

**ITEM No ...10.....**

**REPORT TO:** CITY DEVELOPMENT COMMITTEE – 22 AUGUST 2016

**REPORT ON:** DEVELOPMENT OF DUNDEE EMPLOYABILITY SERVICE AND THE INVESTMENT OF COUNCIL AND EU FUNDS (ESF)

**REPORT BY:** EXECUTIVE DIRECTOR OF CITY DEVELOPMENT

**REPORT NO:** 256-2016

**1 PURPOSE OF REPORT**

1.1 To report progress on the Dundee Partnership's Review of Employability Services and the ongoing work to develop the multi-partner Dundee Employability Service; and to seek approval for procuring Council & EU Funded (ESF) employability provision within the context of this Review.

**2 RECOMMENDATION**

- 2.1 It is recommended that the Committee
- a endorses the overall approach towards the development of the Dundee Employability Service, including the preparation of an implementation plan to deliver the Rocket Science report recommendations
  - b approves the procurement of Council & EU Funded (ESF) employability provision, through the appointment of a contractor, to deliver end-to-end employability provision from April 2017-March 2019.
  - c agrees that the procured provision be supplemented by specialist Council in-house employability provision which can be enhanced with ESF funds.
  - d Remits the Executive Director of City Development to keep under review the impact of changes in the national and local context for the delivery of local employability services, including the availability of the European Social Fund, and to bring further reports to Committee as appropriate.

**3 FINANCIAL IMPLICATIONS**

- 3.1 The implementation of recommendations b) and c) will be contained within the Council's existing financial allocation to employability.
- 3.2 Any financial implications for the Council arising from the implementation of the wider recommendations of the Rocket Science report will be reported back to the City Development Committee.
- 3.3 It is anticipated that European Social Fund to support the Partnership's employability service will terminate in December 2018, at the end of the current contract award period from Scottish Government.

**4 BACKGROUND**

**4.1 Review of Employability Services**

Reference is made to Article V of the City Development Committee on 7 December 2015 which reported that a fundamental review of employability services is being undertaken by the Dundee Partnership. The review seeks to develop an employability service that is more responsive to employers, clients and delivers high quality outcomes.

The Council commissioned Rocket Science consultants to work with Partners to review employability services and support the development of the new Dundee Employability Service. The full Rocket Science report can be viewed at

<https://www.dundee.gov.uk/publication/employability-outcomes-final-report>

and a summary can be viewed at

<https://www.dundee.gov.uk/publication/final-report-summary-080616>

The Rocket Science report recommends:

- The Partnership designs a whole Employability Service for Dundee that incorporates the services of all organisations and providers
- Labour Market Information is used to ensure that employability provision is responsive to employer demand and equips people with the skills they need to gain and sustain work
- Action is taken at neighbourhood level to ensure that potential clients of employability services are engaged and aware of the support available
- All services are client centred and responsive to peoples' needs and build on their strengths
- The commissioning of services by Partners is done collaboratively
- Performance of the whole Employability Service is actively managed by the Dundee Partnership

These recommendations form a sound basis for the Dundee Partnership's future approach to employability. In order to progress their implementation, the Council has worked closely with the Department for Work and Pensions, Skills Development Scotland, the Third Sector Interface, Dundee and Angus College, NHS Tayside, Dundee and Angus Chamber of Commerce and the Federation of Small Businesses to develop an Action Plan. Amongst other things, this Action Plan sets out that the Dundee Partnership will:

- develop and improve how Labour Market Information is gathered and used to design demand led services for clients, for example a hospitality academy;
- establish appropriate governance arrangements to ensure that performance of the employability service is actively managed and that outcomes are achieved;
- map out and raise awareness of the employability service;
- develop a well trained and highly skilled workforce across the Dundee Partnership, to improve knowledge of employability services amongst front line staff from a range of organisations and disciplines; and
- plan and commission employability services across the Dundee Partnership in a collaborative way.

A significant and ongoing commitment by the Council and partners is required to deliver the Action Plan in terms of planning and alignment of services, staff roles, commissioning and co-location

In line with the recommendations of the Rocket Science report, the Wise Group (third sector social enterprise) were approved to run multi-sector Academies targeting 300 clients between June 2016 and March 2017. During this period 30 academies are planned ranging from 4 to 8 weeks' duration. Academies will be timetabled to respond to employers' demands as they play a key role in the design and delivery of the Academies and offer work placements and in many cases, guaranteed job interviews. In first two months, a Construction Academy for 10 young people has been completed (jobs pending) and a Retail Academy commenced on 3 August. Further Academies in other sectors will include groundskeeping, care, customer service and hospitality, linked to emerging opportunities in the Waterfront and elsewhere in the city.

Integrated Neighbourhood Services pilots are being developed in the East End and North East areas of Dundee involving DCC Services, Health and Social Care, Department for Work and Pensions, Skills Development Scotland, Third Sector Interface and D&A College. The purpose of the pilots is to increase engagement with individuals who may benefit from employability support through their contact with partner agencies. This will happen in neighbourhoods with the objective of raising awareness of the support available and improving the welfare of individuals by helping them to progress towards work.

In order to fully respond to the ambitions of the Rocket Science recommendations, attention is being given to the establishment a more integrated approach towards service delivery through co-location of Partners in dedicated premises. In future, this may include a rebranding of Partnership Employability Services.

An initial meeting to scope out the options around a co located City Centre Employability Hub has been organised. To be effective the proposed Hub will need a commitment to property and running costs and the commitment from agencies to allocate staff to deliver services in a new way.

A key element of the proposed Tay Cities Deal is inclusive economic growth. As the proposal develops, Officers will work to ensure that the Dundee Employability Service and City Deal complement each other, including consideration of how much control is devolved to the Partnership in terms of decision making on the use of the resources. There is scope to better integrate the Council's resources with those of the Department for Work and Pensions, Jobcentre Plus and Skills Development Scotland. The City Deal may, therefore, support the full implementation of the Rocket Science recommendations and result in a comprehensive and integrated employability service.

The development of the Dundee Employability Service supports the Dundee Fairness Commission report "A Fair Way To Go" published in May 2016, in particular the following recommendations:

make the new, joined up employability service a reality and target greater support to those most at risk of long term unemployment and make demonstrable progress towards this over the next six months  
secure commitment from local employers to provide in-work training and development to allow people to progress to better pay and job security  
design and deliver employability and training to meet the needs of local companies who are committed to providing fair work  
provide support to excluded groups who face particular obstacles in accessing secure and well paid work due to their disability, race or poverty.

#### 4.2 **Investment of Council & EU Funding (ESF)**

The Council's commissioning and delivery of employability provision will be an important element of delivering the Dundee Employability Service.

Officers have investigated and assessed the most appropriate ways to deliver Council and/or procure EU Funded employability provision from April 2017 to March 2019. This period includes the timescale of Council's current award of EU Funds (ESF) until December 2018. It also provides the opportunity to test some of the recommendations of the Rocket Science review of employability services, for example the development of employer led Sector Based Academy Approaches.

The process of considering how the Council's employability provision should be procured/delivered has been informed by:

- extensive consultation with Partners and other stakeholders
- labour market research, claimant statistics, growth sector planning;

- reviewing the capacity and staffing levels of the Third Sector;
- identifying lessons learned from the delivery of Council provision since 2014;
- identifying the options for delivering and/or commissioning employability provision;

A Partnership Planning and Evaluation Group, focussed on what Council employability provision needs to be delivered, has been established to ensure that the commissioning of employability provision by the Council is done collaboratively. This approach responds to a key recommendation from the Rocket Science report.

The following options were appraised and the strengths and weaknesses of each were carefully considered, including:

#### **1. Council Funded Employability Provision In-House Via Council Staff**

The development of in-house provision would provide the opportunity to integrate with key council services (e.g. Welfare Rights, Community Learning & Development and Housing) and promote the progression of workless citizens into employability support. An in-house service would provide direct control over staff recruitment and the terms and conditions offered to attract and retain suitably skilled and qualified personnel. The Review of Employability Services recognised the link between service quality and staff skills. Development of an in-house service would enable direct input into the learning and development of staff and provide access to the Council in-house Organisational Development Team. An in-house service would have the flexibility to respond to changing labour market circumstances and customer needs free from contractual constraints. However, it is recognised that an in-house employability service alone would not enable the Council to benefit from the innovation and expertise that exists in the external marketplace.

#### **2. External Procurement Awarding Multiple Contracts (As Per 2014)**

Awarding a number of contracts to the external marketplace would provide opportunities for small local providers to bid to deliver services in their own right. It would also allow the Council to ensure value for money through maintenance of a payment by results model. However, recent commissioning exercises and market testing suggests that this approach has a number of risks including the ability to secure compliant bids for all contracts and the impact on the overall service and other contractors where a contract is not let or ceases mid-contract. The costs and complexity of administering multiple contracts means that this is an expensive option for the Council to manage. It also introduces complexity into the service landscape that customers are required to navigate.

#### **3. External Procurement Awarding A Single Contract**

The letting of a single contract would enable establishment of an end to end employability support programme. It would create a navigable pathway and reduce the complexity of the customer journey. Retention of a payment by results model would ensure value for the public pound. Procuring a contract of significant enough scale would maximise the chance of attracting quality bids from both local and national private/third sector providers. A single contract would provide the opportunity to realise economies of scale and would be cost-effective for the Council to manage and administer. It is a method that has been introduced effectively in other local authority areas. The major risk is over-reliance on the expertise of a single contractor. This could be mitigated by specifying bids which enable a degree of sub-contracting (for specialist services) and by combining this approach with development of Council provision.

#### **4. To Award All Services Externally Via Grants**

This approach would provide guaranteed funds for external providers but would remove the link between payments and performance. It would also reduce scope to specify what services the Council wishes to commission. In terms of value for money it would be the least cost-

effective option and if offered to multiple contractors would be subject to the same risks outlined under 2 above i.e. the challenge of securing compliant bids, the introduction of complexity to the customer journey and the costs of management/administration to the Council.

Whilst each of the options has advantages and risks, it is recommended that a hybrid approach of options 1 and 3 is pursued. This achieves a balance between:

- i retaining some services in house - where there are existing specialist services, developing them so that they provide more comprehensive provision and giving the Council the flexibility to respond rapidly to changing circumstances, and
- ii procuring a contract which will be of a significant enough scale to attract external contractors.

In progressing with this approach, it is recognised that the way in which the Council procures employability provision must be fair in its design and delivery, with realistic expectations of external partners reflective of the target groups and the barriers they face in being supported into employment. To enable delivery to commence in April 2017 and allow sufficient time for the full procurement process, adverts require to be posted in early October 2016.

In addition to the provision to the above Council delivered/procured provision, appropriate Challenge Fund applications will be supported for ESF funds where organisations provide their own match funding (as agreed in Item VII of the City Development Committee meeting of 25 April 2016).

Over the next 2 years there will be a number of changes that will influence the delivery of employability services both locally and nationally. The Scottish Government is currently considering how the devolved Scottish Employability Service (formerly the UK Work Programme) will be designed and delivered from April 2017. In addition, the Scottish Government is currently undertaking a review of enterprise and skills agencies (Scottish Enterprise, Highlands & Islands Enterprise, Scottish Funding Council and Skills Development Scotland), and this is due to be completed later this year. It is anticipated that European Social Fund to support the Partnership's employability service will terminate in December 2018, at the end of the current contract award period from Scottish Government. The Tay Cities Deal will also be progressed within this timescale. The implications of this changing landscape for the delivery of employability services in Dundee will be reported to Committee.

## **5 POLICY IMPLICATIONS**

- 5.1 This Report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. An Equality Impact Assessment is attached to this report.

## **6 CONSULTATIONS**

- 6.1 The Chief Executive, the Executive Director of Corporate Services and Head of Democratic and Legal Services have been consulted and are in agreement with the contents of this report.

## **7 BACKGROUND PAPERS**

- 7.1 None.

Mike Galloway  
Executive Director of City Development

Gregor Hamilton  
Head of Planning & Economic Development

**EQUALITY IMPACT ASSESSMENT TOOL**

**Part 1: Description/Consultation**

<b>Is this a Rapid Equality Impact Assessment (RIAT)?</b>	Yes
<b>Is this a Full Equality Impact Assessment (EQIA)?</b>	No
<b>Date of Assessment: 30.05.16</b>	<b>Committee Report Number:</b>
<b>Title of document being assessed: Procurement of Employability Services 2017-2019</b>	
	<b>This is an existing policy, procedure, strategy or practice being assessed?</b>  <b>YES</b>
<b>1. Please give a brief description of the policy, procedure, strategy or practice being assessed.</b>	Proposals to continue the redesign of employability services in Dundee  Purchasing of employability provision for the period 1/4/2016 – 31/3/2019 and the groups that will be impacted
<b>2. What is the intended outcome of this policy, procedure, strategy or practice?</b>	To achieve a more coherent and integrated employability service in Dundee and improve the quality of services received by workless people and employers.  To appoint a prime contractor to provide end of end employability pipeline support to eligible long term jobless citizens and those with multiple barriers to work.
<b>3. Please list any existing documents which have been used to inform this Equality and Diversity Impact Assessment.</b>	EU funds Operational Programme 2014-2020 EU 2014 – 2020 National Rules Labour Market Statistics (DWP, NOMIS) Employability Supplier Survey Client Survey Lessons Learned exercises
<b>4. Has any consultation, involvement or research with protected characteristic communities informed this assessment? If yes please give details.</b>	Yes – Client Survey & Client Evaluations
<b>5. Please give details of council officer involvement in this assessment.</b>  (e.g. names of officers consulted, dates of meetings etc)	Employability Staff 1/2/16, 19/2/16, 11/3/16  (City Development) Michelle Gautier, Carol Mckelvie, Rory Young, John Davidson. (Children and Families) Kiley West, Karen Gunn.  Managers – 6/4/16 (Corporate Services) Marjory Stewart, Greg Colgan.

	(Children and Families) Frances Greig, Gary Smith, Kiley West.  (Neighbourhood Services) Marie Dailly Brenda Fenton (Homelessness)  (City Development) Allan Millar (Procurement) Karen Lawson  (Procurement) – 14/3/16– Karen Lawson  (Procurement) 19/5/16 Jennifer Heighton
<b>6. Is there a need to collect further evidence or to involve or consult protected characteristics communities on the impact of the proposed policy?</b>  (Example: if the impact on a community is not known what will you do to gather the information needed and when will you do this?)	No

## Part 2: Protected Characteristics

Which protected characteristics communities will be positively or negatively affected by this policy, procedure or strategy?

**NB Please place an X in the box which best describes the "overall" impact. It is possible for an assessment to identify that a positive policy can have some negative impacts and visa versa. When this is the case please identify both positive and negative impacts in Part 3 of this form.**

**If the impact on a protected characteristic communities are not known please state how you will gather evidence of any potential negative impacts in box Part 1 section 7 above.**

	Positively	Negatively	No Impact	Not Known
Ethnic Minority Communities including Gypsies and Travellers	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>
Gender	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>
Gender Reassignment	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>
Religion or Belief	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>
People with a disability	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Age	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lesbian, Gay and Bisexual	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>
Socio-economic	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pregnancy & Maternity	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>
Other (please state)	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>

### Part 3: Impacts/Monitoring

<p><b>1. Have any positive impacts been identified?</b></p> <p>(We must ensure at this stage that we are not achieving equality for one strand of equality at the expense of another)</p>	<p>Services that support people into work will have a positive Socio Economic impact. Employment is generally the most important means of obtaining adequate economic resources, which are essential for material well being and participation in society and there is strong evidence that work is generally good for physical and mental health and well-being. The design of employability services in future will take into account the higher risks of worklessness associated with particular groups including people with health issues, disability, younger and older age groups and people experiencing Socio-economic disadvantage. Actions are underway to ensure that services are more accessible to people in their communities.</p> <p>Positive impacts have been identified on protected characteristic communities who are amongst the funding target groups – those with disabilities, age and socio-economic. By ensuring funding is used to target those groups and services are designed to overcome their personal barriers (e.g. managing health, debt advice, improve their employability skills and job opportunities.</p>
<p><b>2. Have any negative impacts been identified?</b></p> <p>(Based on direct knowledge, published research, community involvement, customer feedback etc. If unsure seek advice from your departmental Equality Champion.)</p>	<p>No</p>
<p><b>3. What action is proposed to overcome any negative impacts?</b></p> <p>(e.g. involving community groups in the development or delivery of the policy or practice, providing information in community languages etc. See Good Practice on DCC equalities web page)</p>	<p>N/a</p>
<p><b>4. Is there a justification for continuing with this policy even if it cannot be amended or changed to end or reduce inequality without compromising its intended outcome?</b></p> <p>(If the policy that shows actual or potential unlawful discrimination you must stop and seek legal advice)</p>	<p>N/a</p>



<p><b>5. Has a 'Full' Equality Impact Assessment been recommended?</b></p> <p>(If the policy is a major one or is likely to have a major impact on protected characteristics communities a Full Equality Impact Assessment may be required. Seek advice from your departmental Equality lead.)</p>	<p>No</p>
<p><b>6. How will the policy be monitored?</b></p> <p>(How will you know it is doing what it is intended to do? e.g. data collection, customer survey etc.)</p>	<p>The performance of the employability service will be monitored through the Partnership's Employability Group and SOA.</p> <p>Data will be collected on all target groups including but not limited to those with protected characteristics noted in Part 2. This data includes the number of clients from each group, their personal characteristics, support provided, progress made (e.g. qualifications) and eventual positive outcomes (e.g. employment). A breakdown of ethnicity will also be collected at the point of entry into services.</p>

**Part 4: Contact Information**

<b>Name of Department or Partnership</b>	City Development Partnership (Employability) Department/Dundee
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<b>Type of Document</b>	
Human Resource Policy	<input type="checkbox"/>
General Policy	<input type="checkbox"/>
Strategy/Service	X
Change Papers/Local Procedure	<input type="checkbox"/>
Guidelines and Protocols	<input type="checkbox"/>
Other	<input type="checkbox"/>

<b>Manager Responsible</b>	<b>Author Responsible</b>
<b>Name:</b> Gregor Hamilton	<b>Name:</b> Allan Millar
<b>Designation:</b> Head of Planning and Economic Development	<b>Designation:</b> Employability Manager
<b>Base:</b> City Development, Dundee House	<b>Base:</b> Discover Opportunities Centre
<b>Telephone:</b> 01382 433520	<b>Telephone:</b> 01382 434092
<b>Email:</b> gregor.hamilton@dundeecity.gov.uk	<b>Email:</b> allan.millar@dundeecity.gov.uk

<b>Signature of author of the policy:</b> Allan Millar	<b>Date:</b> 15.07.16
<b>Signature of Director/Head of Service:</b>	<b>Date:</b>
<b>Name of Director/Head of Service:</b>	
<b>Date of Next Policy Review:</b>	