

## Improving Employability: Contract Extension for Priority 4 and 5 Grant Agreements

City of Edinburgh Council

25 August 2011

### 1 Purpose of report

- 1.1 This report seeks agreement for a six month extension to this year's Employability Support priority 4 and 5 grant agreements. These agreements would be extended, until March 2012.

### 2 Main report

- 2.1 At the end of the last financial year, the Scottish Government announced an end to its discretionary funding of the Fairer Scotland Fund (FSF). This will lead to a 38% cut in the projected employability budget over the next two years. This is illustrated below. It has come at a time when our clients are experiencing more difficulty in finding work.

<b>Improving Employability</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
Council General Fund allocation	2,749,166	2,749,166	2,749,166	2,749,166
City Development Regeneration Fund	845,000	400,000	200,000	0
<b>TOTAL:</b>	<b>3,594,166</b>	<b>3,149,166</b>	<b>2,949,166</b>	<b>2,749,166</b>
<b>External Funding</b>				
Scottish Government Transitional Grant <sup>(1)</sup>	732,000	0	0	0
Capital City Partnership contribution from reserves <sup>(2)</sup>	475,000	0	0	0
<b>TOTAL:</b>	<b>1,207,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Available Budget:</b>	<b>4,801,166</b>	<b>3,149,166</b>	<b>2,949,166</b>	<b>2,749,166</b>
<b>Expenditure Commitments <sup>(3)</sup>:</b>	<b>(4,787,620)</b>	<b>(4,787,620)</b>	<b>(4,787,620)</b>	<b>(4,787,620)</b>
<b>Variance:</b>	<b>-£13,546</b>	<b>1,638,476</b>	<b>1,838,476</b>	<b>2,038,454</b>
<b>% Reduction in Expenditure:</b>	<b>0%</b>	<b>34%</b>	<b>38%</b>	<b>43%</b>
<b>NOTES:</b>				
<sup>(1)</sup> One-year transitional grant, with any future support unconfirmed at this stage.				
<sup>(2)</sup> Subject to Capital City Partnership Board final sign off, but approved in principle				
<sup>(3)</sup> This figure is based on a continuation of existing funded activity including priority 4 and 5 projects for 12 months. This gives the worst case scenario.				

Figure 1: Summary Budget Profile

- 2.2 The response has been to develop an outcome based commissioning strategy to explicitly set out the future purchasing intentions of the Council. This was already being developed as part of the implementation of the Employability Review recommendations, but has become much more relevant as a consequence.
- 2.3 The Commissioning Strategy is out for consultation and will be presented to Council for approval once responses have been examined and, where appropriate, incorporated into a final document.

**Proposed Grant Extensions: Priority 4 and 5 projects**

- 2.4 This is a transitional year. The present position is that all former FSF agreements for priority 4 and 5 activities will terminate on 30 September 2011; with priority 1 to 3 activities funded until 31 March 2012.
- 2.5 However, having secured Scottish Government transitional support earlier this year it is recommended that the Council extend funding for priority 4 and 5 activities to 31 March 2012.
- 2.6 The table below lists the priority 4 and 5 projects along with the full year cost of each project.

REF	PRIORITY 4 and 5 PROJECTS	PROVIDER	ALLOCATION 2011/12
E30	Enterprise to Employment	Edinburgh Cyrenians	25,000
E33	Ethnic Minority Law Centre	Ethnic Minority Law Centre	16,000
E16	The Welcoming Project	The Welcoming Project	77,000
E20	Support@Work	Edinburgh Trades Union Council	23,000
E22	NETWorks:	Barnardo's	122,000
E23	Craigmillar Youthbuild	Action for Children	107,000
E27	Employability Mentoring Service	Move On	26,476
E28	Creative Pathways Edinburgh	Impact Arts	22,000
E34	Transitions project	Action Group	35,000
E17	TOIL programme	Port of Leith Housing Association	42,000
E29	Youth Café training	Out of the Blue	22,000
E15	CHAI Employability	CHAI	43,000
E47	John Connor Award	Princes Scottish Youth Business Trust	23,000
E19	Craigmillar Business Incubator	CREATE	160,000
		<b>TOTAL:</b>	<b>£743,476</b>

**Figure 2: Summary of Priority 4 and 5 employability projects**

- 2.7 The management information collected to date for priority 4 and 5 providers indicates there are no under performance issues.
- 2.8 Extending the funding for priority 4 and 5 activities for a further six months will cost £371,738. This will be met from the Scottish Government transitional grant.
- 2.9 On 31 March 2012, all external employability agreements will be replaced by a refreshed set of services, informed by the agreed commissioning strategy and determined through a bidding process. Work on this will begin once the commissioning strategy is approved.

### **3 Financial Implications**

- 3.1 As stated above, extending the funding for priority 4 and 5 activities for a further 6 months will cost £371,738. The transitional funds provided by the Scottish Government will enable these services to be protected in the short term while a re-commissioning process is completed in 2012/13.

### **4 Equalities Impact**

- 4.1 The actions described in this report seek to increase the movement of vulnerable individuals into sustained employment. This represents a positive relationship with two of the three Equality Acts general public sector equality duties to (i) advance equality of opportunity and (ii) foster good relations. The total equalities relevance score is two and a full equalities impact assessment has not been undertaken for this report.

### **5 Environmental Impact**

- 5.1 There are no direct environmental impacts arising from this report. Our approach articulated above seeks to minimise or negate any negative impact on our customers.

### **6 Recommendations**

- 6.1 To agree to the extension of priority 4 and 5 grant agreements to 31 March 2012 using the transitional funding supplied by Scottish Government to finance the extended programme.

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Appendices            1            Commissioning Process: Timeline

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Wards affected	City Wide
Single Outcome Agreement	<p><b>National Outcome 2</b> - We realise our full economic potential with more and better employment opportunities for our people.</p> <p><b>National Outcome 7</b> - We have tackled the significant inequalities in Scottish society.</p>
Background Papers	<ol style="list-style-type: none"><li>1. Commissioning Strategy Consultation: <a href="http://www.edinburgh.gov.uk/info/754/employment_and_training_initiatives/1440/employability_review">http://www.edinburgh.gov.uk/info/754/employment_and_training_initiatives/1440/employability_review</a></li><li>2. Transition from Fairer Scotland Funding to Council Funding in 2011/12, (City of Edinburgh Council, 10 February 2011)</li></ol>

## APPENDIX: Commissioning Process Draft Timeline

Month	Commissioning Strategy	Challenge Fund	Hubs Contract
<b>Jun 2011</b>	Consultation draft completed and issued for consultation		
<b>Jul</b>			Draft Contract Specifications
<b>Aug</b>	Consultation Period Ends	Draft Challenge Fund criteria and guidance	
<b>Sept</b>	Re-draft Strategy and undertake equalities impact assessment of proposals	Finalise Criteria	Finalise Specifications
<b>Oct</b>	Present to Council for Approval		
<b>Nov</b>	Disseminate agreed Commissioning strategy	Launch Challenge fund process	Start Procurement Process
<b>Dec</b>		Receive bids and start assessment by partnership group	
<b>Jan 2012</b>		Recommendations presented to CMT and Budget Group	Contracting process complete
<b>Feb</b>	Present to Council for Approval		
<b>Mar</b>	Performance monitoring arrangements in place	Funding agreements in place	Contract in place
<b>Apr</b>	Ongoing monitoring of outcomes achieved and fit with labour market need	New Services operating	New Services operating