 Scotland has developed a strong 'mixed economy' of employability provision with important contributions made by the private, public and third sectors. This has allowed significant variety, experience and expertise in provision to develop in both urban and rural areas.

8.2 National contracting allows government to set the policy framework for delivery, specifying desired policy aims and outcomes, to provide equity of access to a national service for all who need it. National services can, and should, be capable of flexibility to meet the needs of people who have more complex support needs.

8.3 Appropriate and timely performance measurement and monitoring can set levels of service and assess what works for individuals, and at what cost to the public purse. This can ensure public services are effective and appropriate and of good quality. It provides transparency in delivery and transparency in what people can expect, and can deliver value for money and protect public services from the risk of delivery failure through due diligence. It can also encourage innovation and stimulate the market by encouraging competition and ensuring commercial viability of potential service delivery.

8.4 There are arguments however, that large scale contracts involve onerous procurement processes or qualification requirements. Regional or local contracting is

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one way of bringing national services to local and community level. This is already a feature of existing employment support. Work Programme delivery is contracted across 18 areas of the UK, and Scotland has 2 contractors offering services across the whole country. They in turn sub-contract to a wide range of local and specialist providers spanning the private, public and third sector.

8.5 Nationally contracted services can also specify services for specific groups, at specific times, for specific outcomes. The Work Choice approach focuses on unemployed disabled people. Contracting for specific services can mean providers with knowledge of the needs of specific groups can lead on delivering these services.

8.6 So it is possible to balance a national service with more focused services based on the need of an individual. There can also be a balance between local support and ownership of programmes with delivering economies of scale and the volume of contracts to be managed. There are factors of geographical scale and differing numbers of service users in different parts of Scotland to consider. There are also other factors to consider, including how to make sure any contracts for services are viable propositions, and ensuring parity of service across Scotland.

8.7 As highlighted already, existing services such as Work Programme and Work Choice are regionally contracted with more focused delivery achieved through sub-contractual arrangements. But other services, such as the Employability Fund and Community Jobs Scotland are funded by Government for specific groups of individuals for specific purposes, aims and outcomes. Commissioning of specialist services from among organisations with specific interests can enable certain service needs to be met, and deliver policy and programme outcomes for specific sectors (e.g. in third sector provision). It can also bring smaller, specialist providers into the delivery framework.

8.8 Within Scottish Government procurement requirements national contracting for standard services is a possible way forward. However, there are arguments that the DWP Work Programme and Work Choice was an attempt to replace the New Deal “one size fits all” approach of centrally defined employment and training support. This proved inflexible and ineffective at meeting the needs of individuals.

8.9 Employability plays an essential role in delivering the Scottish Government’s aims of tackling poverty, promoting inclusion and creating a fair and prosperous Scotland. The critical importance of employability services suggests the Scottish Government should lead on national contracting for future services in Scotland, possibly with regional, city or travel to work area dimensions. We have robust procurement frameworks in place and a track record of delivery of robust, transparent and objective procurement of services and systems. We have contracting experience across the public, private and third sector in Scotland and strong capability in contracting and running national programmes.

8.10 Careful consideration however, needs to be given to how and who is best placed to manage contracts, and meeting those resource costs. A transparent, effective and proportionate approach to managing any contractual approach is important. Skills Development Scotland already contract for employability support

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services and are responsible for the Modern Apprenticeship contracting and contract management. This suggests SDS could have a role with Scottish Government in contract management of employability support services for Scotland.

8.11 But there are other options. Local Authorities have experience of contracting for service delivery at local authority level and regional level. The Scottish Government could create a specific agency or body to take on the lead contracting role, although this is unlikely in the current public service and resource environment. These alternative approaches would need strong policy and programme support and direction from Government and involvement of partner delivery agencies and bodies.

8.12 The approach used to commission, source or procure services can define the regional, area or local scope to open up the market to both large and smaller and specialist providers. The size, scale or specialism of the services sought can bring specialist support providers into the market, including not for profit and third sector provision. This already happens, for example in delivery of Work Choice in Scotland which includes delivery of services for disabled people by disability groups and charities. Grouping together of providers can be encouraged through seeking consortium bids, and procurers can specifically encourage this type of joining up of services. The Scottish Government can work with smaller providers to help them bid for and provide services, or to help with capacity building to do so.

8.13 Structuring of contracted services to include elements of local, specialist or targeted provision could be a solution. It could also be an area where elements of not for profit approaches could emerge or develop. Or it could be an area where collaboration and delivery partnerships between agencies with specific expertise, or knowledge of the needs of specific individuals or groups could be encouraged.

8.14 It will be important that, going forward, any potential contractors are very clear on the expectations of the Scottish Government around working with living wage accredited employers and supporting Fair Work practices.

8.15 The Scottish Government recognises that it is possible to balance a national employment support service with more focused employability services based on the need of the individual, but; that one size doesn't fit all.

We favour an integrated and joined up approach focusing on the need of the individual. This can be achieved through scope for service provision in local or regional areas and service provision by range of providers, including smaller and specialist providers.

In this area, some of the questions that we are keen to seek views on include:

What are the benefits and challenges of a national contracting strategy for Scotland's future employment support service(s)?

How best to secure effective regional and local delivery of employment support in future

Who should be the contracting authority for devolved employment support provision?



### 9 Prioritisation of public services?

9.1 The delivery and funding of public services is a core function of Government. But this requires difficult decisions on what public services to fund, and at what level. Value for public money is essential and the interests of Scottish taxpayers must be protected. Managing expectations on public services is also challenging. Using finite public resources in ways which are most effective for the widest number of people, while also focusing on the needs of specific groups across Scotland, is a difficult task.

9.2 The challenge is how we redesign employability service provision in Scotland, including replacing the Work Choice and Work Programmes, to make best possible use of *all* resources to focus on helping unemployed Scots into work, while focusing specifically on the needs of people who face the most disadvantages in finding work. There are also challenges in determining how to prioritise who to help.

9.3 Scotland's public services currently face the toughest financial climate since devolution. The current UK Government has set a policy course that will mean spending reductions are set to be a long-term feature of UK public finances. Negotiations on the transfer of funding for Work Choice and Work Programme delivery from UK to Scottish Government continue and we will work to secure the best possible financial settlement for Scotland. But the wider approach to public financing at UK level will inevitably impact on employability services in Scotland. This is why the devolution of Work Programme and Work Choice provides an opportunity to reassess and redesign all existing employability provision in Scotland.

9.4 The National Audit Office<sup>34</sup> assessment of Work Programme in July 2014 concluded the current approach was helping easier to reach groups get into and stay in work at about the same rate as previous welfare-to-work schemes. But it also found that the Work Programme struggles to improve outcomes for harder-to-help groups.

9.5 Tackling the issue of helping unemployed people who need more support, or a particular type of support, can be achieved through better matching the service to the personal needs of the user. Scope to vary and flex the nature and duration of employability support to the needs of the service user can help individuals who need more intensive support.

9.6 For disabled people helped into work, there can be an ongoing support needed after the individual is in employment, or support to access schemes for additional support to pay for adapted equipment and travel to work costs. We also recognise the valuable contribution both supported employment and supported businesses can make in assisting more disabled people into sustained work.

9.7 Focussing on those most disadvantaged in the labour market, and committing resources on a more intensive and preventative basis will, however, mean less

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<sup>34</sup> <http://www.nao.org.uk/report/the-work-programme/>

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resource is available for service delivery in other areas. This can mean difficult choices, but investing in employability and helping individuals with health or social needs into work can significantly add to individual wellbeing and promote inclusion for the individual, their families, and communities. This can reduce the wider costs of sustaining long term unemployment in areas such as costs of health and social care. This can also have a positive impact on the economic and social costs of reoffending, estimated to cost Scotland £3bn per annum.

9.8 The Scottish Government aims to maximise the value of employability services, and also to better meet the employability needs of individuals, or groups of individuals who face specific barriers to employment, recognising, valuing and respecting each and every individual in the broad fabric of Scottish society. By providing proportionate, effective and flexible support to Scots who need it in their search for work, we can more effectively deliver our aim of an inclusive, socially-just, equal and prosperous Scotland.

9.9 The key to most effective use of public resource is to join up resources and services across the whole of the public sector. From the work of the Christie Commission<sup>35</sup> the Scottish Government has set a strong course for public service reform focused on four pillars – a decisive shift towards prevention, partnership between public services at local level, greater investment in people delivering services; and a sharper focus on performance.

9.10 The Scottish Government believes:

in making best possible use of resources to focus on helping unemployed Scots into work, while focusing specifically on the needs of people who face the most disadvantages in finding work;

joining up and aligning service delivery, and changing the way we deliver public services will help to meet the challenge of tight public finances, and deliver transformational improvements in the public services in Scotland.

In this area, the questions that we are keen to seek views are: Which groups would benefit most from future employment support in Scotland and why? What should be our ambitions for these groups?

How can we maximise the effectiveness of employment support in relation to the broader range of resources and initiatives in Scotland?

## 10 How to measure success and pay for services?

10.1 The success of the current Work Programme approach is determined by the numbers of people finding and sustaining a job. Assessing numbers of people

<sup>35</sup> <http://www.gov.scot/About/Review/publicservicescommission>

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moving off benefit is just one way of measuring the extent to which employability support is successful. Assessing whether an individual remains in employment after a period of time helps to measure how sustainable the job is.

10.2 There is no doubt - successfully finding the right job is critical for an individual looking for sustained employment. But for those who need more help to find work, finding the right job can be harder to achieve, and can take time. Progress towards being ready for work also needs to be recognised as a measure of success.

10.3 The Work Programme's broad approach to payments is a job outcome fee (measured at either 3 or 6 months in work); a sustainment fee (periodic payment for each period of continuing employment) and incentive payments, or additional payments for high-performing providers.

10.4 This payment by results approach also involves service providers being paid different rates for placing different claimant groups into employment and keeping them there. The maximum amount paid varies from just under £4,000 to over £13,000<sup>36</sup> depending on the "customer group". Payment at each stage requires a validation and assurance process, where DWP require evidence and independent verification before payment is made. Job outcomes and sustained employment is validated using data from JCP and HMRC to provide assurance that the outcome has been achieved and the provider payment should be made.

10.5 This approach has advantages and disadvantages. The National Audit Office concluded<sup>37</sup> the Work Programme approach had reduced the risk of paying for low performance, DWP had improved validation processes and the contractor market approach is sustainable. But it also found the validation regime could deter contractors from claiming outcomes, payment could be made to contractors for performance they are not actually achieving and flawed contractual performance measures involved payments being made to poor performing contractors.

10.6 The complexity of developing an outcome regime for Scotland should not be underestimated. This will be a major challenge. It will be important to access existing data held by JCP and HMRC. Devolving and adopting the existing DWP validation and assurance approach is an option. The validation and payments system of Skills Development Scotland for the Employability Fund is another option. Exploring the validation approaches and datasets and the systems currently in place for Work Programme and Work Choice providers will give other potential models.

10.7 Meeting the training and support needs of individuals can be complex. Moving individuals towards work can take time and effort, both on the part of the person looking for work and the organisations, and providing the type and level of support they need. There are different ways of defining outcomes and determining success. For many people success may well be securing another job after a period of unemployment. But this may not take account of the quality of the job, or that an

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<sup>36</sup> <http://cesi.org.uk/keypolicy/work-programme>

<sup>37</sup> <http://www.nao.org.uk/wp-content/uploads/2014/07/The-work-programme-executive-summary.pdf>

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individual may not stay in work and end up re-entering the benefit system. For people facing a range of barriers to work, success could be about making progress toward being ready for work, developing life skills, completing vocational training or undertaking a period of work experience ahead of securing that final goal of a suitable and sustainable job. Ensuring the jobs people can find are fair and sustainable can be defined by what type of workplace they are in, for example in a Fair Work environment and with a Living Wage accredited employer.

10.8 We have an opportunity to consider an approach that defines success differently and consider whether a service that measures success through job outcomes alone is right for the current labour market. We can look again at the scale and timing of different potential payments to service providers, and think about how to put sufficient clarity into the definition of outcomes and progression stages. But we recognise that to develop a system to operate such an approach would need significant work, and any validation on which that would be based would require data from a number of sources, including JCP and HMRC.

10.9 The Scottish Government:

accepts incentives to help people find, and stay in work may have a place, but;

challenges simply defining success by the numbers of people entering work, and sees success in the context of a wider agenda of fair work, dignity, inclusion and sustainability.

progression towards work for the individuals who most need employment support is also success;

aims to consider how our employment support programmes work within the context of our Fair Work agenda.

This can be achieved with definitions of success – and potential incentivisation – based on increased employment rates for the most disadvantaged, minimum pay and living wage expectations on the employment offer at the end of the programme, job quality and well-being indicators and encouraging a ‘no zero hour contract’ approach.

In this area, some of the questions that we are keen to seek views on include:

What are the advantages, or disadvantages, of a payment by results model within employment support contracts?

What would form an effective suite of outcomes and over what period for Scotland?

What does an effective payment structure look like?

What are the advantages, or disadvantages, of payment for progression within employment support?

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## 11 Performance Management

11.1 As discussed above, there are significant challenges in how outcomes are assessed and measured, and across different employability support services programmes, and initiatives. Most performance management approaches and systems in Scotland have developed organically for a variety of funders or purposes. This leads to wide variances in systems and ownership, and limited compatibility and interaction between systems.

11.2 But national level performance management systems do exist for Scotland. DWP regularly publishes National Statistical data on Work Programme performance<sup>38</sup> which includes performance data for Scotland. Skills Development Scotland produce performance data on Employability Fund activity<sup>39</sup> on a quarterly basis. Building on the foundation of the UK data management and information sources could form the basis of a performance management framework for future employability support services in Scotland. Local authority data sources also offer a possible data source on which to build.

11.3 Research for the Scottish Employability Forum<sup>40</sup> highlighted a need to establish a national performance management system for employability services in Scotland. This would provide an opportunity to deliver clarity and commonality of employability outcomes, to drive best practice and shared learning, to better align resources and deliver the most cost effective services possible.

11.4 The Scottish Government believes that:

aligning performance management of employability support schemes at national and local level in Scotland is a major undertaking,

but this is something Scottish Government aims to work with partners to develop and deliver.

In this area, the key question that we are keen to seek views on is:

What are the key aspects of an effective performance management system, to support the delivery of employment support outcomes in Scotland?

<sup>38</sup> <https://www.gov.uk/government/collections/work-programme-statistics--2>

<sup>39</sup> <https://www.skillsdevelopmentscotland.co.uk/statistics/employability-fund/>

<sup>40</sup> [http://www.employabilityinScotland.com/media/473005/sef - employability research - cambridge policy consultants - final report - november 2014.pdf](http://www.employabilityinScotland.com/media/473005/sef_-_employability_research_-_cambridge_policy_consultants_-_final_report_-_november_2014.pdf)

### 12 Sanctions and conditionality

12.1 In the UK, benefit claimants must meet certain conditions to remain eligible for reserved in work benefits – for example, seeking and being available for work. Existing employment programmes are part of this eligibility regime. As in most Organisation for Economic Co-operation and Development (OECD) countries, claimants face benefit sanctions if they refuse, or fail to participate in employability programmes.

12.2 Participation in the Work Programme is mandatory. Failure to take part in or complete the Work Programme can result in benefits being withdrawn. Participation in Work Choice is voluntary. The power to replace the Work Programme and Work Choice will be devolved to Scotland. But the powers to attach conditions and apply sanctions will remain with the UK Government.

12.3 The devolution of employment support programmes provides an opportunity to consider the expectations placed on the individual to engage in the context of future employment support programmes in Scotland. It is also a chance to explore the balance between encouraging active participation by an individual, and what to do if an individual is unwilling to participate in the programmes designed to help them off benefit and into work.

12.4 Individuals look for work because of the economic, social and well-being benefits it can bring the individual and their family. But some argue an incentive to seek work and to take part in employability support programmes is also the risk of losing benefit, and the financial penalty that this involves. An individual is entitled to expect help from the state when they need it most. That includes support from public services to find work. But there is also an obligation on the individual to take responsibility for their own economic and social wellbeing.

12.5 The vast majority of unemployed people in Scotland actively seek work. Despite this, under the current approach the risk and indeed the experience of DWP sanctions, is a harsh financial reality for too many unemployed and disabled Scots.

12.6 The Scottish Government analysis published in 2014<sup>41</sup> found that sanctions often affect the most vulnerable in society, including lone parents, young people and disabled people. It also found that claimants who face sanctions are often unable to comply with conditions for a range of complex reasons, including: lack of awareness, knowledge and understanding of the process, as well as practical and personal barriers. It found young people in Scotland are disproportionately affected by benefit sanctions, accounting for 40% of all adverse sanction decisions but making up only 22% of Jobseeker's Allowance (JSA) claimants. And it also found that in each of the past five years, disabled people have received around a quarter of sanctions.

12.7 The Scottish Government commitment to Fair Work and social justice means we believe people should be supported into work, not punished for being unable to find work. We believe in a fair and proportionate approach to supporting people into

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<sup>41</sup> <http://www.gov.scot/Resource/0046/00462782.pdf>

## Creating a Fairer Scotland: Employability Support: A Discussion Paper

work, rather than cutting their incomes often at times when they are most in need of help.

### 12.8 The Scottish Government:

believes the current UK Government benefit conditionality and sanctions regime is punitive, with research highlighting<sup>42</sup> that the most vulnerable, including young people, lone parents and disabled people, are disproportionately affected by the current system.

believes that any system of benefit conditionality should be fair and proportionate. The current system is not.

has consistently called for the full transfer of all powers over DWP employment support programmes and Jobcentre Plus in Scotland, to ensure coherent and effective links between employability and welfare,

but: ahead of that, will work with UK Government to press for flexibilities in the conditionality and sanctions regime that may be applied in Scotland, to better align with our principles of Fair Work, equity and social justice.

In this area, the key question that we are keen to seek views on is:

Collectively, how best do we encourage active participation and avoid lack of participation on employment support programmes?

Scottish Government  
Skills and Employability Unit  
6<sup>th</sup> July 2015

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<sup>42</sup> <http://www.gov.scot/Topics/People/welfarereform/analysis/Sanctions> and  
<http://www.gov.scot/Topics/People/welfarereform/analysis/ESAsanctions>

### RESPONDENT INFORMATION FORM

**Please Note** this form **must** be returned with your response to ensure that we handle your response appropriately

Views and comments can be made to [EmployabilityinScotland@scotland.gsi.gov.uk](mailto:EmployabilityinScotland@scotland.gsi.gov.uk) by 9th October 2015.

#### 1. Name/Organisation

Organisation Name

Title Mr  Ms  Mrs  Miss  Dr  Please tick as appropriate

Surname

Forename

#### 2. Postal Address

Postcode	Phone	Email

#### 3. Permissions - I am responding as...

Individual	/	Group/Organisation
<input type="checkbox"/>	Please tick as appropriate	<input type="checkbox"/>

(a) Do you agree to your response being made available to the public (in Scottish Government library and/or on the Scottish Government web site)?

Please tick as appropriate

Yes  No

(c) The name and address of your organisation **will be** made available to the public (in the Scottish Government library and/or on the Scottish Government web site).



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**(b)** Where confidentiality is not requested, we will make your responses available to the public on the following basis

**Please tick ONE of the following boxes**

Are you content for your **response** to be made available?

**Please tick as appropriate**  
 Yes  No

Yes, make my response, name and address all available

**or**

Yes, make my response available, but not my name and address

**or**

Yes, make my response and name available, but not my address

**(d)** We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

**Please tick as appropriate**  Yes  No

# Creating a Fairer Scotland: Employability Support: A Discussion Paper

## CONSULTATION PAPER QUESTIONS

### QUESTION 1

What types of employment support services work best in Scotland, reflecting the very different needs of individuals who are unemployed?

**Comment**

### QUESTION 2

How best can we ensure the needs of different businesses and sectors in Scotland, are aligned with employment programme outcomes?

**Comment**

## **Creating a Fairer Scotland: Employability Support: A Discussion Paper**

### **QUESTION 3**

What are the strengths and weaknesses of existing employment support programmes and delivery mechanisms in Scotland?

**Comment**

### **QUESTION 4**

Where are the current examples of good practice in relation to alignment of services to most effectively support a seamless transition into employment?

**Comment**

## **Creating a Fairer Scotland: Employability Support: A Discussion Paper**

### **QUESTION 5**

What are the key improvements you would make to existing employment support services in Scotland to ensure more people secure better work?

**Comment**

### **QUESTION 6**

How best can we assess the employment support needs of an individual and then ensure the support they receive is aligned with their requirements?

**Comment**

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### **QUESTION 7**

How best can the employability pipeline framework help providers best assess and deliver services people need?

**Comment**

### **QUESTION 8**

How can early intervention best be integrated into employment support and the design of future programmes?

**Comment**

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### **QUESTION 9**

What is the optimal duration of employment support, in terms of both moving individuals into work, and then sustaining their employment?

**Comment**

### **QUESTION 10**

What are the benefits and challenges of a national contracting strategy for Scotland's future employment support service(s)?

**Comment**

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### **QUESTION 11**

How best can we secure effective regional and local delivery of employment support in future?

**Comment**

### **QUESTION 12**

Do national or more localised employment support programmes work better for different client groups? If so, which ones and why?

**Comment**

## Creating a Fairer Scotland: Employability Support: A Discussion Paper

### QUESTION 13

Who should be the contracting authority for devolved employment support provision?

**Comment**

### QUESTION 14

Which client groups would benefit most from future employment support in Scotland and why?

**Comment**



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### QUESTION 15

What should be our ambitions for these client groups?

**Comment**

### QUESTION 16

How can we maximise the effectiveness of devolved employment support in Scotland, in relation to the broader range of resources and initiatives available in Scotland?

**Comment**

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### QUESTION 17

What are the advantages, or disadvantages, of payment by results within employment support? What would form an effective suite of outcomes and over what period for Scotland? What does an effective payment structure look like?

**Comment**

### QUESTION 18

What are the advantages, or disadvantages, of payment for progression within employment support? What measures of progression and over what period? What does an effective payment structure, which incentivises progression, look like?

**Comment**

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### QUESTION 19

What are the key aspects of an effective performance management system, to support the delivery of employment support outcomes in Scotland?

**Comment**

### QUESTION 20

Collectively, how best do we encourage active participation and avoid lack of participation on employment support programmes?

**Comment**

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### **QUESTION 21**

Do you have any other comments/views in relation to future employment support that have not been covered in the questions above?

**Comment**

**End of Questionnaire**

**Thank you for participating**



**The Scottish  
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Riaghaltas na h-Alba

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