SPICe The Information Centre An t-Ionad Fiosrachaidh

SOCIAL JUSTICE AND SOCIAL SECURITY COMMITTEE

16th Meeting, 2023 (Session 6), Thursday 15 June 2023

Child Poverty and Parental Employment Inquiry: Employability

Introduction

The second panel today is on employability for parents. The Committee will hear from:

- Marion Davis, Director of Policy, Communications and Strategy, One Parent Families Scotland. <u>Their submission to the call for views is available here.</u>
- Sarah McCulley, Falkirk Council, representing SLAED (<u>Scottish Local Authorities Economic Development group</u>). <u>Their written submission is available here</u>.
- David Stewart, Regional Development Manager, Fedcap Scotland (Fair Start Scotland delivery partner)
- Philip Whyte, Director, <u>IPPR Scotland</u>. <u>Their written submission is available here.</u>

A separate paper provides background for today's first panel on education and training.

This paper provides context on current employability policy and the ambitions set out in Best Start Bright Futures before suggesting **5 themes for discussion from page 8 onwards**.

Context

The Committee visits to employability projects in North Ayrshire and South Uist and the focus group in Rutherglen provided an opportunity to see the value that such projects can have for parents – particularly those furthest from the labour market. In

the Call for Views there was support for the 'local, person-centred approach of Noone Left Behind, which is the partnership approach to employability between the Scottish Government and local authorities. Key themes on employability in the Call for Views were:

- The person centred approach of 'No-one Left Behind' was supported but there
 were also comments about 'employerability' i.e that employers and the work
 environment also need to change.
- 'Work first' approaches should be avoided the emphasis instead should be on getting good quality jobs that can be sustained. (Work first is an emphasis on getting a job over the type of job).
- Employability programmes need to take account of caring responsibilities
- There is a need for more targeted support for equalities groups
- People need advice on how work affects benefits and on employment rights.
- There needs to be better evaluation and reporting of outcomes from the Parental Employability Support Fund
- Funding needs to be more stable and more flexible

(The annex to this paper is an extract from the call for views summary, focusing on employability).

Employability in 'Best Start Bright Futures'

Employability is a key plank of Best Start Bright Futures (BSBF). It is part of a broader 'employment offer' which, as a whole, aims to move up to 10,000 parents into sustained work ('stretch' target of up to 12,000) and support up to 3,000 to increase their earnings. The annual progress report on Best Start Bright Futures is due before the summer recess.

Actions include:

- Up to £81 million employability support in 2022-23 a new offer to parents, providing support tailored to their needs through a dedicated keyworker, support to access childcare and transport and access to skills and training. Also includes creation of up to 600 funded opportunities for parents in 2022-23.
- £2 million Challenge Fund to test out new approaches
- £15 million per year Parental Transition Fund "to tackle the financial barriers to entering the labour market"
- NHS Demonstrator Project; 200 funded placements for parents in health boards and local authorities in 2022-23.
- Make child poverty central to our 'Lifetime skills offer'

While BSBF doesn't quantify how these policies will contribute to the 10,000 target, the most significant financial investment referred to was the "up to £81 million" for employability.

This was reduced in-year by £53m in the September 2022 'emergency budget'. Subsequently, the 2023/24 budget allocated £69.7million to "support the employability response to child poverty."

A <u>letter from the then Cabinet Secretary to the Committee in January 2023</u> in response to its pre-budget scrutiny explained the decision:

"The decision to make a £53 million reduction to parental employability funding in 2022/23 has not been easy and will not be without consequence, but given the financial challenges we face as a result of inflation and a lack of additional funding from the UK Government they were unavoidable. At a time of acute labour shortages, historically low unemployment and soaring inflation, we have taken the view that we must prioritise money in people's pockets now over spending on employability which is unlikely to result in immediate benefits for individuals, but this is not a decision we have taken lightly.

However, for 2023/24, we will reinstate funding to support the employability response to child poverty, with £69.7 million committed in recognition of the important role that employability support has to play in tackling child poverty."

Employability in National Strategy for Economic Transformation

The <u>National Strategy for Economic Transformation</u> (NSET) also links employability and tackling child poverty. In particular 'Project 15' under Programme 5 aims to: "eradicate structural barriers to participating in the labour market." Commitments included:

- Build on the principles of the Young Person's Guarantee, developing all-age guarantee of support for those most disadvantaged in the labour market with an initial focus on parents from the six priority family groups at risk of child poverty.
- Simplify the employability system by implementing No-one Left Behind

The <u>Delivery Plans</u> in October 2022 referenced the action in Best Start Bright Futures and development of Phase 2 of 'No-one Left Behind'. Commitments included

"The next No One Left Behind Delivery Plan is due to be published by the end of March 23. This plan will set out the milestones which we will work with partners to deliver between now and March 2026."

Employability in Scotland - background

Employability support includes a mixture of devolved and reserved responsibility for employability. It is a complex landscape of projects and programmes, but there has been a significant policy drive towards simplification in recent years.

In each local authority, <u>Local Employability Partnerships</u> are intended to bring collective leadership to the range of employability activity in local areas. The submission from SLAED explains:

"In each area, the Local Employability Partnerships (LEPs), consisting of representatives from partners such as relevant council departments, Skills Development Scotland, Department for Work and Pensions, Developing Young Workforce, the Third Sector Interface, Chamber of Commerce or similar and other local stakeholders - have a role to play in identifying and agreeing the priority groups and employability activities which should be provided in their own areas."

Devolved Employability Services

The two main types of Scottish Government funded provision are Fair Start Scotland and local services organised under the 'No-one Left Behind' (NOLB) banner. There are also other services run by local authorities and the third sector.

In term of scale and focus, <u>latest statistics show that</u> Fair Start Scotland has around 3,000 people starting on it's programmes each quarter. NOLB is similar at around 3,700 per quarter in 2022.

The client groups in both are predominately male, (60% in Fair Start Scotland, 56% in NOLB). A high proportion of Fair Start Scotland's clients are disabled (45%) compared to 17% in NOLB. NOLB has more of a focus on young people – with 43% of new starts in April to September 2022 being aged 15 to 19.

In both programmes the involvement of parents has been increasing and they now make up about a quarter of new starts. In Fair Start Scotland the proportion of people starting who are parents increased from 8% in 2018 to 26% in 2022 (2,356 parents from April to December 2022). In NOLB the proportion was only recorded from 2020 and has increased from 20% in 2020 to 25% in the first half of 2022-3 (1,874 parents over six months).

Fair Start Scotland was launched in 2018 as a four year programme, but it has been extended – once for COVID and the Scottish Government has recently extended contracts to the end of March 2024. It was created following the devolution of what had been previously delivered as the DWP's Work Programme which had a strong focus on 'payment by results.' A crucial difference is that Fair Start Scotland is voluntary. Participation cannot be made a condition of receiving benefit.

It focuses on those furthest from the labour market and is delivered by contractors from the private, voluntary and public sector. "It offers 12 to 18 months of tailored, flexible and person-centred pre-employment support to people who want help to find and remain in work. Up to 12 months in-work support is also available for the participant as well as the employer, helping to ensure fair and sustainable employment." The Employability Scotland website gives more detail on providers and eligibility criteria.

Delivery is contracted out, with nine 'lots' covering different Scottish regions. Today's witness, Fedcap Scotland are part of a partnership which has the contract for FairStart in three of those regions – Southwest (North, South and East Ayrshire, Dumfries and Galloway), Northeast (Aberdeen, Aberdeenshire) and East (Edinburgh, Lothians, Borders and Fife). The other contracts are held by: People Plus, Remploy, the Wise Group and Falkirk Council. Fedcap Scotland is not for profit organisation, part of the 'Fedcap group' operating in the US, Canada and Europe.

Over 11,000 parents have joined Fair Start Scotland over five years. In terms of outcomes:

- 38% of parents who started the programme got a job.
- 18% of parents who started the programme got a job and sustained it for at least a year.

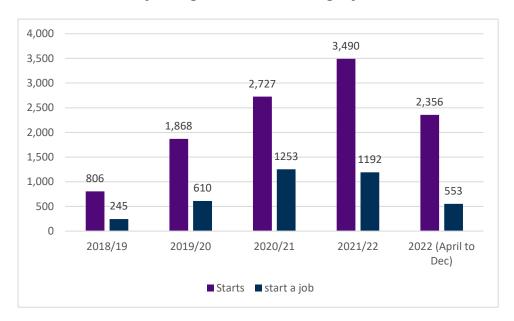


Chart 1: Parents joining FSS, and starting a job

Source: FSS statistics to December 2022.

The **No-one Left Behind** approach started in 2019, it

"moves away from funding and delivering a number of separate and distinct employability programmes, to a more flexible approach. Scottish and Local Government are working with third and private sector to deliver support which aims to be more joined-up and responsive to the needs of individuals of all ages and to local labour market conditions."

A letter to Economy and Fair Work Committee explains the approach:

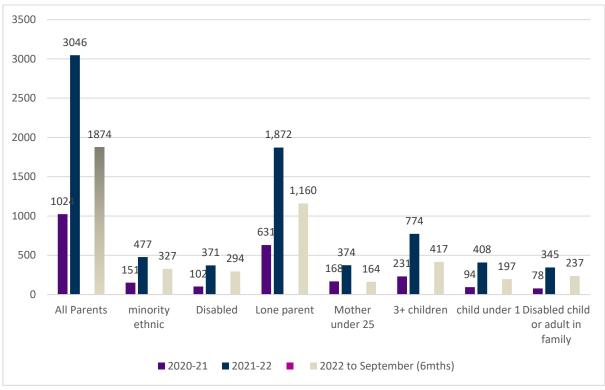
"Participants are supported by a keyworker, who supports with employability interventions but also links holistically to wider services that parents need, including housing, childcare, health, justice and advice. This approach is crucial in ensuring that parents are supported to access the integrated packages of support that are needed to increase the probability of someone achieving and sustaining good quality employment. The support also includes flexibility to provide discretionary payments to help with costs associated with childcare where costs cannot be met from elsewhere."

The submission from SLAED notes that

"every Local Authority area in Scotland has an employability offer available to support parents to progress towards, into and whilst in, employment. The level and availability of support will vary depending on location, funding, evidence of need and resources"

Chart 2, below shows how the number of parents supported increased in 21-22. (Please note: figures for 2022-23 are only for 6 months). The chart also shows how the different 'priority groups' were represented. The largest group were lone parents.

Chart 2: Parents' engagement with NOLB, April 2020- September 2022



Source: <u>Scottish Government. Scotland's Devolved Employment Services: Statistical summary.</u> Updated statistics are due in July.

Of the 5,944 parents who engaged with NOLB in just over two years from April 2020 to September 2022:

- 22% entered employment (1,304 parents)
- 7% entered education or training
- 1% started volunteering

Funding

The Scottish Budget 2023-24 showed the following funds to be allocated via local government for employability

Table 1: Scottish Budget 2023-24 – employability funding to local government

£m	2021-22	2022-23	2023-24
NOLB – long term		20	
unemployed			
NOLB	7.1	15.6	30.5
PESF	9.7	5.8	69.7
Young Person's		45	
Guarantee (LEPs)			
Total	16.8	86.4	100.2

Source: <u>Table 5.17</u>, <u>Scottish Government budget 2023-24</u>. PESF: Parents Employability Support Fund.

In addition, spend on <u>FairStart Scotland</u> was £26m in 2021-22, and forecast at £24m in 2022-23 and £21m in 2023-24. Scottish Fiscal Commission also include indicative forecast of £25m for statutory devolved employability programmes from 2024-25 onwards (<u>SFC May forecast</u>).

Reserved Employability Services

People on Universal Credit have a 'work coach' and access work search and employability support through JobCentre Plus. The UK Government published a 'Plan for Jobs' in 2020. It's main programme, Kickstart, (focused on young people) has now closed and the other main programme Restart doesn't apply in Scotland. Conditionality means that many of those in receipt of Universal Credit are required to take part in job search and/or "preparation for work" such as employability programmes. Job Centre Plus can refer people to a wide range of training, work experience and employability services – including the devolved services. At a local level they are part of Local Employability Partnerships

The Westminster Work and Pensions Committee is holding an inquiry into the <u>effectiveness of employment support</u>. Evidence taking finished in May. The focus was mainly around tackling economic inactivity.

Suggested themes

Theme 1: Scale of ambition

Best Start Bright Futures has aims to move up to 10,000 parents into sustained work ('stretch' target of up to 12,000) and support up to 3,000 to increase their earnings. This is to be achieved through a range of policies, but the largest identifiable funding increase was for employability:

"an additional £53 million to scale up the No One Left Behind employment approach to reach up to 50,000 parents and provide a new £15 million transitions fund to support people into work." (BSBF)

From April to September 2022, 1,874 parents joined NOLB. If parents continue to join at that rate there would be around 15,000 parents joining over four years, well short of the target to "reach up to 50000". At the current 'job start' rate of 22%, that would suggest 3,300 would start a job, also well short of the 10,000 'sustained jobs' target.

In January 2023, a letter to the Committee from the then Cabinet Secretary to the Committee emphasised that employability is one of several policies, which together will improve parents' employment. The Committee had asked whether parental employability support would continue on the scale originally planned. In response, the then Cabinet Secretary wrote:

"We believe employability support is critical, but for those facing the most significant and complex barriers to entering and retaining work, it is only part of the picture. It cannot achieve the full extent of the impact we want to see for those facing disadvantage in the labour market in isolation, that is why within Best Start, Bright Futures we have set out a cross-Government commitment to develop an integrated service offer. With effective wraparound support from other key public services such as childcare and transport, employability services stand the best chance of supporting people into the right job, at the right time for them."

The Committee has already discussed the potential for childcare policies to impact on parental employment and will consider transport policy after the summer recess. It is clear that current staffing issues create challenges for further expansion of funded childcare.

In their submission IPPR Scotland state that a strong employability offer will be needed:

"while current employability provision clearly provides meaningful results for some individuals, its impact is still not at the scale required to genuinely shift the curve"

They also note that underlying assumptions about impact may be overly optimistic.

Members may wish to discuss:

- 1. Best Start Bright Futures aims to move up to 10,000 parents into sustained employment and increase wages of up to 3,000 already in employment. How much of this could be achieved through employability programmes?
- 2. Which other policy areas are the most important in achieving the employment aims in Best Start Bright Futures?

Theme 2: Progress to date

In 2022-23 an additional £53 million was initially allocated to the employability budget specifically related to tackling child poverty. Following the emergency budget review in September 2022, this allocation was removed.

PQ S6W-11660 answered in November 2022 explained that the £53m cut would have an impact:

"Whilst this decision will have an impact on the numbers we aimed to support this year, our commitment to ensuring employability plays its part in tackling child poverty remains."

Allocations in the 2023-24 budget re-instate a similar level of funding, providing £69.7m for the Parental Employability Support Fund (PESF). PESF provides for a variety of projects and programmes to support parents into employment. Provision varies between different local authority areas. The submission from SLAED states that councils have provided additional funds from council budgets, NOLB and other funding streams.

Best Start Bright Futures also referred to a £15m 'Parental Transitions Fund to support parents entering the labour market although it no detail has been announced.

In their submission, IPPR say of the 'no wrong door' approach that:

"progress has been slow with an emphasis on pilots before scale, despite evidence from other countries showing it is a successful approach."

SLAED describe an 'Tackling child poverty event in February 2023', noting that many of the key messages were similar to those from previous events, such as the need for sustainable multi-year funding. They state that:

"A number of new initiatives and programmes are planned across the country [...] Further investment in supporting upskilling to access growth sectors, encouraging parents to investigate self-employment opportunities and working with the public and third sectors to offer a variety of part funded employment opportunities with real progression routes are all very much under development."

A review of local child poverty action reports for 2021-22 highlighted that:

"Year 4 LCPARs have taken income from employment seriously as a driver of poverty. Employability was a key area of action, including through the Parental Employment Support Fund and work support school leavers into positive destinations. Other usual actions included work to increase the number of employers paying the Living Wage, and improvement transport affordability and/or services to support people's access to work."

Members may wish to discuss:

- 3. What impact did the change to funding allocations last year have on plans to expand employability support for parents?
- 4. In the first two quarters of 2022/23 around 900 parents per month were starting to get support from No-one Left Behind. What has taken place so far to increase that number?
- 5. Do witnesses have any insights on progress with the £15m Transitions Fund?

Theme 3: Other employability support

Although BSBF focused on No-one Left Behind, employability support is also delivered through Fair Start Scotland, Job Centre plus and various third sector initiatives.

One example of a third sector initiative is given by OPFS who describe their 'Integrated Employability and Family Support Model" "tailored to single parents who are experiencing social and economic exclusion, but who initially do not feel ready to enter a more structured programme." They note that local commissioning often works against this approach. For example, a payment models designed to reward job outcomes (a 'work first' approach). Their recommendations include:

"introduce the equivalent to the Youth Guarantee for parents in priority groups. "This should offer a guarantee of work (with a wage subsidy if necessary) or funded training or further education. It should include support with childcare if needed."

Project 15 under The National Strategy for Economic Transformation (March 2022) included a similar commitment to "developing an all age guarantee of support for those most disadvantaged in the labour market, with an initial focus on parents form the six priority family groups at risk of child poverty".

In terms of reserved responsibility, Job Centre Plus are a main contact point for those getting social security benefits. The UK Government is strengthening conditionality in Universal Credit, including for parents of young children. IPPR describe "the convoluted and complicated employability and social security landscape, with roles and responsibilities shared across the UK and Scottish Governments" saying:

"Ultimately, Scottish Government schemes often operate at the margins of those who could benefit most from support – meaning both scale and impact go unrealised. The creation of a twin track route also leaves many individuals at the hands of an often-punitive reserved welfare system."

Members may wish to discuss:

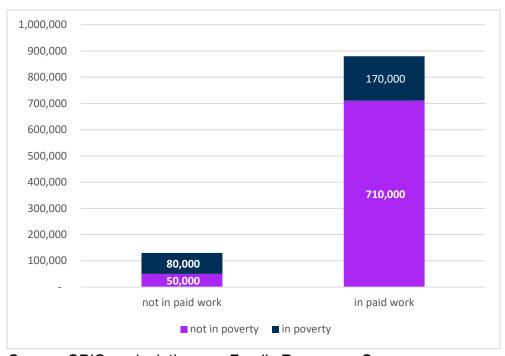
- 6. The Scottish Government have a commitment to "an all-age guarantee of support for those most disadvantaged in the labour market, focused on the priority groups." OPFS made a similar suggestion in their submission. What discussions has OPFS had on this issue with the Scottish Government?
- 7. Best Start Bright Futures focuses mainly on No-one Left Behind. What can other employability programmes and job search support contribute to achieving the child poverty employment targets?
- 8. Conditionality in Universal Credit aims to get people into work and increasing their earnings. How might this impact on the employment aims in Best Start Bright Futures?

Theme 4: In-work Poverty

BSBF includes a target to help 3,000 low income parents already in work to increase their earnings.

Most (69%) children in poverty live in working households (170,000 children). However most children in working households are not in poverty (chart 2).

Chart 2: Children in working and not working household, by whether in poverty. Scotland, 2019-22



Source: SPICe calculations on Family Resources Survey

The submission from IPPR states that:

"Ensuring employment plays a strong role in tackling poverty ultimately requires a strong focus on in-work households, not just those who are long-term unemployed as through Fair Start Scotland."

Fair Start Scotland is provided under powers devolved in the Scotland Act 2016. These are limited to: schemes which assist disabled people and those at risk of long-term unemployment who have been claiming benefits for at least a year. It was designed to devolved the DWP's 'Work Programme' (Section 31 Scotland Act 2016).

Employability support delivered by local authorities doesn't have the same restrictions. However the <u>current employability statistics</u> do not record whether support included helping those already in work to improve their earnings.

Members may wish to discuss:

- 9. How can employability programmes help parents who are already in work to increase their earnings?
- 10. How might the approach to this client group differ compared to supporting those who are unemployed or economically inactive?

Theme 5: Other priorities for employability – where do parents fit in?

Parents make up around a quarter of the new starts to both NOLB and FairStart Scotland. NOLB has a focus on young people and Fair Start Scotland has a focus on the long term unemployed, particularly those with long term health conditions.

Members may wish to discuss:

- 11. How is the increased focus on parents affecting scale of provision for other client groups particularly young people and disabled people? Are services expanding or are resources shifting?
- 12. To what extent are parents now the central focus for growth in employability activity?

Theme 6 Working with employers

Many employability programmes work with employers – as partners in delivery of training, work experience or connecting them to individual clients.

The Committee is due to hear from employer representative groups, unions and individual employers at later meetings.

In their submission IPPR Scotland point out that the Scottish Government's remit in this area is often "softer power" to engage and influence business. Their recommendations include:

- Developing 'fair work agreements' and establish an agency to monitor compliance
- Using government grants and procurement to incentivise action (this was also a common suggestion in our Call for Views)
- Develop the 'lifelong learning offer' for in-work learning under the banner 'Open College'

The submission from OPFS refers to: "limited availability of job opportunities that would allow single parents to meet their caring responsibilities and exit poverty." Their recommendations include supporting employers to create more qualify, flexible vacancies.

The submission from SLAED states that: "A national campaign to encourage employers to offer flexible, family friendly, fair work is required"

Members may wish to discuss:

- 13. Can witnesses give examples of how they work directly with employers across the third, private and public sectors?
- 14. What can Scottish Government and local government do to support that engagement with employers?
- 15. Local employment opportunities reflect the state of the local economy. Is there enough engagement between economic development policy and child poverty policy? How might that be improved?

Camilla Kidner SPICe 7 June 2023

Annex: Summary of call for views: employability

The Call for Views asked about how to support those looking for work. Again, childcare, flexible working and fair work were the key themes, along with discussion of existing programmes such as:

- No-one Left Behind
- Fair Start Scotland
- Parental Employability Support Fund

Several organisations describe employability programmes that they offer, including:

- The Challenges Group describe their person-centred programme for women returners - Making Work Work
- OPFS Integrated Employability and Family Support Model
- Inclusion Scotland "Individual Placement Support Model"
- CPAG's "Your work your way"

Volunteer Scotland discuss the value of volunteering.

JRF discuss the employability commitment in **Best Start Bright Futures**, and are sceptical of the likely impact saying that the proposed:

"5 fold increase in engagement with parents can clearly not be met with existing programmes."

They recommend:

- User centred design
- Stronger evaluation and monitoring
- Working with employers
- · Replicating successful local projects
- Providing the 'support around the support' (eg childcare, transport etc)

Employability support was mentioned by a minority (18) of individual respondents, across a range of questions. They suggested the types of support that would be helpful including;

- CVs, support to apply for jobs
- Taster sessions
- Face to face support
- Back to work grants both for for parents and employers who employ a 'parent returner'
- Apprentice type schemes
- More employment support staff (with specific reference to Dundee)
- Paid placements in different kinds of jobs
- Tailored employability support
- Voluntary programmes
- Job coaches incentivised to sustain employment, not just get a job.

Person Centred Approaches

Several organisations commented on the <u>No-one Left Behind</u> (NOLB), supporting its' local, person centred, 'key worker' approach (eg South Lanarkshire). OPFS support a person-centred approach, but caution:

"we fear that a very individualised model risks losing sight of the structural and systemic barriers particular groups, including single parents encounter in the labour market."

The <u>Parental Employability Support Fund</u> (PESF) supports "personalised support for parents who face barriers to progressing their careers". The Poverty Alliance would like to see this fund more thoroughly evaluated. JRF comment that:

"While the strategy behind the policy at a national level is sound and it makes sense that delivery is carried out at local authority level, this means that there exists wide inconsistency in delivery and a lack of reported outcomes."

Avoiding Deficit models

While some organisations discuss how employability programmes can help individual parents (often single parents) get closer to the job market (eg OPFS), JRF make the broader point that employers also need to change:

"While many parents will want new tools and techniques to get them ready for work this is often this is not the case. Rather it is the **environment or work culture that needs to change**."

Inclusion Scotland discuss the need to work with employers as well as those seeking work when seeking to narrow the **disability employment gap**. They discuss their "Individual Placement Support Model," and consider that programmes run by disabled people's organisations achieve better results than government programmes.

A couple of individual responses referred to the need to build confidence and skills. However, another commented: "Not more resiliency classes that shift the blame from social factors onto the individual." Suggesting instead "Higher taxes to support public sector job creation."

Fair Start Scotland and UK employment programmes

<u>Fair Start Scotland</u> was criticised for having a poor rate of job outcomes for disabled people (Inclusion Scotland) and single parents (OPFS).

The UK government's focus on 'work first' was criticised by Public Health Scotland (and many other submissions emphasised that jobs needed to be good quality, flexible jobs).

Funding and commissioning

Several organisations ask for more flexible, multi-year funding for employability programmes (eg Glasgow City Council). More specifically, OPFS recommend PESF funding is increased and Poverty Alliance and JRF regret the in-year cuts to employability funding made in September 2022. (The Committee has discussed this previously).

OPFS criticised commissioning approaches, especially the focus on 'work first' approaches and the approach to tendering for Fair Start Scotland which, they say, prevents smaller organisations from benefiting.

The Challenges Group note that their Making Work Work programme is no longer funded by the Scottish Government. They state that:

"The landscape of piecemeal funding by local authorities is difficult to navigate for new and innovative providers in this field such as The Challenges Group and contributes to discrepancies of coverage across the regions."

Programmes need to take account of caring responsibilities

Some felt that mainstream employability programmes do not take account of caring responsibilities. More broadly, there is a need for targeted support for equalities groups. (Poverty Alliance, OPFS) OPFS recommend a Scotland wide employability pathway specifically for single parents. They describe their "Integrated employability and family support model" for single parents wishing to improve skills and qualifications but not ready for a structured programme

OPFS propose that an "intersectional and gendered lens should inform Scotland's employability framework."

Advice

People need advice on how benefits will be affected by working, (West Lothian Council, Advice Direct, Scottish Women's Convention, Renfrewshire LEP) and to make sure they know their employment rights (CIPD).

Parents also need careers advice - OPFS proposed that those getting Scottish Child Payment "should be proactively support to access parental employment support, should they need it."

OPFS also recommended creating an equivalent of Youth Guarantee for priority family groups – offer a guarantee of work, funded training or further education.