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## UPDATE ON 2022-23 SAVINGS AND THE IMPACT ON EMPLOYABILITY

You will be aware of the announcement the Deputy First Minister made to Parliament on 7<sup>th</sup> September regarding the financial challenges we face as a result of the current UK cost crisis.

This announcement set out the steps the Scottish Government has taken and will take in the near term to manage the nation's finances, while taking steps to maximise the support we make available to help those in need.

As part of these steps the additional £53.06m that was committed to parental employability support as part of Best Start, Bright Futures: our second tackling child poverty delivery plan, has been taken as a saving. Further information on the agreed savings can be found in the [letter the Deputy First Minister wrote to the Finance Committee](#).

These decisions have not been easy and they will not be without consequence, but given the financial challenges we face as a result of inflation and a lack of additional funding from the UK Government, they are unavoidable. At a time of acute labour shortages, historically low unemployment and soaring inflation, we have taken the view that we must prioritise fair wages over spending on employability, but this is not a decision we have taken lightly.

The impact of these decisions is that we will be unable to move forward with planned additional activity within employability to scale and enhance available support for parents this year. However, I want to reassure you that we remain committed to employability playing its role in contributing to the reduction of child poverty rates in Scotland.

Tha Ministearan na h-Alba, an luchd-comhairleachaidh sònraichte agus an Rùnaire Maireannach fo chumhachan Achd Coiteachaidh (Alba) 2016. Faicibh [www.lobbying.scot](http://www.lobbying.scot)

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I am aware that a tight labour market can point to a situation whereby those who are unemployed are those facing significant barriers to the labour market and in most need of support. With this in mind, I would also like to take this opportunity to confirm that our core employability funding for this year remains, and that we will continue to prioritise support for those who need it most, including parents. For 2022/23, we have allocated up to £59.433m to be delivered through our No One Left Behind approach, and £23.5m for Fair Start Scotland. Both of these interventions will retain their focus of supporting those furthest from the labour market to progress towards, enter and sustain employment, and will continue to provide much needed support. Employment support for disabled people is also part of our devolved remit, and will likewise continue to be delivered through No One Left Behind and Fair Start Scotland.

Both services have also played a role in supporting parents into work. Our most recent statistical publication shows that:

- Over 9000 parents have received support from Fair Start Scotland since it began in 2018.
- Our No One Left Behind approach (including Parental Employability Support Fund activity), has supported over 4000 parents over the past 2 years (April 20-March 22).

Furthermore, the measures set out in the Programme for Government, whilst not specifically focused on employability, will support the people our services aim to reach, whether through greater flexibility around Discretionary Housing Payments or a further increase to the Scottish child payment.

Finally, I want to make clear my intention to continue to work with partners across the public, third and private sectors to explore where we can do more to support parents with the investment we have available this year, and to continue work across my portfolio to create a fairer, more equal labour market.

Your sincerely,



**Richard Lochhead**

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