

Final Report



ESEP Ltd:

Feasibility study into consortium arrangements for the voluntary sector in relation to EU structural funds

Rocket Science UK Ltd
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Executive Summary

This report was commissioned by ESEP Ltd to explore the feasibility of consortia of small voluntary organisations to bid for ESF, both as a response to changes in the rules for structural funds and as a longer-term response to providing a better service for clients, a better outputs for funders and, ultimately, moving to a more sustainable future.

The report presents the experience and lessons learned in Fife during the development and delivery of a Fife Employability Framework and Action Plan and following a Best Value review of Employability Services by Fife Council and, while the report concentrates on one particular geographic area, it is an important feature of the work to consider the implications and potential for replication of this approach in other parts of Scotland.

The report has been based on national and local desk research, interviews and on information from two previous reports by Rocket Science in Fife on employability services and 'best value'.

The report has six chapters.

Chapter 1 outlines the brief and the methodology.

Chapter 2 looks at the policy context at the UK and Scottish levels. It discusses the thinking behind the Leitch Report on improving productivity and the Freud Report on improving participation rates and the implications for Scotland. Broadly the conclusion is that Government funding streams are moving towards more output related outcomes and that the need to increase efficiency and the requirements of economies of scale will drive consolidation within the market that is being created.

This, in turn, will create the need for bigger organisations to have effective 'supply chains' at the local level and to find new ways of establishing and supporting such chains.

The implication is that smaller organisations, even if they meet the criteria for ESF, will find it increasingly hard to compete with larger bodies and that there are significant benefits from more, or less, formal methods of collaboration. There is an additional issue of increasing specialism amongst smaller organisations in order to retain an advantage over generic providers and to make sure that they are sustainable in the longer term.

The chapter also considers the more positive implications of the new Government in Scotland and its attitude to both local government and the third sector. This involves not just the direct investment in the voluntary sector and social enterprise but also the indirect support through encouraging local government to be an active partner in procuring services from the sector.

Chapter 3 looks at previous work on creating an employability framework for Fife and the key issues for employers, clients and providers. It looks at the stages from engagement to progression and retention in the labour market and at the 'supply chain' that needs to be created in Fife to both create effective services and effective transitions between those services. It considers the current role of the voluntary sector in that

supply chain and concludes that the role for the sector could be expanded, but that it also needs to keep a focus in relation to its capacity and expertise and not to try and expand into everything. This leads to the conclusion that there are benefits to the sector, funders and clients through greater collaboration, which are explored in chapter 5.

It then looks at current spend and current services in Fife with a view to looking at how the voluntary sector might be given a more enhanced role through the council moving towards a role of commissioning and capacity building rather than direct delivery.

The conclusion is that the type of framework created by the partners in Fife could be replicated in other parts of Scotland (especially in those areas where Workforce Plus is being developed) to bring greater coherence to funding and common outputs.

Chapter 4 looks at an example of good practice in South Lanarkshire to show where joining up services and provision can add value to both clients and funders and can benefit the voluntary sector and funders/stakeholders. The importance of this example is to demonstrate that similar approaches are already underway and that there are no obvious local obstacles to the approach recommended in this report.

Chapter 5 looks at six options for the voluntary sector in working together:

- Building existing individual organisations;
- A 'no wrong door' approach with common assessment but still with local delivery through individual organisations;
- A consortium with a lead organisation;
- A consortium with shared back office functions;
- A joint venture with a special delivery vehicle;
- A merger between one or more organisations.

It also provides a number of criteria for assessing options:

- Sustainability and flexibility
- Consistency with the Employability Framework
- Simplicity of implementation
- Efficiency
- Effectiveness
- Alignment with partners
- Potential for market penetration
- Level of new investment required
- Scope for staff development and motivation

On balance, the report concludes that as a minimum, smaller voluntary organisations would benefit from a more consortium based approach and to look at sharing back office functions. It then considers the roles of the various partners and identifies a three stage process leading to an action plan to be implemented, starting in April 2008.

The implication for other areas is that there may be different agencies taking a lead role (for example the local CPP rather than, in Fife, the local authority, or in the case of cities those partnerships given the task of developing city strategy approaches).

Chapter 6 concludes that:

- The voluntary sector plays a significant role in employability but has the potential to enhance this through more effective collaboration and with active support from its stakeholders and funders. Although this is based on our presentation of Fife as a case study it is like to resonate in many other areas across lowland Scotland.
- In terms of delivery models there is strong appeal to contributing to the building of capacity in the third sector by exploring the scope for one or more of the options outlined;
 - Increasing capacity
 - Building connections
 - Creating a consortium
 - Sharing overheads
 - Creating a joint venture
 - Merging
- Within Fife there is a need to provide strong leadership and accountability for the delivery of employability and skills activities and we recommend that decisions on the way forward are championed by senior officers within Fife Council and Fife CPP and by senior managers within the existing voluntary sector agencies.
- Outside of Fife we recommend that the consortium approach is developed within the context of the local policy framework (e.g. city strategy, Workforce Plus) and that local funders and stakeholders consider the best way to connect local circumstances with the UK and Scottish agendas we have described.

1. Introduction

What we were asked to do

This assignment was designed to make an external and objective contribution to the current situation facing voluntary organisations seeking EU structural funds during the 2007-13 programme period. It was commissioned by ESEP Ltd after consultation with both the Scottish Government and a number of voluntary organisations. While the relevance of the study extends across lowland Scotland it was agreed to consider Fife as a case study as the situation, experience and emerging lessons were felt to be transferable elsewhere.

The voluntary sector has traditionally been an important provider of services to disadvantaged groups and communities through accessing EU structural funds, in particular the European Social Fund (ESF). Two important changes have raised a number of questions that must be tackled in order to continue getting the best out of the voluntary sector's contribution in Fife and elsewhere.

The first of these is the brute fact that EU funds to Scotland have been greatly reduced in the current programmes, reflecting the shift of emphasis to eastern and central European member states. This means that the voluntary sector must be both more effective and more efficient in its use of resources over the next six years. Second is the technical change to put a minimum level of £200,000 for ESF, which means that smaller voluntary organisations must collaborate or lose access to this source of funding.

While some of these changes may be perceived as a threat to voluntary sector provision, they should also be viewed as providing an opportunity for the sector to build its own capacity and to move into more mainstream activity and secure funding by effective collaboration.

The assignment focused on five tasks:

- Providing an analysis of the policy context and direction of travel in relation to employability and improving the skills of the workforce, and the implications of these.
- In presenting Fife as a case study, providing a broad map of funding and service delivery in the area, the context of the Fife Employability Framework and the respective roles and responsibilities of the different partners and funders, which is built partly on recent work carried out by Rocket Science on behalf of Fife Council, Scottish Enterprise Fife and the Scottish Government.
- Consulting with key voluntary organisations to assess the appetite for and practicalities of, collaboration.

- Consulting with funders and stakeholders to assess their commitment in principle to collaborative ventures and to help them articulate the type of supply chain they wish to see for services that will increase economic participation.
- Providing an options appraisal for collaborating in the provision of employability services, looking at the practical issues around governance, procurement and contract management.

What we have done

Our work has followed the tasks set out above. We have drawn on our parallel work with Scottish Enterprise Fife and their partners (including Fife Council) on developing an Employability Framework for Fife and this has provided a useful context in which to locate the future use of ESF.

Our work has involved the following components:

- An initial look at spending on employability projects and programmes in Fife, including Fife Council, SE Fife, Jobcentre Plus and ESF.
- Interviews with stakeholders, funders and delivery agencies.
- Identifying good practice in employability service delivery in other areas and drawing on these to elaborate on the initial options.
- Developing delivery options around:
 - Collaboration between voluntary organisations in Fife;
 - Collaboration between voluntary organisations in Fife and elsewhere;
 - Collaboration between voluntary organisations and the public sector;
- For each of these sets of options we have created criteria (with priorities) against which to assess them. This will allow partners in Fife to choose preferred options.
- A workshop with the Steering Group at which we present our options is planned for early 2008.
- Production of a Draft Report setting out the detail of the current investment and mapping these services against the potential future local Employability Framework.
- Consultation with key funders, stakeholders and voluntary sector organisations to assess their appetite for, and practicalities of, voluntary sector collaboration

Structure of the Report

The rest of the report follows the structure outlined below:

- Chapter 2: Consideration of the current UK and Scottish policy context and its practical implications for the role of ESF and the voluntary sector.
- Chapter 3: A description and analysis of current services in the area of employability and mapping its work against the main components of the Fife Employability Framework; and the implications for the most effective role and contribution of ESF alongside its key partners are considered.
- Chapter 4: Drawing on examples of good practice in other local authorities to explore other options facing the partners.
- Chapter 5: The options facing the voluntary sector and how best to manage and deliver what the voluntary sector does alongside its partners
- Chapter 6: Our key conclusions and proposed next steps.

2. The policy context and its practical implications

The UK policy context: Employability

The most appropriate role for the EU structural funds can best be developed within an awareness of the UK policy context. This is changing and has important implications. In this section we start with the big UK national picture before focusing down on the emerging Scottish picture and the implications of a range of recent initiatives.

At the UK level Government policy has been sketched out recently by the publication of two reports – Lord (Sandy) Leitch on skills and David Freud on welfare reform. What is important to understand here is the direction of travel indicated in both reports rather than the speed of travel or the precise destination.

Most recent Government thinking on employability recognises two distinct but related issues, **participation** and **productivity**. If areas are to move ahead then **both** issues need to be tackled together since, taken on their own, the increases in either participation rates or productivity levels would be unrealistic in order to generate the necessary gains in economic performance. Broadly, Leitch is about productivity and Freud is about participation.

Improving productivity: the Leitch Review of Skills

The starting point of the Leitch Report is that the UK has a productivity problem and is behind its major competitors in terms of output per hour worked. Leitch argues that part of this problem is due to poor skill levels in the UK workforce (though he is keen to stress that other issues such as investment, capital formation and management also play a part) and that a major effort is required to improve this over the next 10 – 15 years. In effect this means making sure that no workers fall below the level of NVQ level 2 and that there are significant improvements to be made in the skills levels of those in employment, since 70% of the workforce who will be active in 2020 have already left school.

Leitch suggests that it is the job of Government to ensure that all workers have a basic skill level (since the economy as a whole benefits) but that employers and individuals should pay part of the costs for upgrading skills above this level since they gain from the improved productivity (and wages) produced. It is important here to note that skills and qualifications are not the same thing. For example, Scotland has one of the highest levels of graduates in Europe, but one of the lowest productivity levels, and it follows from this that there is a danger in promoting qualifications at the expense of upgrading skills that employers need.

In terms of any local employability strategy, the implication of Leitch is that getting an unemployed person into a job is a start, since it takes someone who is unproductive and engages them in economic activity, but that there needs to be a significant emphasis on improving that person's skills once they are in work as well as not letting them return to unemployment, where the initial investment will quickly erode.

One of the recommendations implicit in Leitch is that FE colleges need to focus much more on getting people into work rather than just gaining qualifications, and funding is now starting to be geared to employment rather than qualifications in order to achieve this. This is clearly an area where colleges on their own can only achieve so much. What is required here is that colleges collaborate more effectively both with each other and with other agencies who are working in this area in order to help individuals gain jobs but also to increase their skills once in work. This issue of connecting colleges much more strongly to the employability agenda has been reinforced by the Foster review on the role of FE Colleges which argued that colleges need to focus much more strongly on employability. The practical implication is clear: that colleges will over time have more of their funding related to employment outcomes rather than to participation on courses.

A number of crucial issues remain unresolved in Leitch and there is a strong possibility that it will become bogged down in a turf war between various Government departments about who controls various budgets and about the tension between a strong central steer to policy and the desire for a more local approach to reflect both local knowledge and local differences. The UK Government's response to the Report has just been published as "World Class Skills".

In Scotland the response to Leitch will take the form of the Scottish Skills Strategy, the development of which was recently announced by the new SNP Government.

The implications of this for Fife and other regions are:

- The growing focus on sustainable employment rather than helping people find a job creates a much longer service and links the employability agenda with the skills in work agenda. This reinforces the need to develop an approach to employability in close alignment with the three Colleges in Fife.
- The route to work for any individual is likely to contain significant skills elements – but these need to be strongly connected to jobs in the labour market. To be as effective as possible, ESF needs to ensure that its approach is strongly linked to demand.

Reducing Dependency, Increasing Opportunity: The Freud Report on Welfare Reform

The Leitch Report took two years to produce and the Freud review was completed in three months. It is much lighter on analysis and sharper in its conclusions and seems to have been influenced heavily by the Australian model which has pushed out government services as a supplier and is delivered by a 50:50 mixture of private sector and 'not for profit' organisations, with a continuous rating system ('the star system') that allows organisations that perform well to retain contracts without re-tendering.

Freud starts from the objective of delivering the 80% participation rate desired by Government and wants to do this through a series of measures intended to:

- Rationalise and personalise programmes for inactive individuals;
- Focus on funding outcomes rather than activities;

- Create a funding model for programmes that reflects the savings to the Treasury that will result in long-term inactive individuals returning to work;
- Create the right incentives for private sector investment;
- Have the right balance between help and responsibilities ('a carrot flavoured stick');
- Simplify the benefits system.

Leaving aside the last issue, which has been a Government objective for as long as anyone can remember (and as far away from realisation as ever), Freud has a relatively simple mechanism to produce the other results.

What he seeks to do is create a market where in each of the 11 UK regions there will be a 'prime contractor' with a five year contract in order to encourage investment. Though Jobcentre Plus will retain responsibility for the short-term unemployed (who are relatively easy to help) all others will be passed over to the contractor. The contractor will be paid by results and will be responsible for organising the local supply chain that will deliver particular parts of the service. It is important to note that Freud is not actually introducing a market (since there is no consumer choice) but rather he is setting up **competition for markets** rather than within markets. In other words, there will be 11 regional monopolies.

Though Peter Hain indicated in an interview with the Financial Times that he did not regard the prime contractor model as his favoured option, subsequent changes and announcements indicate that the broad philosophy is in place and DWP is currently scoping out its procurement strategy. In this sense there is still much to play for, as there are also many other implications which have not yet been considered in detail by DWP. It will be crucial, if the Freud model is to be successful, that the quality of contract management by the public sector improves significantly.

As we noted above, the direction of travel indicated by Freud (rather than the scale of contracting areas) is the important point to grasp – output payments and large regional contracts, with Jobcentre Plus pushed out of engaging with long-term unemployed people.

The position of the Scottish Government on this issue is also more sceptical of Freud and there have been indications that a more 'Scottish' solution will be sought by ministers. Part of this will depend on whether Jobcentre Plus sees more devolution, as is the case in Northern Ireland.

This will have a number of significant effects for the current infrastructure in many areas including Fife. Though the Government has been at pains to stress that the third sector and social enterprise is a key constituency for delivering services, and has invested in 'capacity building', the likely effect of the Freud contracting model is to bring in large players without any track record in this policy area who see themselves as being able to deliver Government objectives because of their expertise in managing other large Government programmes. It is no coincidence that Serco (who have no history in welfare provision) have recruited senior staff from welfare to work providers precisely in order to gear up for anticipated contracts. This trend towards bigger providers is also re-enforced by the recent award of Pathways to Work contracts and the continued success of Work Directions, A4E and Working Links and the shortlisting for NNDP.

Thus the likely (if unintended) effect of DWP policy may be to undermine the policy of the Office of the Third Sector by making it almost impossible for not for profit organisations to become main contractors and thus relegating them down the food chain.

The implications are:

- There is considerable merit in wanting to ensure that the local delivery infrastructure, including the voluntary sector is 'Freud Proof' – that is to say, it is a high performance infrastructure that will attract sub-contracts from any major contractor for Scotland, or at a regional level.
- This is likely to mean that all front line organisations will need to collaborate more effectively around not just job outcomes but also the various key transitions individuals will make as they move towards sustainable employment. The diagram to illustrate this process is on pg 12.
- There will be increased competition from organisations not based in local areas (e.g. Fife) for funding to deliver programmes and funders need to consider the balance between supporting local organisations and bringing in outside agencies to fill gaps or to improve areas that are underperforming.

The longer-term priorities are clearly those of making sure that the local framework and the local infrastructure is consistent with the direction of travel set out in Leitch and Freud. That is to say, it can deliver in-work improvements in skills and it can play an effective role in the new world of larger contractors through being a specialist or niche provider in certain areas and has enough collective negotiating strength to avoid being squeezed by bigger operators.

In the shorter-term, the funding partners need to improve their effectiveness by prioritising around:

- **Stopping** what they do badly. In other words, shut down ineffective programmes to free up resources to invest in new areas or new organisations
- **Doing more** in areas where programmes are working and invest in the organisations who deliver them
- **Starting** with employer needs and investing in delivering a better, more joined up, service
- **Recognising** the central role of public agencies as employers and getting them to commit to delivering a fair share of employment opportunities;
- **Recognising** that inactive people do not form a single group, and carefully disaggregating them and focusing on those groups where their aspirations and potential connect up to what employers are looking for. This may mean short programmes for some groups and longer programmes for others.

The policy context: Scotland

There are two noticeable changes in emphasis by the incoming SNP Government:

- The desire to have a different and stronger relationship with local government. This is likely to take a number of forms in practice:
 - A growing level of trust between the Scottish Government and local government with clearer elements of subsidiarity where decisions are better made closer to the ground. This is consistent with the approach of Workforce Plus which is essentially about improving performance by encouraging local partners to come up with local solutions.
 - The passing of some local services from national organisations to local government. While this has to date focused on the transfer of some services from the SE and HIE network to local government it is possible that this could extend across a range of other organisations (e.g. SNH, Communities Scotland, Careers Scotland).
- A strongly expressed commitment to the value and role of the third sector in the delivery of public services. This is likely to take the form of strong encouragement for the contracting of local services to the third sector and the building of their capacity and professionalism.

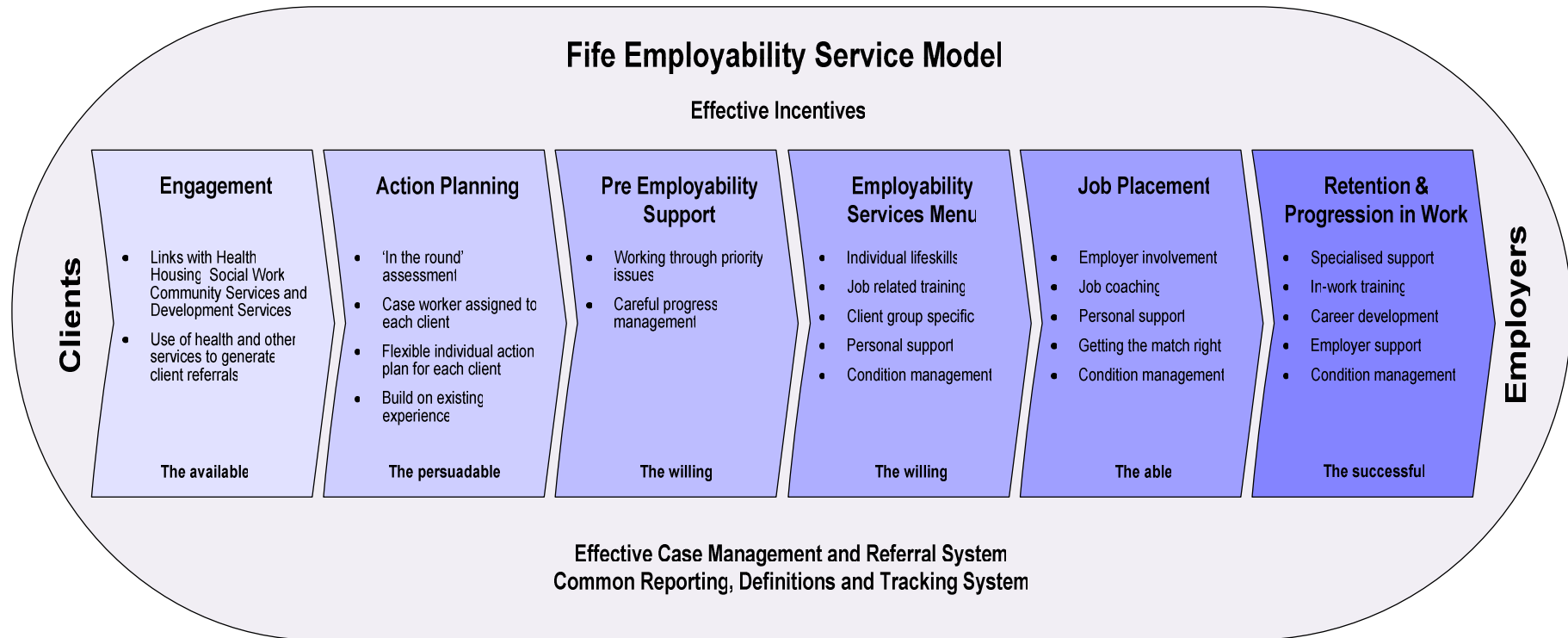
Both these issues have important implications for this work in terms of possibly gaining complementary services and/or additional resources, and in terms of being encouraged to outsource services to local and national third sector organisations. We will return to this later in the report.

3. Fife employability framework and current services

Introduction

The recent work to produce an Employability Framework for Fife was led by Scottish Enterprise Fife working in partnership with Fife Council and Jobcentre Plus. It was supported by the Scottish Executive Workforce Plus team. Simply, the Framework describes a coherent 'Employability Service' for Fife in which there is a complete 'supply chain' of providers and a consistent and high quality service offered to both individuals and employers. The aim is to improve performance and enhance the outcomes achieved from current resources.

The employability framework model for Fife is presented overleaf. This describes the key components of the "supply chain" of services that are needed in order to support individuals find, keep and make progress in work. The model also provides a checklist for funders to ascertain the completeness of the supply chain and describe how services fit in and relate to each other.



The starting point for the Fife Employability Framework was a raft of research into the current investment in, and infrastructure of, employability provision across Fife. The research revealed the following key features:

Investment in Employability

The overall spend by the key funders of employability services in Fife (Fife Council, Jobcentre Plus, Scottish Enterprise Fife, Careers Scotland) is currently in the region of £22m and is described in Table 1, below. This figure does not include relevant spend by the FE colleges, NHS or other main sources that are levered in using the investment of key partners, such as European monies (shown in Table 2) or grant and trust funding. As such, the actual investment is likely to be considerably higher.

Organisation	Total amount (£)
Careers Scotland	585,989
Fife Council Development Services	4,517,196
Fife Council Social Work Services	2,638,321
Fife Council Community Services	2,431,420
Fife Council (unspecified)	48,900
Jobcentre Plus	5,445,105
Scottish Enterprise Fife	6,553,000
Total	22,219,931

Table 1: Investment by key funders in employability

It is clear from Table 1 that Fife Council is a dominant funder of employability services in Fife and this reflects the local authority's role as both a provider of statutory services, provider of national programmes and funder of projects – including voluntary sector organisations – focusing on the needs of a wide range of client groups and communities.

Fife Council supports a number of third sector organisation, including BRAG, WFE and FEAT, which are all viewed as successful organisations with the potential to play a more significant role in the future delivery and management of employability services. Indeed, a recent Best Value review of Fife Council's employability services identified a role for the authority in building the capacity of the voluntary, community and third sector and commissioning them to deliver the employability services of Fife Council. It is highly likely that some sector development may be required in terms of capacity building and funding diversification to enable these organisations (and others) to take on this role.

On looking at ESF spend, it is possible to identify a figure of £10,194,000 for 2006 (Table 2). The majority of this amount goes to the two FE Colleges. While it is difficult to separate out the precise focus of this spend, a proportion will have the key objective of supporting unemployed and disadvantaged groups access training and employment opportunities. However, approximately £1.8m is also being spent through the voluntary sector, mainly through West Fife Enterprises, FEAT and BRAG.

Organisation	Total amount (£)
Adam Smith College	4,076,000
Lauder College	1,499,000
Fife Council	773,000
SE Fife	1,873,000
West Fife Enterprise	891,000
FEAT	187,000
BRAG	258,000
Others	455,000
Total	10,194,000

Table 2: ESF investment in Fife (2006)

Current employability service

The research undertaken as part of the separate work to develop an Employability Framework for Fife also sought to describe the current employability infrastructure in terms of the range of provision – client profile, function, geographical spread and performance – available to priority client groups in Fife. The information returned by 20 employability service providers (including a number of voluntary sector providers) revealed that these organisations registered in excess of 10,000 new clients during 2006/7 and had an income of £12.3m¹.

One of the key features to emerge from the analysis is the pattern of investment in employability services, which is largely dispersed to an array of projects or areas in relatively small amounts. Other key features that were revealed include:

- A mismatch between the profile of organisations' key client groups – which tend to be predominantly JSA recipients – and the actual profile and concentration of priority client groups across Fife – for example, there are four times more Incapacity Benefit claimants in Fife than JSA, but the proportion of IB recipients engaged by providers is minimal
- The predominant functions of employability service providers were considered to involve tackling barriers to employment, provision of support to move clients into employment, and outreach, engagement and assessment
- Despite the emphasis on helping clients get jobs, a relatively weak focus on the provision of work-related experience/training was revealed, as was the provision of a dedicated service for employers to source appropriate recruits

¹ Given the employability spend by the key partners, the information received from providers reveals an obvious discrepancy in terms of describing the complete, current employability service. It is likely that this is at least in part due to some significant gaps in the return of information by key providers, e.g. Triage Central, a major New Deal delivery organisation.

- A mismatch between the performance of employability services in delivering job outcomes and sustainability rates and their perceived focus on providing aftercare and support to clients to progress in work
- An issue around partnership working. Providers were more likely to be involved in the informal aspects of partnership working, such as knowledge of other services and referral routes, than formal joint working arrangements such as co-ordination of services, ensuring adding value and coherence of marketing efforts.

Providers' Issues

What the views of employers, clients and front line workers revealed was a number of issues around the current 'employability service' in Fife:

- The need for greater and more effective partnership working
- The need for more effective and more coherent marketing
- The need to develop a more effective and longer term relationship with clients with high quality case management
- The importance of designing services with clients in order to enhance their appeal and impact
- The importance of introducing in the round assessment for every client
- The need to improve the understanding of employers' recruitment needs and respond with bespoke solutions and maintain longer term employer engagement both to provide an improved recruitment service but to ensure that recruits are helped to make progress in work.

Any proposed 'Employability Service' for Fife must be about using existing resources better and improving performance and will have the following features:

- Supporting and driving up demand
- Creating clarity and coherence for employers and individuals
- Raising awareness of the service
- More effective outreach and engagement
- Common approaches and systems
- Shifting investment to outreach, assessment and aftercare in work
- Driving up performance through joint procurement and active management

The findings of the research to inform the development of the Fife Employability Framework suggest implications for the way in which services are funded, delivered and relate to each other and, particularly, for the voluntary sector.

For example, a shift in focus towards clients on incapacity benefits (to more closely match the actual client profile in Fife and the current direction of policy) is likely to require a significant shift in the focus, function, roles and joint working arrangements of existing provision to respond to the needs of this client group. For example, case management will become an increasingly important function of employability service providers if the focus shifts to clients on incapacity benefits. Many of these clients experience complex and multiple barriers and will require to follow a route through several services in order to meet their needs. This indicates a need for a more co-ordinated approach to employability services to ensure services complement each other and are coherent for clients.

Notwithstanding the implications of the increase in the minimum level of ESF grant these changes also present opportunities for a consortium approach from the voluntary sector. They give the chance to reduce collective overheads and invest any savings in front-line services, provide the opportunity to cover a wide range of client needs and provide a wider or deeper range of services and give the voluntary sector more collective influence with main contractors.

As we have suggested, the current range of employability services has a number of gaps in terms of client groups and areas covered. There are also a number of overlapping areas where collaboration could be effective. The implication in this is that a consortium based approach could look at the supply chain diagram and decide where to invest its time and resources and in relation to what groups/areas in a way that will pool collective knowledge and skills to deliver more effective and efficient services.

Activities already agreed by partners

Based on the analysis of earlier reports and discussion amongst the funding partners the Action Plan that the partners in Fife are now finalising takes the model one stage further by proposing a specific form of infrastructure of support on the ground. It is proposed that the form it takes should have three components:

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

Again, these are likely to have implications for operation, structure, function and partnership working arrangements of the current voluntary sector in Fife.

4. Example of best practice in local authority and voluntary sector collaborative work on employability

We have explored a number of approaches adopted by other local authorities, in particular Joined up for Jobs (Edinburgh), Equal Access (Glasgow), Routes to Work (North and South Lanarkshire) and Newcastle's approach to partnership practice and case management. Here we consider Routes to Work as an example that may be relevant to Fife.

Routes to Inclusion, Lanarkshire

Routes to Inclusion is the overarching employability strategy for Lanarkshire. The main partners are:

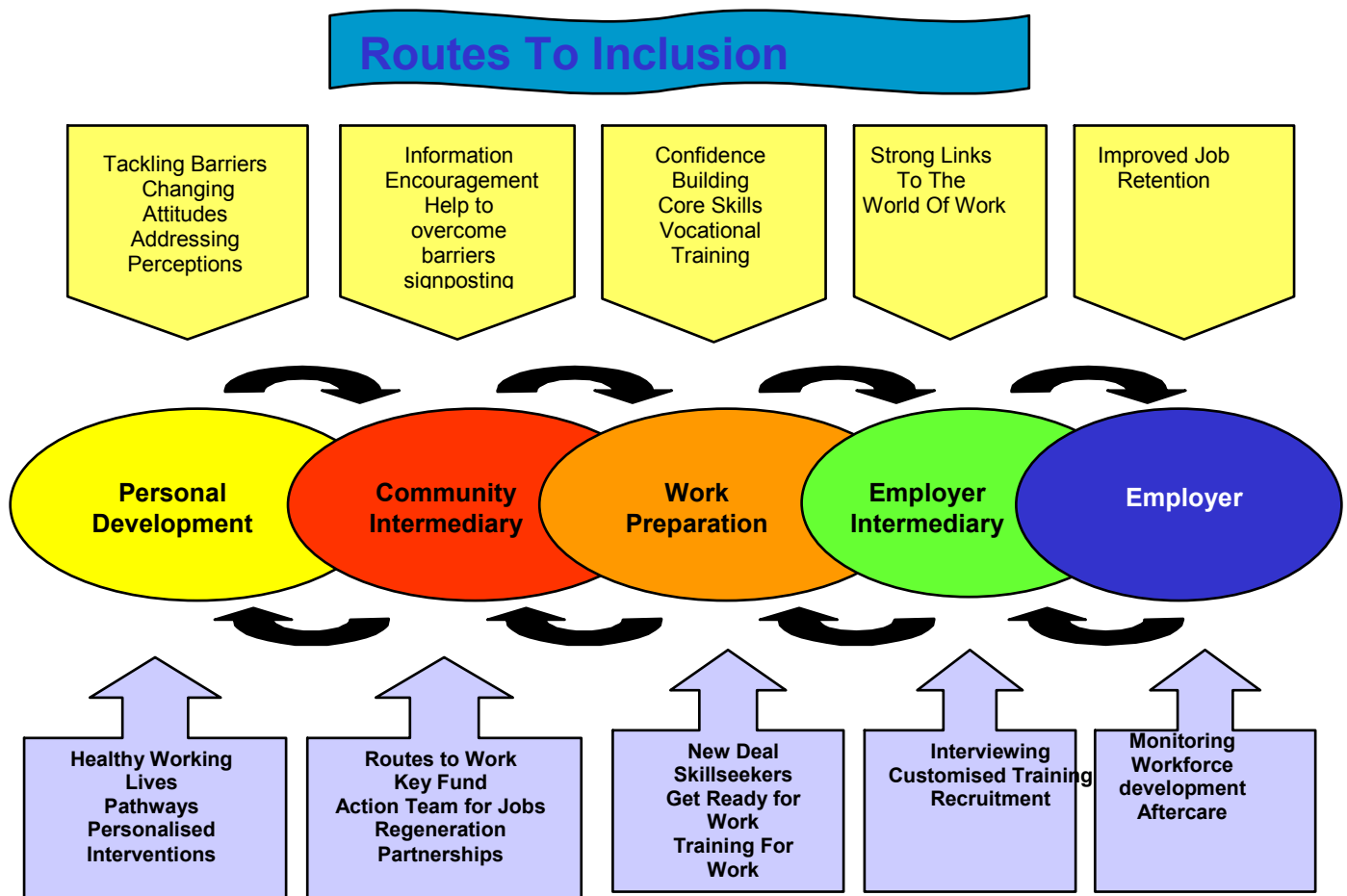
- North and South Lanarkshire Council
- Lanarkshire Colleges
- SE
- JCP
- Careers Scotland
- Voluntary Sector

Within this overarching partnership structure are two main intermediaries:

- Routes to Work Limited
- Routes to Work South

These intermediaries deliver both national programmes and local initiatives, designed to fit the individual elements of the Routes to Inclusion structure, and are at an arms length from the two Councils.

This structure emerged from a detailed mapping exercise 10 years ago which highlighted the wide variety of organisations on the ground and their range of quality and performance. As a result the partners decided to 'de-clutter' the landscape and create two core intermediaries, one in each Council area.



Practical lessons for the voluntary sector

This example highlights a number of issues:

- The trend to creating organisations which are able to position themselves in an adaptable way and become a sustainable part of the local landscape.
- Partnership bodies are usually overseen by a partnership of organisations which ensures wide ownership of their activities and commitment to their success – and provides an effective way of sorting out partnership issues and barriers.
- These organisations are part of a concerted effort to simplify and focus the landscape of organisations and present a much more coherent service to both individuals and employers.
- Finally, the simplified landscape makes it much easier to monitor, describe and manage the performance of the system as a whole.

5. Options for the voluntary sector in ESF

The voluntary sector in Fife is comprised of approximately 1,500 voluntary, charitable and community organisations, which deliver vital services, leisure and social activities and promote volunteering. Of these, a small number receive ESF. This pattern is likely to be similar in other areas across lowland Scotland and it is possible to identify certain organisations which appear to have the potential for significant scaling up and/or collaboration. For example, at this stage, in Fife, these would appear to include West Fife Enterprise, BRAG and FEAT. These organisations, as with others elsewhere in Scotland, have a good track record (in attracting EU structural funds, in delivery, size and scale, area of activity, etc) which implies that ESF and other funders would want them to continue with their activities and to look for ways of improving performance, including closer collaboration, if appropriate.

In relation to employment, the future role of Fife's voluntary sector is as a supplier to larger managing agents (whether local authorities, private sector companies or national charities). This is likely to be based on geographical, client or activity specialisms, rather than remaining as generalists. As we have suggested earlier there are benefits from increased collaboration around better use of resources, being able to offer a better service to clients and in having a better negotiating position with contractors.

As part of the initial work carried out by Rocket Science on the Best Value Review of Employability Services the Council identified some key options which combined roles (i.e. what activities should the council carry out) with means of delivery (i.e. should the council deliver or commission these services).

In this Chapter we consider the options for the voluntary sector and the way in which these could be delivered.

The role of the voluntary sector in ESF

We have identified the key role for the voluntary sector in the area of ESF, and in particular employability, as a deliverer of ESF and generating leverage through this from domestic sources of funds. What is important here is that the voluntary sector is able to:

- Complement the roles of other partners;
- Play to the sector's strengths;
- Promote links to relevant Council services and those of other partners;
- React effectively to foreseeable change (especially in terms of Freud prime contractor)

What would a third sector development approach look like?

This section starts from the premise that ESF and other partners wish to procure more employability services from third sector and social economy organisations.

As we have suggested, this fits in with the direction of policy at both the UK and Scottish level, following the Freud Report, the DWP city strategy programme and both Workforce Plus and the More Choices, More Chances strategy.

Why the third sector?

The reasons for this are partly based on financial imperatives and the view that the third sector will be able to attract additional funding which local government cannot access, partly on the view that the quality of performance is potentially there (if scaled up) and that this will result in the more effective use of public funds and finally because the incentives for the third sector to deliver in this area (growth and meeting social objectives) can be more sharply and effectively driven by procurement processes in ways that are more difficult for public agencies.

How can this be achieved?

The only way that the third sector can be developed as a serious provider of employability services is through linking a strategic vision to the active management of funding and other resources.

In Fife, the strategic vision is set out in the Fife Employability Framework, an approach which is also emerging in a number of other areas progressing Workforce Plus approaches. It is built around the idea that an effective supply chain of providers is needed to deliver all the aspects of the employability process, from engagement to progression in work, and, crucially, the transitions between them. Given that resources are limited, this will mean reducing funds for poor performers and increasing funds for effective performers over a relatively short period of time.

The appetite for, and practicalities of collaboration

The feedback we received from key funders, stakeholders and voluntary sector organisations themselves raised a number of issues in relation to the appetite for and practicalities of collaboration in relation to EU funding.

There was general in-principle agreement from the key funders and stakeholders interviewed for voluntary sector collaborative ventures, but some divergence of opinion about the type of voluntary organisation this pertains to and what it would look like in practice.

Stakeholders perceived most opportunity for collaboration to exist with the larger, well-established organisations with the capacity to collaborate, compete for and manage EU funds. However, the key voluntary sector organisations in Fife that such an arrangement pertains to – West Fife Enterprises, BRAG and FEAT – were felt to be of a sufficient size and scale that rendered the need to collaborate redundant.

Stakeholders, therefore, perceived no great appetite among the larger voluntary sector organisations to collaborate as they are largely successful in attracting EU funding in their own right; a view reinforced by these organisations who identified “no natural place for

BRAG, WFE and FEAT to come together” due to the different nature, scope and geographic coverage of their services.

However, those involved in the consultation acknowledged a real opportunity for consortia of smaller voluntary sector organisations to collaborate in order to compete for EU funds but identified a number of issues that would require to be considered or addressed:

- There is a perception that the voluntary sector is currently too disparate and not well-organised enough to collaborate for EU funds and so would require a lead partner or support organisation to develop its capacity or manage the process on their behalf
- The current monitoring arrangements and potential for claw back of monies was felt to diminish the attractiveness of collaboration; one partner’s poor performance has the potential to impact detrimentally (in terms of loss of funding) on the entire collaborative venture
- Most small voluntary organisations are not currently resourced or structured to cope with the complexity of EU monitoring and auditing requirements; again this requires a lead partner who is willing to, effectively, assume the risk
- A sense that collaboration might result in loss of independence, specialist niche and /or ethos of particular organisations
- What “sensible” groupings of organisations might collaborate, e.g. based on geographic coverage, activity, scope, etc?

This raises a number of issues about who is ultimately responsible for identifying opportunities for voluntary sector collaboration in relation to EU funds and for capacity building the sector to a position where it can collaborate, successfully compete for and manage significant and complex funding streams.

There was no strong feeling that any part of the voluntary sector has, thus far, been excluded from EU funds; the larger organisations have, individually, made applications to the current ESF programme (albeit not entirely successfully) and a variety of smaller organisations have been included in CVS “bulk bids” and CPP European Programmes.

In the following sections we discuss the delivery options for the voluntary sector and the key issues this raises, both for the voluntary sector itself and those charged with supporting it.

The delivery options for the voluntary sector

We have been arguing in this report that integrated and effective services aimed at increasing both participation rates and productivity would be helped if the voluntary sector could collaborate more and find ways of sharing back office functions to cut costs, whilst retaining high levels of front line support to clients.

This cannot happen overnight, but it is important that funders and other stakeholders ensure that changes and developments head in this direction. In this sense, ESF and

ERDF need to help fund and support this transition, rather than encourage organisations to keep doing activities at a small scale or in ways that will be unsustainable when ESF is reduced further.

The implication is that services in local areas move towards being area-wide in terms of availability, case management systems, assessment and information systems with a strong local focus in terms of engaging with individuals and employer contact/liaison.

Structural options

- **Build on the current voluntary sector services** delivered through individual organisations and enhance their sustainability through partnership support. In practice we see this as moving towards a small number of key suppliers who meet either client specific or geographically specific needs.
- Create a **branded 'no wrong door' service** involving current delivery partners, backed by common assessment and agreed referral procedures to join up services more effectively. For example, in Fife, this would also involve the creation of a **Fife wide case management service** to guide clients through the complex array of services.
- Create a more formal **consortium** of organisations to bid for and manage funds, starting with ESF but in the longer term encompassing a wider range of employability and skills funding. This would involve looking at identifying a lead partner for bidding purposes.
- Create a more formal arrangement within a consortium where the partners agreed to share certain back office functions, or have one organisation provide them, but retain independent provision of front-line services.
- Create a **joint venture** between the partners in which a separate legal entity would be owned (in agreed proportions) by partners and would bid for funds. Staff could be seconded from the partners. It would be possible under this model for public agencies to be partners, as is the case in the Urban Regeneration Company model, or to involve other providers from outside of the immediate area.
- Move towards a **merging** of voluntary organisations (this could involve merging with non-local organisations in a specific area who offer complementary services) to create a larger and potentially more sustainable entity that could offer services across the patch and beyond.

All of these options raise a number of strategic and practical questions, including:

- Shared vision and values
- Shared aspirations for the future
- Governance, management and legal structures
- Payments

- What results should generate payment?
- How should payments be timed?
- How should payments be structured between the partners?
- Apportioning of risks and returns
- Definitions and measurements of progress
- Common assessment
 - How will consortium agree on assessment benchmarks and processes?
- Case management
 - Who will take responsibility for the case management of individuals who enter programmes and how will this be assessed/funded?
- Information systems
 - What information will be required and who will be responsible for collecting and disseminating it?
 - Who will have access to information?

Criteria for assessing options

We have developed some suggested criteria against which to assess these options. The criteria (with priorities in italics) are:

- ***Sustainability: Flexibility and robustness, low risk, attractiveness to funders***
- ***Consistency with emerging Fife employability framework and ESF strategy***
- ***Simplicity of implementation***
- Efficient in use of resources
- Effectiveness in delivering outputs
- Aligns with partner actions
- Scale of market penetration
- Net new expenditure
- Scope for staff development and motivation

Activity Options	<i>Sustainable</i>	<i>Flexible and robust</i>	<i>Consistent with Fife Employability Service</i>	<i>Simple to implement</i>	Efficient	Effective	Aligns with partner actions	Achieves significant market penetration?	No net new expenditure	Motivates staff	TOTAL
No major change											
Build existing											

capacity											
Branded 'no wrong door' approach											
Consortium with lead partner and local delivery											
Consortium with shared back office functions											
Joint Venture model											
Merger between partners											

The matrix above provides an initial suggestion for assessing options. In assessing these scores it is important to recognise their limitations. Different people will score differently and high scores don't necessarily mean that it is the best option for a range of other reasons. However, particularly high and low scores are likely to be strongly indicative of the preferred direction of action. In assessing and making decisions on which options to pursue, we would also emphasise that the partners may wish to consider a combination of options. It is also crucial that the assessment is done by the partners, rather than to the partners by funders.

Assessing the options

The analysis of the activity options will reveal a range of preferences that will require further investigation and judgement. In our experience elsewhere the 'no major change' option is unlikely to be the strongest and just building existing capacity will have limitations. It is also important to realise that many of these options are not mutually exclusive, and can be combined (or at least follow on from each other).

Reflections on the options

The scoring of options is one part of the analysis set out in this report which has in addition set out:

- The policy context and the direction of travel;
- The context of the Fife Employability Framework and the respective roles and responsibilities of the different partners and funders;
- The direction of funding for employability at the EU and national level and the need to 'Freud proof' Fife's infrastructure;
- What works elsewhere

On this basis we have looked at how the voluntary sector and public agencies might take matters forward to produce more effective arrangements for participating in the 2007-13

programmes and, in the longer-term for making the best use of funds to improve both participation rates and productivity rates in the region.

In terms of the active management of **procurement processes**, the key issues are:

- Funds need to be aligned so that contracts of a suitable size and scope can be let. That is to say, procurement must focus not just on one part of the framework but across the whole journey and must have sufficient volume in the targets to avoid creaming by contractors
- Funders must abandon the idea of 'full cost recovery' and let the third sector price its services according to its long-term business needs (including the costs of working capital, investment, staff development and so on)
- Funders must shape payment systems in ways that do not disadvantage the third sector in terms of putting a strain on cash flow (i.e. part of the contract needs to be up front) without reducing the emphasis on job outcomes (a number of areas in Scotland are looking at this)
- Funders need to create incentives for investment by the third sector by giving contracts of sufficient length to justify that investment. This is linked to the issue of whether it would be possible for, in the case of Fife, Fife Council and others to guarantee a given percentage of employability services to the third sector, subject to satisfactory performance (as is the case in Sheffield)
- Funders need to support the third sector in accessing investment (loans, patient capital) through the private sector, CDFIs, Futurebuilders, BIG Lottery or trust funds. The Scottish Funders Forum, run by the BIG Lottery and involving government, Communities Scotland, the enterprise network and a number of trusts, would be a place to start this discussion
- At a very practical level, funders need to work with the third sector to improve its performance in three key areas:
 - Financial management
 - Costing services
 - Development and training for key staff and boards
- This will also involve improving the capacity of its own staff in these areas and contract management.

Looking at this issue from the third sector perspective, if the third sector is going to be a major player it will need to be confident that:

- The risks associated with increasing capacity and taking on larger contracts are both worthwhile and can be offset without threatening the stability of the organisation as a whole (cf One Plus in Glasgow)
- That cash flow requirements will not lead to excessive and irresponsible levels of debt

- That an appropriate return can be made (cf Turning Point)
- That they have the skills, or can acquire the skills, to manage contracts effectively.

Who should be involved and who should take the lead?

Though this work has been commissioned by ESEP Ltd and endorsed by the Scottish Government, our view, based on the experience and lessons learned in Fife, is that along with the voluntary sector, local authorities should take a leading role as a core funder in the areas we have been discussing, the increased role in economic development and regeneration being given to local authorities by the new government and because of its capacity to take the strategic overview. This process may be done directly in consultation with the voluntary sector or through the Community Planning Partnership as the most appropriate local vehicle. In addition there are opportunities for a number of public agencies to contribute funds or resources:

- The Scottish Government because of its key interest in the employability agenda and its capacity to invest in strategic regional activities as part of the overall Workforce Plus delivery plan. There is also the opportunity to build on the move of the social economy unit into the Government and its links with the third sector unit;
- Scottish Enterprise through its capacity to support business growth, investment and fund such programmes as Skillseekers and MA;
- Jobcentre Plus;
- NHS – where there is potential to build on such pilots as Workable and Compass;
- BIG Lottery – in particular through the Dynamic and Inclusive Communities (DiNC) programme which wants to invest in capacity building and Life Transitions, where a number of employability projects have been funded.

It may be worth mentioning here work we have participated in Edinburgh, where the partners have decided to focus on two central issues:

- Effective area based approaches to engagement, using the model developed for the Full Employment Initiative in Glasgow and CEI in Ayrshire;
- Involving the NHS in a more integrated way through a pilot project.

6. Conclusions

In short, our conclusions, based on the experience and lessons learned in Fife during the development and delivery of its Employability Framework and Action Plan, are:

- As in most other areas across lowland Scotland, the voluntary sector plays a significant role in employability in Fife but has the potential to enhance this through more effective collaboration and with active support from its stakeholders and funders.
- In terms of delivery models there is strong appeal to contributing to the building of capacity in the third sector by exploring the scope for one or more of the options outlined in Chapter Six:
 - Increasing capacity
 - Building connections
 - Creating a consortium
 - Sharing overheads
 - Creating a joint venture
 - Merging
- While there is in-principle agreement about the opportunities for voluntary sector collaboration in Fife, a number of practicalities emerged during consultation that require to be considered. It is likely that these issues will be pertinent in other areas of Scotland, too.
- Within Fife there is a need to provide strong leadership and accountability for the delivery of employability and skills activities and we recommend that decisions on the way forward are championed by senior officers within Fife Council and Fife CPP and by senior managers within the voluntary sector agencies.

In relation to the wider Scottish agenda and the implications for other parts of lowland Scotland, our conclusions are:

- The impact of the Freud Report and the subsequent re-engineering of DWP commissioning processes means that voluntary organisations will need to be clearer about the place they wish to occupy in the supply chain for employability services.
- Voluntary organisations need to look at the options for greater collaboration in order to both create greater efficiency and to give themselves more negotiating power with main contractors.
- Local partners, funders and stakeholders wishing to build third sector capacity need to invest not just in individual organisations but in supporting greater collaboration and the development and training that this requires.
- Local partners, funders and stakeholders, in partnership with the voluntary sector, need to identify specific opportunities for collaboration and the particular benefits

of this collaboration. For example, bringing together a range of small organisations delivering similar services in disparate geographies in order to expand coverage.

- Encouraging greater collaboration locally to improve performance will also require funders to align their resources more effectively.

Appendix 1: Policy context

Review of some relevant Scottish policy initiatives

More Choices, More Chances – A Strategy to Reduce the Proportion of Young People not in Education, Employment or Training in Scotland.

The strategy (which complemented Workforce Plus) presents a framework and action plan achieving the *Closing the Opportunity Gap* target to “reduce the proportion of 16-19 year olds who are not in education training or employment by 2008.”

The overall aims of the strategy are:

- To increase educational attainment and opportunities pre 16
- To increase retention in education and training post 16 to ensure young people move toward sustainable employment.
- To ensure that education, employment and training are financially viable options for young people.
- To remove the barriers to opportunities by providing the right support
- The development of a joined up local delivery involving the public, private and voluntary sector.

While this initiative has a focus on increasing the opportunities for those young people who are currently NEET it also takes a ‘prevention rather than cure approach’ by aiming to improve the choices and opportunities for those within the pre-16 compulsory education sector to try ‘stem the flow’ into NEET. The strategy recognises that a low educational attainment is a key factor in a young person becoming NEET and so it places a priority on improving the skills base of young people by supporting them into education and training rather than towards low skilled jobs that offer little or no training.

The Strategy recognises that certain sub-groups of young people are more likely to be NEET or at risk of becoming NEET, and should therefore be targeted for action and intervention. These sub-groups are:

- Care leavers
- Carers
- Young parents
- Young offenders
- Young people with low educational attainment
- Persistent truants
- Young people with physical/mental health problems
- Young people with drug or alcohol problems

The Same as You: A Review of Services for People with Learning Disability. 2000

Same as You is a wide ranging review of all services for people with learning disabilities in Scotland. Its main aim is for people with learning disabilities to be able to achieve a full life and to increase their choices and independence through their inclusion in all aspects of community life with a focus on increasing access to mainstream services.

The report makes 29 recommendations covering all aspects of services both locally and nationally. Of these there are two which specifically reference employment issues, namely:-

- Local authorities and health boards should both examine what they provide and develop more modern, flexible and responsive services which support people in the community through employment, lifelong learning and getting them involved socially.
- Local authorities need to give much greater priority to developing a range of employment opportunities for people with learning disabilities. And, with health boards those authorities should lead by example in employing more people with learning disabilities.

Working and Learning Together to Build Stronger Communities

Working and Learning Together establishes the framework for the development of Community Learning and Development (CLD) and places it within the context of key Scottish Executive priorities including, the improvement of public services, community regeneration, social inclusion, life long learning, the development of youth work and active citizenship. It defines CLD as "learning and social development work with individuals and groups in their communities using a range of formal and informal methods. A common defining feature is that programmes and activities are developed in dialogue with communities."

The development of CLD is embedded within the Community Planning process with the requirement for each Community Planning Partnership to produce a CLD Strategy and Action Plan. There is also an emphasis on the role of CLD in ensuring the effective engagement of communities in the Community Planning process.

There are three national priorities for CLD:

- Achievement through learning for adults
- Achievement through learning for young people
- Achievement through building community capacity.

CLD is seen as part of the agendas of social justice and social inclusion and there is a focus on targeting resources towards disadvantaged communities.

Fresh Talent

This is the Scottish Executive initiative aimed at addressing the threat to our continued economic success caused by Scotland's declining population by encouraging more people to come to Scotland to live and work. It focuses on four key areas:

- Promoting Scotland as a place to live and work
- Promoting Scotland as a destination for people applying for UK work permits
- Encouraging students at Scottish universities to stay in Scotland
- Improving first impressions of Scotland on arrival

Adult Literacy and Numeracy in Scotland

Published in 2001 this Strategy launched a major national initiative to raise the levels of literacy and Numeracy. The Strategy is currently being reviewed to take it forward until 2011.

The key driving force behind the Strategy is the acknowledgement that literacy and numeracy skills are fundamental both to individual success and to the ongoing success of society as a whole. It also acknowledges the crucial role literacy and numeracy play in an individual's capacity to participate fully in society.

The Strategy establishes four goals for the development of literacy and numeracy provision:

- national leadership and effective local action
- a quality learning experience
- a system that learns
- promoting awareness

It also identifies the following priority target groups:

- people with limited initial education, particularly young adults
- unemployed people and workers facing redundancy
- people with English as a second or additional language
- people who live in disadvantaged areas
- workers in low skill jobs
- people on low incomes
- people with health problems and disabilities

The Strategy identifies a very clear link between literacy and numeracy and employability and emphasises the importance of involving employers in the development of provision. Since the publication of the Strategy a Skills Towards Employment National Working Group has been established to target adults seeking work who have low literacy and numeracy skills.

Closing the Opportunity Gap (CtOG)

Closing the Opportunity Gap is the key policy agenda for tackling deprivation, social exclusion and child poverty in Scotland. It is the driving force behind all national and local policies and strategies concerned with social justice, regeneration and social inclusion.

The Closing the Opportunity Gap objectives are:

- To increase the chances of sustained employment for vulnerable and disadvantaged groups - in order to lift them permanently out of poverty
- To improve the confidence and skills of the most disadvantaged children and young people - in order to provide them with the greatest chance of avoiding poverty when they leave school;
- To reduce the vulnerability of low income families to financial exclusion and multiple debts - in order to prevent them becoming over-indebted and/or to lift them out of poverty;
- To regenerate the most disadvantaged neighbourhoods - in order that people living there can take advantage of job opportunities and improve their quality of life;
- To increase the rate of improvement of the health status of people living in the most deprived communities - in order to improve their quality of life, including their employability prospects; and
- To improve access to high quality services for the most disadvantaged groups and individuals in rural communities - in order to improve their quality of life and enhance their access to opportunity.

(Source: Scottish Executive)

There are 10 CtOG targets covering employment and training, education, health, children's services, looked after children and young people, community regeneration, improvement of service delivery in rural areas and reducing financial exclusion.

Workforce Plus

This strategy is part of the Closing the Opportunity Gap agenda which acknowledges that that a key factor in moving people out of poverty is through work. It provides a framework for developing employability with a particular focus on those who face barriers to obtaining and sustaining employment.

The strategy specifically targets seven local authority areas (the CtOG areas) in Scotland but it also provides an overall framework for employability services in Scotland. It aims to create a flexible and joined up services that support individuals during their progression towards work and helps them sustain employment.

The strategy is focused around six key themes:

- early interventions
- client focused interventions
- employer engagement
- sustaining and progressing employment
- joined up planning and delivery of services
- better outcomes

There is an expectation that at a local level the voluntary, private and public sectors will come together form a partnership to develop and deliver local services. The core membership of these partnerships should be funders of local employability services as they will be able to identify outcomes and drive forward changes in the way services are delivered. The action of the partnerships is to be determined by the following questions.

- What is the size and nature of the local workless client group and what barriers do they face?
- What is the nature of the local labour market and how can the link be made with the employment opportunities currently and likely to be available, including those in the public sector?
- What are we trying to achieve for jobless people – particularly those further from the labour market – over the long term?
- What kind of delivery infrastructure do we need to achieve this – raising the employability of jobless people and helping meet the demands of employers in local labour markets?
- How does the current delivery infrastructure need to change to match this requirement, e.g. in the design of health and mainstream social services to support employability?
- What do we, as funders, need to do in the short and the long term to create such a delivery infrastructure?
- What information do we need to manage effectively and describe performance?

The strategy will also impact on how funding is allocated both at a local and national level. The emphasis will be on establishing sustainable outcomes which link to the number of people placed in sustainable employment. There will also be more emphasis on the pooling of resources amongst local partners to create a joined up service.

Lifelong Learning Strategy for Scotland

This is a five year strategy for the development of post-compulsory education, training and learning in Scotland. It encompasses a very wide variety of learning provision, including formal and informal learning, workplace learning and skills development. The strategy acknowledges the direct impact lifelong learning has on the economic success of both individuals and society as a whole. It also recognises the contribution lifelong learning makes to the development of society as whole through encouraging people to become actively involved in their communities.

The vision for lifelong learning in Scotland is seen as:

"The best possible match between the learning opportunities open to people and the skills, knowledge, attitudes and behaviours which will strengthen Scotland's economy and society."

The strategy has five goals aimed at achieving this vision:

- A Scotland where people have the confidence, enterprise, knowledge, creativity and skills they need to participate in economic, social and civic life
- A Scotland where people demand and providers deliver a high quality learning experience
- A Scotland where people's knowledge and skills are recognised, used and developed to best effect in their workplace
- A Scotland where people are given the information, guidance and support they need to make effective learning decisions and transitions
- A Scotland where people have the chance to learn, irrespective of their background or current personal circumstances

In order for the strategy to be successful it must engage with and develop services relevant to a wide variety of stakeholders, including: individual; publicly-funded providers and centres of excellence of learning; National Public Bodies and delivery agents; employers; professional, voluntary and community organisations; trade unions; and private training firms.

In order to monitor the success the strategy establishes the following six high level performance indicators:

- a reduction in the proportion of 16-19 year olds not in education, employment or training
- an increase in support to 16-19 year olds from low income families to stay on at school and/or FE college, thereby raising the participation and retention rates of this group
- an increase in graduates as a proportion of the workforce;
- a reduction in the proportion of working age adults whose highest qualification is below SCQF level 5
- a reduction in the proportion of 18-29 year olds whose highest qualification is below SCQF level 6
- an increase in the proportion of people in employment undertaking training.

The strategy sees the ongoing development of lifelong learning as absolutely fundamental in terms of increasing rates of employment and employability. It highlights the direct link between individual and employer willingness and ability to engage in learning and the development of a healthy labour market that is able to adapt successfully to changes. It also emphasises the role of learning in reducing social exclusion and increasing opportunities for individuals, acknowledging that increasing educational attainment and skills development are key to helping people find and sustain employment.

New Deal for Welfare: Empowering People to Work

This is part of the UK Government's ongoing programme of welfare reform and focuses on reducing dependency on benefits and supporting more people into employment, in particular lone parents, those in receipt of Incapacity Benefit and older people. The overall aims of the reform are to:

- reduce the number of people on incapacity benefit by 1 million
- support 300 000 more lone parents into work
- increase the number of older workers by 1 million.

The proposals are for wide ranging changes to the ways in which benefits are paid and how support is offered. The key themes of the reforms are:

- To enable more people to stay in work when they become sick or disabled by improving workplace health support and provision.
- Ensuring that people do not become 'stuck' on benefit and supporting people to leave benefit to take up employment.
- Improving the range and quality of support available to those on benefit and ensuring that support continues after someone has started employment where appropriate.
- Developing a flexible and coherent service of support provision that meets the needs of individuals.
- Re-enforcing importance of individual responsibility in working towards employment.
- Working with employers to encourage them to engage with the target groups.
- Reforming and simplifying the system of Housing Benefit to ensure that it supports the wider programme of welfare reform.

Partnership working is seen as key to the successful delivery of the reforms and improving services locally. There is an expectation that all relevant partners will engage with this at a local level, including local authorities, employers, learning and skills councils, regional development agencies, health, Jobcentre Plus and the private and voluntary sectors. The partners should be working together to identify the local priorities and to develop and deliver a coherent and flexible service that meets local needs.

Growing Fife's Future

This strategy, developed by Fife Economic Forum, aims to provide the strategic direction for economic development in Fife. It is set within the context of Fife's Community Plan and aims to take forward the economic theme of the plan.

The strategy identifies the key economic challenges and opportunities for Fife in the years to 2015 as:

- Improving skills, productivity and business growth and continuing to improve the business start-up rate
- Creating a more diverse, high value economy
- Maximising investment in St Andrews World Class, Rosyth Waterfront, John Smith Business Park and the Renewable Energy Park at Methil
- Sustaining the manufacturing industry and ensuring that Fife is ready to meet the challenges of the growing service sector
- Reversing the under-performance of the Central Fife economy and re-positioning it to one of strength rather than vulnerability
- Ensuring that Fife is connected to and benefits from the economic growth of its neighbouring city regions

- Creating pathways to employment to help all those without work to move closer to and into work
- Creating a knowledge economy in Fife

To meet these challenges the strategy establishes three overall strategic objectives for economic development:

- Growing Business
- Learning and Skills
- Global Connections

It acknowledges that there are a wide range of 'cross-cutting' issues that have influenced the development of the strategy and will need to be considered and incorporated into the ongoing delivery. These include: ensuring sustainable development that takes account of environmental issues; a focus on the economic vulnerability of Central Fife; Fife's role in the ongoing success of city regions; the need to integrate transport policy with economic development; the regeneration agenda; and the link between tackling deprivation and economic growth.

The strategy is to be delivered through five strategic programmes:

- Creating a dynamic business base – supporting and encouraging the development of businesses of all sizes and encouraging innovation.
- Pathways to Employment – ensuring the development and delivery of training and skills meets the needs of individuals and employers, with a particular focus on those who struggle to gain employment.
- Investing in Growth – ensuring that the appropriate business, transport and communication infrastructure are in place to support business development and attract investment.
- Creating a Knowledge Economy – encouraging investment in research and development, increasing the links between business and academia and expanding the capacity of Higher Education in Fife.
- Success in Key Sectors – identifying and supporting the key business sectors in Fife which offer the opportunity for growth and maximum economic impact.

