Dear Bruce,

Devolution of Employment Programmes

Thank you for your letter of 11 February regarding the devolution of employment programmes in the Scotland Bill.

The Scotland Bill delivers the Smith Commission Agreement in full. This includes the devolution of responsibility for the main contracted employment programmes in Scotland to the Scottish Parliament and Scottish Ministers. The new powers give the Scottish Parliament flexibility to determine how this support should be provided and Scottish Ministers will have the freedom to design employment support, for example, aligned with devolved skills and health systems, enabling a more integrated approach. Jobcentre Plus will continue to be reserved and delivered by the DWP across Great Britain. This is also consistent with the Smith Commission Agreement.

The outcome of the Spending Review in November 2015 does not change or affect the powers being devolved to Scotland or the UK Government’s commitment to delivering the Smith Commission Agreement. Of course, it will be for the Scottish Government to set out their policies and plans in relation to the substantial powers being devolved. As set out in the Scottish Governments’ programme for Government in September 2015, our understanding is that Scottish Ministers aim to introduce new contracted employment support programmes from April 2017. My officials are working closely with, and supporting Scottish Government officials fully to help inform the design of the new Scottish employment programmes. As part of this work, we have shared significant data, contractual information and analysis with Scottish officials and we have recently agreed to share DWP IT systems with the Scottish Government to further support their delivery.

Yours sincerely,

Minister for Employment
4th Floor
Caxton House
Tothill Street
LONDON
SW1H 9DA
0207 340 4000
www.dwp.gov.uk

February 2016
As you would expect, DWP Ministers have regular discussions with Scottish Ministers on the devolution of welfare powers in the Scotland Bill, including powers related to employment support programmes. In my recent conversation with Rosanna Cunningham MSP, I was pleased to hear our co-operation on the contracted provision had been well received and we committed to further strengthening joint working between our officials over the coming months.

Information on contracted employment programme spend in Scotland was shared with Scottish Ministers in December 2015, shortly after the Autumn Statement. The information was an indicative profile based on the funding that will be transferred to the Scottish Government to support their delivery of Scottish programmes. These figures are set out below and are based on the share of spend on these programmes across Great Britain.

<table>
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<tr>
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<th>2017-18</th>
<th>2018-19</th>
<th>2019-20</th>
<th>2020-21</th>
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</thead>
<tbody>
<tr>
<td>Work and health programme funding in Scotland</td>
<td>£7m</td>
<td>£10m</td>
<td>£11m</td>
<td>£13m</td>
</tr>
</tbody>
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The level of programme spend for the coming SR period fully reflects the current, positive economic position. Employment in Scotland is at a record high at 2.6 million (as of January 2016) and national long-term unemployment (those unemployed for 12 months or more) is down 25 per cent in the last year. Therefore, the funding for the new Work and Health programme therefore reflects the significant decline in unemployment since the Work Programme was first introduced but extends support to those with health conditions and disabilities.

It is also important to see this in the context of overall spend on employability in Scotland; the vast majority of which is for the Scottish Government and its agencies. The most recently available data was produced by Cambridge Policy Consultants for the Scottish Employability Forum. This showed that in 2013/14 the Scottish Government spent around 90% and DWP around 10% of the total money spent in Scotland on employability. The research review is available here:

http://www.employabilityinscotland.com/media/472997/employability_review_presentation_-_prof_alan_mcgregor.pdf

I hope this response is helpful and addresses the points you have raised.

Rt. Hon Priti Patel MP
Minister of State for Employment