
Report To:	Policy and Resources Committee	Date:	17 November 2020
Report By:	Corporate Director Environment, Regeneration and Resources	Report No:	P+R/20/11/01/SJ
Contact Officer:	Steven McNab/Stuart Jamieson	Contact No:	01475 712402
Subject:	Employability Interventions – Inverclyde Jobs Recovery Plan		

1.0 PURPOSE

1.1 The purpose of this report is to set out the impact of COVID-19 on the economy, provide an update on the recent UK and Scottish Government announcements on employment support in response to the impact on the labour market from COVID-19, and to propose a range of additional employability interventions for Inverclyde in response to COVID-19.

2.0 SUMMARY

- 2.1 The UK's economy has now contracted by an approximate 22.1% in the first 6 months of 2020, slightly below the percentage decrease experienced in Spain (-22.7%), but larger than the decreases experienced in France (-18.9%), Germany (-11.9%), and the USA (-10.6%). The Quarter 2 fall of 20.4% was the largest quarterly percentage decrease recorded since records began in 1955.
- 2.2 The latest official labour market statistics released by the Office for National Statistics shows that Scotland's unemployment rate rose to 4.3%. Scotland's employment rate fell to 74.1%, with a total of 2,642,000 people in work. The Claimant Count rate has risen slightly over the last month to 7.7% in June. The Claimant Count in Inverclyde increased by just over 46% to 3,305 in the period between February and July, which equates to 6.8%.
- 2.3 Scottish Government analysis indicates that unemployment levels across the country could average around 10% and modelling suggests that Inverclyde's level could reach 11%.
- 2.4 The UK and Scottish Governments have introduced a number of support measures to mitigate the impact of COVID-19 on the labour market. These are set out in paragraph 4.10.
- 2.5 Analysis has been carried out on these national interventions, as well as Inverclyde's existing employability support measures, and a suite of additional complementary employability measures have been developed to minimise the impact of COVID-19 on Inverclyde, which are set out in Section 5, with a summary of the interventions provided below:-

Employability Initiatives - Summary

Proposals	Posts Proposed	Extra Cost Per Post	Post Type	Total Cost £000
Apprenticeship Level 7/8	10	100	Temp - 4 years	1000
Apprenticeship Level 5/6 - Grade 1	10	23	Temp - 1 year	230
Graduates	14	42	Temp - 18 months	588
Wage subsidy graduates	15	12	Temp - 12 months	180
Wage subsidy living wage	20	13.5	Temp - 12 months	270
Wage subsidy minimum wage	30	10	Temp - 12 months	300
Business start up grant	20	10	Permanent	200
Council Rrefresh (Note 1)	60	40	Permanent	2400
Kickstart	30	16.5	Temp - 12 Months	495
Total Job Opportunities created	209			5663
Council Support - Employees	3		Temp- 2 years	260
- Training				50

3.0 RECOMMENDATIONS

3.1 It is recommended that the Committee:-

- a) Notes the impact of COVID-19 on the economy;
- b) Recognises the UK and Scottish Government labour market interventions;
- c) Considers the range of measures identified to support the labour market in Inverclyde;
- d) Agrees that one off funding to support the initiatives be incorporated in the 2021/23 Budget Strategy; and
- e) Agrees that regular monitoring reports be submitted to the Environment and Regeneration Committee in the event of the budget being approved.

4.0 BACKGROUND

- 4.1 The impact of COVID-19 on the UK economy has been stark. The economic contractions experienced in April and May mean that for Quarter 2 (April-June) Gross Domestic Product fell by a record 20.4%. The UK's economy has now contracted by an approximate 22.1% in the first 6 months of 2020, slightly below the percentage decrease experienced in Spain (-22.7%), but larger than the decreases experienced in France (-18.9%), Germany (-11.9%), and the USA (-10.6%).
- 4.2 Production and construction industries declined by 16.9% and 35.0% respectively. The UK's production industry quarterly decline was exacerbated by a 20.4% decline in April 2020, driven by a fall in manufacturing output. The decline in manufacturing output (20.2%) can be directly linked to the consequences of the COVID-19 outbreak, as weak domestic and global demand, labour shortages, and company closures occurred in the sector.
- 4.3 The Scottish Government published their latest estimates of Scottish and UK labour market statistics that cover the three months to July 2020. Comparisons have been provided with the previous quarter (February to April 2020) and the previous year (May to July 2020).

Unemployment Rate (%)	May-Jul 19	Feb-Apr 20	May-Jul 20
Scotland	3.9	4.5	4.6
United Kingdom	3.8	3.9	4.1
Employment Rate (%)	May-Jul 19	Feb-Apr 20	May-Jul 20
Scotland	74.9	74.2	74.3
United Kingdom	76.1	76.4	76.5
Economic Inactivity Rate (%)	May-Jul 19	Feb-Apr 20	May-Jul 20
Scotland	21.9	22.1	22
United Kingdom	20.8	20.5	20.2

- 4.4 Scotland's unemployment rate increased by approximately 1,000 individuals over the last quarter to reach a rate of 4.6%. Scotland has a larger unemployment than England (4.1%), Wales (3.1%), and Northern Ireland (2.9%).
- 4.5 The 0.6% point change in Scotland's employment rate over the last year was the largest percentage point decrease recorded amongst the UK countries. Approximately 19,000 individuals are no longer in employment in Scotland compared to the same time period last year.
- 4.6 In addition the latest information from HMRC shows a total of 779,500 employments were furloughed in Scotland to 30 June 2020, 32% of Scottish employees and 155,000 of eligible self-employed people in Scotland made claims to the Self-Employed Income Support Scheme. The Job Retention scheme will finish at the end of October. The Job Retention Scheme take up has been highest for Accommodation and food services with 77% of jobs furloughed, Construction at 73% and with Arts, entertainment and recreation at 72%. The figures for Inverclyde show the third lowest percentage in Scotland at 26% or 8,700 people.
- 4.7 The Office for National Statistics produced their latest experimental estimates of the Claimant Count, covering the time period to July 2020, which quantifies the number of individuals claiming Jobseeker's Allowance and Universal Credit principally for the reason of being unemployed. In July 2020 the Glasgow City Region had approximately 88,700 individuals on the Claimant Count, a 94.1% increase from the 46,700 claimants in February 2020 before the

COVID-19 outbreak and subsequent economic restrictions were felt. The Glasgow City Region's working-age (16-64) Claimant Count rate has now increased from 3.8% in July 2019 to 7.4% in July 2020. The Claimant Count in Inverclyde increased by just over 46% in the period between February and July. For the region as a whole, the number of youth claimants doubled, increasing by 111.7% in comparison to the 90.1% increase for aged 30-49 claimants and 83.4% increase for aged 50+ claimants. The Claimant Count for 16-24 years olds is currently 9.5% in Inverclyde, this compares with 11.7% in North Ayrshire and 4.7% in Orkney.

4.8 In August the Office for National Statistics published a statistical release that mapped the location and characteristics of high streets in Great Britain between 2015 and 2018, working with experimental Ordnance Survey High Street geography and Office for National Statistics data.

In the Glasgow City Region:

- Retail jobs on the High Street dropped by 7%
- Retail jobs as % of High Street jobs dropped by 3% (from 29% to 26%)
- The % of retail jobs on the High Street as opposed to elsewhere remains pretty steady at around 35%
- Recent Fraser of Allander analysis noted that a shift in retail can be attributed to online shopping. By the end of 2019, £1 in £5 of sales was online, double the 2013 share. In May 2020 that rose to £1 in £3
- 53.4% of High Street addresses are residential
- 13.1% of the region's population live around the High Street – although this is mainly driven by Glasgow

4.9 The Centre for Cities have also produced a recovery tracker for high streets throughout the UK. The tracker shows how quickly high streets in the UK's largest cities and towns are returning to their previous levels of activity, and the drivers behind it. The tracker uses anonymised mobile phone data from Locomizer and is updated monthly. Covering the period February to September the tracker provides data for the Glasgow Primary Urban Area (East Dunbartonshire, East Renfrewshire, Glasgow City, Renfrewshire, West Dunbartonshire):

- There has been an 84% reduction of workers were during the daytime on weekdays in September compared to February.
- Visitors to the city centre in the daytime at weekends have recovered to 93% of the pre-lockdown total in late-August.
- Visitors to the city centre at night during Fridays and Saturdays only recovered to 58% of the pre-lockdown total in late-August.
- Offline sales in the city centre have recovered to 94% of pre-lockdown estimates in late-August.

4.10 The UK and Scottish Governments have introduced a number of key interventions to support the labour market, The Coronavirus Job Retention Scheme will be replaced by the job support scheme. The Scottish Government's focus going forward is centred around initiatives such as:-

- Partnership Action for Continuing Employment (PACE) - The Scottish Government's initiative for responding to redundancy situations through providing skills development and employability support. It is expected that, from the additional £5m to be made available, resource will be provided to the National Helpline and it is anticipated that £3m will be routed via Local Government for locally based support.
- Transition Training Fund - A new investment of £25m will be focused on helping individuals in sectors where there is the greatest risk of job losses. This new offer will help people gain the skills they need to transition into new jobs in key growth sectors. Full details have still to be provided but it is likely that it will be delivered through Skills Development Scotland via contracted providers.
- Fair Start Scotland - This is the devolved employment support service launched in April 2018, delivered by contracted providers across 9 contract package areas and it has now been extended for 2 years with the last start to the programme in March

2023. This provides support for unemployed people with disabilities, health conditions and other barriers annual expenditure £20m. Delivery is through existing contracted providers.

- Young Person's Guarantee - £60m fund which recognises the importance of local flexibility and the critical role of colleges in delivering meaningful opportunities for young people. From the £60m, £30m to local authorities to deliver flexible local responses through local partnerships, which can help keep people in work and support young people and local employers; £10m to create additional opportunities in colleges; £10m to support pre-apprenticeship activity with Skills Development Scotland and colleges; and £10m to build on the successful Developing the Young Workforce (DYW) infrastructure.
- Kickstart Scotland - This is a 6 month paid work experience at NMW for age for 25 hours per week for 6 months for 18-24 year olds in receipt of UC deemed to be at risk of long term unemployment. This is a UK wide initiative with an open bidding process with a minimum bid of 30 opportunities providing placements with public, private and third sector employers.
- Parental Employment Support Fund – a £12m fund across Scotland to provide help to parents' barriers to work, which might include health support, money advice and motivational support as well help meeting the challenges of in work poverty.
- Parental Support Fund Boost – £7m of additional investment across the 32 local authorities to enhance the links between local employability services and the expansion of Early Learning and Childcare.

4.11 Analysis of these interventions has been undertaken by staff within Regeneration and Planning. A critical appraisal of our existing employment programmes has been carried out and proposals have been developed to promote positive activity within Inverclyde's labour market. The analysis of the interventions has highlighted that capacity of host organisations to offer placements/jobs within lock down scenarios could be a limiting factor. It is acknowledged that whilst there will be a focus on younger people, support needs to be available for all.

4.12 In the current situation it is essential that we continue to provide support to local businesses in order that jobs remain protected.

4.13 Historical trends in Inverclyde indicate that as well as young people finding themselves unemployed in times of recession, unemployment affects all age groups and geographies. Whilst it is likely that a large percentage of our unemployed may come from SIMD areas it is important that our interventions are available for all, regardless of postcode.

4.14 As well as the Council's core budget and earmarked reserves for employability interventions, further support was recently made through anti-poverty monies providing support to young people and local businesses.

5.0 PROPOSALS

Apprentices

5.1 Current data continues to show that apprenticeships offer quality learning and work experience across at least 70 Apprenticeship Frameworks, all of which have been developed with industry input, making the vocational qualifications relevant to current employer needs. Since 2013 the Council has directly employed 125 apprentices in a wide range of vocational disciplines. Our current apprentices are within Business Administration, Childcare, Electrical Engineering, Waste Management and Life Science.

5.2 It is suggested that funding should be made to offer ten technical/professional and Trade Apprenticeships, internally and/or with local public sector/third sector organisations. These would be across a range of disciplines, where formal Apprentice frameworks are available at SCQF Level 7/8 or above. The apprenticeships would be take 4 years to complete, with pay

rates rising as per sector pay scales, and would cost approximately £100,000 per apprentice for the 4 year period, with some variance due to training costs that can only be determined on an annual basis (and affected by availability of national apprenticeship training funding).

Calls for Expressions of Interest across the Council and partner organisations should see possible opportunities in:-

Surveying; Civil Engineering; Environmental Resource; Paralegal; Construction & Built Environment.

It is proposed to seek funding for 10 MA's over 4 years approx. $£100,000 \times 10 = £1,000,000$.

- 5.3 The Council has ten apprentices currently located in Education HQ, Internal Audit, Port Glasgow High School, HSCP Children & Families, HSCP Inverclyde Centre for Independent Living, Environmental Services – Ingleston/Pottery Street, Customer Contact Centre, HSCP Finance, Finance – Creditors, Finance – Revenue & Benefits. It is suggested that funding should be sought to offer the apprentices a 1 year post at Grade 1, providing them with work experience and longer time to complete their qualification (where necessary) given the disruptions caused by COVID.

$£18,108 + 27\% \text{ on-costs} \times 10 \text{ people} = £229,980$.

Graduates

- 5.4 In the last 10 years the Council has supported 100 graduates either internally, via other public/third sector organisations or within the private sector. Ninety percent have remained within/moved on to relevant employment at the end of the programme. Greenock DWP have indicated a recent rise in the number of local Graduates on Universal Credit. Evidence suggests that local graduates are in work which does not utilise their qualification, and that graduates often leave the area to find work that allows them to gain relevant experience. Our current programme pays £18,000 pa.

- 5.5 It is suggested that funding should be sought to offer 14 graduates 18 months of work experience at £22,000 pa (plus on-costs)

$£22,000 \text{ Pa} + 27\% \text{ on-costs} \times 18 \text{ months} = £27,940 \times 14 \text{ places} = £588,000$.

Employer Wage Subsidies

- 5.6 Over the last 2 years the Council has supported 98 posts within 75 local employers. Since July this year we have supported a further 62 jobs within 42 local employers at a cost of just under £400,000. It is advantageous to be able to continue to offer financial support to as many local employers as possible who find themselves able to increase their workforce in these unprecedented times, by providing a wage subsidy that is flexible to the employers' needs and is not curtailed by unnecessary eligibility restrictions. Whilst the payment of the Living Wage is a priority not all employers can afford to meet this.

- 5.7 It is suggested that funding should be sought to offer the following interventions:-

1. Graduate Wage Subsidy for Local Employers paid at 50% of actual hourly rate to max subsidy of £16,000. $\times 15 \text{ places} = £180,000$.
2. Wage Subsidy to Employers Paying Living Wage – paid at 50% of actual hourly rate to max subsidy of £13,500. $\times 20 \text{ places} = £270,000$.
3. Wage Subsidy to Employers Paying National Minimum Wage or above but not as much as the Living Wage – paid at 50% of actual hourly rate to a max subsidy of £10,000. $\times 30 \text{ places} = £300,000$.

Council Refresh Programme

- 5.8 The Council employs 4,109 employees (3367.99 FTE), 83% of whom live within the Inverclyde area.

- 5.9 Twenty nine percent of our employees are aged over 56 years old compared to 5% aged under 25 years old – this is typical of the sector but we have seen a 2% increase in

employees aged over 56 years.

- 5.10 In order to create opportunities for local people in appropriate posts within the Council, it is proposed to develop a scheme to create headroom in vacancies, by allowing employees to leave the Council with up to three added years with early access to their pension. The Council refresh programme would be promoted as a new policy and time-limited to cover the financial period 2021/2023.
- 5.11 Examples of the type of post would be roadworkers, catering or lower grade administration jobs. Engagement has been undertaken with the Corporate Directors on the type of post which may be suitable for consideration in this intervention and whilst the majority of posts for local people may be Grade 5 or less, there may be opportunities to consider posts for people with more experience and therefore it is appropriate to include up to Grade 9 in exceptional circumstances, subject to the net cost of release being less than £40,000 after a 3 year period.
- 5.12 A redundancy payment would not be made as the post is not being deleted. It focuses on the post being filled in a more efficient way or as we have undertaken in the past to create employment opportunities and help reduce the number of unemployed.
- 5.13 Eligible employees invited to express their interest would be active members of the pension scheme and have attained the age of 55 or over (50 – 54 years if a pension member prior to 6 April 2006). A redundancy payment would not be made as no post is being deleted.
- 5.14 Development of this scheme requires consultation with a number of both regulatory and interested parties including the unions.
- 5.15 To allow assessment of workforce planning implications any release of employees would be within the financial year 2021/23.
- 5.16 As the Council's value for money criteria is unlikely to be met (as no post deleted), consideration will be required as to the criteria to be used in selecting employees for release, particularly if there is a high number of interest in a particular area. It is proposed the criteria to be used is the employee with the least cost to the Council along with the impact on workforce planning and service delivery implications.
- 5.17 A detailed Equality Impact Assessment would be required to identify any risks to the Council. Whilst promoting the proposed refresh programme the opportunity will be used to promote the Council's Work-Life Balance and Flexible Retirement Scheme.
- 5.18 The posts linked to the Workforce Refresh Programme would be advertised as permanent. Promoted posts would be filled internally, unless justification is provided by the Head of Service for advertising externally, and that any substantive entry level clerical vacancies that arise are recruited in the first instance from our current modern apprentices. Resultant entry level posts would be advertised externally with the aim of filling these posts from the local population. The Committee is asked to note that our current temporary workforce will be attracted to permanently advertised posts and may be successful.
- 5.19 It is likely that the cost of creating an estimated 60 posts for local people in Inverclyde using this programme would be of the order of £2.53m and it is suggested that funding be sought for this. This figure allows for HR resources to support the programme for a period of two years and has £50,000 built in to provide training and development of new employees who may have been unemployed long-term and need additional support training.

Kickstart Inverclyde

- 5.20 In July the UK Government announced the Kickstart Scheme, an employment programme for 16 – 24 year olds on Universal Credit who are at risk of becoming long-term unemployed.
- 5.21 Businesses (any size), local authorities and third sector organisations are encouraged to employ people through the Kickstart Scheme, which pays the employer the National Minimum

Wage age rate for a 25 hour post for 26 weeks (plus on-costs).

- 5.22 The jobs created with Kickstart funding must be new jobs. They must not replace existing or planned vacancies or cause existing employees or contractors to lose or reduce their employment.
- 5.23 Kickstart participants should also be given support to look for long-term work, including career advice and setting goals; support with CV and interview preparations; and be provided with support for basic skills, such as attendance, timekeeping and teamwork.
- 5.24 The type of posts Inverclyde Council could potentially provide which may be suitable for a 16 – 24 year old Kickstart client could be:-

Clerical/Administrative Assistant
Customer Service Assistant
Facilities Assistant
Catering Assistant
Social Care Support Assistant (Supported Living and Residential)
Homecare Assistant*
Community Alarm Assistant
Fraud Assistant
Grounds Maintenance Assistant
Recycling Operative
Trading Standards Assistant
Enforcement Officer Assistant
Roadworker
Cemetery/Crematorium Assistant
Learning assistant

These posts will be contingent on a suitable supervisory structure being in place in respect of any lockdown scenario.

- 5.25 It is proposed that the Council register for this programme for thirty participants through contracted terms and then, within the parameters of the scheme, enhance the opportunity by offering the living wage over 37 hours and for a period of 52 weeks.
- 5.26 It is suggested that funding should be sought for the additional cost of implementation - £493,230.

Business Support

- 5.27 Maintaining people in jobs is fundamental to the success of our programme. Provision has been made for business development officers already, however to complement this activity with a particular focus on clients from SIMD areas it is proposed to support up to 20 businesses with a start up grant of £10,000. This will be met from the existing business development earmarked reserve.
- 5.28 The future of our town centres is uncertain at this time so to support our town centre business base we propose to create a business development officer (town centres) post which will be funded for a period of two years.
- 5.29 It is suggested that funding should be sought for the additional cost of implementation - £200,000.
- 5.30 In order to manage the programmes there will be a requirement for additional staff over a two year period, HR resources will be funded from the refresh programme, and within Regeneration and Planning one database monitoring officer and additional responsibilities for an existing member of staff, these posts will be funded from the employability earmarked reserve.

6.0 IMPLICATIONS

6.1 Finance

The one off costs are considerable and if approved who be factored into the 2021/23 Budget Strategy.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
Reserves	Jobs Scheme	2021/23	£5973k		Per Table in Section 2 of which £100k would be funded from the Employability EMR and £200k from the Business Support EMR

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
N/A					

6.2 Legal

There are no legal issues associated with this report.

6.3 Human Resources

There are no personnel implications associated with this report.

6.4 Equalities

Equalities

(a) Has an Equality Impact Assessment been carried out?

X	YES
	NO – This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required

(b) Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

	YES – A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.
X	NO

(c) Data Protection

Has a Data Protection Impact Assessment been carried out?

	YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.
X	NO

6.5 Repopulation

The creation of more successful and prosperous businesses and communities within Inverclyde would make it a more attractive place to live, invest and do business.

7.0 CONSULTATIONS

7.1 No consultation has been undertaken in the preparation of this report.

8.0 BACKGROUND PAPERS

8.1 None