Innovative Social Policies for Inclusive and Resilient Labour Markets in Europe

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In-depth Analysis of the Implementation and Development of Policy Innovations and Processes of Policy Learning: Report for Scotland

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1.0 Introduction

1.1 The Scottish Policy and Employment Context

In July 2015, the Scottish government launched ‘Working for Growth’ a refreshed framework for social and employment policies and initiatives in Scotland. Offering an underlying rationale premised on the uncertainties of the current economic and political context, the framework adheres to the broad policy architecture of ‘constructive advantage’ initiated by the Scottish government in 2006 (Figure One). However, whilst employability expenditure continues to be based upon a dual investment approach incorporating both supply and demand side measures, a new emphasises has now been placed upon the need to stimulate economic recovery by more effective integration of employability and economic development policies. The intrinsic importance of a ‘continuing social and economic value of a skilled, educated and created workforce’ is also emphasised in the new policy framework. Tracing the development of this policy architecture, governance, implementation and performance this report analyses in-depth the context, factors and parameters that have shaped selected policy innovations in Scotland (Part One). In Part Two of the report a policy learning infrastructure and processes of policy learning are examined.

1.2 Methodology, Data collection and analysis

This In-depth analysis of the implementation and development of policy innovations and processes of policy learning in Scotland is informed by a comprehensive documentary analysis of both primary and secondary data and 32 semi-structured interviews. Documents analysed included official documents, social dialogue documents, research and study reports and related critical academic overviews on developments in employment and social, policy in Scotland... The 32 semi-structured interviews were conducted with high level policy makers, including members of parliament committees, trade unionists and representatives of parliamentary committees; local authority officials; administrative staff within key delivery organisations such as Skills Development Scotland; representatives of vulnerable groups such as ENABLE Scotland; and representatives of third sector organisations.(Annex. 1) Official policy documentation as well as Scottish Government and UK National Statistics and European statistics (Eurostat) have been analysed as part of this process. This report also utilizes results from INSPIRES Work package 2 on the position of vulnerable groups within the Scottish labour market and Work Package 3 ‘Identifying Policy Innovations increasing Labour Market Resilience and Inclusion of Vulnerable Groups’.

1.3 The Broad Architecture of Governance, Implementation and Delivery of Social and Employment Policies in Scotland

The development of Social and Employment policies aimed at promoting the resilience and inclusion of the labour market in Scotland has largely been shaped by devolved institutional and socio-economic arrangements. Since the Financial crises in 2008 distinctive social and employment policies and governance networks in Scotland have been designed to support vulnerable groups in the labour market within the context of significant inward investment in key economic growth sectors. More broadly this approach is located within cross cutting public sector policies intrinsically linked to the ‘Solidarity Purpose’ defined as “unlocking the economic potential of all individuals will support economic growth by increasing labour market participation and by removing the personal and social costs of poverty”(Scottish Government, 2013). Here economic growth is regarded as being contingent upon reducing income inequality and the improvement of access to employment
opportunities especially for those on lower incomes. Within this context unemployment is defined as a complex, multi-dimensional problem requiring local solutions delivered collaboratively by local stakeholders including employers, public service providers and educational and training bodies. As such local employers particularly Small and Medium Enterprises, have been encouraged and incentivised to collaborate and lead on the design and delivery of employability policies at local level. SME’s make up 99.3% of all private sector enterprises in Scotland and account for 54.7% of private sector employment and 36.7% of private sector turnover⁠-

Prevention and early intervention have increasingly become embedded in social and employment policy approaches since the onset of the 2008 Financial Crises. Innovative policies directed at vulnerable groups within the Scottish labour market are underpinned by a policy making process which fundamentally involves a preventative approach. Here, measures developed in response to the Financial Crises of 2008, focus on reducing inequalities and therefore demand for acute level services by providing effective early intervention services and measures (Scottish Government, 2011). This is evidenced by an increasing emphasis on preventative spending. The Scottish Government allocated £500 million to Prevention in the period between 2011-12 and 2014-15. Preventative measures often combine social and employment objectives. Exemplifying this, the 2013 Children and Young People’s Bill (Scotland) included an extension to the level of free early learning and childcare from 475 hours per year to a minimum of 600 hours per year. The dual rationale for this measure was to enable all children to have access to high quality early learning and socialisation opportunities whilst also enabling more women to participate in the labour market. The participation of women in the labour market is very high on the agenda of the current Scottish Government. At 1,233,000, the employment level for women in the Scottish labour market is now at its highest level since records began in 1992. However a central issue in Scotland are levels of poverty and multiple deprivation and levels of relative poverty (Figure Two). There are wide regional and local variations in levels of multiple deprivation in Scotland and the Scottish Government have instituted a range of measures to mitigate these variations (Figure Three). A range of multi-sectorial measures have been instigated since devolution including The Living Wage policy. A central issue is the level of absolute poverty (Figure One). Whilst levels of absolute poverty have been reduced by 10% between 1999 and 2014, falling from 30% to 20% (after housing costs) of the population as a whole (Figure One), this is still of major concern to the current and previous Scottish governments and the Solidarity Purpose was introduced in 2010 to reduce inequality in Scotland by increasing overall income levels and the proportion of income earned by the three lowest income deciles as a group by 2017. Central factors influencing the Solidarity Purpose have been identified by The Scottish Government as:

(i) Accessibility of employment opportunities, especially for those on lower incomes.
(ii) Opportunities for the lower-paid to improve their skills.
(iii) Changes in the income differential between the lowest and highest paid occupations
(iv) Entitlement to, and take-up of, benefits.

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1 Federation Small Businesses in Scotland, 2014
2 Working for Growth, Scottish Government, 2014
3 Children and Young Persons Bill, Scottish Government, 2013
Figure 1: Number of Individuals living in Absolute Poverty in Scotland

Figure 2: Numbers of People living in Relative Poverty in Scotland between 1999 and 2014

Figure 3: Variations in levels of multiple deprivation in Scotland across Local Authorities
1.4 Political Context

The Scottish Government does not have any control over the delivery of employment services for those in receipt of unemployment benefits in Scotland. These services are managed directly by the UK Department for Work and Pensions. The current Scottish Government argues that these services could deliver more effective outcomes if responsibility were devolved to Scotland. The rationale underpinning this argument is that current arrangements lead to fragmented delivery of provision and that services for vulnerable groups would be more effective if they were integrated into the employability and skills system that is already a devolved responsibility of the Scottish Government. The Scottish Government has proposed that responsibility for all welfare and employability policy and administration be devolved. This would encompass all working age benefits and would also involve a suspension of the administration of the new Universal Credit and Personal Independence Payments system in Scotland. The Scottish Government argues that this would then allow the transfer of full responsibility for Employment and employability policy, programmes and wage policies. Uncertainty over the extent and form of the transfer of powers acts as a limitation in terms of planning employability frameworks and measures. Current employability measures and initiatives in Scotland have been designed in a way which does not compete with or duplicate services provided by the UK Government. A central aim since devolution in 1997 has been to develop an effective partnership arrangement between Scottish Government Agencies responsible for supporting vulnerable groups such as Skills Development Scotland and Scottish Enterprise (Scottish Government) and Jobcentre Plus Scotland (an agency of the UK Government).

1.5 Governance and Delivery Infrastructure

The current Scottish Government aligns social and employment policies to notions of economic, social and labour market resilience premised upon the principle of ‘constructive advantage’ (Figure One). The National Strategy for Employment ‘Working for Growth’ is a multi-level governance model which aims to provide integrated governance of Labour Market, Social, Health and Economic Policies in Scotland. The Comprehensive Framework for employment is implemented via a Delivery Infrastructure which aims to provide an architecture for the effective delivery through a governance model characterised by a social dialogue approach (Figure One). With a very strong emphasis on the development of human capital economic, employment and social policies are configured within a dual investment approach characterised by a high level of expenditure on employment and training initiatives. Whilst overarching policies at National level are outlined in the National Performance Framework the delivery of preventative measures at local level is very much dependent upon distinct local socio-economic conditions, challenges and opportunities. Policy making in Scotland involves high levels of engagement with unions, voluntary groups, the private sector, local authorities and health agencies and professional bodies. Policies are often delivered by local authorities who whilst referring to the National Performance Framework work very closely with a range of local public, private and voluntary organisation to develop shared aims which are relevant to their local areas. Single Outcome Agreements are developed at local level in Scotland. These agreements represent longer-term aims and cooperation and offer a bottom up approach to the development of preventative and social investment strategies at local level.

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Figure 4: Delivery Infrastructure Comprehensive Employment Framework for Scotland: Working for Growth

Scottish Government Health and Employability Delivery Group
Aims to embed employability within health agenda

Local Employability Partnerships
Located within the Community Planning Framework. Linking Economic and Social Strategic Development

Skills Development Scotland
Strategic Skills Pipeline

National Delivery Group
Aim: to develop a coherent framework for effective local delivery of employment

Third Sector Employability Forum
Aim: to develop capacity in respect of policy and

Scottish Employability Forum
Role: Responsible for the development of approaches which increase sustainable employment

Employability Learning Network
2. Analytic Description of the selected innovations

2.1 SELECTED INNOVATIONS

2.1.1 Innovation One: Local Employability Partnerships

Local Employability Partnerships (LEP’s) were launched in 2006 within the Scottish Government's original employability framework, ‘Workforce Plus’. Originally, the LEP’s were initiated by the Scottish Government as part of the Workforce Plus programme to help those most disadvantaged in the labour market through improved, more tailored employment support. LEP’s were thus developed in recognition of the disconnected structure and governance of Scotland’s employment services at that time and were designed to achieve closer alignment of employment services at a local level strengthened by co-ordination and support at a national level within Scotland. LEP’s were initially developed within seven priority local authority areas, Glasgow, Dundee, North and South Lanarkshire; West Dunbartonshire, Renfrewshire and Inverclyde. These areas were selected because they exhibited the highest rates of unemployment and other indicators of social and economic deprivation. Initially multi-agency, cross-sectorial local employability partnerships (which in some instances were already in place) formulated three year plans to provide support to people, particularly those most disadvantaged within the labour market in Scotland, into employment. A central aim of the broader Workforce plus Model in which the LEP’s programme was situated was to increase the numbers of people in rewarding, meaningful and sustained work. LEP’s also link closely with the strategy for young people requiring additional support ‘More Choices, More Chances and was designed to provide a comprehensive set of employability support for all ages. Local Employment Partnerships are now established in all 32 local authorities in Scotland. LEP’s vary in terms of
membership at local level however they often include representatives from local authorities, Skills Development Scotland; Jobcentre Plus (JCP) (UK; The NHS; local business organisations, and The Third Sector. LEP’s are situated within the Community Planning Framework.

2.1.2 Innovation Two: Employer Recruitment incentives

Employer Recruitment Incentives were initiated in 2013 to address the impact of the economic crises on young people aged between 16 and 25 in Scotland. This innovation adopts a dual response to the crises by bolstering labour market resilience and inclusion by stimulating the supply of quality jobs for young people with special tailored measures for young people who face significant challenges. Funded jointly Employer Recruitment Incentives are funded jointly by the Scottish Funding Council (Scottish Government) and The European Social fund and centrally aim to provide job opportunities for young people before they become long-term unemployed. Working in partnership with private sector employers the Scottish Government partly funds new youth jobs (created over and above existing workforce needs of the company). In the period between September 2013 and July 2015 Employer Recruitment Incentives created 10,000 new employment opportunities across Scotland. The new positions were strictly regulated and private sector employers were obligated to ensure employee rights and conditions outlined below in order to receive this funding. Where a company commits to creating a new youth job, it will receive a 50% cash incentive (of the salary cost of employing the young person excluding National Insurance) for at least 6 months. This funding benefits private sector employers, primarily small and medium sized enterprises (SMEs). Public sector employers are not eligible for the recruitment incentive. Third sector employers (e.g. social enterprises) who are not participating in the Community Jobs Scotland programme may be eligible for support via Youth Employment Scotland to create job opportunities for work-ready 16-19 year olds who have been unemployed for less than six months. All jobs created must be in addition to the existing workforce and offered on the terms that the job is sustainable. The young person needs to be productively employed for the duration of the programme. A job description must be drawn up outlining the duties and scope of the role. There must be a contract of employment drawn up with includes the terms and conditions. The national minimum wage, appropriate to the age of the individual, should be paid to all employees supported by the recruitment incentive. Employers or Local Authorities can also supplement this.

Responsibilities of Employers and Local Authorities

Employers must agree a fixed contracted number of hours of employment for the duration of the 26 weeks. The contracted hours must be between 25-40 hours per week. Employers must be able to provide evidence of payment to the young person. Local Authorities in Scotland are responsible for (ii) Working with employers to source additional youth workforce opportunities (ii) Selecting applicants and referring the most suitable candidates for interview (iii) Working with the employer to ensure the young person has a job description which outlines the structure and scope of the job (iv) Ensuring the young person has a contract of employment notifying them of terms and conditions (v) Ensuring the young person has a line manager appointed to them. (vi) Acting as a mentor throughout the 6 month opportunity. Local authorities are also responsible for ensuring that the programme continues to support young people to enter sustained employment including, where appropriate, another opportunity such as an apprenticeship. The local authority in partnership with the business will provide onward and transitional support should the job opportunity not be sustained after 6 months. The same employer can only use the scheme again provided they can offer an additional job that meets the eligibility criteria.

Policy Development
In July 2015 the Scottish Government initiated the new Scottish Employment Recruitment Incentive (SERI). The rationale behind the development of this initiative is to bring closer alignment to improving economic conditions and jobs market in Scotland. The initiative draws upon key recommendations from Developing Scotland’s Young Workforce Scotland’s Employer Recruitment Incentive is more closely aligned to the improving economic conditions and jobs market and delivers key recommendations from Developing Scotland’s Young Workforce. The new programme replaces a previous scheme which created up to 10,000 job opportunities across Scotland’s 32 local authorities. The implementation of Employer Orientated Measures including; The Employer Recruitment Incentive Intermediate. This innovation adopts a dual response to the crises by bolstering labour market resilience and inclusion by stimulating the supply of quality jobs for young people with special tailored measures for young people who face significant challenges. This new scheme introduced in 2013 was funded jointly by the Scottish Government and European Social fund aims to provide job opportunities for young people before they become long-term unemployed. Working in partnership with private sector employers the Scottish Government partly funds new youth jobs (created over and above existing workforce needs of the company). The new positions are strictly regulated and private sector employers must ensure employee rights and conditions outlined below to receive this funding. Where a company commits to creating a new youth job, it will receive a 50% cash incentive (of the salary cost of employing the young person excluding National Insurance) for at least 6 months. This scheme is also includes The Employment Recruitment Incentive with additional measures for young people who are facing additional challenges or barriers in entering the labour market. Young people who benefit from this programme include children who have previously been looked after by the state, this funding benefits private sector employers, primarily small and medium sized enterprises (SMEs). The programme will create up to 10,000 opportunities for SME to recruit young people and involves the creation of 25,000 Modern Apprenticeships and the Intermediate Vocational Education and Training (VET) system to complement further and higher education. The underlying rationale of this approach is to ensure improved connectivity and cooperation between education and work and to ensure that employers are adequately engaged with young people. The underlying tenet governing these measures is partnership between employers and education with employers viewing themselves as co-investors/co-designers rather than purely consumers. (Scottish Government, 2013) The new incentive offers employers around £4,000 to offset the additional costs of recruiting and employing a young person including equipment and staff time for training and induction.

2.1.3 Innovation Three: Youth Guarantees

The Glasgow Guarantee

Initiated by Glasgow City Council in 2009 The Glasgow Guarantee aims to provide a job, apprenticeship or training place for everyone in the city aged between 16 and 24. It guarantees every qualifying school leaver a modern apprenticeship in the city, helping 2300 young people into apprenticeships since 2009. Funded entirely by Glasgow council, this provides every young person aged 16-24 with guaranteed support in the form of education, training or a job. The Glasgow Guarantee is unique in the UK. Funding for the guarantee has recently doubled from £25 million to £50 million to accommodate opportunities arising from the Commonwealth Games in 2014.

The Edinburgh Guarantee

The Edinburgh Guarantee was initiated by Edinburgh City Council in 2012. Working with the public, private and voluntary sectors, the Edinburgh Guarantee seeks to increase the number of +jobs, further education and training opportunities being made available to young people in the city. The economic slowdown has had a major impact on young people in Edinburgh and in Scotland as a whole, with reduced opportunities and increased competition for jobs driving youth unemployment rates up. In 2011 over 500 young people, over 17% of the city's school leavers, were exiting the Edinburgh school system into unemployment, unable to secure work or a place in Further or Higher Education. The aim of the Edinburgh guarantee is to prevent long-terms unemployment amongst young people in the city. The innovation is a cross-partner and multi-sectorial initiative.
The Modern Apprenticeship Programme

The modern apprenticeship programme is a national (Scotland wide) programme initiated in Scotland in . Modern Apprenticeships provide the opportunity to secure industry recognised qualifications while earning a wage. The Modern Apprenticeship programme is open to all ages and are underpinned by the ethos of lifelong learning. The scheme is relevant across early and more advance training programmes. Employers are encouraged to take part in the scheme with the rationale that they will benefit from a skilled and productive workforce. There are 25,000 Modern Apprenticeship programmes available and the programmes are funded by Skills Development Scotland. MA frameworks are developed by licensed Sector Skills Councils (SSCs) and other Sector Skills Organisations (SSOs) recognised by the UK Commission for Employment and Skills (UKCES). The Modern Apprenticeship Group (MAG) is an independent group which draws its authority from the Scottish Government.

Members of the group include representatives from key stakeholders involved in the management and delivery of the Modern Apprenticeship (MA) programme in Scotland. The group is responsible for the approval and de-approval of all Scottish frameworks and encourages Sector Skills Councils (SSCs) to develop robust frameworks with high participation and completion rates, which can respond to the needs of their sector in changing economic circumstances and priorities. Members of the group are drawn from the following organisations: The Scottish Government (Chair) Skills Development Scotland (SDS); College Development Network; Scottish Qualification Authority (SQA) Accreditation; Scottish Training Federation; Scottish Trades Union Congress. In 2015 the Scottish Government announced an extra £3.8 million investment to create 500 more modern apprenticeships bringing the total number available to 30,000 across Scotland. The extra funding is aimed at senior secondary school pupils and will involve the introduction of work-based foundation apprenticeships. Programmes are designed to provide industry recognised qualifications and first hand insight into the world of work.

2.1.4 Innovation Four: 4a) South East Scotland Academies Partnership (SEAP) Third Sector Internships Scotland (TSIS) Learning to Work: Equalities Internship Scheme

South East Scotland Academies Partnership (SEAP)

South East Scotland Academies Partnership is an innovative programme which offers 15–18 year old pupils from secondary schools in south east Scotland with skills development and career opportunities. The academy model aligns its work with the Scottish Government’s growth agenda, while also helping pupils to make the transition from move school to either college or university; or if they choose from school, college or university directly into employment. The four Academies include: The Creative Industries Academy; the Health and Social Care Academy; The Food Science Nutrition Academy; and The Hospitality and Tourism Academy. SEAP was initiated in 2012 by Queen Margaret University in partnership with East Lothian Council, Edinburgh College and Employers in the areas of Health and Social Care, Creative Industries, Food Science and Nutrition and Hospitality and Tourism.

Employers, educationalists, local authorities and governmental bodies have committed £4.6 million of funding to develop the four academies. In addition, the academy project has benefitted from partnership with a number of industry partners. These partners are instrumental in giving young people the opportunity to work in specialist industries by providing placement opportunities and hands-on practical experience, and offering an insight into specialist fields. The full academy programme is part time and delivered over a two-year period (S5 and S6). However, students can choose to complete just one year before progressing to places on related courses at Edinburgh College or students can use the transferable skills they have acquired in their first year to move to other
opportunities. The student commitment to the academy is over and above their normal school curriculum. For all of the academies, classes are delivered at Edinburgh College/Borders College and Queen Margaret University, and for some academies also at schools. After successful completion of the full two-year academy programme, students will be presented with a range of opportunities to progress into further or higher education or go directly into employment. Students who successfully complete the academy will gain a recognised qualification to add to their CV as well as a qualification, successful students have enhanced academic knowledge, practical skills and a competitive advantage in securing a place at college or university.

***Third Sector Internships Scotland (TSIS)***

Third Sector Internships Scotland helps students to find paid work experience in the Third Sector. TSIS was initiated in 2010 by The Scottish Government in partnership with Education Scotland. TSIS is being delivered by Queen Margaret University, The Open University in Scotland and the Scottish Council for Voluntary Organisations, with support from universities across Scotland. The Steering Group includes representatives from Glasgow Caledonian University, University of Dundee, University of Aberdeen, and University of the West of Scotland, University of Stirling, and Student Volunteering Scotland. TSIS is funded by the Scottish Funding Council as part of Learning to Work 2, a multi-programme initiative which aims to enhance student employability through increasing the availability of work placements.

***Learning to Work Equalities Internship Scheme***

This innovation is funded by the Scottish Government and was initiated in 2013 in partnership with the Scottish Disability Equality Forum, BEMIS, CEMVO and SCVO in the Equalities Internship Scheme, funded by the Scottish Government. 150 internships opportunities will be targeted at graduates with a disability or long-term health condition (75) and 75 Internships from graduates from ethnic minority communities. These applications will be on an open-recruitment basis with applications actively invited and welcomed. All applicants must hold a SCQF level 8+ qualification (equivalent to an HND, first degree, SVQ Level 4) be unemployed – either in the first 12 months of a benefit claim (pre-Work Programme) or 2 years+ (post Work Programme), or unemployed and not claiming benefits (but must make a claim for benefits in order to apply for an opportunity.

### 2.1.5 Innovation Five: The Living Wage

This innovation offers a dual approach aimed at both alleviating levels of poverty created by the cost of living crisis in the UK whilst also increasing the resilience of the labour market by improving flexibility and productivity (see KPMG15 evidence) and by increasing local demand for goods and services. The aim of Living Wage Scotland Bill (2014) is to both to alleviate levels of poverty endured by employees and to stimulate demand within the local economy and so strengthen labour markets. The Living Wage in the UK is based upon a complex calculation which takes into account the costs of goods and services which provide the Minimum Income Standard for people of different household types across the UK. These costs are then added to housing costs such as rent and other necessities including Council Tax and child care costs. The wage required to meet these costs for each household time (assuming full time work and claiming all relevant benefits or working tax credits) is calculated on this basis. Annual updated reports on the Minimum Income Standards based on what members of the UK public view as an acceptable standard of living in the UK are published by the Joseph Rowntree Foundation. The current level of the living wage in Scotland (2015) is £7.85 per hour. The Living Wage is based upon voluntary collective agreements and private sector organisations are not obligated to implement this measure. This compares to a statutory UK wide minimum wage of £6.50 per hour. All public sector workers employed directly by the Scottish Government and workers employed by the National Health Service (Scotland) are currently paid at £7.85 per hour.

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5 KPMG is a global network of professional services firms providing Audit, Tax and Advisory services.
least the living wage. In addition, Across Scotland, most of the 32 Local Authorities in Scotland have either implemented the Living Wage or are committed to introducing it. Private sector employers are encouraged to pay the living wage. The Scottish Government has required all organisations which are subject to its pay policy to pay at least the living wage. This has been extended to many other public organisations in Scotland, and currently only 3.4% of public sector employees are paid less than the living wage. The Scottish Government has also encouraged private sector companies in Scotland to adopt this policy and has also provided funding to The Poverty Alliance to increase the level of take up of its Living Wage Accreditation Scheme by private sector employers the Poverty. A central concern has been the extent to which private companies which deliver public contracts should be encouraged or mandated to pay the living wage. Here compatibility with the Treaty on the Functioning of the European Union and the Posting of Workers Directive needs to be carefully considered. The Scottish Government published a consultation on the implementation of the EU Directives and the Scottish Procurement Reform Act and the supporting statutory guidance in February 2015. The deadline to transpose the new Directives is April 2016. Recent Evidence has shown the benefits to the private companies (Skills Development Scotland, 14; KPMG, 15, 2014).

3.0 Rationale underpinning selection of 5 innovations

Introduction

The formulation, development, delivery and implementation of employment and social policies in Scotland is located within a highly complex multiple governance framework: (Figure). This complexity arises from the following key elements relating to context, factors and parameters.

(1), since devolution in 1997 successive governments in Scotland have emphasised principles of social dialogue, co-production and multi-sectorial partnerships (BASES and CIVIC Part of Working for Growth). In developing policy and processes in the 2015 Working for Growth strategy the Scottish Government has attempted to rationalise Employability Services and to enable business to gain better alignment with The Strategic Skills Pipeline the Better Alignment of Scotland’s Employability Services (BASES) is a central element of this policy development process. There is particular emphases on ensuring that smaller businesses can access Scotland’s Employability Services and also upon improving the kinds of opportunities offered by public sector employers in Scotland. The five innovations chosen are relevant to understanding the context, factors and parameters of partnership working between Skills Development Scotland, Business Gateway, local authorities and enterprise agencies. In particular the Employer Recruitment Incentive and the recently developed Scottish Employer Recruitment Incentive rely on cooperative/collaborative working between public sector organisations and the private and third sectors. The in-depth analysis of the five innovations will take account of the way in which the complexity of the governance and delivery has impacted upon the effectiveness of innovations. The recent development of the Employability Framework, ‘Working for Growth’ emphasises the need to maximise the integration of employability and economic development. Employer orientated innovations such as The Employer Recruitment Incentive and Modern Apprenticeships. Whilst the Modern Apprenticeships Programme has proved to be very successful in terms of take up by employers (mainly larger employers) The Employer Recruitment Incentive Scheme and The Employer Recruitment Incentive Scheme with additional measures for young people with additional challenges initiated in 2013 was not as effective in terms of scope. As the Wood Report (2014) demonstrated only 14% of SME’ in Scotland were involved in this scheme. This evidence has led to the Scottish Government offering employers lighter ‘and more flexible options for contributing to employability. Beyond the BASES project, we look to continue our work with key agencies such as the DWP, Skills Development Scotland (SDS), Business Gateway, local authorities and the enterprise agencies to maximise the integration of employability and economic development. In particular, we are conscious of the need to offer employers
(4) Financial Expenditure on Employability Measures in Scotland

Total Financial Expenditure on Employability measures and initiatives in Scotland have been estimated as approximately £660 million in 2013-14\(^6\). This was an increase of 6% since 2011-12. Over the same period, International Labour Office (ILO) unemployment for 16-19s and 20-24s has fallen by 10% but increased by 1% for the over 25s. The highest expenditure by far was invested in the 16-19 age group (just under half of all total expenditure (using the broad definition of employability programmes was devoted to this age group alone. The section of innovations in this report reflects the focus of expenditure on young people in Scotland. A quarter of total investment was devoted to the 20-24 age group and a quarter of total expenditure. The analysis of the Employer Recruitment Incentive, South East Scotland Academies Programme, TSIS and the Equalities Internship Programme all relate to young people.

(5) Alignment to the Strategic Pipeline;

The selected innovations demonstrates specific alignment to the Strategic Skills Pipeline. The largest proportion of financial expenditure (45%) on Employability programmes in Scotland are On Stage 3 of the Employability Pipeline (Figure 7) the majority of expenditure is on stage 3 (Vocational Activity). A broad definition of vocational activity includes Modern Apprenticeship and college vocational learning delivery; and a ‘narrow’ definition that excluded those aspects of this funding that are closer to workforce development support The Modern Apprenticeship programme represents a central component of this activity and is one of the selected innovations in this report. The analysis of the alignment of the innovations selected to the Strategic Skills Pipeline in Scotland will enable further understanding of the effectiveness of the overall employability framework in Scotland. In particular how far does each of the selected innovations align with the objectives of the Strategic Skills Pipeline and how closely do they align with each stage of the skills pipeline itself. How does this alignment relate to the effectiveness and meaningfulness of the innovation itself for the target group concerned?

(4) The underlying economic and social policy of ‘constructive advantage’ linking demand side and supply side drivers within a dual investment approach. The selected innovations all demonstrate a dual investment approach and further in-depth analysis will enable further understanding of the effectiveness and meaningfulness of this strategy. In particular a central aim of the Comprehensive Employability Framework is to develop sustainable or progressive employment. The integration of health, social and employment policies and close alignment with the Strategic Skills Pipeline are designed to achieve progressive employment. All of the innovations selected are underpinned by the principle of integrating health, social and employment policies to achieve progressive employment. For example the introduction of the Living Wage enables employees to sustain and develop their employment capacities. At the same time the introduction of the Living Wage has the capacity to reduce the overall tax burden in the UK. In 2014 UK Government expenditure on Working Tax Credits, used to supplement low wages of was £26 Billion. The Scottish Government

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\(^6\) Expenditure amounts are based upon a broad definition of employability which includes expenditure at all stages of the Strategic Skills Pipeline on transitional skills training for young people and life-long learning initiatives (Modern Apprenticeships)
introduced The Living Wage proposals in 2013 since then over 250 employers in Scotland have introduced the Living Wage.

(5) All of the selected innovations are designed to contribute to the Solidarity Purpose (2010) by increasing the overall income and the proportion of income earned by the three lowest income deciles. All of the innovations selected will be analysed in terms of this underlying rationale. In particular as figure Five above shows, multiple and social deprivation including employment deprivation is subject to extremely wide variations. At the same time differential business growth and economic growth in different areas of Scotland (for example levels of GVA during the period of each innovation) also have an impact on employment levels within distinct localities. The impact of these of divergent socio-economic contexts upon the design, implementation and delivery of the selected innovations will be analysed in this report.

4.0 The Multiple Governance Framework in Scotland

The Multiple Governance framework structures, procedures and process in Scotland are complex because it is funded upon the principle of **social dialogue**, and co-production, and policy and financial de-centralisation to enable local policy and operational solutions within a national framework designed to ensure the effective realisation of national policies and the accountability of local government. The implementation of social and employment policies is impacted upon by a series of procedures and processes designed to simultaneously ensure consistency and adherence to broad principles and policies within the National Framework for policy, ensure accountability between National Government and local Government in Scotland the Concordat and single outcome agreements and ensure that local authorities, community planning partnerships and local employability partnerships are given the scope and financial capacity to co-design and co-produce local services, solutions and partnerships. This report analysis in-depth the impact of these governance and administrative frameworks upon the development, implementation and performance of the selected innovations designed to 1. Policies, operationalisation, implementation and outcomes – Three main distinguishing characteristics have emerged as a result of devolution in Scotland. Firstly, in contrast to the largely procedural form of multi-level governance of local authorities in England multi-level governance in Scotland is decentralised. Here local network governance of employment and social policies are located within an open architecture designed to ‘breakdown institutional silos and create more horizontal channels for collaboration through knowledge exchange’. (Skills Development Scotland, 2013). Secondly, social and employment policies and measures are characterised by a strong focus on the development of human capital and the prevention. Finally, there is a very strong emphasis on social dialogue, collaboration and co-production between employers, and local government agencies and communities in the design and delivery of social and employment measures at local level in Scotland. In practice there is high degree of divergence in the extent, form and effectiveness of social and employment measures within the 32 local authorities in Scotland with significant variations in Institutional boundaries, employer cultures and ethos within and between local authorities. In addition there recent evidence has also pointed to the need to develop more cooperative relationships between CPP’s and Local Employment Partnerships which straddle local authority boundaries. (Wood Report, 2014). The Scottish employability Forum (SEF) The Scottish Employability Forum (SEF) central aim is to provide a single forum enabling all parts of Government to come together with delivery bodies and stakeholder from across Scotland to address. The SEF has adopted a definition of employability – the Employability Pipeline which encompasses five stages: engagement, assessment and referral; needs assessment and barrier removal; vocational activity; employer engagement and job matching and in work support and aftercare. Priority Groups are defined by age: young people aged 16-19 and young people aged 20-24 and people aged 25 or over.
Table 1: Selected Innovations

<table>
<thead>
<tr>
<th>Innovation</th>
<th>Goals</th>
<th>Target Groups</th>
<th>Scope</th>
<th>Type of Policy</th>
<th>Type of Strategies</th>
<th>Expected or Estimated Impact on Resilience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Glasgow Youth</td>
<td>To (a) develop a strategy to address local employability needs. (b) Identify gaps (duplications) in provision and which agencies should commission, decommission or deliver services. (c) Evaluate the impact of employment programmes and services on outcomes for local people and employers. (d) To link national and local governance Performance Frameworks</td>
<td>All Workers in Scotland</td>
<td>Structural: Embedded permanently within Community Planning Partnerships within Governance Framework.</td>
<td>Public Policy Initiated and Co-ordinated by the Public Sector. Local Employability Partnerships are embedded within Community Planning Partnerships. Partnership between public, private and third sector at local level.</td>
<td>Governance of employment policies</td>
<td>Varies considerably across local authorities however statistical indicators show improvements in employment outcomes for the general working age population and young people between the ages of 18 and 24 since the initial establishment of LEP’s. However this is not the case for people with disabilities in the labour market. This is a particular issue for young disabled people.</td>
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</tbody>
</table>
| Employer Recruitment Incentives | This innovation adopts a dual response to the crises by bolstering labour market resilience and inclusion by stimulating the supply of quality jobs for young people with special tailored measures for young people who face significant challenges. This new scheme is funded jointly by the Scottish Government and European Social fund aims to provide job opportunities for young people before they become long-term unemployed. Working in partnership with private sector employers the Scottish Government partly funds new youth jobs (created over and above existing workforce needs of the company). | Young People aged between 17 and 25 And Young People with additional needs (including young people with disabilities and young people leaving care) From July 2015 The Scottish Employer Recruitment Incentive SERI: July 2015: Includes an increase in the age limit for eligibility to 30 years of age. | Temporary Measure to incentivise employer orientated measures. Employer Recruitment Incentives have recently been replaced by The Scottish Employer Recruitment Incentive SERI: July 2015: increased age limit to 30 by | Initiated and Co-ordinated by the Public Sector. Local Authorities and Local Employment Partnerships across Scotland. Public/Private Third Sector Partnership Initiative | Encompassing Social Security | Significant Variations in performance of ERI’s across individual local authorities. A significant constraint has been the lack of take up by SME’s within a number of local authority areas. Key challenge is to provide more flexible approach to SME’s. A further challenge for businesses has been the temporary nature of these incentives. A significant limitation of ERI’s was the lack of close alignment with the Strategic Skills Pipeline. This has an impact on the effectiveness of the programmes upon individual skills development and support as well limiting the development participants in the programme and longer term resilience and progressive forms of employment. A central issue here also concerns the temporary nature of funding for the programme. SME’s felt that this form of funding did not always match longer term business priorities particularly with regard to the development of skills within the company. | Encompassing Social Security | Significant Variations in performance of ERI’s across individual local authorities. A significant constraint has been the lack of take up by SME’s within a number of local authority areas. Key challenge is to provide more flexible approach to SME’s. A further challenge for businesses has been the temporary nature of these incentives. A significant limitation of ERI’s was the lack of close alignment with the Strategic Skills Pipeline. This has an impact on the effectiveness of the programmes upon individual skills development and support as well limiting the development participants in the programme and longer term resilience and progressive forms of employment. A central issue here also concerns the temporary nature of funding for the programme. SME’s felt that this form of funding did not always match longer term business priorities particularly with regard to the development of skills within the company. | Encompassing Social Security | Significant Variations in performance of ERI’s across individual local authorities. A significant constraint has been the lack of take up by SME’s within a number of local authority areas. Key challenge is to provide more flexible approach to SME’s. A further challenge for businesses has been the temporary nature of these incentives. A significant limitation of ERI’s was the lack of close alignment with the Strategic Skills Pipeline. This has an impact on the effectiveness of the programmes upon individual skills development and support as well limiting the development participants in the programme and longer term resilience and progressive forms of employment. A central issue here also concerns the temporary nature of funding for the programme. SME’s felt that this form of funding did not always match longer term business priorities particularly with regard to the development of skills within the company. | Evidence that early intervention strategy has stabilised and slightly improved position of...
<table>
<thead>
<tr>
<th>Internships Scotland</th>
<th>Young People aged between 17 and 25 Youth</th>
<th>City of Glasgow, City of Edinburgh</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>on continued funding from the Scottish Government, EU Structural funds and Glasgow City Council</td>
<td>Public/Private/Third Sector Partnership Initiative</td>
</tr>
<tr>
<td></td>
<td>Modern Apprenticeships are open to all workers between the ages of 16 and 64 in Scotland</td>
<td>(C) Youth Job and Training Guarantees</td>
</tr>
<tr>
<td></td>
<td>Edinburg Guarantee Temporary Measure reliant on continued funding from the Scottish Government, EU Structural funds and Edinburgh City Council</td>
<td>D)Vocational Experience and Training</td>
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<tr>
<td></td>
<td>Modern Apprenticeships are offered Nationally (Scotland)</td>
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<tr>
<td></td>
<td>Temporary Measure reliant on continued funding from the Scottish Government, and EU Structural funds and</td>
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**South East Scotland Academies Partnership (SEAP)**

Young People Aged Between 14 and 18 Living in South East Scotland

| South East Scotland Academies Collaborative Partnership is programme which offers 14–18 year old pupils from secondary schools in south east training, skills development, educational and career opportunities. The academy model aligns its work with the Scottish Government’s growth agenda, while also supporting students as they make the transition between school, education and employment The four Academies include: The Creative Industries Academy; The Health |
| Temporary Measure, reliant on continued funding from the National Funding Council, Scottish Government. | Public/Private/Third Sector Partnership Initiative organised by Queen Margaret University and The Open University in Partnership with Universities and Third Sector organisations across Scotland |
| SEAP is available to all young people aged between 14 and 18 residing in South East Scotland | Encircling Social Security |
| TSIS is available to all young people aged between 14 and 18 residing in South East Scotland | Prevention and Early Intervention |
| TSIS is | Partnership and Co-Production Social Investment |
| TSIS is available to all young people aged between 14 and 18 residing in South East Scotland | E) Internships and Work Experience |

Job, apprenticeship or training place for everyone in the city aged between 16 and 24... It guarantees every qualifying school leaver a modern apprenticeship in the city, helping 2300 young people into apprenticeships since 2009. Funded entirely by Glasgow council, this provides young person aged 16-24 with guaranteed support in the form of education, training or a job.

The Edinburgh Guarantee offers opportunities to all young people aged between 16 and 24. It aims to enable more effective transitions between education and employment.

Modern Apprenticeships are training based employment schemes and have been implemented across Scotland. There are 25,000 Modern Apprenticeships available in Scotland. Mas are open to all age groups.

Modern Apprenticeships are open to all workers between the ages of 16 and 64 in Scotland. On continued funding from the Scottish Government, EU Structural funds and Glasgow City Council.

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and Social Care Academy; The Food Science Nutrition Academy; and The Hospitality and Tourism Academy. Employers, educationalists, local authorities and governmental bodies have committed £4.6 million of funding to develop the four academies. In addition, the project has the commitment of industry partners in the local area. Young people are given the opportunity to work in these industries whilst also attending college and university academies also at schools.

Third Sector Internships Scotland helps students to find paid work experience in the Third Sector. TSIS was initiated in 2010 by The Scottish Government in partnership with Education Scotland. TSIS is being delivered by Queen Margaret University, The Open University in Scotland and the Scottish Council for Voluntary Organisations, with support from universities across Scotland. The Steering Group includes representatives from Glasgow Caledonian University, University of Dundee, University of Aberdeen, and University of the West of Scotland, University of Stirling, and Student Volunteering Scotland. TSIS is funded by the Scottish Funding Council as part of Learning to Work 2, a multi-programme initiative which aims to enhance student employability through increasing the availability of work placements.

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<p>| Living Wage 6a) Introduction of Living Wage to all Public Sector workers | Work Experience available nationally to all undergraduate students studying in Scotland. | Matching of skills development to skills requirements in the business sector at local level. The South East Scotland Academies Programme has involves a collaboration with industries within key growth areas of the Scottish Economy. This helps to promote local and national economic and labour market resilience and exemplifies the dual investment approach. In addition TSIS has established and SROI calculation of a return of between £2.50 and £3.80 for every £1 invested. Recent evaluations provide evidence of value added to third sector organisations and local community economic development. This acts to facilitate sustainable local economic and labour market resilience. | Evidence is provided that the implementation of the living wage in Scotland has led to... |</p>
<table>
<thead>
<tr>
<th>Land</th>
<th>The Glasgow Living Wage</th>
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</thead>
<tbody>
<tr>
<td>6b) Encouragement of Private sector Employers to pay the Living Wage particularly those engaged with Scottish Government Contracts.</td>
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<tr>
<td>The Glasgow Living Wage was introduced in 2009 to tackle in work poverty The Living Wage in the UK is based upon a complex calculation which takes into account the costs of goods and services which provide the Minimum Income Standard for people of different household types across the UK. These costs are then added to housing costs such as rent and other necessities including Council Tax and child care costs. The wage required to meet these costs for each household time (assuming full time work and claiming all relevant benefits or working tax credits) is calculated on this basis. Annual updated reports on the Minimum Income Standards based on what members of the UK public view as an acceptable standard of living in the UK are published by the Joseph Rowntree Foundation. The current level of the living wage in Scotland (2015) is £7.85 per hour. The Living Wage is based upon voluntary collective agreements and private sector organisations are not obligated to implement this measure</td>
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<td>sector workers directly employed by The Scottish Government and Local Authorities All National Health Service Workers in Scotland</td>
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<td>ordinated by the Public Sector.</td>
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<tr>
<td>Regulation of the labour market This innovation offers a dual approach aimed at both alleviating levels of poverty created by the cost of living crisis in the UK whilst also increasing the resilience of the labour market by improving flexibility and productivity (see KPMG15 evidence) and by increasing local demand for goods and services. The aim of Living Wage Scotland Bill (2014) is to both to alleviate levels of poverty endured by employees and to stimulate demand within the local economy and so strengthen labour markets</td>
<td></td>
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<tr>
<td>Public Sector although not mandatory.</td>
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<tr>
<td>Stimulate Economic Participation;</td>
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<td>Increase Productivity, Competition and Resource Efficiency</td>
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<tr>
<td>Cohesion; Reduce Disparity between Regions of Scotland</td>
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<tr>
<td>stabilisation and uplift of wages across all skill levels and grades of workers. In particular empirical evidence relating to average gross pay between 2005 and 2014 reveals The implementation of the Glasgow Living wage has stabilised and improved wage levels across the city since the implementation of the innovation in 2008. There is also evidence of a general uplift across all skill levels in Glasgow as a result of the implementation of the living wage in 2008. Several studies have revealed this impact, in particular Adams and Scott (2005) provided evidence which revealed that the impact of the Impact of the living wage comes not only from increased income to lower income groups but also the subsequent up-lift in pay rates that occurs across skill levels with the company. Here workers with higher skill levels benefit from a general wage up-lift. This has been shown to benefit households where there is only one breadwinner who happens also to be more highly skilled. When compared with Clackmannanshire an area which is also characterised by pockets of social deprivation and employment deprivation wage levels in Glasgow are more robust over since 2009.</td>
<td></td>
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<tr>
<td>In Scotland there are over 250 companies registered as Living Wage Employers. These companies include private, third sector and public sector organisations. Evidence was provided of increased resilience at company level during the course of this research. The impact on staff moral, lower rates of sickness and absence, lower staff turnover and increased productivity and customer satisfaction were alluded to during interviews with company directors of both SME’s and larger (global) organisations. Secondly the impact on respect at the end of the day we work as a big team in this company. (Manager, SME) As a global organisation we recognise that it is important to recognise the value of the work that everyone does here. We think it’s ethically right and also good for the company itself – our figures show that since we introduced the living wage the company has increased productivity and we have fewer absences. Evidence of reduced turnover in staff within companies paying the living wage in Scotland also suggests that an expected longer term impact is</td>
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more sustainable or ‘progressive employment’.
A related expected impact on local economic resilience is the stimulation of demand within local economies as a result of higher levels of disposable income.

5.0: In-depth analysis of Selected Innovations

5.1 Local Employability Partnerships

5.1.1 Local Employment Partnerships (LEP’s) as a Form of Network Governance

Local Employment Partnerships are located within the broad and complex architecture of bottom up network governance in Scotland. The development and operationalisation of LEP’s in Scotland is premised upon notions of heterogeneous network governance involving public and private partnerships. (Damgaard and Torfing (2010) and (McQuaid et al. The in-depth analysis of diverse LEP’s across local authorities in Scotland involves the analysis of both distinct network goals within distinct local authorities and substantive network tasks. Following Considine 2013 institutional network goals are regarded as the kind of partnership within distinct LEP’s; i.e. cooperative (knowledge exchange, sharing of information); coordinative (joint service plans) or collaborative (joint services, pooling of resources. Substantive tasks within each LEP describes the types of outputs or outcomes which are aimed for. In Scotland Local Employment Partnerships are embedded within multi-sectorial, and multi-agency Community Planning Partnerships involving agencies such as Health, Social Work, and Housing. In analysing the way in which LEP’s operationalise Scottish Government policies the extent to which networks actively cooperate, coordinate or collaborate is analysed. In addition the impact of resourcing on the achievement of goals particularly with regard to the use of EU Structural funds will be examined. (Knuth, 2014; Lindsay & McQuaid, 2008; McQuaid et al., 2005; Saikku & Karjalainen, 2012; The main substantive tasks of Local Employability Partnerships are to:

(i) Develop a strategy to address local employability needs.
   a. Community Planning/Local Employability Partnerships have a responsibility to
      i. Analyse Existing needs of local people and employers (mapped against the
         strategic skills pipeline (Figure 3)
      ii. Identify gaps (duplications) in provision and which agencies should
          commission, decommission or deliver services.

(ii) Proactively support data sharing between partners with the aim of providing a seamless
    services to local people and employers
   a. Data drawn from partner sources is utilised within planning, commissioning and
      targeting of services to
      i. Evaluate the impact of employment programmes and services on outcomes
         for local people and employers.
ii. Ensure development of robust systems and processes for effective assessment and referral of individuals tailored to the local geographical area to develop opportunities for the co-location of services to
   a. Support individuals within the labour market
   b. Speed up an individual’s entry into work
   c. Create a ‘no wrong door’ approach, so they are accessible via a wide range of sources
   d. To foster a partnership approach to the planning and delivery of services by developing relationships between staff in all delivery organisations operating within a local area encourages regular informal information sharing.
   e. Services are most effective when front-line practitioners within a local area have a clear understanding of their respective roles enabling them to tailor services to the needs of individuals.

(iii) To link national and local governance Performance Frameworks

5.1.2 The Socio-economic and Institutional Context of Local Employment Partnerships

Local Employment Partnership networks in Scotland has been largely shaped by devolved institutional and socio-economic arrangements. Since the Financial crises in 2008 distinctive social and employment policies and governance networks in Scotland have been framed within the broad policy architecture of ‘constructive advantage’, a dual investment approach designed to build economic and labour market resilience. Employability programmes designed to support vulnerable groups in the labour market are combined with significant inward investment in key economic growth sectors at local level. More broadly this approach is located within cross cutting public sector policies intrinsically linked to the ‘Solidarity Purpose’ defined as “unlocking the economic potential of all individuals will support economic growth by increasing labour market participation and by removing the personal and social costs of poverty”(Scottish Government, 2013). Here economic growth is regarded as being contingent upon reducing income inequality and the improvement of access to employment opportunities especially for those on lower incomes. Within this context unemployment is defined as a complex, multi-dimensional problem requiring local solutions delivered collaboratively by local stakeholders including employers, public service providers and educational and training bodies. As such local employers particularly Small and Medium Enterprises, have been encouraged and incentivised to collaborate and lead on the design of local employability initiatives, and delivery at local level. SME’s make up 99.3% of all private sector enterprises in Scotland and account for 54.7% of private sector employment and 36.7% of private sector turnover. **The limited scope of engagement of Small and Medium Sized Enterprises in employer orientated measures at local level has been a major challenge for Local Employment Partnerships.** In terms of context a significant variable shaping the institutional network goals and substantive tasks of Local Employment Partnerships are the economic and social conditions in which they are situated. As the Figure 6 (below) illustrates the level social and economic deprivation varies considerably across local authorities in Scotland. According to the latest available data (SIMD, 2013) Glasgow city has by far the largest share of most deprived data zones in Scotland followed by North Lanarkshire, Fife, Dundee City and Edinburgh City.
Figure 6: National Share of 15% most deprived data zones in Scotland

Figure Seven: Employment and Unemployment Rates between 2008 and 2015
As Figure Nine below shows the impact of the Financial Crises and subsequent recession of 2008 in terms of levels of employment was particularly significant for local authorities such as North Ayrshire, Stirling and Glasgow City. Importantly also a number of rural areas have suffered falls in employment levels which are higher than the national average including The Scottish Borders and Argyll and Bute. Another significant context variable relates to the impact of the recession on economic activity and growth within local authorities in Scotland. As the figure below shows Gross Value Added within different areas since the recession varies considerably. Clackmannanshire local authority has suffered a deeper decrease in GVA levels than any other local authority and has not made a significant recovery. The underlying reason for this lies is the historical industrial make-up of the area. Clackmannanshire was an area dominated by the coal mining sector and has yet to fully recover from the demise of this industry during the 1980’s and 1990’s. Given this economic context the Local Employability Partnership faces a number of significant challenges.
Figure 9

Estimated Change in GVA levels before, and during the initiation of Local Employment Partnerships across 6 Local Authority Areas in Scotland

Source: ONS: accessed 13th June 2015
Figure 10: Percentage of working age people who are employment deprived in the SIMD 2004, SIMD 2006, SIMD 2009 and SIMD 2012 in each employment domain vigintile

Figure 11 shows that in the first vigintile (the 5% most employment deprived data zones), over a third (36.7%) of the working age population are employment deprived. In the first three vigintiles (the 15% most employment deprived data zones), 29.9% (137,130 people) of the working age population are employment deprived. The number of people employment deprived is a count of the number of people claiming relevant benefits (Job Seekers Allowance, Incapacity Benefit, Employment and Support Allowance, or Severe Disablement Allowance).

Variations in labour market outcomes in Edinburgh, Glasgow and Clackmannanshire.

Figure 11: JSA Claimants Aged between 16 and 64 in Clackmannanshire between 2006 and 2014

Source: NOMAS: accessed 23 June, 2015
Figure 12: JSA Claimants in Edinburgh aged between 16 and 64 between 2006 and 2014

Figure 13: JSA Claimants (by age duration time series) in Glasgow aged between 16 and 64 between 2006 and 2014

Source NOMIS: accessed June: 2015

Figure 14: JSA Claimants Aged between 18 and 24 in Glasgow between 2006 and 2014
The comparative analysis of data for the three Local Employment Partnerships reveals that whilst there are significant differences in terms of overall employment levels before during and after the
implementation period nevertheless the three areas all show improvements in outcomes young people aged between 16 and 24. It is important to recognise that young people move between geographical areas in search of employment. It is significant that despite being the area with the highest level of social and economic deprivation (SIMD, 2012) and lower GVA across the period since the initiation of the Local Employment Partnerships, the number of persons claiming job seekers allowance (16-64) has reduced from 2.2 to 1.4 matching the performance in Edinburgh where GVA and employment levels are significantly higher. Importantly however Local Employment Partnerships were initially established to support the most vulnerable groups in the labour market. Analysis of changes in relation to the number of young people (18-24) claiming Job Seekers Allowance between 2006 and 2014 reveals that whilst Glasgow has managed to reduce unemployment amongst young people in this age group by 2.7%. Edinburgh has reduced youth unemployment levels over the whole period Edinburgh by 4.5% since the initiating of the Integrated Employment Service (Employability Partnership) in 2009.

Table 2: Individuals Aged 18-24 claiming Jobseeker's Allowance by age and duration with rates (total) - yearly from 2006

<table>
<thead>
<tr>
<th></th>
<th>Glasgow %</th>
<th>Clackmannanshire%</th>
<th>Edinburgh %</th>
<th>Scotland %</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 2006</td>
<td>6.6</td>
<td>8.3</td>
<td>3.2</td>
<td>5.4</td>
</tr>
<tr>
<td>June 2007</td>
<td>5.9</td>
<td>7.7</td>
<td>2.5</td>
<td>4.6</td>
</tr>
<tr>
<td>June 2008</td>
<td>5.3</td>
<td>6.7</td>
<td>2.4</td>
<td>4.5</td>
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<tr>
<td>June 2009</td>
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<td>7.9</td>
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<td>June 2012</td>
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<td>June 2013</td>
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<td>7.0</td>
</tr>
<tr>
<td>June 2014</td>
<td>5.6</td>
<td>9.1</td>
<td>2.7</td>
<td>4.7</td>
</tr>
<tr>
<td>June 2015</td>
<td>3.9</td>
<td>5.3</td>
<td>1.3</td>
<td>3.2</td>
</tr>
</tbody>
</table>

Data Source: Source: ONS

Table 3: number of persons claiming JSA as a proportion of resident population of the same age: NOMIS: Aged 16-64 (Total)

<table>
<thead>
<tr>
<th></th>
<th>Glasgow %</th>
<th>Clackmannanshire%</th>
<th>Edinburgh</th>
<th>Scotland</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
<tr>
<td>June 2007</td>
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<td>2.6</td>
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<td>June 2008</td>
<td>1.8</td>
<td>2.4</td>
<td>1.7</td>
<td>2.1</td>
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<tr>
<td>June 2009</td>
<td>2.9</td>
<td>4.7</td>
<td>3.0</td>
<td>3.7</td>
</tr>
<tr>
<td>June 2010</td>
<td>3.2</td>
<td>4.8</td>
<td>3.2</td>
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<td>June 2011</td>
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<td>June 2012</td>
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<td>June 2013</td>
<td>3.1</td>
<td>5.0</td>
<td>3.1</td>
<td>3.8</td>
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<tr>
<td>June 2014</td>
<td>2.5</td>
<td>4.0</td>
<td>2.3</td>
<td>2.8</td>
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</tbody>
</table>
Importantly, using the broad definition of employment deprivation Glasgow City has a higher rate of Local share of 15% most employment deprived data zones by local authority, SIMD 2009 and 2012 employment deprivation than both Clackmannanshire and Edinburgh. As Figure 18 shows, two-fifths (40.2%) of data zones in Glasgow City are in the 15% most deprived in the employment domain. This is down slightly from 41.6% in SIMD 2009 and from 51.2% in SIMD 2004. Inverclyde has the second highest local share at 38.2% - the same as in SIMD 2009. Almost a fifth (19.0%) of Glasgow’s data zones are in the 5% most employment deprived - the highest local share of any local authority in Scotland. Glasgow also has the highest local share of the 10% and 15% most deprived employment data-zones in Scotland. This socio-economic context presents a significant challenge to Glasgow’s Local Employment Partnership. The significance of this issue was raised during interviews with local authority officials, citizen’s advice bureau workers, representatives of employer organisations and Skills development Scotland in Glasgow during the course of this research.

**BOX 1**

“Some of our clients are locked into never-ending cycle of poverty, mental illness-I mean it’s usually depression or anxiety the world becomes a dark place and it’s hard for them to imagine holding down a job. Someone said to me the other day that they were sanctioned for two weeks because they didn’t go to an ESA interview – her father had just died and she was not coping, she was left with no money at all – even for flowers for the grave – she lives in a part of Glasgow where poverty is endemic and it’s just a vicious circle for people”. (Citizens Advice Worker: Glasgow)

“We want everyone to have access to skills training and to make the most of all the opportunities but we recognise that it’s much harder for people living in poverty – the sanctions have made things worse for a lot of people in Glasgow – but we have no control over the benefits side of things that’s a UK Government matter. We can offer help with travel costs but sometimes it runs much deeper it’s hard when folk have to cope with the conditions that they are faced with. Some of our schemes do come with a lot of support though – mental health can be a big issue and employers are reluctant to take someone on for a Modern Apprenticeship or ERI unless there is a lot of support from our local health or social services – it’s understandable from their perspective” (Representative from Skills Development Scotland)

**5.1.3 The Impact of Local Employment Partnerships on outcomes for Vulnerable Groups in the Labour Market**

The analysis of evidence relating to the impact of LEP’s upon the inclusion of disabled people within local labour markets is reflective of the national situation in Scotland. As Table Five reveals in Scotland as a whole and in Edinburgh and Clackmannanshire levels of economic inactivity of disabled people have decreased. Glasgow however has seen a significant improvement in levels of activity from 64.2 in 2005 to 57.2 in 2006. The work of the Local Employability Partnership and also of the Glasgow Guarantee has contributed to this improvement. Importantly however recent evidence from Inclusion Scotland has noted that in general young disabled people are more likely to leave education and become unemployed than their non-disabled peers. Based on UK and Scottish data the employment rate gap between disabled and non-disabled people expands at the age of 21 and be 25 the gap is the same average level as it is for all adults. (ONS, 2014). This demonstrates that young disabled people under the age of 25 are less likely than non-disabled people to enter and sustain employment. However, data relating to both the UK and Scottish labour market also reveals that having a degree qualification significantly improves employment outcomes for disabled people. (Scottish Neighbourhood Survey 2013; Higher Education Statistics Agency (HESA) and Scottish Funding Council, 2014, ONS, 2014). For example UK wide figures show that 60% of all disabled
graduates were in employment six months after graduating compared to 65% of non-disabled graduates. (ONS, 2014). Building on this the Scottish Government have initiated and developed several innovative measures aimed specifically at disabled under graduates and graduates. Working in partnership with Scottish Disability Equality Forum, BEMIS, CEMVO and SCVO in the Equalities Internship Scheme, the Scottish Government has funded 75 Internships with a disability or long-term health condition, funded by the Scottish Government. 75 internships opportunities will be targeted at graduates with a disability or long-term health condition. Internship schemes are a useful route into employment. In 2013 the Scottish government launched the Scottish Parliament Internship Scheme for young disabled graduates (under 25 years). This innovative project provides paid internships within the Scottish Parliament as part of a drive to provide initial opportunities toward disabled people gaining elected office to address the significant under-representation of disabled people in elected office in Scotland. Members of the Scottish Parliament (MSP’s) will work with Inclusion Scotland to develop the programme. Inclusion Scotland (IS) is a network of disabled peoples' organisations and individual disabled people with a central aim to highlight the physical, social, economic, cultural and attitudinal barriers that affect disabled people’s everyday lives and to encourage a wider understanding of those issues throughout Scotland. Inclusion Scotland is part of the Independent Living Movement. The position of disabled people in the Scottish labour market is differentiated by the impairment type. The Annual Population Survey, 2013 reveals that people with depression or learning disabilities experience lower rates of employment compared to the figure for all disabled people. In addition the long-term trend for school leavers with Additional Support Needs shows that they are twice as likely to be unemployed or workless (17.2%) in comparison to those who do not have Additional Support Needs (8.9%). Whilst not all school leavers with Additional Special Needs have an impairment, Inclusion Scotland have found that in 2011/2013 more than 2 out of 3 school leavers with an ASN does have an identifiable impairment (physical, cognitive and learning difficulties. In addition school leavers with an ASN are much less likely to be in higher education (15%) compared to 40% of school leavers with no ASN. However school leavers with an Additional Special Need are over represented in further education at 40% compared to 25%. This study by Inclusion Scotland has raised serious concerns that

“disabled young people are being “parked” in further education rather than being given appropriate training or work experience to enhance their future employment opportunities” (Inclusion Scotland, 2013).

“Since the recession, young disabled people have borne the brunt of the recession in Scotland, at Enable Scotland we try to ensure that all young people are given the support they need to make the transition between school and work. In some respects it’s about changing the way in which employers view disabled people – local employers particularly small business seem more concerned with the short term outlay needed to support a young person entering a job rather than the long term benefits. (Representative, Employability Programme, Enable Scotland.)

This concern was also confirmed by a report on Modern Apprenticeships published in 2013 by the Equalities and Human Rights Commission Scotland which showed that of the 26,000 modern apprenticeships in Scotland, only 74 were taken by a person with a declared disability. This is less than 0.5% of the available places even though 8% of 16-24 year olds in Scotland are disabled. The UK Government provides an Access to Work Fund to help to pay for practical support to enable a disabled person or a person with a health condition to start or stay I work. Aids or adaptations, special equipment, transport costs or a support work can be funded through this scheme. However, Inclusion Scotland has found that proportionately less use is made of Access to Work by disabled people in Scotland. (Inclusion Scotland, 2013). Inclusion Scotland have asserted that more should be done by agencies in Scotland including Skills Development Scotland to raise awareness amongst employers and Disabled Young People about the availability of Access to Work funding.

Overall, there is significant evidence that the position of working age people (16-64) with a disability is more precarious than other vulnerable groups within the Scottish labour market. Whilst there has been some improvement in the employment rate for disabled people since the Financial Crises. The extra pressures placed on this group by economic recession, and UK wide welfare reforms have
created more barriers and challenges for this group. In particular, there is substantive research evidence revealing the barriers disabled people face in relation to income, work, education, access to goods and services and other areas.

As Hogarth et al (2009) has argued disabled people in the UK as a whole have been particularly affected by the economic crises for several reasons. Firstly, disabled workers tend to be concentrated in jobs or sectors which are more vulnerable to the economic cycle. Secondly disabled people have been particularly affected by the current UK welfare reforms and public sector cuts. The phasing out of Disability Living Allowance (DLA) (replaced by Personal Independence Payments (PIP) from 2013) and Incapacity Benefit (existing claimants of which will be migrated to Employment Support Allowance by April 2014) has been evidenced as being of concern to disabled people. In particular required medical assessments (carried out by the private company ATOS) for people who currently claim either of these benefits have been reported as being distressing for disabled people. (Scottish Government 2013). Concerns expressed by disabled people have centred on a fear that assessors will not understand the nature or complexity of impairment and/or that the assessments themselves are inappropriately designed. Recent evidence has also shown that the ‘Spare Room Subsidy’ (also known as the bedroom tax) recently implemented by the UK Government has caused significant financial distress to disabled people who utilize a spare room for specialist equipment or adaptations. The spare room is ‘Taxed’ through the reduction of housing benefit available to the disabled person and/or their family. The Scottish Government gained all party agreement from the Scottish Parliament to compensate disabled people and all groups in financial distress as a result of this ‘tax’ on housing benefit introduced by the UK Government. Thirdly, disabled people are more likely to live in low income households, and as such may be disproportionately affected by changes to benefits, and increases in food and fuel prices and increases in indirect taxes (such as VAT). As a result of their lower incomes, some disabled people may be more likely to rely on publicly funded services, like transport. Also, depending on the nature and severity of their impairment, disabled people may make more use of social services (for help at home or for equipment and adaptations) Hogarth et al (2009). Any changes or cuts to services as a result of restrictions to public sector budgets thus have significant implications for disabled people. The Scottish government have implemented a number of universal and targeted measures which support people with disabilities during the economic recession. In particular measures such as free medical prescriptions and public transport have been found to be particularly beneficial for people with disabilities. (Equalities and Human Rights Commission, Scotland, 2013)

Young people with disabilities have been placed in a particularly precarious position since the crises. As evidence from Inclusion Scotland, (2013) and Equalities and Human Rights Commission Scotland (EHRC) (2013)) has shown current provision has not effectively addressed the barriers faced by disabled young people making the transition between school and employment. The low rate of participation in Modern Apprenticeship schemes (standing at 0.5% of all 16 to 24 year olds participating in the scheme in 2013)) is of particular concern. Whilst the Scottish Government has provided some innovative programmes specifically for disabled young people graduating from higher education institutions in Scotland, this only benefits the minority of young disabled people (15%) who gain entry to higher education in the first place. As Inclusion Scotland have argued for most disabled young people between the ages of 16 to 24 the transition between school and employment is rendered difficult by a range of barriers and challenges. This analysis has identified the need for greater use of cross-sectoral policies including innovative approaches to education and training, investment in accessible transport housing and integrated health and social care to provide support for disabled people across all age groups but most particularly for young people making the already difficult transition between school and employment.

Table 4: Economic Inactivity rates of the population aged 16-64 in Glasgow, Clackmannanshire, Edinburgh and Scotland as a whole

34
Table 5: Economic activity rates for people with a disability by local authority areas in Scotland between 2006 and 2014

<table>
<thead>
<tr>
<th></th>
<th>Glasgow %</th>
<th>Clackmannanshire %</th>
<th>Edinburgh</th>
<th>Scotland</th>
</tr>
</thead>
<tbody>
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<td>32.3</td>
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<td>21.6</td>
</tr>
<tr>
<td>June 2006</td>
<td>30.1</td>
<td>25.0</td>
<td>21%</td>
<td>22.2</td>
</tr>
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<td>June 2007</td>
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<td>23.1</td>
</tr>
</tbody>
</table>

Figure 17: Local share of 15% most employment deprived data zones by local authority, SIMD 2009 and 2012
Between SIMD 2009 and SIMD 2012, Renfrewshire's proportion of data zones in the 15% most employment deprived has risen the most, by 4.2 percentage points (from 44 to 53 data zones). Since SIMD 2004 the biggest increase has been in North Ayrshire. The number of North Ayrshire's data zones in the 15% most employment deprived has risen by 7 percentage points, from 35 to 47. The most employment deprived data zone in Scotland in SIMD 2012 is in the Barrowfield area in the East of Glasgow City. All local authorities in Scotland saw numbers of employment deprived people increase between SIMD 2009 and SIMD 2012. The highest percentage rise was in East Lothian (up 21%, 1,070 people) and Midlothan (up 21%, 1,050 people), and the lowest was in Eileen Siar (up 3%, 45 people). Since SIMD 2009, Renfrewshire has seen the largest increase in the percentage of working age people who are employment deprived - a rise of 2.4 percentage points (from 12.6% to 15.0%). The smallest increase was in Aberdeen City, which saw a rise of 0.2 percentage points (from 8.6% to 8.8%). Glasgow City continues to have a higher proportion of working age people experiencing employment deprivation than any other local authority at 19.1% (77,170 employment deprived people). In terms of local share, the local authorities with the highest levels of employment deprivation are Glasgow City (19.1%), Inverclyde (18.4%), West Dunbartonshire (17.8%), North Ayrshire (17.1%) and Dundee City (17.0%). These are the same five local authorities as in SIMD 2009, although the order has changed slightly. The local authorities with the lowest levels of employment deprivation are Aberdeenshire (6.5%), Shetland Islands (6.6%) and Orkney Islands (7.1%).

5.1.4 Institutional Arrangements and Local Employment Partnerships in Scotland

The Scottish Government does not have any control over the delivery of employment services for those in receipt of unemployment benefits in Scotland. These services are both managed directly by the UK Department for Work and Pensions. The current Scottish Government argues that these services could deliver more effective outcomes if responsibility were devolved to Scotland. The rationale underpinning this argument is that current arrangements lead to fragmented delivery of provision and that services for vulnerable groups would be more effective if they were integrated into the employability and skills system that is already a devolved responsibility of the Scottish Government. However local employability partnerships include provided by the UK Government and there is a strong partnership arrangement between Scottish Government Agencies responsible for supporting vulnerable groups such as Skills Development Scotland and Scottish Enterprise (Scottish Government) and Jobcentre Plus Scotland (an agency of the UK Government).

All Local Employment Partnerships are located within broader collaborative arrangements between local authorities, private and public sector employers, education and social service providers. These arrangements are primarily geared towards local economic and social development however these arrangements also explicitly embody three key elements, Prevention, Investment and Co-production between employers, employees and local authorities and communities. As such the 32 local authorities in Scotland engage with the Scottish Government through an explicit agreement (Concordat) in return local policy makers align with the overall national Scottish targets through Single Outcome Agreements (agreed outcomes that local authorities seek to achieve and that are in line with Scottish Government priorities) the National Economic Strategy and National Performance framework. Underpinning this approach, the Scottish Government’s broader infrastructure investment is designed to support Scotland’s long term economic development, while supporting economic recovery in the short and medium term. In particular capital investment in innovative social and employment policies aim to provide employment opportunities for people to mitigate the impact of the 2008 Financial Crises and subsequent economic recession and austerity measures implemented by the UK Government. Of the 32 Scottish Local Employment Partnerships analysed in this report most substantive tasks are directed at young people between the ages of 16 and 25.
5.1.5 Factors: Employer involvement in Local Employment Partnerships

The extent and form of Employer Involvement in Local Employability Partnerships varies considerably across local authorities in Scotland. At national level there is a strong commitment to involving employers in the development of strategies to address local employability needs. The Strategic Skills Pipeline is the framework located within which each local authorities Integrated Employability Service (IES). The aim of these pipelines is to ensure effective collaboration of national and local providers to meet the "full" needs of jobseekers and employers by ensuring strong linkage between people and jobs.

Whilst representatives from employer organisations identified short term pressures relating to business competitiveness and the pressures of the current financial climate factors as limiting employer engagement in Local Employability Partnerships, representatives from both local authorities and agencies working with vulnerable groups identified distinct institutional boundaries and professional cultures as impacting more generally on local employability partnerships co-ordination and collaboration. These challenges were regarded by a number of interviewees as being amplified by the financial and economic crises and subsequent reductions in levels of public funding, welfare reforms and more fragile business environment particularly for SME’s in Scotland. Both types of stakeholders also commented on issues created by the often temporary insecure forms of funding available for shared or collaborative employability initiatives. Importantly however the research also revealed substantial outcome based evidence of effective collaboration between employers and other key agencies in a number of local authorities in Scotland. Significantly Interviews with representatives from employer organisations indicated Local Employment Partnerships were strongest when local initiatives embodying a core set of shared objectives were located within a broader architecture of integrated services for employability combining shared objectives of specific programmes within broader and well-co-ordinated business, investment and skills development services at local level. However the degree to which employment services are integrated, coherent and well-coordinated varies significantly across local authorities in Scotland. For example Edinburgh City has developed and Integrated Employability Service which invites employers to participate in employability measures which have shared objectives enabling alignment and co-production of services whilst also providing a framework of broader business support systems and a skills pipeline aligned to educational and training resources. Representatives from Employer organisations indicated the value of this dual approach as providing a more sustainable approach to business involvement in employability and labour market support measures particularly where these measures involved temporary subsidies. In particular flexible, tailored and adequately resourced support in dealing with barriers experienced by vulnerable groups whilst working within a business was identified as being important. The organisation of Local Employment Partnerships varies between each local authority. In Edinburgh for example, the ‘Joined up for Business Service’ has a membership of 150 local employers, and provides a single point of access to businesses to the Joined up for Jobs Network (JUFJ) network in the City. This network collaborates with employers to support the Edinburgh Guarantee (A commitment that every young person in Edinburgh leaves school with the choice of a job, training or further education opportunity available to them); offers a bespoke recruitment service; identifies potential financial incentives for businesses, facilitates pre-recruitment opportunities and arranges work placement and work experience opportunities. The overall aim of this collaborative network is to bring together public, private, community and voluntary representatives to deliver an improved and more joined-up employability service. The underlying collaborative strategy involves the sharing of: (i) Evidence-based priority setting with partners (using labour market and performance information) (ii)Shared assessment of bids for Council Employability funding (e.g. Employability Challenge fund, Contracts) (iii) Joint funding and management arrangements where appropriate (iv) Service user involvement mechanisms to help improve the service in future. (v) The roll out of the “Case link” case management system to improve the quality of performance.

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9 Data analysis of CPP evaluation plans, Skills Development Scotland
5.1.6 Parameters: Local employment partnerships and their performance

During the period in which Local Employment Partnerships have been in operation Local Authorities have witnessed divergent employment characteristics and levels. As Figure 18 below reveals only two local authorities recovered returned to employment levels pre 2006 when LEP’s were first initiated. The differential performance level will now be explored in greater depth by comparing three LEP’s. The first LEP Clackmannanshire was one of the original six LEP’s created in 2006. The second LEP South Lanarkshire was created in 2008 and the final LEP in Edinburgh was created in 2007.

Employment levels have fallen by 2% overall in Edinburgh over the period since the introduction of IES (Edinburgh’s LEP) in 2007. Whilst the city of Edinburgh benefits from the location of key sectors of industry, particularly the financial sector this does reveal only a slight fall in employment overall during the period in which IES has been in operation. In comparison Clackmannanshire Local Authority has seen a fall in employment levels of 5% since the LEP was initiated in 2006. When analysing the context of this general fall in employment levels it is important to consider the relative economic performance of different local authorities during the period between 2006 and 2014. As the diagram below shows relative GVA (Gross Value Added) performances may go some way to accounting for differential labour market performance.

**Figure 18: Percentage Point Change in levels of Employment across local authorities in Scotland between 2005 and 2014**

**BOX 2: Edinburgh IES Model as Exemplar. Edinburgh City Councils Integrated Employment Service**

The organisation of LEP’s varies between each local authority. In Edinburgh the Integrated Employment Service includes the ‘Joined up for Business Service’ which includes 150 local employers and provides a point of access to businesses for the Joined up for Jobs Network (JUFJ) network in the City. This network collaborates with employers to support the Edinburgh Guarantee (A commitment that every young person in Edinburgh leaves school with the choice of a job, training or further education opportunity available to them);
offers a bespoke recruitment service; identifies potential financial incentives for businesses, facilitates pre-recruitment opportunities and arranges work placement and work experience opportunities. The overall aim of this collaborative network is to bring together public, private, community and voluntary representatives to deliver an improved and more joined-up employability service. The underlying collaborative strategy of the Integrated Employability Service is to share, Evidence-based priority setting with partners (using labour market and performance information). The IES model aims to create a sustainable employability model that responds to labour market need and drives progressive improvement whilst delivering value for money. The model also aims to consolidate economic actions within Edinburgh city’s’ Community Planning Partnership structure as part of an overall effort to reduce poverty in the city. Critically the local IES Employability Hubs are central to alignment with the Strategic Skills Pipeline and are supported by Get on Gateway access points. Employability hubs offer a range of employability services at locations across the city to ensure services are tailored to the needs of local people. Shared assessment of bids for Council Employability funding (e.g. Employability Challenge fund, Contracts) Joint funding and management arrangements where appropriate Service user involvement mechanisms to help improve the service in future. The roll out of the “Case link” case management system to improve the quality of performance information and provide a valuable set of monitoring tools for providers. (City of Edinburgh, Integrated Employability Service, Commissioning Strategy 2012-15)

The Integrated Employability Service (IES) in Edinburgh aims to encourage Jobs Strategy partners to work together. Priority target groups for IES in Edinburgh are: Young people (14-19 years) People experiencing In-work poverty and low pay People who are unemployed for a short term requiring early intervention and support. Support for vulnerable individuals in the workplace regeneration and vulnerable individuals

Box 3: Clackmannanshire LEP Employability Strategy: EXEMPLAR EVALUATION

Enhancing and managing performance, that is, how to get improved performance out of existing service provision and resources – and how to actively manage this performance. One of the issues here is how to focus resources on those clients the partners can make the most difference to. The work involved under this strand should include:

1. Improving the quality and relevance of information and insights about job opportunities  
2. Implementing a joined up approach to school work transition to create more progressive routes to work for young people, building on the recommendations of the Wood Commission. The initial focus would be on increasing the numbers of school leavers finding work by over 70 pa.  
3. Focusing support on those vulnerable to long term unemployment in their first 12 months of employment – this will mean providing less support to others  
4. Working with Work Programme Primes to enhance the support available for those who are on or emerging from Work Programme. Alongside this work there is a need to put in place improved ways of describing and analysing the performance of the whole employability system to help the LEP manage it actively.  

Our analysis of scale and need suggests that there is scope to focus the current effort on some clear priority client groups – which should be:  
5. Young people, to minimise the number becoming unemployed. This will involve schools, employers, CC Education staff, and parents.  
6. Those less than 12 months unemployed who are vulnerable to long term unemployment. This will involve JCP, Clackmannanshire Works and a range of Council Services. Those for whom work is a realistic medium or long term objective but require a complex array of support to get there. This will involve JCP, Clackmannanshire Works and a range of Council and other specialist services. Those on Work Programme who need additional support, or emerging from the Work Programme still unemployed. This will involve Ingeus, Working Links, Triage and local third sector organisations, JCP and CC.  
7. Tenants of the Council who are most affected by the welfare reform changes. This will involve the housing service of CC and local providers.

5.1.7 Key Parameters identified by actors involved in the Implementation of LEP’s
Documentary analysis and interviews with key actors involved in the implementation of LEP’s across the three local authorities analysed in depth provided useful insights into the nexus of context-factors and parameters which configured the implementation regime within each context. A common theme emerging from interviews with stakeholders from all three contexts was the need to develop more links with Small and Medium Enterprises. Another central theme emerging from interviews across all three LEP’s was the view that there was a need for closer working between the public, private and third sector. In particular a need for more collaborative networking was emphasised. Whilst there was significant evidence of co-operation and data sharing across all three LEP’s several interviewees felt that there was a need for more joint commissioning, pooling funds to maximise effectiveness. As part of this there it was felt that there was a need to develop an increased mutual understandings of each partner’s organisation particularly with regard to cross-sector working between the public and the private sector. As part of this several interviewees raised issues relating to the lack of take up of employability programmes by SME’s. The concern was that conditions were too rigid and that smaller employers preferred a lighter approach from local authorities. In addition concern was raised by two interviewees (local official in Glasgow and a local official in Clackmannanshire) that there was a lack of clarity regarding the alignment between specific employability programmes, organisational delivery and the stages of the Strategic Skills Pipeline. In particular, the interviewee were concerned to ensure that each organisation knew the stage of the Strategic Skills Pipeline that their activities were relevant to. Finally, interviewees across all three LEP’s alluded to the need to ensure that adequate resources were available for the funding of employability programmes. In particular there was a concern that European Funding would be available for more specialist programmes. Sustainability of employability programmes for disabled people was a particular concern.

A central area raised by interviewees related to relationships with Small business owners. Here local officials expressed their concern that there was employability programmes did not take account of business priorities at local level and that more open communication channels between local businesses and local authorities would facilitate closer collaboration. Micro businesses and SME’s had also called from greater support from Local Authorities with recruitment and HR functions. Local officials also expressed the need for greater links between schools and employers in all three local authorities. A renewed focus and more significant investment in Modern Apprenticeships was regarded as important by a number of interviewees. Impact assessments of the programme were extremely positive. Critically however officials within two of the LEP’s felt that young people should be encouraged to be more geographically mobile and to train in areas where there was a skill shortage in other areas of Scotland. Here ‘local shortages of jobs’ and a lack of resources were regarded as limiting the potential of young people particularly in Clackmannanshire. The severity and depth of socio-economic deprivation in both Clackmannanshire and Glasgow was expressed by several interviewees. The need to develop a sustained strategic response across all departments and to most notably consider cross boundary working was expressed by several interviewees in Glasgow and Clackmannanshire. Significantly interviewees across all three Local Employment Partnership expressed concern about the operation of The Work Programme (A UK wide programme). Impact assessments in Glasgow and Clackmannanshire reveal that most people entering the work programme had not secured employment within two years. An impact assessment in Glasgow found that some young people actually had less confidence and poorer skills as a result of being on the Work Programme. In Clackmannanshire the impact assessment concluded that it was important to help reduce the number of clients entering the Work Programme and provide extra support of those on the work programme. The performance of the Work Programme is not significantly worse than in many other areas but most people entering the programme complete the programme two years later no closer to work – and indeed many will be further away with perished skills and damaged confidence. Since WP clients form by far the largest group of those unemployed it is important
that the partners consider ways of: A number of local authority officials commented about the detrimental impact of Welfare reform on the well-being of clients and that target employability support was being developed to help those people who were most affected by changes. Finally in terms of the structures and administration of LEP’s a number of areas were raised. Importantly in Clackmannanshire it was argued that a systematic model of delivery should be developed. This systematic model would enable more clarity relating to the role of LEP’s in removing barriers (prevention) and job focussed support. Here a recent evaluation report argues that

Clackmannanshire LEP needs to establish a clear long term structure of delivery reporting to the LEP (based on the various funded programmes) supplemented by short term working groups to explore and make recommendations about specific issues or aspects of performance. One of the key themes of this report is that the LEP should focus on achieving a small number of outcomes and ensure a joined up approach to their achievement (Clackmannanshire LEP Evaluation Report, 2014)

Figure 19: The Strategic Skills ‘Employability’ Pipeline

### 5.2 Innovation Two Employer Recruitment Incentives
Employer Recruitment Incentives were initially designed and initiated in 2013 to respond to the impact of the Financial Crises in 2008 on young people in Scotland (Figure 21). Whilst there has been some improvement during the last two years the Scottish Government has consistently stated that the focus of employability measures in Scotland will be on supporting young people through ‘progressive employment measures’. (Scottish Government 2015)

Figure 20: Headline employment, unemployment and inactivity rates (%), people aged 18-24, Scotland 2008-2014

At 70% (2014, ONS) the employment rate of young people in Scotland not in full time education is relatively strong compared to most of the other 12 nations and regions within the UK with only the South East of England at 23% and the East of England and South West of England at 22% being higher. Notably this compares to a rate of 65% in London, 64% in Wales and 65% in Northern Ireland. The West Midlands stands at 61% and The North East of England at 63% with Yorkshire and the Humber at 65% and the North West of England and East Midlands both standing at 67%

However, young people have suffered disproportionately to other age groups in Scotland and the rising employment rate of older people is almost certainly restricting entry level job opportunities for younger people. It is important to the context, factors and outcomes for young people of older people remaining in the labour market for longer. The recovery in working age employment has been underpinned by falling inactivity and (less so over the past year) falling unemployment. Importantly, Inactivity amongst the 18-24 years group is now currently 4% higher than before the recession. Rising inactivity amongst young people aged between 18 and 24 years is not necessarily a negative trend particularly as recent figures show that this reflects higher participation in full-time education; this is almost certainly the explanation for a significant proportion of this cohort (this is also true for 16-17 year olds).
A key policy objective has been to reduce levels and rates of young people who are not in education, employment or Training. As Table 6 below demonstrates this has remained consistently high between 2004 and 2013 although falling significantly by 2.9% between 2013 and 2015.

<table>
<thead>
<tr>
<th>Year</th>
<th>Level</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>31,000</td>
<td>12.1%</td>
</tr>
<tr>
<td>2005</td>
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<td>13.9%</td>
</tr>
<tr>
<td>2006</td>
<td>30,000</td>
<td>11.6%</td>
</tr>
<tr>
<td>2007</td>
<td>29,000</td>
<td>11.1%</td>
</tr>
<tr>
<td>2008</td>
<td>30,000</td>
<td>11.5%</td>
</tr>
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<td>2009</td>
<td>34,000</td>
<td>12.6%</td>
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<tr>
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</tr>
<tr>
<td>2011</td>
<td>32,000</td>
<td>12.1%</td>
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<tr>
<td>2012</td>
<td>33,000</td>
<td>12.8%</td>
</tr>
<tr>
<td>2013</td>
<td>28,000</td>
<td>11.3%</td>
</tr>
<tr>
<td>2014</td>
<td>21,000</td>
<td>8.4%</td>
</tr>
</tbody>
</table>
Significantly rates for young people not in employment, education or training have decreased in 30 of the 32 local authority areas in Scotland since the introduction of Employment Recruitment Incentives in 2013. ERI’s are only a part of a range of training and employment measures for young people in Scotland with the largest element of expenditure committed to Modern Apprenticeships. The largest decreases in the rates of NEETS were seen in Clackmannanshire, Fife and East Ayrshire (down 2.9, 2.5 and 2.2 percentage points respectively) As Figure Clackmannanshire is one of the six most employment deprived data-zones in Scotland (Local share of 15% most employment deprived data zones by local authority, SIMD 2009 and 2012). This would suggest that despite socio-economic conditions the employment, education and training situation for young people in this area has improved. Whilst the employer orientated measures such as ERI TERI and Modern Apprenticeships implemented at local level may go some way to explaining this improvement it is important to note that factors including mobility and rising numbers of young people (particularly females) entering Further and Higher Education in Scotland. The development of the Strategic Skills Pipeline has to some degree promoted labour mobility in Scotland by encouraging young people to take up employment in areas of industry where there are skills shortages such as the Energy Sector.

Importantly also policy objectives are embedded in a multi-sectorial delivery approach which encompasses further and higher education and training so observed decreases in NEET levels may be attributed to the overall Comprehensive Employability Framework. Importantly also, whilst the take up of ERI’s and TERI’s has been lower than expected across Scotland, the take up of Modern Apprenticeships has reached expected targets over the period.

Significantly, there evidence in relation to outcomes for young people across Scotland is variable. In Shetland and Eilean Siar saw increases in NEET rates (up 1.3 and 0.9 percentage points respectively). In November 2014 West Dunbartonshire, Clackmannanshire, and North Lanarkshire were the areas with the highest levels of NEETs. The most significant decreases in the rate of NEETs have been seen in Glasgow (1.4%), North Ayrshire (5.1%) and East Ayrshire (4.2%). Finally, it must be noted that in order to fully evaluate outcomes of employer orientated (hiring initiatives) for young people it is important to take account of a broad range of longer term indicators particularly with regard to sustainability of employment. Using this measure of labour market resilience and inclusion, Modern Apprenticeships schemes are evidences as the most successful employer orientated programme having contributed significantly to sustained or progressive employment in Scotland. The total number of young people benefitting from Modern Apprenticeships since 2010 is 36,846 of this only 1% have been made redundant. To cater for the small number of young people made redundant the Scottish Government set up an Adopt an Apprentice scheme in 2010 this has enabled 172 young people out of the 360 young people made redundant to gain further employment. This collaborative programme is an attempt to counter the lack of available opportunities for young people in Scotland. More targeted employer orientated collaborative measures are designed to bolster major training schemes such as Modern Apprenticeships in Scotland. In addition, the Targeted Employer Recruitment Incentive (ERI) was launched in 2011 supporting young people with additional support needs by offering a grant of £1500 per individual and is offered to employers through Skills Development Scotland. It is specifically designed to encourage employers to assist the transition of young people who have a disability; an additional support need (ASN); a background as a care leaver or carer; or an ex-offender, into sustainable employment. Alongside this incentive, SDS are offering funding of up to £500 per young person for additional employability support needed to help the young person sustain this employment. The support will be tailored to the needs of the individual, for example training, mentoring and coaching. Between March 2013 and April 2014 10,134 young people benefitted from such measures and increasing by 1,309 from the previous year. Importantly however whilst employer involvement in employability initiatives is showing a positive upward trend in Scotland, the numbers of employers involved, particularly in Smaller and Medium Enterprises still
has not achieved projected government targets. Modern Apprenticeships (MA’s) were initiated in 2008 and 2009 as part of the Scottish Government’s strategy to offset the impact of recession on the labour market and skills development across Scotland. MA’s are available to all adults who are 16 or over in Scotland and align paid employment with training at different levels. MA’s incorporate skills training and nationally recognised qualifications across a range of industries in Scotland.

**Figure 22 Modern Apprenticeship levels 2008/09 – 2013/14**

Investment in Scotland’s Employment Recruitment incentives, July, 2015 in Scotland are largely directed at supporting young people between the ages of 16 and 30 and young people experiencing additional barriers such as disability in entering the labour market. More broadly employers directly engaged in public sector contracts are obliged to develop apprenticeship and training plans in Scotland. Exemplifying this, the Scottish government recently published an Infrastructure Investment Plan detailing the allocation of £9 billion public procurement spending to intrinsically promote economic growth and jobs. Current Public Procurement clauses in Scotland include requiring every company in receipt of a significant Government contract to produce a training and apprenticeship plan. This is particularly beneficial to young people in the Scottish labour market. In addition community benefit clauses are used within procurement contracts to support employability and targeted recruitment and training of vulnerable groups through public sector contracts. Social and
employment policies are also underpinned by long term preventive strategies aimed at young people. Finally, a key strategy of the current Scottish Government is to develop much stronger links between businesses and education providers at all levels to encourage closer alignment between skill development and employment initiatives to improve transitions between school and employment. (Wood, 2014).

The Employer Recruitment Incentive and Targeted Employment Recruitment incentive were replaced in July 2015 to simplify the governance and funding of employer orientated programmes. Scotland's Employer Recruitment Incentive (SERI), is the replacement for both Youth Employment Scotland Fund (YESF) and the Targeted Employer Recruitment Incentive. SERI has been available since 1 July 2015 and offers employers around £4,000 over the course of the first 12 months of employment to offset the additional costs of recruiting and employing a young person. From 1st July Scotland's Employer Recruitment Incentive (SERI) will deliver our commitment to key Developing Scotland's Young Workforce recommendations by simplifying the recruitment incentive offer, focusing on those young people who face barriers to employment and also on supporting small employers to recruit to the successful Modern Apprenticeship programme. Additional financial support may also be available if the employer is a small business or social enterprise, where the job is sustainable and additional to the existing workforce, through the Youth Employment Scotland Fund (YESF). Both Targeted ERI and YESF are available for individuals aged 16-29.

Following a review of the YESF eligibility criteria in July 2014, and the Targeted ERI in August 2014, from 10th August 2014, the age limit in both initiatives was extended to help those seeking employment up to the age of 30. Youth Employment Scotland Fund moves forward the Scottish Government's commitment to help unemployed 16-29 year olds into work (the age criteria was extended in August 2014). It builds on measures which provide education and training to prepare young people for employment. Youth Employment Scotland funding supports recruitment incentives for employers of small and medium sized business and larger enterprises in the private sector; social enterprises and local authorities.

Launched on 12 June 2013 the Youth Employment Scotland Fund has created approximately up to 10,000 job opportunities for young people. Funding involved a £25m package of support is an all Scotland approach to tackling youth unemployment. The programme, was delivered by Local Authorities through Local Employment Partnerships Employer Orientated Measures in Scotland include The Employer Recruitment Incentive, Modern Apprenticeships, and Flexible Training. Whilst 19,124 young people were directly recruited to Modern Apprenticeships in the period between March 2013 and December 2013, the total number of young people benefitting from the scheme in Scotland since 2010 is 36,846. Of this only 1% have been made redundant. To cater for the small number of young people made redundant the Scottish Government set up an Adopt and Apprentice scheme this has enabled 172 young people out of the 360 young people made redundant to gain further employment. This collaborative programme is an attempt to counter the lack of available opportunities for young people in Scotland. More targeted employer orientated collaborative measures are designed to bolster major training schemes such as Modern Apprenticeships in Scotland. Between March 2013 and April 2014 10,134 young people benefitted from such measures and increasing by 1,309 from the previous year. Importantly however whilst employer involvement in ALMP is showing a positive upward trend in Scotland, the numbers of employers involved, particularly in Smaller and Medium Enterprises still has not achieved projected government targets.

Box Four: Exemplar SERI

A range of financial support is available to Scottish businesses who want to recruit young people. The new incentive supports more young people with additional support needs into employment, with an
aim to reduce youth unemployment by 40% by 2021. The age limit for young people entering the programme has now been extended to 30 years of age (from July 2015)

Scotland’s new Employer Recruitment Incentive has been designed to take account of the improving outlook in terms of overall employment levels in Scotland however the last two years however this scheme is still targeted primarily at young people who face significant challenges. A central aim is also to encourage employers to recruit young people aged 16-29 into sustainable employment, including Modern Apprenticeships

The incentive is available for job starts from 1 July 2015. All applications for employees starting within the incentive period must be completed and approved by 31 March 2016.

A payment of up to £3963 is available with an additional £500 also available where an employer pays the Living Wage. Businesses can access the fund as follows:
• Where a Young Person aged 16-24 enters a Modern Apprenticeship with a small/micro business of less than 50 employees.
• Where a Young Person aged 16-29 with Additional Support Needs* enters employment or a Modern Apprenticeship with any size of employer (excluding Public Sector).
• Where a Young Person aged 16-24 with Barriers to Employment*, enters employment or a Modern Apprenticeship with any size of employer (excluding Public Sector).

The incentive will be available to use as a contribution to the additional costs of recruiting and sustaining a young person in employment for up to 52 weeks. It could be utilised in a number of ways including additional supervisory costs, training, initial travel to work costs or wages. No single use is prescribed.

5.2.2: Context Variables and Factors which constrain the implementation of Employer Orientated measures in Scotland.

As the evidence above has indicated, significant variations in socio-economic and industrial and business contexts have impacted upon the effectiveness of employer orientated measures in Scotland. Critically attempts to mitigate these limiting contexts by setting progressive (sustainable) employability standards and objectives delivered through open governance, social dialogue and consultation have enabled a degree of stability across the labour market in Scotland and more crucially some progress to be made in relation to levels and quality of economic, educational and training activity for young people in Scotland. In particular improvements in levels of young people Not in Employment Education or Training in areas of higher than average (Scotland) socio-economic deprivation and the high take up of Modern Apprenticeships in Scotland is evidence of the effectiveness of this multi-sectorial Comprehensive Employment Programme.

Importantly however stakeholders also identified significant constraining factors. For example the capacity of small businesses to utilise the ERI and TERI is restricted by operational limitations within competitive local business environments. Limitations of scale mean that the aims objectives and requirements for delivery of ERI’s and TERI’s do not align with the business priorities of SME’s. In particular
SME’s require support with recruitment and HR functions. The cost implications and lack of alignment between business priorities of SMEs and the policy objectives of local authorities in Scotland have limited the potential of Employer Orientated measures such as ERI and TERI at local level. Additionally interviewees also alluded to the lack of clear alignment between ERI/TERI’s and the Strategic Skills Pipeline. Here stakeholders representing small business and local authority officials commented that needs to be a more clearly structured alignment between hiring incentives, training and the stages of the Strategic Skills Pipeline. This will enable more appropriate support to be given to employers at different stages in pre-recruitment, recruitment, training and skills in the workplace and support to sustain the employment of the young person in the programme. The Strategic Skills Pipeline is a central element in the delivery of Workforce Plus and also the Our Young workforce Initiative. It recognises that people enter the labour market at different stages and that this should involve operational delivery of employability programmes and skills training across Scotland. It is designed to prevent duplication and also identify gaps in skills training. The Pipeline is fundamental to achieving the policy objective of sustained or ‘progressive’ employment. The alignment of the Strategic Skills Pipeline stages to different stages and operations within employer orientated initiatives is particularly important as this allows a broader alignment between business objectives, for example for up-skilling or re-training the well-being, and development of employees within meaningful work environments and broader employability, labour market and socio-economic objectives established at local and national level. Several local officials identified this alignment as being crucial to maintaining the involvement and commitment of local businesses to employer orientated initiatives such as ERI and TERI.

5.2.3 Factors: Employer involvement in Employment Recruitment Incentives.

Consolidating business priorities with the local government employability policies and priorities.

Investment in the national employer recruitment initiative focuses on a shared responsibility, partnership approach with a dual approach to supply side drivers including productivity and competitiveness and longer term growth strategies including, social cohesion and solidarity. Interviews with representatives from small and medium enterprises at local level revealed a general support for employee recruitment incentives however a number of issues were expressed during interviews. The major issue expressed by the representative from the Federation for Small Business in Scotland was the complicated nature of the process and difficulties in accessing advice and information at local level. At the same time policy makers were concerned with the low take up of Employer Recruitment Incentives by small businesses. Modern Apprenticeships represent the employment programme with the highest take up by employers in Scotland.

Box Five:

‘The Employer Recruitment Incentive did not have the take up that we predicted and – taking advice from the Wood Report, the new SERI programme aims to encourage both larger and smaller employers to see the benefits of early skills development and to invest in younger workers. We are also keen to enable more vulnerable groups to benefit from investment in helping them to enter employment and to support them whilst in work therefore the SERI measure will cover all groups’”
(Senior Policy Maker Scottish Government)
We would really just like to be given the cash incentive to invest in young people in our workforce without any strings attached (Manager of a SME).

5.2.4 Scottish Employment Recruitment Incentive Policy Development

The recent development of policy objectives at National Level has gone some way to recognising the need for closer alignment of national and local objectives particularly with regard to the Strategic Skills Pipeline stages and Equality Impact. In particular private, public, and third sector organisations will now be supported as ‘Learning Organisations’. As such all organisations involved in employer orientated measures involving young people in Scotland will be given support to develop (i) Organisational Development Reviews (ii) Youth appropriate recruitment strategies and (iii) Up-skilling for young people within wider organisational change. Significantly organisations will be given additional financial support for strategic growth projects which have an added youth dimension. This support specifically relates to the recruitment of a young person facing specific challenges arising for disability or being a looked after child. (E.g. recruitment of a young person) would ensure that additional outcomes are secured. In common with all social policies implemented in Scotland, employability policies and initiatives have a very strong equality strategy at operational and delivery level. The EDGE programme illustrated in Box below exemplifies this approach.

The young EDGE programme focusses upon Regional equity to meet the Scottish Government’s National Performance Framework cohesion target. Growth potential is identified to ensure that businesses and people within specifically targeted areas are linked to economic opportunities. For example in rural Scotland this initiative has utilised the Rural Innovation Programme as a response to rural businesses being distant from traditional innovation networks with a focus upon enabling rural businesses to access academic knowledge and expertise. A package of additional in-work support is also being funded by the Scottish Government to complement and enhance SERI (The new Scottish Employment Recruitment Incentive). This commissioned support will be provided by specialist Third Sector organisations and will offer tailored support for young people who: (i) have disabilities (ii) are young carers (iii) are ex-offenders (iv) are care leavers (Young Enterprise Scotland, 2015).
5.3 INNOVATION Three (C) Youth Job and Training Guarantees Glasgow Youth Guarantee and Edinburgh Youth Guarantee

5.3.1 The Edinburgh Guarantee

The Edinburgh Guarantee is a partnership between all sectors in the city aiming to ensure that every young person in Edinburgh leaves school with the choice of a job, training or education opportunity available to them. The underlying principle is to develop evidenced based improvements based upon ‘Demand Stimulation, School to Work Preparation, Data Systems, Services, and Culture Change’. With over 350 partners including, Standard Life, The Scottish Parliament, Sainsbury’s, NHS Lothian, Badenoch and Clark, J.P Morgan, Capital Solutions, BT, O2 and Barnardos the central aim is to promote equal and active partnerships. A central focus was the transition between school and work and the tailoring of provision to the needs of each young person. The Edinburgh Guarantee was initiated in 2011 and as the graph below indicates has had demonstrably positive outcomes for young people in the city. Standard Life is a major partner in the Edinburgh Guarantee and Its ‘More Prosperous Futures’ programme focusses upon school children, young people those facing multiple barriers to employment and people with disabilities. Cross Sector partnership initiatives also include; Standard Life Investment 2020 Work Programme, The Edinburgh Guarantee, Modern Apprenticeships, Work with Capability Scotland, Remploy and Careers Academies. Importantly all of the opportunities are paid at a living wage and include, a ‘real job’, a six months development programme, and a project mentor. It was noted that there had been a 100% success rate in terms of positive outcomes for those people involved in the programmes with nearly 50% (31 participants) entering permanent employment with the company, following the programme, 25% of participants gaining a permanent job with another company in the sector, 15% of participants entering temporary employment in the sector and the remaining contracts with the company and the remaining 10% going onto gain further qualifications in the financial sector at further and higher education. Representatives from Standard Life noted that the central values of the prosperous futures programme are to ensure that all entry level roles are paid at The Living Wage Deliver a quality training & development programme, raise aspirations of young people and encourage a sense of value, respect and engagement. Diagram Six below was used by Standard life to illustrate this more fully.

Box Six: For young people entering a global organisation like Standard Life can be daunting. Our role as an employer is to ensure that they receive quality training and development, respect and a living wage from the very beginning ….. Our central value is mutual respect between employees and the organisation. It is a more sustainable business
model as well as a more ethical and human approach. Employees tend to be more engaged and more productive. (Representative: Standard Life)

Figure 23: Edinburgh Guarantee: Standard Life Employability Framework

5.3.2 Factors and Parameters: Outcomes of the Edinburgh Guarantee for Young People in Edinburgh

Benefits for young people participating in The Edinburgh Guarantee

The Establishment of the Edinburgh Guarantee Plus which is specifically designed for disabled employees emerged from a detailed evaluation of Edinburgh Councils Employability Services element where modern apprenticeship opportunities are secured for disabled young people.

BOX Six
Specific measurements will be:
1. Increase of service offer through a new model for job-seeking clients of all disabilities, achieving higher engagement levels and higher employment outcomes
2. Increased targets of a 100% increase in the number of disabled clients offered a service from 383 to over 800 and a 76% increase in employment outcomes over 16+ hours from 71 (29 moving into employment and 42 retaining employment) to 125.
3. Increase in value of investment as the Supported Employment Model has shown it produces sustainable employment outcomes, giving better value for money for the council and clients.
4. The Supported Employment model also sets out costs per outcome, providing a method to set targets against investment levels.
5. Increased alignment with local, national and European strategies on offering employment support to disabled citizens. This raises the perception of City of Edinburgh as a modern and
progressive local authority. • Increased funding leverage from other opportunities, including European Social Fund investments through the infrastructure of the Strategic Skills Pipeline.

Financial impact
Funds for this investment already sit within Employability and Skills and have been ring fenced for this purpose.
A move to an individualised Supported Employment model, benchmarks outcome costs. Each employment outcome in the new service model costs approximately £8-9,000 as determined by the Scottish Union for Supported Employment. For an investment of £1,079,665 a proposed outcome expectation in the long term would be at least 125 employment outcomes, a 76% increase on current activity for jobs above 16 hours and a 25% increase for all employment outcomes including retaining employment.

Figure 24: Overall Performance of the Edinburgh Guarantee

Since 201193.1% of school leavers entering a positive destination when leaving secondary education - a 10% increase compared to 2011 2342 jobs, apprenticeships or training opportunities have been generated. 400 employers are involved in the Edinburgh Guarantee Partnership.

The Glasgow Guarantee was initiated in 2009 and is aimed at providing a job, apprenticeship or training place for everyone in the city aged between 16 and 24. Almost 6,000 Glaswegians aged 18-24 have benefited from the Glasgow Guarantee since it was launched in the summer of 2009 through a number of initiatives including Modern Apprenticeship schemes and graduate, and employer recruitment incentives. The Glasgow Guarantee is funding by the youth and jobs fund. In 2015 the Glasgow Guarantee will incorporate new measures including the extension of the eligibility period for Modern Apprenticeship places from one to two years from the date of leaving school, and widening the graduate element by offering funding of employment support to college students with qualifications in certain sectors, including engineering and digital/I.T. Funding for the both the Glasgow Guarantee and the Edinburgh Guarantee is predominantly sourced by the Youth Employment Scotland Fund. From August 2014 the age criteria was extended to 16-29. The fund supports recruitment incentives for employers of SME’s and larger enterprises in the private sector, social enterprises and local authorities. Launched on 12 June 2013 the Youth Employment Scotland Fund will create up to 10,000 job opportunities for young people. The Youth Employment Scotland fund is a £25m package of support for use by local authorities is an all Scotland. The aim of the Youth Employment Scotland programme. A central objective of the fund is to ensure that employers are aware of existing and new resources to help them support unemployed young people. Youth Guarantee Partnerships in both Edinburgh and Glasgow include Community Planning Partnerships -
local Chambers of Commerce, Business Gateway, the Federation of Small Businesses, and Skills Development Scotland.

European structural funds are focussed upon youth employment with a specific focus on a range of supportive measures for Small and Medium Sized businesses. In 2013-2014, £15 million was provided for youth employment programmes in Scotland and these resources were made available to local authorities to match some of the available EU funds for recruitment incentives to help businesses develop through creating youth jobs. The Scottish Government is committed to encouraging local authorities in Scotland to introduce youth guarantees offering all young people up to the age of 25 a job.

5. 4 INNOVATION Four (D) Internships and Work Experience Third Sector Internships Scotland; (TSIS) and South East Scotland Academies Partnership (SEAP) Learning to Work

5.4.1 The Transition from Education to Employment

The process of transition from education to employment is central to longer term employment outcomes for young people within the labour market. In particular research has revealed this process as crucial to longer term outcomes for young people disadvantaged by socio-economic deprivation in childhood and adolescence (Furlong, 2009;). The policy objectives underpinned the Internships and Work Experience bridging education and employment in Scotland reflect this evidence. In particular whilst the level of investment in education, training and active labour market policies in coordinated cooperative labour markets is found to be of significance for young people at the margins of European labour markets of equal significance is the level of integrative capacity of these investments in terms of the relationship between work, education and training. For example apprenticeship systems which involve a substantial commitment between employers and the state involving the completion of full professional qualifications are found to have long term value for the individual, the economy and society. The South East Scotland Academies Partnership and Third Sector Internship Scheme are both underpinned the dual aims of improving the transition between education and employment for young people in Scotland whilst also ensuring an improved integrate capacity of investments in education, training and active labour market measures in Scotland.

5.4.2 Context: Socio-Economic Dimensions

The proportion of entrants to HE that come from the 20% most deprived areas of Scotland rose to 15.8% in 2012-13 from 15.1% in 2011-12 (19.3% of the working age population live in the 20% most deprived areas of Scotland). Entrants from deprived areas remain over-represented in Scotland’s colleges (22.8%) and under-represented amongst Scotland’s HEIs, particularly ancient universities (8.2%) and small specialist institutions (7.4%). In 2012-13, entrants from deprived areas were under represented by 3.5 percentage points. In 2004-05 under-representation of this group stood at 4.6 percentage points. Figure 5 provides an overview of the level of representation of Scottish domiciled entrants from deprived areas. The number of Scottish people aged 21 to 24 graduating from University has increased by 2,445 (6.4%) between 2011-12 and 2012-13. The majority of those graduating (55.6%) in 2012-13 were aged under 25. The number of people resident in Scotland graduating from University aged 25 to 29 has increased by 58.9% (6,965) since 2003-04. The number of all entrants from deprived areas increased slightly from 14.9% in 2004-05 to 15.8% in 2012-13.
Whilst numbers did stabilize at the time of the Global Financial crises in 2008 there has been a 1% growth in numbers of Scottish domiciled entrants from deprived areas to higher education in the UK since 2008-09.

5.4.3 South East Scotland Academies Programme

South East Scotland Academies Partnership was initiated by Queen Margaret University in 2012 in partnership with East Lothian Council, Edinburgh College and Employers in the areas of Health and Social Care, Creative Industries, Food Science and Nutrition and Hospitality and Tourism.

The programme offers 15–18 year old pupils from secondary schools in south east Scotland with a wealth of skills development and career opportunities. The pioneering academy model aligns its work with the Scottish Government’s growth agenda, while also helping pupils to move seamlessly from school to either college or university; or if they choose from school, college or university directly into employment. The four Academies include: The Creative Industries Academy; the Health and Social Care Academy; The Food Science Nutrition Academy; and The Hospitality and Tourism Academy. Employers, educationalists, local authorities and governmental bodies have committed £4.6 million of funding to develop the four academies. In addition, a major success of the academy project has been the high-level commitment of industry partners. These specialist partners are instrumental in exposing the young people to the workings of the industry by providing placement opportunities and hands-on practical experience, and offering an insight into specialist fields. The full academy programme is part time and delivered over a two-year period (S5 and S6). However, students can choose to complete just one year before progressing to places on related courses at Edinburgh College or students can use the transferable skills they have acquired in their first year to move to other opportunities. The student commitment to the academy is over and above their normal school curriculum. For all of the academies, classes are delivered at Edinburgh College/Borders College and Queen Margaret University, and for some academies also at schools. After successful completion of the full two-year academy programme, students will be presented with a range of excellent opportunities to progress into further or higher education or go directly into employment. Students who successfully complete the academy will gain a recognised qualification to add to their CV (see individual academy pages for further information about progress to specific courses and qualification awards). As well as a qualification, successful students will have enhanced academic knowledge, practical skills and a competitive advantage in securing a place at college or university. Most importantly, it will provide students with a better chance of getting a job working in an area that is of interest to them.

A central aim of the South East Scotland Academies Programme is to ‘address regional and local inequality in Scotland by widening participation for young people residing in Multiple Deprivation areas (D20/40 areas) within South East Scotland into Further and Higher Education’. The programme was initiated in 2013 and enables 15–18 year old pupils from secondary schools in south east Scotland to access learning opportunities within Higher Education.

The central core aims of the programme are to:

(i) Raise aspirations and attainment levels of young people between the ages of 15 and 18 in South East Scotland

(ii) To address regional and local inequality in Scotland by To provide flexible learning opportunities to study in college and university while still at school.

(iii) To encourage a smoother transition between school, college, university and the workplace by

a. developing independent learning and Improving overall study skills to help with the school curriculum
b. Providing opportunities to develop the attributes and capabilities which underpin the four capacities of Curriculum for Excellence

c. Providing support for children and young people aged between 15

d. Supporting progression to Higher Education or work-based learning

There are Four Academies Programmes

1. The Health and Social Care Academy
2. The Food Science and Nutrition Academy
3. The Creative Industries Academy
4. The Hospitality and Tourism Academy

Students attending any of the Academy programmes can potentially advance to into Year 2 of a Higher Education Degree Programme. Students also develop a number of transferable skills such as independent learning, initiative, team working and communication skills facilitating a move onto Higher Education and employment.

5.4.4 Context: Institutional Arrangements

The innovation relies upon formal collaborative arrangements between Queen Margaret University, Schools, private and public sector employers and Lothian Regional Council, City of Edinburgh, Midlothian and Scottish Borders councils, Edinburgh College and Borders College, and is funded by primarily by The Scottish Government with a 4.5 million pound award from The Scottish Funding Council. The programme was first piloted in 2013 and has now received 650 applications from young people aged between 15 and 18 years. The scheme will offer 470 places in 2014 and 2015. Local further education colleges view the collaborative agreement as an opportunity to broaden the educational and employment experiences of students.

This collaborative agreement is a real step forward for students at our college, we are making real headway in raising aspirations for students. Students gain experience of real working environments but also gain experience of study within a university environment. It’s also all about linking training education and employment. They can see the possibilities and also begin to see their own potential……. (Representative, Borders College)

The model is relevant to the industrial and labour market context in South East Scotland and effective transferability to other areas of Scotland would be reliant upon careful preparation, research and piloting of initial collaborations with employers within local industries and a broad range of institutions at further and higher education level.

“Connecting industry partners and employers and providing support throughout the whole process we aim to ensure an effective partnership model. The model has been developed within the context of partnership approach involving the local council, educational institutions and businesses and the distinct social and economic environment here in South East Lothian……the collaborative model itself could however be adapted to meet the needs of other regions of Scotland.….. (Vice Principle Queen Margaret University)

The collaborative agreement between the University, colleges and local authorities was developed gradually. Edinburgh City Council was able to view the evidence base for the academies before becoming involved.
Edinburgh City Council has become involved in this process as part of our commitment to young people. The Edinburgh Guarantee is there for young people from the age of 16, we see the academies programme as part of a range of initiatives which help to support young people while they are at school, improving school leaver destinations. (Director of Employability, Edinburgh City Council)

More broadly this programme resides within an integrated framework of policy initiatives across education and employability which aim to deliver a more effective and meaningful transition between education and employment. These initiatives include (ii) The introduction of the Curriculum for Excellence in August 2010 was closely aligned to extensive reforms of post 16 Education under the auspices of the Commission for Developing Scotland’s young Workforce to improve transitions between general education and vocational and further education and training; stimulate work awareness and work readiness and make the best use of work experience placements. The Curriculum for Excellence is also based upon Prevention and Early Intervention through the delivery of new qualifications and the implementation of a revised assessment framework which aims to improve attainment for all children and young people with a particular focus on those children and young people from deprived backgrounds. A central aim of ‘Working for Growth’ and the previous Workforce Plus framework was to deliver closer alignment between different stages of education and vocational training were coordinated within an economic strategy aimed at delivering qualifications and skills relevant to growth sectors of the Scottish economy; For example the STEM initiative has been designed to encourage the number of young people with qualifications in Science, Technology and Engineering qualifications and training opportunities. This includes the establishment of an Energy Skills Academy to support the creation of skills in oil and gas, renewables, thermal generation and carbon capture and storage industries. The programme includes ‘Activity Agreements’ to support the most vulnerable 16-19 year olds in Scotland. Importantly, Scotland continues to provide Educational Maintenance Allowances to support students through their further education studies. £31.6 million per year is being provided in financial support to the most vulnerable young people in Scotland to enable them to continue in education and learning following school leaving age.

5.4.5 Third Sector Internships Scotland (TSIS)

The Third Sector Internships Scotland (TSIS) project is a National (Scotland wide) programme funded by the Scottish Funding Council which supports students, undergraduates and postgraduates, from all Scottish Higher Education institutions to find paid work experience in the third sector. TSIS staff work with third sector organisations to identify and develop suitable internship opportunities which are then offered on a competitive basis to all levels of undergraduate and postgraduate students. All students undertaking third sector internships are paid the Living Wage currently £7.65 per hour. TSIS pays the full hourly salary cost and any Employers National Insurance contributions relating to the interns salary to the organisation providing the opportunity. The experience enables students to develop their skills and gain access to hands-on experience and increased knowledge and understanding of the third sector. At the same time participating organisations benefit from having access to a new, motivated pool of people who bring new and innovative thinking which benefits the development of the organisation. Continuing support is provided to organisations and students at all stages to enable all involved in the project to gain maximum benefit from it. In short, Third Sector Internships Scotland (TSIS) “provide the organisation with a short term resource to deliver meaningful work which is of value to the organisation and at the same time will provide the intern with a satisfying and valuable learning experience”.

Although TSIS has limited resources and the primary aim is, through the support offered is to increase the number of third sector organisations that provide student internships. TSIS focusses on supporting third sector organisations that are not currently providing internship opportunities in order to develop new opportunities. TSIS also promotes the value of paid internships as distinct from volunteering opportunities. An internship provides a work based learning opportunity for
individuals who wish to develop hands-on experience in a certain occupational field. It is a temporary position with an emphasis on on-the-job development and training opportunities for the intern as well as the delivery of a particular project or programme of work. Representing the diversity that exists across the sector, TSIS shares experience and knowledge across the Third Sector and has developed a range of resources for interns and host organisations to use in Scotland, the UK and Europe.

TSIS project staff will provide you with a range of advice, guidance and practical support at a level to suit your needs. Some examples of the type of support available includes:

(i) Identifying suitable internship opportunities
(ii) Job and person specification development
(iii) Recruitment and selection support
(iv) Work-plan development tools
(v) Support & Supervision systems

**TSIS: Supporting Learning Organisations**

TSIS project staff support organisations within the third sector to enable them to participate in the project and gain maximum benefit from it. This achieved by supporting students and employers and encouraging reflective learning.

1. Support in developing posts and assisting recruitment.
2. On-going and post internship support
3. Support for organisations not just interns
4. Making connections and networking across the Third Sector.
5. TSIS aims to enable participating Third Sector organisations to complete projects that they would not have been able to do without intern.
6. TSIS aims to enable Students to gain meaningful work experience, skills, recruitment insights and jobs.

### 5.4.6 Parameters: Characteristics and outcomes of Employers and Young People Participating in TSIS Programmes

TSIS received a small number of applications from people who have declared a disability (103 students (2.7% of students involved in the scheme) during its final year of operation. This was considerably less than the percentage of students in the general HE student population with a declared disability (8.8% according to the Higher Education Students and Qualifiers at Scottish Institutions 2012 – 13). The percentage has increased considerably in the first half of 2014 (4.5%of students declaring a disability). However, all students provided disability information in 2014 and the percentage of those who declared that they had no disabilities also rose between 2013 and 2014. Students with a declared disability were more likely to be shortlisted and five students were appointed. Students from the most deprived areas in Scotland (in terms of the 2012 SIMD) were least likely to apply for internships, making up only 10% of applications. While they were no less successful than other applicants at the shortlisting stage (accounting for 10% of shortlisted applications), it was striking that these students were disproportionately unsuccessful at interview: only 8% of interns were resident in the most deprived quintile. There was a general increase in both the number of applications and the success rate at interview stage for students in the most deprived quintile during the period. Critically this was in large part due to the commitment of TSIS staff in supporting students.

A recent social return on investment evaluation of the TSIS Programme found that TSIS indicated that the programme has performed strongly when evaluated on a range of indicators. TSIS is a
student focussed programme paid at the level of the Living Wage. Students are given very intensive support throughout their internship with clear training and development opportunities. It is a distinct form of work experience which focusses on the quality and meaningfulness of the activity to both the student and the organisation. Between 2013 and 2015 the TSIS programme processes 7383 applications involving support and feedback for 1164 Interviews. This process resulted involved 319 internships within third sector organisations and 93% of which were small and medium enterprises.

Box 7 An important part of what we do here is to accompany students in interviews with employers. We are there to support them and to also give feedback on their performance afterwards. It is also important to open up a dialogue with employers afterwards and to discuss how applicants can add value to their organisation. We are all about helping to enhance confidence and develop the skills of students. We are also about providing supporting the third sector in local communities…..

………..most of the organisations we work with are small or medium sized and students work with these organisations to develop their capacity. This is tailored support for the host organisation. For example, students may be skilled in web-design and they can develop a web presence for a third sector organisation. Students are also employed to do research into the needs of local communities – so it’s all about how the intern and employer work together to develop the organisation. Transferable skills are also developed – students benefit from being given this responsibility – it has benefitted community capacity building in many cases too. Employer feedback has shown that they value the new ideas and approaches that interns bring to the organisation. TSIS also evaluates each internship we are very much about partnership working at local level and I think employers appreciate this. . (Director, TSIS)

TSIS will cease in September 2015 as it is will no longer be funded by the Scottish Funding Council (SFC). The funding decision is an indication of lower budgetary capacity and the focus of changes in funding priorities of The Scottish Government with active labour market policies such as Employer Recruitment Incentives and Modern Apprenticeships being given more weight.

Box Eight “Our programme made a real difference. The students who participated have demonstrably gained from their participation as our recent evaluation clearly indicated. We are cost effective with a Social Return on Investment of £2.50 to 3.80 for every £1 invested and we have secured a partnership between all universities in Scotland, a large number of third sector organisations and the Scottish Government. The priorities of the Scottish Funding Council mean that we will no longer be funded from September 2015. (Director of TSIS)

5.5: Innovation Five: The Living Wage Policy and Implementation in Scotland

5.5.1 Context: Economic and Social Conditions: In-work poverty relative poverty in Scotland.

‘In-work poverty’ refers to those individuals living in households where at least one member of the household is working (either full or part-time) but where the household income is below the relative poverty threshold. This measure is calculated on income before housing costs and after housing costs.
This group contains non-working household members such as children and non-working partners. In 2013/14, 48 per cent of working age adults in poverty BHC were living in working households, as were 56 per cent of children in poverty and 50% working age adults in poverty AHC were living in working households, as were 56 per cent of children in poverty. In-work poverty BHC in Scotland decreased in 2013/14, with 210 thousand working age adults in in-work poverty BHC - a decrease of 40 thousand compared with 2012/13. Just under half (48 per cent) of working age adults in poverty BHC were living in working households in 2013/14. The number of children living in poverty BHC who were in working households has also decreased in the latest year, with 80 thousand children in Scotland living in working households in 2013/14. There were 30 thousand fewer children in in-work poverty BHC in 2013/14 compared with the previous year, returning to the number seen in 2011/12. However, over half (56 per cent) of children in poverty BHC in Scotland in 2013/14 were living in working households. In-work poverty AHC decreased for working age adults but not for children. In 2013/14, child in-work poverty AHC remained at 56 per cent while working age adult in-work poverty BHC decreased from 56 to 50 per cent. While the overall number of children living in relative poverty BHC has fallen over recent years, a greater proportion were living in working households. The fact that there remain 80 thousand children in in-work poverty BHC despite the overall number dropping means they make up a larger percentage of those in poverty BHC. The two key reasons for moving out of in-work poverty are increases in hourly pay and increases in hours worked. In 2013/14, there were increases in hourly pay, particularly for the lowest paid 20 per cent of employees, and a shift from part-time employment to full-time employment, particularly for women. For men there has been a shift from self-employment, which has a higher risk of poverty, to paid employment. Critically however as Figure below shows since the onset of the recession in 2008, the pace of wage growth has failed to keep pace with rising prices in Scotland.

: Figure 25: In-Work Poverty Rate of Working Age Adults and Children BHC

![Figure 25: In-Work Poverty Rate of Working Age Adults and Children BHC](image)

Figure 26: In-Work Poverty Rate of Working Age Adults and Children BHC
Figure 27: Trends in Earnings in Scotland between 2007 and 2014
Investment in the Living Wage is regarded as central to future labour market resilience at national level in Scotland. Several local authorities have also adopted this approach. Exemplifying this, Glasgow City Council has implemented the Glasgow Living Wage based on the view that for long-term and short-term unemployed people applying for jobs. An important part of the process involves ‘the better-off calculation’ and money advice work with people as they approach employment. Historically, minimum-wage jobs have not made financial sense, particularly for families. Living wage jobs make much more financial sense and are more attractive. Currently, in-work benefits are predicted to reduce in the coming five years. For this reason it is argued that living-wage jobs will become “more attractive than minimum-wage jobs”. In the UK as a whole there are two living wage (LW) rates. One for London set at £8.80 and one for the rest of the UK. In 2014 the rate for the rest of the UK, the rate is £7.65. The Living Wage does is not a statutory instrument however in Scotland and in other parts of the UK it has been adopted by a broad range of organisations in the public, private and third sectors. The central underlying rationale for the payment of a living wage is to enable people to work without the threat of poverty and social exclusion. However, it has also been argued that payment of the Living Wage has economic as well as moral arguments. Here it is argued that the availability of more disposable income within the economy can help to boost demand within the private sector. In-work poverty is defined as households where total income is below the poverty threshold despite a situation in which one member of the household is working full time or part-time.

It is Scottish Government policy that directly-employed Scottish Government and NHS employees are paid The Living Wage (Living Wage (Scotland) Bill, 2013. In parallel with this policy in December 2011, the Local Government and Regeneration Committee examined the implications and potential for the implementation of the...
5.5.2 Factors and Parameters: The implementation and Impact of the Living Wage at Local Authority Level in Scotland

Wage levels vary considerably across Scotland (Table Seven). An important example of measures used to address regional socio-economic disparities is The Glasgow Living Wage. Glasgow is a city which includes pockets of severe deprivation. As has been evidenced Glasgow also has higher levels of workless and low income households than any other region in Scotland. To address this and the growing levels of poverty resulting from the financial crises of 2008 and subsequent austerity measures Glasgow City Council implemented the Glasgow Living Wage in 2009. All members of staff directly employed by the Council are paid the Living Wage. In addition all the Council supports businesses who pay all of their staff at or above the Glasgow living Wage by recognizing them as a “Glasgow Living Wage Employer”. These employers are registered on the Glasgow Living Wage website and able to display the Glasgow Living Wage Logo on all of their marketing materials. There are currently 167 private and public sector employers within Glasgow city who pay the Living Wage to a current total of 50,000 staff. Comparative analysis of the distinct trajectories relating to wage levels in the three local authority areas indicates that The Glasgow Living Wage has had a positive impact upon stabilising and improving wage levels generally since 2009. Whilst Edinburgh City is the only local authority in Scotland to consistently show higher than average levels of wages across the period, higher levels of GVA (Figure) across the period combined with the industrial make up and development of the city as the Capital of Scotland are strongly related to wage levels. Additionally the Scottish Government pays the Living Wage to all employees and a substantive proportion of employees directly employed reside in Edinburgh. Crucially however comparative analysis with changes in wage rates between Glasgow and Clackmannanshire indicate that despite Glasgow have an overall higher level of employment deprivation (highest level in Scotland as a whole) and poorer SIMD characteristics Glasgow has achieved a higher average wage level over the last three years than Clackmannanshire. Clearly the industrial make-up and characteristics of employment in the two cities act as variables within this analysis however this does suggest that the Glasgow Living Wage has had a positive impact on wage levels since 2009. More broadly the sustained and consistent rise in wage levels since 2011 in Glasgow may also indicate a positive impact on the local economy, stimulating higher levels of demand (disposable income) and also more sustainable economic and labour market outcomes.

Figure 28: Gross Weekly Pay all full time workers Clackmannanshire
Source: Labour Force Survey, ONS, UK

Figure 29: Gross Weekly Pay all full time workers in Edinburgh
TABLE 7: Change in average wage levels in Edinburgh, Glasgow and Clackmannanshire between 2002 and 2014

<table>
<thead>
<tr>
<th>Date</th>
<th>Edinburgh</th>
<th>Glasgow</th>
<th>Clackmannanshire</th>
<th>Scotland</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>412</td>
<td>340.8</td>
<td>370.2</td>
<td>369.3</td>
</tr>
<tr>
<td>2003</td>
<td>422</td>
<td>359.5</td>
<td>374.2</td>
<td>381.8</td>
</tr>
<tr>
<td>2004</td>
<td>428.2</td>
<td>384.4</td>
<td>389.5</td>
<td>390.6</td>
</tr>
<tr>
<td>2005</td>
<td>460.2</td>
<td>395.9</td>
<td>381.2</td>
<td>409.8</td>
</tr>
<tr>
<td>2006</td>
<td>479.7</td>
<td>396.4</td>
<td>425.1</td>
<td>427.9</td>
</tr>
<tr>
<td>2007</td>
<td>498.8</td>
<td>415.7</td>
<td>427.6</td>
<td>440.9</td>
</tr>
<tr>
<td>2008</td>
<td>507.2</td>
<td>434.1</td>
<td>425.1</td>
<td>462.9</td>
</tr>
<tr>
<td>2009</td>
<td>514.3</td>
<td>451.7</td>
<td>429.5</td>
<td>471.2</td>
</tr>
<tr>
<td>2010</td>
<td>523.6</td>
<td>452.5</td>
<td>459.3</td>
<td>486.6</td>
</tr>
<tr>
<td>2011</td>
<td>525.4</td>
<td>460.0</td>
<td>464.8</td>
<td>487.2</td>
</tr>
<tr>
<td>2012</td>
<td>537.7</td>
<td>474.3</td>
<td>459.1</td>
<td>498.3</td>
</tr>
<tr>
<td>2013</td>
<td>562</td>
<td>483.9</td>
<td>471.0</td>
<td>507.9</td>
</tr>
<tr>
<td>2014</td>
<td>562.8</td>
<td>497.5</td>
<td>462.5</td>
<td>517.2</td>
</tr>
</tbody>
</table>


Glasgow City Council and the Scottish Government have also asserted that private and third sector contractors employed by national and local government should be encouraged to pay the Living Wage. The argument being that companies benefitting from public money should demonstrate that they are investing something back into their communities. Hence it is argued that procurement policy should be used to raise standards of pay both at national and local level in Scotland. Increasingly across the European Union, Community Benefit Clauses (CBCs) are incorporated into public procurement contracts in order to ensure a wider social impact beyond the narrow focus of a given public contract. Importantly, under proposals for the EU’s Social Business Initiative, public procurement procedures will be revised to ensure greater consideration for “social and environmental criteria and the integration of vulnerable and disadvantaged persons” The Living Wage has also been evidenced in a number of recent studies as a mechanism for supply side growth which increases levels
of productivity, competitiveness and resource efficiency. (Lucchino, and Morelli, 2012. Lawton and Pennycook, (2013); KPMG, 2013). In particular, recent evidence from KPMG; a major private sector organization employing 700 in-house and outsourced Facilities staff in the UK have found that paying the living wage and improving other benefits such as holidays, sick pay and insurance has provided a number of benefits to the company. In particular, productivity improved as attitudes of staff became more flexible and positive. The company has had fewer complaints and staff turnover has decreased significantly. As a result the introduction of The Living Wage and associated employment rights to staff within this company has not occurred additional costs. Improvements in productivity, and efficiency have enhanced the competitiveness of the company. (KPMG, 2013). This illustrates the way in which sustained economic growth at times of recession involve supply side growth drivers such as increased Productivity and

Competitiveness working in tandem with longer term growth drivers such as Solidarity and Social Cohesion. As the evidence in this report has shown it is also important to note that Small and Medium Enterprises have less capacity to implement The Living Wage and initial external support is required before medium and long term gains in productivity and competitiveness are realized

The contradiction between in work support (with the aim of reducing child poverty) and continuing levels of low income is that it reduces the capacity of the state to combat child poverty. In addition it may be argued that “an excess of in-work dependence” on the state has been created. Moreover, the cost of in-work support for public expenditure means that most of the remuneration for low waged workers comes from the state rather than private employers that are responsible for paying them. (The Scottish Government, 2013) In addition it is argued by the Scottish Government that the living wage would lead to an increase in disposable income and greater spending power thereby stimulating consumer demand within the Scottish economy. Several local authorities in Scotland have also argued that the living wage has the potential to benefit the economy within their area. For example, South Lanarkshire Council has argued that employees who earn the living wage tend to spend money locally and the money goes back into local businesses. In addition North Ayrshire Council noted that people who lived in the area also spent in the area and that the living wage therefore had a ‘circuitous benefit’ to the local economy. A number local authorities have implemented the living wage in Scotland to bolster local economic and labour market resilience. This is closely aligned to the implementation of the living wage at national level in Scotland. The Scottish Government pays the living wage to all employees directly employed by the government and to all NHS workers whilst also encouraging private sector employers to pay the living wage particularly those who are engaged in contracts with the Scottish Government.

A central focus of distinct Scottish Governments since 1997 has been to utilise limited policy levers available to reduce poverty and inequality. Recent data from the OECD have revealed that levels of income inequality have risen faster in the UK than any other developed country since 1975. In light of this, the current Scottish government has argued that the Scottish economy needs to grow more rapidly and has emphasised the synergy between higher economic growth and more equal distribution of wealth and opportunity. Inward investment strategies are closely aligned to this objective with a focus upon rebalancing the economy in order to revitalise manufacturing and to also tackle the geographic dimension of poverty and inequality in Scotland. This redistributive approach forms a central thread of policy approaches adopted by the Scottish government initially embedded in the ‘Solidarity Purpose Target’ (2007). In particular, wage policies including a strong commitment to the living wage (Living Wage (Scotland) Bill, 2013) and the promotion of a statutory minimum wage are aligned to the rationale that a higher productivity; higher wage; higher tax revenue base and more equally distributed economy offers an effective framework for long term labour market and economic resilience. Scottish Government policy documents also point to recent UK evaluations of the benefits of paying the living wage to employees in the private sector, particularly larger private sector organisation (Scottish Government 2013). Longer term benefits identified include higher productivity levels; lower labour turnover; increased staff continuity; reduced levels of sick leave and a more motivated workforce. (KPMG, London 2013; Lawton and Pennycook, 2013)
Further it is argued that larger firms employing high numbers of low-paid workers could afford to pay a living wage today. This is in part because the impact on wage bills can be offset in ways other than reducing employment or hours. In particular, recent research evidence has shown that larger firms can use mechanisms such as raising productivity through re-organisation or training; absorbing costs through higher prices; shifting pay distributions or accepting reduced profits in the short term. (Lawton and Pennycook, 2013). In most cases, adaptation is likely to be far more difficult for smaller firms with significant numbers of low-paid employees. Thus the employment effect (the ability of companies to pay the living wage without reducing numbers of employees) is greatly mitigated by the size and capacity of an organization and requires long term planning. The current emphases of the Scottish Government on the implementation of the living wage for all public sector workers directly employed by the Scottish government and all staff within NHS Scotland is accompanied by employment orientated measures which are directed at supporting SME’s in paying the living wage to vulnerable groups as well as encouraging larger firms benefitting from public procurement contracts within the private sector to adopt a living wage policy.

5.5.3 Factors and Parameters: The Impact of the Payment of the Living Wage at company level in Scotland

Impact of the payment of the living wage across all skill levels, differentials between different grades of workers. Several studies have revealed this impact, in particular Adams and Scott (2005) provided evidence which revealed that the impact of the living wage comes not only from increased income to lower income groups but also the subsequent up-lift in pay rates that occurs across skill levels with the company. Here workers with higher skill levels benefit from a general wage up-lift. This has been shown to benefit households where there is only one breadwinner who happens also to be more highly skilled. In Scotland there are over 250 companies registered as Living Wage Employers. These companies include private, third sector and public sector organisations. During interviews with two company directors when asked about the motivation and impact of the Living Wage on their organisation three key points were alluded to. Firstly, the moral and ethical case was made with an emphasis a wage that was decent reflecting the contribution that employees make to an organisation. Secondly the impact on production and lower rates of absence was alluded to. In both cases customer satisfaction and productivity had improved as employee commitment improved.

Box Nine: We first began paying the living wage about nine months ago, we felt that it was a long term investment. We were worried about the well-being of some of our workers before we began paying the LW there was a lot of sickness and people leaving after a short time with us. Since paying the new rate we have definitely seen a change – the main change has been a big decrease in absence and we now have more people staying with us – our customers are definitely happier as well and there has been a big drop in complaints about service. I think it’s about mutual respect at the end of the day we work as a big team in this company. (Manager, SME)

As a global organisation we recognise that it is important to recognise the value of the work that everyone does here. We think it’s ethically right and also good for the company itself – our figures show that since we introduced the living wage the company has increased productivity and we have fewer absences. We are all about developing our workforce and the living wage is part of that. (Senior Manager, Large Employer)

6.0 Assessment of the influence of different factors and parameters on the performance of the innovations

The in-depth analysis of the design, implementation, governance and delivery of selected policy innovations and initiatives designed to improve labour market and socio-economic resilience at both local and national level in Scotland has provided an insight into the nexus of context-factors and parameters and variables which shape the implementation, delivery and outcome of employability initiatives and programmes in Scotland. Figure 34 below describes the key elements of this nexus. The dynamic relationship between socio-economic conditions, the governance of employability
measures at local level and resource availability and policy constraints and limitations emerges as a key determinant of processes and outcomes.

Figure 31: The Nexus of Factors and Parameters influencing the implementation and performance of policy innovations in Scotland.

6.1 Governance and Design of Employment Policies and the Integrative Capacity of a Comprehensive Employability Framework in Scotland

A central constraining parameter limiting the design, operationalisation and outcomes of innovative measures relates to the governance and control of social and employment policies in Scotland. The Scottish Government does not have statutory control over wage policies or the delivery of...
employment services for those in receipt of unemployment benefits in Scotland and related social security services. These policies and services are managed directly by the UK Government and the UK Department for Work and Pensions. Thus, governance, design and implementation of employment policies in Scotland is limited to employability measures relating to skills, training and education with no control over social security, JSA/ESA benefits and related provisions. The differing policy rationales underpinning UK and Scottish Government measures have also contributed to lower levels of coherence in terms of delivery and outcomes. The UK Government rationale focusses upon work incentives based upon a disciplinary approach to motivation particularly with regard to young people. In contrast, The Scottish Government policy rationale centres upon a dual investment in human capital/skills development and prevention and economic/business investment approach. Here an all-encompassing social security strategy underpins the governance, design and delivery of employability measures and innovations. The UK Work Programme is fundamentally based upon a strong emphasis on conditionality with sanctions for individuals who do not adhere to strict requirements. On the 24th March 2015, The UK Government’s Work and Pensions called for a full independent review ‘to investigate whether benefit sanctions are being applied appropriately, fairly and proportionately, across the Jobcentre Plus (JCP) network’ with the chair of the Committee stating that. (The UK Government Work and Pensions Committee, March, 2015)

"Benefit sanctions are controversial because they withhold subsistence-level benefits from people who may have little or no other income. We agree that benefit conditionality is necessary but it is essential that policy is based on clear evidence of what works in terms of encouraging people to take up the support which is available to help them get back into work. The policy must then be applied fairly and proportionately. The system must also be capable of identifying and protecting vulnerable people, including those with mental health problems and learning disabilities. And it should avoid causing severe financial hardship. The system as currently applied does not always achieve this."

Whilst the Scottish Government has emphasised that ‘it is essential that we continue to work to ensure an effective fit between the range of employability services funded at the Scottish level and those funded by the UK Government through the Department for Work and Pensions (DWP) this includes liaison with the Work Programme providers for Scotland’ however evidence from this report has revealed significant concerns relating to the implementation of The UK Work Programme in terms of recent impact assessments within local authorities in Scotland. For example, impact assessments in Glasgow and Clackmannanshire have revealed that most people entering the work programme had not secured employment within two years. An impact assessment in Glasgow found that some young people actually had less confidence and poorer skills as a result of being on the UK Work Programme with most people entering the programme complete the programme two years later no closer to work with many further away with ‘perished skills and damaged confidence’. In Clackmannanshire the impact assessment concluded that it was important to help reduce the number of clients entering the Work Programme and provide extra support of those on the work programme.

The current Scottish Government argues that these services could deliver more effective outcomes if responsibility were devolved to Scotland. The rationale underpinning this argument is that current arrangements lead to fragmented delivery of provision and that services for vulnerable groups would be more effective if they were integrated into the employability and skills system that is already a devolved responsibility of the Scottish Government. The Scottish Government has proposed that responsibility for all welfare and employability policy and administration be devolved. This would

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encompass all working age benefits and would also involve a suspension of the administration of the new Universal Credit and Personal Independence Payments system in Scotland. The Scottish Government argues that this would then allow the transfer of full responsibility for Employment and employability policy, programmes and wage policies. Uncertainty over the extent and form of the transfer of powers acts as a limitation in terms of planning employability frameworks and measures. Current employability measures and initiatives in Scotland have been designed in a way which does not compete with or duplicate services provided by the UK Government. A central aim since devolution in 1997 has been to develop an effective partnership arrangement between Scottish Government Agencies responsible for supporting vulnerable groups such as Skills Development Scotland and Scottish Enterprise (Scottish Government) and Jobcentre Plus Scotland (an agency of the UK Government).

6.2 Managing the alignment between skills development and business priorities as a process within the operationalisation of employer orientated innovations for SME’s.

The recent development of policy infrastructures and objectives have been evidenced in this report. A key parameter identified across all of the innovations was the alignment of key stages of the Strategic Skills Pipeline to business priorities of SME’s, skill requirements and training provided by Skills Development Scotland and Educational Institutions in Scotland. Exemplifying this Local Employability Partnerships have demonstrably distinct approaches to the development of policies and initiatives at local level and a plethora of initiatives have emerged as a result of this in Scotland. Importantly however, this report has provided evidence relating to key concerns of stakeholders involved in the delivery of employability initiatives. A key concern raised by a number of stakeholders from the private, public and third sector organisations has been the need for a closer alignment between the key stages of The Strategic Skills Pipeline and the operationalisation of Employer Orientated Measures. In particular, SME representatives identified the need to more closely align business priorities, skill requirements and training offered by Skills Development Scotland, and educational institutions. This issues have been raised in several forums including Employability Scotland, and the National Employability Delivery Group and policies objectives and delivery resources have now been developed. In particular private, public, and third sector organisations will now be supported as ‘Learning Organisations’. All Organisations involved in employer orientated measures involving young people in Scotland will be given support to develop (i) Organisational Development Reviews (ii) Youth appropriate recruitment strategies and (iii) Up-skilling for young people within wider organisational change. Significantly as was evidenced earlier in this report organisations will be given additional financial support for strategic growth projects which have an added youth dimension.

The analysis of the selected innovations have also evidenced the Strategic Skills Pipeline as playing a pivotal role occupies a pivotal role in policy learning across employability strategies and initiatives. In particular closer alignment between employability programmes and The Strategic Skills pipeline will provide a more coherent approach to the design, delivery and funding of employability initiatives at distinct stages of the Pipeline. For example as the SEAP and TSIS programmes revealed it is crucial that we develop a robust evidence base which enables more systematic and deeper understanding of pre-employment activity in supporting near labour market activity that ultimately secure outcomes. In particular, transitions between education and employment are critical to the long-term wellbeing and development of young people. It may be argued that the development of more appropriate methodologies and evaluatory mechanisms will enable the design of more effective and meaningful client centred approaches. Moreover this will also enable the determination of more appropriate levels of investment and expenditure for different employability programmes.
6.3 Impact of Expenditure levels and Financial Constraints and Limitations on Selected Innovations

The reduction in DEL (Devolved Expenditure levels, the discretionary element of the budget devolved from the UK government has acted as a key constraint on social and employment innovations and policies in Scotland leading to greater reliance on European Structural funds. This reliance is of particular concern to more targeted measures for vulnerable groups. A concern expressed by a number of organisations working with vulnerable groups in the labour market, including disabled people was their reliance on EU matching funding for a number of their programmes. This rendered planning future programmes for vulnerable groups with additional needs more problematic particularly in light of a possible UK exit from the EU in 2017 following the (EU Referendum). The Financial Crises of 2008 triggered rapid deterioration in the fiscal positions of governments around the world. In the UK, the global financial crisis and recession of 2008 and 2009 contributed to the largest UK peacetime budget deficit ever recorded with a very substantial increase in the national debt (OBR 2011). The UK macro-economic situation has had implications for the discretionary element of the Scottish Budget (Departmental Expenditure Limit, DEL) which will fall by 12% in real terms over the period 2010-2015. 2013 to 2014 represents the fourth consecutive year that there has been a real terms reduction imposed on the Scottish Governments DEL budget with the capital DEL budget regarded by the current Scottish Government as a key driver of economic recovery sustaining the highest reduction. The Figure below illustrates the overall DEL figures for the Budget 2013 to 2014. In particular significant reductions in public spending will limit the capacity of the Scottish Government to introduce social and employment measures in line with the constructive advantage approach to economic resilience. In particular the Scottish total DEL for 2016-17 will be 17% lower in real terms than in 2010-2011. Limitations for a coherent budget plan

Figure 32: Total: Scottish DEL budget: (2010-11 to 2016-17 (based on UK Government forecast)
Part Two: The role of Policy Learning: Work Package Five

2.0 Introduction

The recent development of ‘The Working for Growth’ Employability Framework in Scotland (July, 2015) is based upon an assessment of the alignment of changing economic and labour market conditions and existing employability programmes and social policies offered in Scotland. In particular the programme represents a re-orientation of approaches toward the need to sustain and stimulate economic growth. This report has offered and in-depth analyses of the context, factors and parameters involved in the design, implementation and delivery of innovative initiatives to support a more resilient and inclusive labour market in Scotland. The systemic approach to governance, implementation, delivery and policy learning is illustrated in Figure 37. The policy infrastructure in Scotland is complex however the systemic approach enables policy learning to become embedded within the design, delivery and governance of employability and broader social and labour market policies. An emphasis of social dialogue and bottom up approaches enables the development of a policy learning strategy based upon responses to local socio-economic conditions. A central challenge for this systemic approach is the integrative capacity of organisations involved in the delivery of policy innovations. In particular, alignment within the Strategic Skills Pipeline (known as the employability pipeline for 2015) is critical. In particular as has been evidenced above alignment between business priorities and employability policy objectives is reliant upon a clear and strategic understanding of the relationship between specific innovations and each stage of the Strategic Skills Pipeline. The policy infrastructure has evolved over the five years. Workforce plus incorporated by policy governance and policy learning framework (Figure, below) this framework evolved as a result of joint learning and capacity building opportunities within employability services in Scotland. Scotland's employability framework 'Workforce Plus' recognised the need for real partnership working between agencies especially at local level. Drawing upon evidence from a range of sources including Community Planning Partnerships evaluations and evidence from stakeholder meetings particularly at local employability partnership level and the Scottish Employability Group the policy framework for Employability was developed between February and July 2015. This has had a significant impact on the policy learning infrastructure. Figure below highlights the key organisational changes. Critically, The Scottish Employability Group is now the central focus for policy learning with Local Employment Partnerships and The Employability Learning Network as key to this process. A concern to ensure both connective governance of both policy learning and delivery has led to the simplification of multiple governance framework processes. At the same time the systemic approach adopted by The Scottish Government involves an emphasises on open channels of communication both within and across institutions at local and national level. Importantly, the new re-fresh of the policy infrastructure emphasises the importance of institutions as ‘learning organisations; At local level The Scottish Government has asserted that it will continue to focus support upon stakeholders in the development of local multi-agency employability partnerships, which sit within the broader Community Planning Partnership framework. Critically however it has stated that

This stakeholder support extends to the facilitation of joint learning and capacity building opportunities and crucially, identification of challenges common across areas which prevent employability services being as strong as they could be. With Scottish Government support, a number of national stakeholder-led groups have been established to work together to seek solutions to these challenges. (The Scottish Government, 2015: Working for Growth

Policy Learning has led to changes in the policy learning infrastructure and also to developments in existing innovations. A central aspect of policy learning is driven by the aim to improve broader national objectives such as The Solidarity Purpose and the Regional equity framework. For example
the introduction of the young EDGE programme focusses upon Regional equity to meet the Scottish Government’s National Performance Framework cohesion target. Growth potential is identified to ensure that businesses and people within specifically targeted areas are linked to economic opportunities. For example in rural Scotland this initiative has utilised the Rural Innovation Programme as a response to rural businesses being distant from traditional innovation networks with a focus upon enabling rural businesses to access academic knowledge and expertise. A package of additional in-work support is also being funded by the Scottish Government to complement and enhance SERI (The new Scottish Employment Recruitment Incentive). This commissioned support will be provided by specialist Third Sector organisations and will offer tailored support for young people who: (I) have disabilities (ii) are young carers (iii) are ex-offenders (iv) are care leavers (Young Enterprise Scotland, 2015). Moreover, In July 2015 the Scottish Government initiated the new Scottish Employment Recruitment Incentive (SERI). The rationale behind the development of this initiative is to bring closer alignment to improving economic conditions and jobs market in Scotland. The initiative draws upon key recommendations from Developing Scotland’s Young Workforce Scotland’s Employer Recruitment Incentive is more closely aligned to the improving economic conditions and jobs market and delivers key recommendations from Developing Scotland’s Young Workforce This section should discuss the role played by policy learning in the country in general.

2.1 The Policy Learning Infrastructure

The Policy learning infrastructure related specifically to employment and labour market strategies and initiatives in Scotland is a complex process encompassing a range of service providers, governance levels and public, private and third sector agencies. A pro-active approach to policy making and policy development in this field involves a multi-dimensional tool-kit which measures impact (including equality impact assessment) and knowledge transfer, this has led to the promotion of engagement CIVIC and BASE. The Working for Growth framework has adopted an evidenced based approach to policy development which includes the application of more advanced evaluation methodologies. Policy Learning is now focussed upon the following areas:

1. Accurate assessments of the performance of employment policies and initiatives through data and evidence provided by National bodies such as Skills Development Scotland and COSLA.
2. Geographical data build on strengths and assets of individuals and communities rather than only focusing on perceived deficits
3. Networks of public, private and third sector to review data and develop initiatives and local level whilst informing national level (examples) (policy principle: to build upon the strengths and assets of individuals and communities rather than focussing on perceived deficits. Services which are shaped and co-produced by both service providers and the citizens and communities who receive and engage with those services.’ (Scottish Government and ESRC, 2013, 4)

4. Policy Learning within context of need to deliver public services on reduced budgets and Scottish Government principle to reform public services to reduce inequalities in health. Education and employment outcomes.
6. To review the alignment between employability programmes and The Strategic Skills pipeline to ensure (i) the removal of unnecessary duplication (ii) to address gaps in provision (iii) to address any blockages (iv) to ensure appropriate incentive are in place to improve
performance (v) to recognise different kinds of outcomes (vi) to build the Pipeline around the views of the service users (v) to improve methodologies and coverage of Equalities Impact

Figure 33: Delivery Infrastructure and Policy Learning Framework underpinning the Comprehensive Employment Framework for Scotland: Working for Growth

A central aim of the new Employability Framework in Scotland ‘Working for Growth’ (July, 2015) is to ensure better alignment of Scotland’s Employability Services (BASES) This is integral to the
reform of post-16 education and training. As Figure 37 shows there are a range of delivery partners involved and the dual concern is to improve take up of employability and recruitment incentives by businesses particularly SME’s whilst also improving the experience for individuals participating in the initiatives. A central motivation is to integrate employability and skills services in Scotland. Policy learning in this area has focussed upon the accessibility of services at local level and the extent to which these services meet the needs of individuals and employers at local level. The achievement of this requires clearer strategic approaches at Community Planning/Local Employability level. Critically this also requires careful mapping of services against the Strategic Skills Pipeline. Robust systems and process for effective assessment and referral are also identified within the document. Significantly Local Employment Partnerships and Community Planning Partnerships are also called upon to engage in joint working across local authorities to ensure the maximisation of resources available and to also avoid duplication, gaps or low take up services. It is argued that co-location of services can be beneficial in supporting individuals facilitating their journey into sustained employment. More broadly the mobility of labour in Scotland particularly in terms of areas where there are skill shortages such as the energy sector is regarded as a positive step towards greater economic and labour market resilience by the Scottish Government. The new Working for Growth agenda offers a number of continuities in policy approach. The fostering of the partnership approach in the planning and delivery of services, and social dialogue including regular informal information sharing are strongly encouraged as part of this strategy. Further, front line workers continue to be encouraged to ‘tailor’ or wrap around services approach for clients. The development of client centred practice is a key feature of the new measures and policy makers have drawn upon lessons from Norway and the Netherlands in developing policy guidance in this area. In particular policy makers have drawn upon The Visitation process model in Norway NAV. This process is designed to enable managers of their system to negotiate and find solutions for a series of strategic and practical issues as they emerge during the operationalisation of programmes and initiatives. Visitation involves a group of peers (i.e. managers) from different local authority areas meeting regularly to work through a specific issue being faced by one host area. The visitation process is completely controlled by the host, who is free to accept or reject any advice received. When complete, the other areas get the opportunity to play host and thus receive the support of their peers. This model has proven to be successful when used in client centred employment services in Norway. Policy makers in Scotland have argued that this model is transferable and have adapted for local authorities, Employment Partnerships and related institutions in Scotland.

2.2 BASES for Employers

The new ‘Working for Growth’ framework also proposes to simplify access to the relevant information for employers. As part of this The Scottish Government have introduced ‘Our Skills force’ an online and contact centre service providing information on national, regional and local services related to recruitment, training and workforce development. The online service is hosted by Skills Development Scotland. Local Employability partnerships have a key presence on the site which gives information on a wide range of services. This service has been designed for employers. As part of this policy development The Scottish Government has also encouraged local employability partnership to articulate and develop their own collaborative offers employers by synthesising national and local elements of support on areas such as recruitment and training as well as support for HR services for business that lack capacity in this area.
Figure 34: Systemic Model of Governance and Policy Learning

**Nexus of Context, Factors and Macro-Parameters:** (wide regional and local disparities in terms of socio-economic indicators and level of economic activity/ GVA between 2000 and 2015/ Dynamics in Expenditure: Financial source and allocation of Employability Expenditure

- Scottish Government Employment and Social Policies
- Operational Governance
- National Delivery Group
- Scottish Employability Forum and Third Sector Employability Forum
- Strategic Skills Pipeline
- Implementation Partnership between public, private and third sector actors
- Outcomes for Vulnerable Groups in the Labour Market in Scotland

Local Employment Partnerships
Embedded within CPP’s

Skills Development
Scotland

COSLA
Local Employability Partnerships were originally embedded into the Workforce Plus model which was initiated in June 2006 as the Scottish Government's Employability Framework. The underlying policy rationale was to encourage promote and facilitate better partnership working at local level. Local Employment Partnerships focus on encouraging sustainable ‘progressive’ employability solutions. Local Employability Partnerships were initially developed as local multi-agency partnerships in seven priority areas. Glasgow, Dundee, Inverclyde, West Dunbartonshire, Renfrewshire, North and South Lanarkshire, all of Scotland's 32 local authorities now have an employability group based on the Workforce Plus model. The original key aims were to ensure that vulnerable groups within local labour markets were given support to enter relevant employment roles as such the original six priority areas were characterised by high levels of multi-deprivation (particularly employment deprivation) as measured by the SIMD index. Local Employability Partnerships were initially establishes at a time of stable levels of employment in Scotland however the Financial Crises of 2008 led to the development of LEP’s across all 32 local authorities in Scotland. The new ‘Working for Growth’ model (July, 2015) aims to more closely align economic policy objectives and labour market objectives. Partnerships vary in membership but often include representatives from: Local Authorities, Jobcentre Plus (JCP), Skills Development Scotland (SDS), local colleges, the Third Sector and the NHS. The groups sit firmly within the Community Planning Framework. Social and employment policies initiated, developed and implemented through local partnership and co-production are regarded as being fundamental to the development of economic, business, and community capacity and resilience to respond effectively to challenging economic conditions. (Scottish Government, 2013) Reductions in public spending implemented by the UK government are a particular threat to the most disadvantaged communities in Scotland. Notions of Partnership and Co-production in local communities in Scotland have been strategically developed as a way of countering the deficit approach of public sector delivery with a focus on the identification of tangible and sustainable solutions to build economic social and labour market resilience at local level.

Employability Partnerships have been shaped by local community and business contexts as part of a policy architecture which aims to facilitate community/ business/civic partnerships and collaborations. Community engagement is a statutory responsibility integrated across all policy areas in Scotland. This is supported by the Scottish Community Empowerment Action Plan and through measures to support community asset and land ownership. Local Employability Partnerships are designed to contribute to economic and labour market resilience and inclusion within local labour markets and as part of a broader policy strategy to regeneration, housing and community health at local level. This approach is seen as pivotal to regeneration of communities where there are clear indicators of long term deprivation, and associated socio-economic outcomes including, lower levels of educational attainment, health inequalities and precarious labour market attachments. Here, Local Employability Partnerships are regarded as fundamental to collaborative approaches involving Local Authorities, Jobcentre Plus (JCP), Skills Development Scotland (SDS), local colleges, the Third Sector the NHS and local employers. (Scottish Government, 2013)

Local Employability Partnerships are located within social and employment policies which combine partnership; co-production; early intervention and prevention are also driven by the need to ensure long term sustainability of measures against projected levels of finance and demand. Community engagement in the development of these strategies and measures is also central to this approach. The approach to co-production adopted by the Scottish Government focusses on the notion that the local ‘core economy’ is comprised of all the resources embedded in people’s everyday lives, time energy,
wisdom, experience, knowledge and skill. Here the co-production of capacity building is achieved through shared responsibility, between communities, businesses and public services. Scottish policy objectives including the development of education and skills, community regeneration and more positive health outcomes whilst contributing to specific outcomes set out in Scotland’s National Performance Framework, particularly national outcome 11: to develop strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others. This approach is part of an integrated approach to community led health and regeneration initiatives. Importantly this approach is outcome orientated requiring investment in members of the local community. Local Employability Partnerships, Community Planning Partnerships are encouraged to collaborate closely with local authorities to protect vulnerable communities by ‘realigning’ mainstream budgets towards activities which build local economic and labour market resilience and business capacity.

Policy Learning is central to the Delivery of Employability measures in Scotland. As Figure 37 above indicates The Employability Learning Network is central to this process. Local Employability Partnerships are particularly important to the integrative capacity of employment programmes at local level. The Working for Growth model seeks to develop the integrative capacity of Local Employability Partnership as recent evaluations have shown that local economies and labour markets are more resilient when local initiatives embodying a core set of shared objectives were located within a broader architecture of integrated services for employability. Local Employability Partnerships being encouraged to more closely align objectives relating to specific programmes within well-co-ordinated business, investment and skills development services at local level. However the degree to which employment services are integrated, coherent and well-coordinated varies significantly across local authorities in Scotland. For example as is evidenced in this report Edinburgh City has developed and Integrated Employability Service which invites employers to collaborate in employability measures which have shared objectives enabling alignment and co-production of services whilst also providing a framework of broader business support systems and a skills pipeline aligned to educational and training resources. Representatives from Employer organisations indicated the value of this dual approach as providing a more sustainable approach to business involvement in employability and labour market support measures particularly where these measures involved temporary subsidies. In particular flexible, tailored and adequately resourced support in dealing with barriers experienced by vulnerable groups whilst working within a business was identified as being important. The organisation of Local Employment Partnerships varies between each local authority. In Edinburgh for example, the ‘Joined up for Business Service’ has a membership of 150 local employers, and provides a single point of access to businesses to the Joined up for Jobs Network (JUFJ) network in the City. This network collaborates with employers to support the Edinburgh Guarantee (A commitment that every young person in Edinburgh leaves school with the choice of a job, training or further education opportunity available to them); offers a bespoke recruitment service; identifies potential financial incentives for businesses, facilitates pre-recruitment opportunities and arranges work placement and work experience opportunities. The overall aim of this collaborative network is to bring together public, private, community and voluntary representatives to deliver an improved and more joined-up employability service. The underlying collaborative strategy involves the sharing of; (i) Evidence-based priority setting with partners (using labour market and performance information) (ii)Shared assessment of bids for Council Employability funding (e.g. Employability Challenge fund, Contracts) (iii) Joint funding and management arrangements where appropriate (iv) Service user involvement mechanisms to help improve the service in future. (v) The role out of the “Case link” case management system to improve the quality of performance information and provide a valuable set of monitoring tools for providers. (City of Edinburgh, Integrated Employability Service, Commissioning Strategy 2012-15)
2.4 The role of policy learning in the adoption of Employer Recruitment Incentives

In July 2015 the Scottish Government initiated the new Scottish Employment Recruitment Incentive (SERI). The rationale behind the development of this initiative is to bring closer alignment to improving economic conditions and jobs market in Scotland. The initiative draws upon key recommendations from Developing Scotland’s Young Workforce Scotland’s Employer Recruitment Incentive is more closely aligned to the improving economic conditions and jobs market and delivers key recommendations from Developing Scotland’s Young Workforce. The new programme replaces a previous scheme which created up to 10,000 job opportunities across Scotland’s 32 local authorities. The implementation of Employer Orientated Measures including; The Employer Recruitment Incentive Intermediate. This innovation adopts a dual response to the crises by bolstering labour market resilience and inclusion by stimulating the supply of quality jobs for young people with special tailored measures for young people who face significant challenges. This new scheme introduced in 2013 was funded jointly by the Scottish Government and European Social fund aims to provide job opportunities for young people before they become long-term unemployed. Working in partnership with private sector employers the Scottish Government partly funds new youth jobs (created over and above existing workforce needs of the company). The new positions are strictly regulated and private sector employers must ensure employee rights and conditions outlined below to receive this funding. Where a company commits to creating a new youth job, it will receive a 50% cash incentive (of the salary cost of employing the young person excluding National Insurance) for at least 6 months. This scheme is also includes The Employment Recruitment Incentive with additional measures for young people who are facing additional challenges or barriers in entering the labour market. Young people who benefit from this programme include children who have previously been looked after by the state, this funding benefits private sector employers, primarily small and medium sized enterprises (SMEs). The programme will create up to 10,000 opportunities for SME to recruit young people and involves the creation of 25,000 Modern Apprenticeships and the Intermediate Vocational Education and Training (VET) system to complement further and higher education. The underlying rationale of this approach is to ensure improved connectivity and cooperation between education and work and to ensure that employers are adequately engaged with young people. The underlying tenet governing these measures is partnership between employers and education with employers viewing themselves as co-investors/co-designers rather than purely consumers. (Scottish Government, 2013) The new incentive offers employers around £4,000 to offset the additional costs of recruiting and employing a young person including equipment and staff time for training and induction.

As has been evidenced above there is clear evidence that policy evidence in relation to Employer Orientated measures in Scotland has been influenced by a robust evidence base including the views of employers, local authorities and a range of stakeholders at local level. The need for a closer alignment between the key stages of The Strategic Skills Pipeline and the operationalisation of Employer Orientated Measures has acted as a central driver of policy learning and policy adaptation. In particular, SME representatives identified the need to more closely align business priorities, skill requirements and training offered by Skills Development Scotland, and educational institutions. Here the alignment between employability programmes and The Strategic Skills pipeline will be reviewed at all stages to ensure (i) the removal of unnecessary duplication (ii) to address gaps in provision (iii) to address any blockages (iv) to ensure appropriate incentive are in place to improve performance (v) to recognise different kinds of outcomes (vi) to build the Pipeline around the views of the service users (v) to improve methodologies and coverage of Equalities Impact. Moreover within the amended policy framework ‘Working for Growth’ private, public, and third sector organisations will now be supported as ‘Learning Organisations’. All Organisations involved in employer orientated measures involving young people in Scotland will be given support to develop (i) Organisational Development Reviews (ii) Youth appropriate recruitment strategies and (iii) Up-skilling for young people within wider organisational change. Significantly as was evidenced earlier in this report organisations will be given additional financial support for strategic growth projects which have an added youth dimension.
Policy development with regard to employer orientated measures will also benefit from a more coherent approach to the design, delivery and funding of employability initiatives at distinct stages of the Pipeline. For example as the SEAP and TSIS programmes revealed it is crucial that we develop a robust evidence base which enables more systematic and deeper understanding of pre-employment activity in supporting near labour market activity that ultimately secure outcomes within employment placements and apprenticeships that follow at stage three. It may be argued that the development of more appropriate methodologies and evaluatory mechanisms within employer orientated measures will also enable the design of more effective and meaningful client centred approaches and simultaneously enable more appropriate levels of investment and expenditure for employer orientated measures.

2.5: The role of policy learning in the development of the Living Wage Policy in Scotland

The Scottish Government views the Living Wage as a central component of broader Scottish Economic and Social Policy Strategy illustrated in Figure 35 below:

*Figure 35: Economic and Social Policy Strategy in Scotland: Focus on Sustainable Investment

With a primary concern to reduce levels of poverty and socio-economic deprivation the Living Wage is also regarded as a driver of growth as there is a robust evidence base which indicates that the at company level the living wage acts a driver of growth by increasing productivity and reducing absenteeism in the workplace. Critically however the economic benefits of a living wage policy have been evidenced in this report and in a broad range of secondary data as promoting more sustainable and cohesive local economies. Policy learning in this area is thus derived from robust evidence relating to socio-economic conditions in Scotland particularly since the recession. Crucially the policy rationale for the development of the Living Wage Policy is based upon an integrated approach to Investment in the Living Wage is regarded as central to future labour market resilience at national level in Scotland. Several local authorities have also adopted this approach. Exemplifying this,
Glasgow City Council has implemented the Glasgow Living Wage based on the view that for long-term and short-term unemployed people applying for jobs becoming “more attractive than minimum wage jobs”.

Bolstering this rationale recent data from the OECD have revealed that levels of income inequality have risen faster in the UK than any other developed country since 1975. Policy learning relating to the promotion of a living wage in Scotland has been informed by a body of recent evidence from international bodies such as the International Monetary Fund providing clear evidence that ‘inequality can seriously damage economic growth’ (IMF, April, 2014). Here, the IMF call for progressive policies to mitigate ‘The Macroeconomics of Income Inequality’, Utilising this evidence in establishing a clear rationale for the implementation of a Living Wage the current Scottish government has argued that the Scottish economy needs to grow more rapidly and has emphasised the synergy between higher economic growth and more equal distribution of wealth and opportunity. Inward investment strategies are closely aligned to this objective with a focus upon rebalancing the economy in order to revitalise manufacturing and to also tackle the geographic dimension of poverty and inequality in Scotland. This redistributive approach forms a central thread of policy approaches adopted by the Scottish government initially embedded in the ‘Solidarity Purpose Target’ (2007). The commitment to the living wage was centrally underpinned by this strategic approach (Living Wage (Scotland) Bill, 2013) moreover the promotion of a statutory minimum wage are aligned to the rationale that a higher productivity; higher wage; higher tax revenue base and more equally distributed economy offers an effective framework for long term labour market and economic resilience. Scottish Government policy documents also point to recent UK evaluations of the benefits of paying the living wage to employees in the private sector, particularly larger private sector organisation (Scottish Government 2013). As has been evidenced in this report longer term benefits identified include higher productivity levels; lower labour turnover; increased staff continuity; reduced levels of sick leave and a more motivated workforce. (KPMG, London 2013; Lawton and Pennycook, 2013)

Further living wage policy is informed by previous robust evidence larger firms employing high numbers of low-paid workers could afford to pay a living wage today. This is in part because the impact on wage bills can be offset in ways other than reducing employment or hours. In particular, recent research evidence has shown that larger firms can use mechanisms such as raising productivity through re-organisation or training; absorbing costs through higher prices; shifting pay distributions or accepting reduced profits in the short term. (Lawton and Pennycook, 2013). In most cases, adaptation is likely to be far more difficult for smaller firms with significant numbers of low-paid employees. Employer oriented measures thus require cognizance of the difficulties faced by SME’s in paying the living wage and expenditure levels on these types of measures are adjusted accordingly. Thus the employment effect (the ability of companies to pay the living wage without reducing numbers of employees) is greatly mitigated by the size and capacity of an organization and requires long term planning. The current emphases of the Scottish Government on the implementation of the living wage for all public sector workers directly employed by the Scottish government and all staff within NHS Scotland is accompanied by employment orientated measures which are directed at supporting SME’s in paying the living wage to vulnerable groups as well as encouraging larger firms benefitting from public procurement contracts within the private sector to adopt a living wage policy. Investment in the Living Wage is regarded as central to future labour market resilience at national level in Scotland. Several local authorities have also adopted this approach. Exemplifying this, Glasgow City Council has implemented the Glasgow Living Wage based on the view that for long-term and short-term unemployed people applying for jobs. An important part of the process involves ‘the better-off calculation’ and money advice work with people as they approach employment. Historically, minimum-wage jobs have not made financial sense, particularly for families. Living wage jobs make much more financial sense and are more attractive. Currently, in-work benefits are predicted to reduce in the coming five years. For this reason it is argued that living-wage jobs will become “more attractive than minimum-wage jobs”.

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The contradiction between in work support (with the aim of reducing child poverty) and continuing levels of low income is that it reduces the capacity of the state to combat child poverty. In addition it may be argued that “an excess of in-work dependence” on the state has been created. Moreover, the cost of in-work support for public expenditure means that most of the remuneration for low waged workers comes from the state rather than private employers that are responsible for paying them. (The Scottish Government, 2013) In addition it is argued by the Scottish Government that the living wage would lead to an increase in disposable income and greater spending power thereby stimulating consumer demand within the Scottish economy. Several local authorities in Scotland have also argued that the living wage has the potential to benefit the economy within their area. For example, South Lanarkshire Council has argued that employees who earn the living wage tend to spend money locally and the money goes back into local businesses. In addition North Ayrshire Council noted that people who lived in the area also spent in the area and that the living wage therefore had a “circuitous benefit” to the local economy. A number local authorities have implemented the living wage in Scotland to bolster local economic and labour market resilience. This is closely aligned to the implementation of the living wage at national level in Scotland. Primary data within this report has demonstrated the impact of the living wage on local wage levels generally. Exemplifying this, Glasgow City Council has implemented the Glasgow Living Wage based on the view that for long-term and short-term unemployed people applying for jobs. An important part of the process involves ‘the better-off calculation’ and money advice work with people as they approach employment. Historically, minimum-wage jobs have not made financial sense, particularly for families. Living wage jobs make much more financial sense and are more attractive. This is particularly informed by the indications that in-work benefits are predicted to reduce in the coming five years in the UK. For this reason it is argued that living-wage jobs will become “more attractive than minimum-wage jobs”. As has been observed in this report in the UK as a whole there are two living wage (LW) rates. One for London set at £8.80 and one for the rest of the UK. In 2014 the rate for the rest of the UK, the rate is £7.65. The Living Wage does is not a statutory instrument however in Scotland and in other parts of the UK it has been adopted by a broad range of organisations in the public, private and third sectors.

The central underlying rationale for the payment of a living wage is to enable people to work without the thread of poverty and social exclusion. However, it has also been argued that payment of the Living Wage has economic as well as moral arguments. This policy is further informed by evidence that the availability of higher levels of disposable income within the local economy can help to boost demand within the private sector. In-work poverty is defined as households where total income is below the poverty threshold despite a situation in which one member of the household is working full time or part-time. An important example of measures used to address regional socio-economic disparities is The Glasgow Living Wage. Glasgow is a city which includes pockets of severe deprivation. As has been evidenced Glasgow also has higher levels of workless and low income households than any other region in Scotland. To address this and the growing levels of poverty resulting from the financial crises of 2008 and subsequent austerity measures Glasgow City Council implemented the Glasgow Living Wage in 2009. All members of staff directly employed by the Council are paid the Living Wage. In addition all the Council supports businesses who pay all of their staff at or above the Glasgow living Wage by recognizing them as a “Glasgow Living Wage Employer”. There are currently 167 private and public sector employers within Glasgow city who pay the Living Wage to a current total of 50,000 staff.

Policy learning in relation to this innovation is furthered in this report by comparative analysis of the distinct trajectories relating to wage levels in three local authority areas in Scotland which indicates that The Glasgow Living Wage has had a positive impact upon stabilising and improving wage levels generally since 2009. Whilst Edinburgh City is the only local authority in Scotland to consistently show higher than average levels of wages across the period, higher levels of GVA across the period combined with the industrial make up and development of the city as the Capital of Scotland are strongly related to wage levels. Additionally the Scottish Government pays the Living Wage to all employees and a substantive proportion of employees directly employed reside in Edinburgh. Crucially however comparative analysis with changes in wage rates between Glasgow and Clackmannanshire indicate that despite Glasgow have an overall higher level of employment deprivation (highest level in Scotland as a whole) and poorer SIMD characteristics Glasgow has
achieved a higher average wage level over the last three years than Clackmannanshire. Clearly the industrial make-up and characteristics of employment in the two cities act as variables within this analysis however this does suggest that the Glasgow Living Wage has had a positive impact on wage levels since 2009. More broadly the sustained and consistent rise in wage levels since 2011 in Glasgow may also indicate a positive impact on the local economy, stimulating higher levels of demand (disposable income) and also more sustainable economic and labour market outcomes.

2.6 Conclusion

The innovations analysed within this report are located within a complex and sophisticated policy learning and governance infrastructure encompassing a range of service providers, governance levels and public, private and third sector agencies. Within this context the in-depth analysis of innovations has required careful consideration of the broad policy rationale underpinning employability initiatives, measures and forms of network delivery. The Scottish government has developed a pro-active approach to policy making and policy development. Recent evidence of this proactive approach is demonstrated by the comprehensive re-fresh of the Employability Framework ‘Working for Growth’. This new framework (July, 2015) is a re-orientation of policies towards a closer alignment between employability measures and economic growth. As has been evidenced this centrally involves the enhancement of integrative capacities within the governance, implementation, delivery and performance of employability measures. The central aim is to ensure that social and economic policies are integrated within a framework for ‘constructive advantage’. As this report has demonstrated at local level this has been shown to require closer alignment between the well-being and development of individuals accessing employability services and business priorities at local level particularly with regard to the development of skills. For example, the low take up of employer orientated measures by SME’s has limited the impact of The Employer Recruitment Incentive. The development of SERI (The Scottish Employment Recruitment Incentive) is a response to calls from SME’s for a more flexible and tailored approach to priorities of small businesses at local level. The analysis of the selected innovations in this report has also demonstrated the need to more closely align employability measures and initiatives to the Strategic Skills Pipeline. The Working for Growth framework has adopted an evidenced based approach to policy development which includes the application of more advanced evaluation methodologies. In particular policy learning is now focussed upon a number of areas including accurate assessments of the performance of employment policies and initiatives through data and evidence provided by National bodies such as Skills Development Scotland and COSLA; geographical data build on strengths and assets of individuals and communities rather than only focusing on perceived deficits; networks of public, private and third sector to review data and develop initiatives and local level whilst informing national level; the need to deliver public services on reduced budgets and Scottish Government principle to reform public services to reduce inequalities in health. Education and employment outcome; Single Vision cross-cutting government – outcome –based measure of success – cooperation with public sector and local government from 2013 incorporating ways of measuring impact of key governing principles ‘assets-based’, ‘co-production’, ‘improvement methodology’ whilst also addressing broad issues such as inequality and discrimination and the alignment between employability programmes and The Strategic Skills Pipeline to ensure (i) the removal of unnecessary duplication (ii) to address gaps in provision (iii) to address any blockages (iv) to ensure appropriate incentive are in place to improve

The in-depth analysis of the selected policy innovations have revealed that whilst positive outcomes for vulnerable groups and local employers are clearly evident it is the very nature of the systemic approach to governance policy learning and integrated social and economic development that requires robust evalatory approaches of performance and outcome data. Here social dialogue and bottom up approaches have led a re-orientation of governance and policy learning infrastructure in Scotland and as Figure 36 emphasises it is the Scottish Employability Forum which is now the central mechanism.
for policy learning being responsible for the development of approaches which increase sustainable employment in Scotland. Critically, this development and the new Working for Growth framework are underpinned by a rationale based on the anticipation of future challenges to economic and labour market resilience in Scotland. The financial challenges posed by the substantive decrease in the Devolved Expenditure Limit allocated by the UK Government combined with the uncertainty created by the EU Referendum in 2016 are the most serious of these challenges.

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