

Improving employability - further action

1. The Committee recently held a series of oral evidence sessions on the need to improve the employability of individuals experiencing high levels of multiple deprivation as a pre-requisite to increasing sustainable economic growth. A summary of the evidence received is attached.

2. Given the importance of addressing this issue, both for the future of Scotland's public services and its long-term economic growth, the Committee considers that this issue warrants further and more detailed examination. This paper therefore sets out further action that the Committee will be taking in the autumn.

Draft budget 2013-14

3. A key focus of the Committee's scrutiny is how public spending is being directed to improve the employability of and create sustainable employment opportunities for individuals experiencing high levels of multiple deprivation. The Committee therefore intends to examine this aspect of spending as part of its scrutiny of the draft budget 2013-14.

Regional workshops

4. As part of its evidence gathering, the Committee has agreed to hold one-day workshops in three regions that have the highest levels of unemployment. The workshops will seek to engage with representatives from the public, private and third sector, as well as seeking the views of individuals, such as care leavers and looked-after young people, on their own employment experiences.

5. Following the workshop sessions the Committee will take evidence from the Cabinet Secretary for Finance, Employment and Sustainable Growth and report its findings later in the autumn.

6. A number of key themes arising from the evidence sessions will form the basis of the discussions at the workshop sessions—

The need for a package of support

7. The Committee received a clear message from witnesses that vulnerable individuals need a package of support to assist them into sustainable employment and that such support should continue into employment.

8. The Committee is aware that there are currently a wide range of employment and skills initiatives and programmes. It wishes to explore the ability of the public, private and third sector to work in partnership at a local level to draw together these various initiatives and provide a package of support. The Committee will also seek views on the adequacy of current public sector initiatives to provide the level of support required to assist vulnerable individuals into sustainable employment.

9. Witnesses spoke, in particular, of the value of one to one support for this cohort of employment seekers, including the use of mentors and a "link worker" and the Committee notes that Skills Development Scotland is currently piloting "work coaches". The Committee is keen to explore the availability of such schemes, their relative success and whether and how they are being evaluated.

Issues of rural communities

10. The Committee is aware of the particular issues for both employers and job seekers in rural communities, including the availability of employment opportunities and transport issues. One of the workshops will therefore be held in a rural community in order that such issues can be explored in more depth.

Support for the private sector

11. The Committee notes that a key element of successful labour market intervention is genuine partnership between the private and public sector.

12. The Committee welcomes the action that the enterprise agencies are taking to support economic growth and employment opportunities. It notes, in particular, the support provided and collaborative action being taken by the enterprise agencies and the Scottish Council for Development and Industry with growth businesses and the action that is being taken to encourage employment opportunities through the supply chain. Nonetheless, the Committee is still unclear the extent to which such action is sufficiently targeted on those furthest from the labour market.

13. The Committee also notes that there appears to be a disparity between the views of agencies and those of some small businesses on the support available to SMEs on employment initiatives and programmes.

14. Given that 93% of the private sector is made up of small businesses and that evidence suggests that small businesses are more likely to provide employment opportunities to individuals with low level or no qualifications, the Committee wishes to investigate how SMEs could be further supported in offering employment opportunities to individuals experiencing multiple levels of deprivation during its workshop sessions.

15. The Committee notes that good relationships between the private and public sector at a local level are essential in providing employment opportunities to vulnerable individuals and will explore this in its workshop sessions, as well as the possibility of “pooling” apprentices.

Public sector as employer

16. While recognising that the public sector is itself coping with a reduced workforce the Committee wishes to explore the extent to which the public sector is offering employment opportunities to vulnerable individuals, where such opportunities exist, particularly to those to which it provides support services.

17. As a first step the Committee plans to write to all local authorities and NHS boards on the steps they are taking to offer employment opportunities to individuals furthest from the employment market.

Evaluation

18. The Committee notes that a number of Scottish Government initiatives directed at those furthest from the employment market, including Get Ready for Work, work coaches and the Employer Recruitment Incentive, are currently being piloted or refreshed.

19. However, the Committee is less clear on whether such initiatives are the subject of robust, independent evaluation to examine whether they are effective in supporting individuals experiencing multiple levels of deprivation into sustainable employment. The Committee plans to write to the Scottish Government seeking further information on its plans for evaluation, in particular:

- The timescale of such evaluations;
- Who will be undertaking such evaluation;
- On what outcomes the evaluation will be based;
- How this information will be used to develop future initiatives.

International experience

20. It is apparent from the Committee's evidence gathering that significant funding must be invested to support vulnerable individuals into employment, more than would be invested in standard employment initiatives. However, it notes that such investment will produce long-term benefits by reducing the consequent pressure on public services and introducing such individuals into the labour market.

21. The Committee considers that there would be merit in investigating the experiences in other jurisdictions, such as Denmark and the Netherlands, both of which have historically spent more on labour market policies and experienced more favourable labour market conditions for the young than other OECD countries.

22. The Committee also considers that there would be value in examining what public support is offered in Germany to SMEs to encourage such businesses to offer apprenticeships and work placements to vulnerable individuals.

23. The Committee invites SPICe to undertake initial research on these issues.