



Capital City Partnership Edinburgh Jobs Strategy Group

**Jobs Strategy Review 2 June 2011
Lloyds TSB, 120 George Street, Edinburgh**

Note of discussion

Introduction

This workshop was designed to explore the need to refocus the efforts of the partners in the light of the rapidly changing labour market and the significant changes in policy and practice in welfare to work – notably the introduction of the Work Programme for everyone unemployed for more than 12 months and for some at an even earlier stage.

The discussion followed the following structure:

- Exploration of key themes in the background paper:
 - Labour market changes
 - Specific issues around youth unemployment
 - Changes in welfare to work policy and practice
- Implications for changing the focus for the Joined up for Jobs approach

This note follows this structure in setting out the key points raised.

Exploration of key themes of the background paper

Labour market changes

The Edinburgh Jobs Strategy was developed during a decade of a tight local labour market with employers often finding it hard to find appropriate recruits. This situation has changed significantly over the last 3 years with a much lower demand for labour, and a much lower rate of vacancies which is improving only slowly. In the financial services sector – which traditionally has provided a wide range of relatively well-paid jobs – there has been significant restructuring. This has led to some senior posts going elsewhere and the movement of some junior posts into Edinburgh.

This situation is underpinned by weak employer confidence which means that many SMEs are offering short term vacancies to meet immediate needs where they would once have created full time posts.

Job growth is patchy and it is difficult to see a pattern to it – business growth varies both between and within sectors – often related to the quality of business leadership.

Some of the sectors hardest hit are those that have traditionally provided a large number of opportunities which are realistic destinations for some of those furthest from work – for example, care, retail and construction.

In addition the share of vacancies held by JCP is falling as employers increasingly use their own websites, cheap/free digital alternatives including Gumtree or alternative recruitment services.

This fragmentation of the vacancy market – with employers using a wider range of approaches and sources – presents the partners and their clients with challenges in terms both of helping them to navigate the different sources and track down appropriate vacancies. This is compounded by the changing profile of those seeking work which now includes a much wider range of skills and experience ('our clients now include those from Currie and Balerno which has never happened before'), putting those with fewer skills and less experience at a further disadvantage. The significant unemployment problems facing Spain, Portugal and Greece have led to an increase in EU migrant labour from these countries.

Although there are some significant opportunities (eg those being created by Amazon and Primark) many of these opportunities are being handled through agencies and may focus on recruiting those already in work.

The practical implications of this are:

- Need to provide more guidance and support to clients in tracking down vacancies.
- Need to help clients 'raise their game' in a more competitive labour market.
- It may be possible to encourage employers to appoint appropriate candidates who will stay rather than overqualified candidates who may move on quickly.
- May be necessary to work with a wide range of agencies to ensure that clients hear about all the jobs available – ie become an integral part of the vacancy market.
- Need to help clients become familiar and skilled with on-line job search and presentation – currently JCP estimate that 35% of their clients are IT ready – they aim to get this to 75% in 2 years.
- Clients need to become more skilled at networking to track down informally advertised jobs and possible leads.
- There is a need to improve the employer engagement offer to strengthen the identification of vacancies (particularly 'latent vacancies') and to help employers meet candidates from welfare 'half way'. The recent CCP work on employer engagement has identified that this willingness has reduced with the exception of SMEs strongly relating to a local community and their willingness to meet young people half way.

Specific issues around youth unemployment

For a long time the Edinburgh labour market has offered a range of good quality opportunities for school leavers – the reason behind the long term pattern of one-third of school leavers going straight into work from school.

The reduction in available opportunities has not yet been matched by a response in terms of alternative training routes to work (as are long established elsewhere in Scotland) which means that Edinburgh now has the highest proportion of school leavers going into 'negative' post school destinations in Scotland. This raises some significant challenges for FE and other trainers in terms of attracting the funding to provide alternative routes to work.

This situation is compounded for school leavers by the opportunity that employers now have of employing graduates for work which used to be available for school leavers.

The changing context in terms of welfare to work policy and practice

The partnership has to date focused on supporting those more distant from work – either long term unemployed (JSA) or on Incapacity Benefit. All those on IB will be going through a Work Capability Assessment with the result (according to experience to date) that the majority will be moved to job seeking status. Much of this group will therefore enter the Work Programme at 12 months unemployment (or be transferred if they are already part of the post 12 months 'stock') and be supported by the two Work Programme Prime Contractors (Ingeus and Working Links or their sub-contractors) with Edinburgh forming one part of the Scotland Contract Procurement Area.

The wider reform of welfare involves some significant cuts to a range of benefits – this will have the effect of enhancing the relative worth of working but is also likely to increase the existence of poverty among those in low paid work and strengthen the need to ensure that such clients are able to proceed towards better paid and more secure work through skill development.

While the scale of discounting from already challenging per capita funding levels by at least one of the Prime Contractors is a cause for concern there is a reasonable assumption at this stage that the Prime Contractors will strive to meet their contractual obligations and performance levels. The partners retain a strong commitment to ensuring the best possible outcomes for the most disadvantaged clients and on behalf of the long term unemployed and employers across Edinburgh will seek to help the Prime Contractors delivery a successful Work Programme. But they agreed that, initially, it was appropriate to pursue a 'watching and responding' role – to ensure that the performance of Primes was meeting expectations in terms of an appropriate focus on Edinburgh and on those furthest from work and focus local resources on needs that will not be met by national provision.

Implications for changing the focus of the Joined up for Jobs approach

The partners identified four areas on which it would be appropriate to focus resources and effort as a partnership:

- Support for those aged 16-19 and the transition from school to work
- Support to complement JCP services for those under 12 months unemployed
- Support for those on low earnings to help them progress in work
- Support to help people retain jobs particularly those with mental health issues.

The partners agreed that it would be appropriate to focus particularly on working with SMEs. These form the majority of employers in Edinburgh and many do not have the dedicated HR resource which can support recruitment or employees in terms of progression or responding to health issues.

It was also agreed that a ***much stronger focus on employer engagement*** was central to all these areas of focus in terms of identifying and enhancing demand and working closely with employers to get the match with recruits right and to help them embed new recruits in the world of work.

Taken as a whole this reorientation of partnership focus and investment represents a clear shift towards prevention and early intervention to reduce the risk of longer term unemployment. It closely reflects the focus and themes emerging in the CEC Integrated Employability Service Commissioning Strategy.

Potential practical responses in these new areas of focus

Support for those aged 16-19 and the transition from school to work

The Curriculum for Excellence (CfE) which is currently being introduced across Scotland's schools provides – through its four capacities (and specifically through 'effective contributors' significant scope to enhance employability skills. There is a need to link to this and help schools fulfil the full potential of curriculum for excellence in terms of enhancing the employability of school-leavers. There is also scope to influence the evolution of the CfE – it is in the early stages of roll out and will change over time so there is significance scope to become part of the value that it can offer to young people.

There is also scope to complement this with additional work-related support (eg for those at risk of exclusion from S3/4 onwards).

A focus on key transition points will be helpful and the Activity Agreement process for the MCMC group is another area for possible focus.

The partners are keen to understand the lessons that can be drawn from the Edinburgh Jobs Fund/Future Jobs Fund and how these lessons can be applied to future forms of support.

There are also significant insights and lessons to be gained from the School Non Attenders Programme (SNAP) and Jobs+Education+Training (JET) programme, both of which provide work related experience for those who can be motivated by a more vocational setting.

It was important to find ways to identify those 16-19 year olds who needed support in terms of:

- Placements
- Apprenticeships
- Jobs
- Training

The active engagement of employers in this work was significant, particularly in the light of their stated willingness to meet the needs of young people half way.

There was a need to consider the additional support that this group needed to help them find and keep a job including support for travel, equipment and childcare.

The partners needed to consider how they could work together to refocus the resources previously focused on the Work Programme client group (particularly in the context of the CEC employability tendering process and the significant role of the Council in the education of and support for young people)

Finally, it was important to carry out this refocusing in a way which built long term sustainability as local funding and ESF support ran down over the next 3 – 4 years.

Support to complement JCP services for those less than 12 months unemployed

The District Manager is currently identifying appropriate uses in Edinburgh for the c£430,000 of his Flexible Support Fund which can be used to supplement current JCP support for those less than 12 months unemployed.

The focus is on investing in support which is directly related to currently available vacancies and sustainable job outcomes, can be accessed quickly and tailored to specific employer requirements (so modular in design).

The opportunities that have emerged so far for additional support for those less than 12 months unemployed are:

- IT skills
- Job finding skills
- Condition management support
- Support with substance abuse/dependency
- Dealing with debt
- Customer handling
- Problem solving/teamwork
- Connection to local infrastructure like the Retail Academy

The JCP District Manager will broaden his work to produce a paper on the wider opportunities for investment to help the <12 months unemployed find sustainable work, taking into account the interest of the partnership in 'early intervention' with this group to avoid longer term unemployment.

Support for those on low earnings to help them progress in work

The benefit changes are likely to increase the numbers of people in low paid and often short term work and strengthen the value of providing support which helps them make progress in work to more sustained (and probably higher skilled) roles. This could involve the use of existing resources such as Flexible Training Opportunities funding (Flexible Training Opportunities gives businesses with under 50 employees the opportunity to apply for up to £5,000 towards employee training costs. Launched by Skills Development Scotland (SDS) and supported by the European Social Fund, it aims to help small businesses become more resilient and to boost productivity and success).

Support to help people retain jobs particularly those with mental health issues.

The partners recognised the value in investment to help people stay in work and avoid the personal and financial costs of unemployment. There was scope to explore ways of helping people in work – particularly those facing health issues – to stay in work. This was likely to involve working with the Chamber of Commerce and the Federation of Small Businesses as well as initiatives such as Healthy Working Lives. It was likely that there would be an emphasis on employees who have mental health issues as these can often lead to a loss of job and significant difficulties in regaining work.

Employer engagement

The partnership has been developing an enhanced approach to employer engagement which, following a workshop on 13th May which drew together over 40 front line staff engaging with employers, is now being translated into practical action. This is seen as a critical underpinning of the new focus for the partnership.

Next steps

This note provides a brief for the Jobs Strategy Support team in terms of redrafting a strategic statement of intent and an outline Action Plan for wider discussion, refinement and agreement.

