

## RESPONDENT INFORMATION FORM

**Please Note** this form **must** be returned with your response to ensure that we handle your response appropriately

Views and comments can be made to [EmployabilityinScotland@scotland.gsi.gov.uk](mailto:EmployabilityinScotland@scotland.gsi.gov.uk) by 9th October 2015.

### 1. Name/Organisation

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### 3. Permissions - I am responding as...

Individual / Group/Organisation

Please tick as appropriate

(a) Do you agree to your response being made available to the public (in Scottish Government library and/or on the Scottish Government web site)?

Please tick as appropriate

Yes  No

(c) The name and address of your organisation **will be** made available to the public (in the Scottish Government library and/or on the Scottish Government web site).

**(b)** Where confidentiality is not requested, we will make your responses available to the public on the following basis

**Please tick ONE of the following boxes**

Yes, make my response, name and address all available

**or**

Yes, make my response available, but not my name and address

**or**

Yes, make my response and name available, but not my address

Are you content for your **response** to be made available?

**Please tick as appropriate**

**Yes**  **No**

**(d)** We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

**Please tick as appropriate**

**Yes**

**No**

## CONSULTATION PAPER QUESTIONS

### Introduction

This response is being submitted on behalf of the 60 members of the Employability Social Enterprise Network (SEN). The Employability SEN is a network of connected social enterprises across Scotland delivering employability and employment outcomes.

A social enterprise is a business that trades to meet a social purpose please see the [code](#) for more information, the voluntary code of practice for social enterprises in Scotland.

The SEN was developed in response to the needs of the sector to ensure that within the employability agenda, there is a distinct identity, strong representational voice and influencing capacity for social enterprises. The SEN's role/remit is

- To provide a strong collective voice for social enterprise in the employability arena and a pro-active approach in influencing policy both locally and nationally
- Collaboration and Coproduction
  - sharing experience and good practice
  - connecting and consortia building (cross country) to take advantage of opportunities
- Act as a focal point to highlight and share emerging policy information and opportunities in a timely manner
- To promote the sector and the professionalism of the sector

We have held 3 consultation sessions with our members in Aberdeen, Edinburgh and Glasgow and taken other consultation feedback from our members across urban and rural Scotland on board in submitting this response on their behalf.

The SEN is facilitated by Social Firms Scotland, the support agency for Social Firms with support from Senscot, who support and build services and networks to help social enterprises develop and become more effective.

### **Social Firms and social enterprises - Size of our Sector**

The results of a large-scale census in September 2015 showed the significant size, scale of Scotland's social enterprise businesses and the vital contribution they make to the economy and society. The new research, which shows 5,199 social enterprises, confirms Scotland's position as a world-leading nation in nurturing social enterprise and recognises social enterprise as a fairer and more inclusive way of doing business. This very much aligns with Government's aims of an inclusive, socially-just, equal and prosperous Scotland.

#### ***The results***

Over 5,000 social enterprises

501 Social Firms (including Work Integration Social Enterprises) in Scotland

45% of social enterprises report a stated objective of 'creating employment opportunities'

67% of social enterprises provide training or support intended to improve employability

60% of social enterprises have a woman as their most senior employee

68% of social enterprises pay at least the recognised Living Wage  
Provides over 112,400 jobs  
£1.15bn in combined traded income

See the [full report here](#) and view the [headline stats infographic](#)

## QUESTION 1

What types of employment support services work best in Scotland, reflecting the very different needs of individuals who are unemployed?

### Comment

We, and our members, believe that the best employment support services should be:

- Person-centred (identify people's needs and design services to meet them)
- Flexible approach to delivery, allowing for innovation and holistic approaches
- Locally delivered and responsive to the needs of the local economy

We believe employment support should reflect the very different needs of individuals:

- Progression outcomes for the individual are recognised and valued– understanding that moving closer to the labour market can be success
- Softer outcomes are acknowledged as important
- A long term approach is adopted for people who experience significant barriers and require additional support measures
- Integrated services allow wider support of individuals (learning, skills, health)
- Effective partnership working is established to provide individuals with more choice

## QUESTION 2

How best can we ensure the needs of different businesses and sectors in Scotland, are aligned with employment programme outcomes?

### Comment

Feedback through the consultation suggested that ensuring the needs of different businesses and sectors in Scotland are aligned with employment programme outcomes by:

- Improved engagement with business sectors across Scotland and gathering information on business needs and labour market intelligence. This information can then be used to guide the design of employability programmes and any vocational training requirements.
- Stronger emphasis and focus on the needs of local economies across Scotland. This requires sufficient flexibility within programmes to be able to respond to the needs of

local economies, skills shortages and areas of market opportunities.

Social Firms and work integration social enterprises work locally, know the local landscape, build relationships and make local connections to open up employment opportunities with local employers. This is expertise and intelligence that is often ignored or missed through current employability services. In addition, Social Firms and other Work Integration enterprise approaches represent a niche sub-sector of the wider third sector that already have existing experience and engagement of working with particular client groups that are currently failed through previous and existing provisions.

### QUESTION 3

What are the strengths and weaknesses of existing employment support programmes and delivery mechanisms in Scotland?

#### Comment

We know that the current system is failing many people, particularly people who experience significant barriers to work. Evidence suggests that the current system and payment model means that organisations/delivery agencies are incentivised to concentrate their efforts on people who require less support to access employment, in effect people are cherry picked and those people with more complex support needs are left behind. For people who require more and often specialist support, the Work Programme does not work. Success for the majority has been achieved at the expense of the minority (less than 10% of ESA claimants have achieved a sustainable job outcome compared to 30% of JSA claimants), something we know Scottish Government is keen to avoid.

Other weaknesses to current model

- Too many layers (prime and subcontractors), making the system confusing and taking money away from the individuals it is supposed to be supporting
- Funding often does not stretch to pay organisations providing work placements
- Employability seen as an 'occupation of time' and impersonal 'tick box' exercise rather than being person-centred, supporting the person to be the best they can be and for society, underpinning social justice and reducing inequalities
- An often inflexible mandatory approach that does not meet people's needs; providers are better to work with when they adopt a more flexible, local approach
- Prime contracting often does not provide local solutions; smaller specialist providers are very often locked out
- Current prime contract delivery model does not address the additional difficulties of providing and accessing services in remote and rural areas

If we continue to do the same or very similar things (in terms of service commissioning, delivery and payment system) then we will continue to get the same results. It is suggested that we need radical change as the current system is too restrictive and is failing too many people.

What can and does work for people with multiple barriers and complex needs is a long term

funding model which allows for a more person centred approach with support tailored to the needs of the individual. Such an approach would also increase flexibility and creativity/innovation in delivering employability/employment outcomes for people. Delivery organisations would be able to develop and adapt the service over a much longer timeframe to ensure best outcomes for individuals.

It is also noted that mentoring programmes can be very effective in delivering positive employability outcomes, particularly where they are peer-led by people with lived experience.

#### **QUESTION 4**

Where are the current examples of good practice in relation to alignment of services to most effectively support a seamless transition into employment?

##### **Comment**

Whilst there are some examples of good practice in relation to alignment of services and seamless transition into employment they are limited and tend to be where there is a more progressive and integrated approach to employability. There is much talk of this happening but the reality is that there is much improvement required to truly integrate and align services.

We would also suggest that Scottish Government takes a wider view and looks at good practice and what currently works in practice in other similar countries (size, geography, population etc)

#### **QUESTION 5**

What are the key improvements you would make to existing employment support services in Scotland to ensure more people secure better work?

##### **Comment**

We believe there is a different way to provide employment support services that is person-centred, flexible, and innovative; delivered locally to meet the needs of individuals and employers. If we are serious about developing an approach that delivers more for those who have not benefitted from current programmes, particularly those furthest from the labour market, we need to take an assets-based approach to developing tailored services that recognise people as individuals with their own unique aspirations, abilities, interests and motivations.

The redesign of services should be used as an opportunity to engage constructively with social firms/enterprise; grassroots organisations that work with the communities where they are based to deliver local impact. Our members offer a 'protected' supportive environment, tailored to an individual's needs and abilities, delivering wider 'added value' in the form of social inclusion and health benefits.

Early stage and pre-pipeline support requires significant work which is often not funded (or not as well funded as other stages). It is important this support is understood and weighted as integral as it is often key to a person's progression.

Support needs to be ring-fenced for individuals who may never leave the early pipeline stages. People facing significant, often multiple barriers to working can participate in meaningful activity but require the right environment and additional support to do so, they may never reach the open labour market. Their progression needs to be recognised and valued.

Increased choice for people is important. Employment support needs to recognise that people are individuals with different interests, strengths and abilities and they do not always fit neatly into a linear pipeline approach. A funded programme of 5 social firms/enterprises working together to allow individuals to experience 'taster' placements in different organisations, undertaking different roles has shown to work well. Once the person's aptitudes, interests and support needs have been identified through these taster sessions, a longer term work placement is offered within the right business.

Additionally self-employment should also be a viable option for individuals and Scottish Government should not rule out a programme that offers this as an option for those that might choose this route.

We believe that there is a substantive and substantial difference in terms of the experience and outcomes for an individual between participating in an employability/training programme and participating in employment within a supportive business.

Social Firms/enterprises can provide a quality experience for individuals, offering person-centred support, choice, flexibility and understanding at all stages of employment support. And there exists a number of agencies who can offer bespoke support to budding social entrepreneurs/enterprises who might choose this route.

## **QUESTION 6**

How best can we assess the employment support needs of an individual and then ensure the support they receive is aligned with their requirements?

### **Comment**

A person-centred front-end assessment of need is vital to clearly understand the nature of a person's barriers and the support required. Assessment should not be a one-off activity but an ongoing process of continuous review.

There needs to be the opportunity to engage people properly, particularly those not ready to enter the pipeline. There is currently a lack of resources, understanding and often compassion towards people who are significantly disadvantaged and their specific needs in early stages of engagement. The earlier in the process engagement starts the more

possible it is to align experience to interest and ability.

Initial engagement and delivery needs to be in locations that are practically and emotionally accessible to those hardest-to-engage – this usually means outreach into local communities and a more informal 'safe' setting.

Trust is key as some people will not disclose their real issues until a level of trust has been established.

## **QUESTION 7**

How best can the employability pipeline framework help providers best assess and deliver services people need?

### **Comment**

It was felt that the pipeline was helpful in providing a standard framework for mapping available support and services and, to some degree, a good tool for helping to identify and match individuals and the support they require.

However, it was also felt that the current approach can be too restrictive at times, and has unhelpfully become understood as a linear journey which does not allow enough flexibility for people who require the most support. This has resulted in commissioning practices that do not adjust for setbacks and oscillation between supports in different pipeline stages. The journey for people facing complicated barriers with often chaotic life circumstances is rarely linear and straightforward, and the pipeline framework needs to develop to flexibly and fully support people through setbacks and oscillations.

There also needs to be an increased focus on earlier and pre-pipeline stages. There is a lack of appreciation (and funding) of the significant work involved in getting people who face additional barriers to stage 1 of the pipeline.

There also seems to be an excessive focus on qualifications as indicators of success/progress even in early pipeline stages. We would argue this encourages cherry picking again because the demands of qualifications are themselves preclusive for some individuals with additional, complex needs.

Problems can also arise with the pipeline when stages are matched to specific employability programmes; expectation of progression at a pace of in a manner set by a programme runs counter to the person-centred process that enables progression at a pace the individual sustain.

There is no substitute for trusted keywork/one-to-one personalised support especially in the early stages.

## QUESTION 8

How can early intervention best be integrated into employment support and the design of future programmes?

### Comment

A link with education is crucial and we are seeing more and more of this happening. There needs to be increased transitional support from S2- S4 and work with the careers services to ensure pupils are able to move from school to work or school to FE to employment

Consultation with pupils, including importantly those with additional/complex needs (their parents and carers), is required to allow them to input into service design to ensure the system is fairer and fit-for-purpose for them.

## QUESTION 9

What is the optimal duration of employment support, in terms of both moving individuals into work, and then sustaining their employment?

### Comment

There was complete agreement from members that longer term support is required for people who experience significant barriers to work. We need to allow a person time to become the best person for the job even though they may not start that way. Models that take a shorter term time-limited approach will be less successful and sustainable for people who require additional support.

Increased flexibility in providing support for people with complex needs is required rather than operating within a standard one size fits all employability model.

We would also like to emphasise the importance of aftercare/support when an individual has entered employment, particularly in year 1 before a pattern of regular attendance is fully established.

## QUESTION 10

What are the benefits and challenges of a national contracting strategy for Scotland's future employment support service(s)?

### Comment

We note Scottish Government's preferred route of a national contracting strategy.

There was a significant feeling from members that the current commissioning process locks out smaller, specialist providers (though they are often referenced in bids as partners but receive few if any referrals once the contract is awarded) and we are keen to see this rectified in a Scottish approach.

A national commissioning strategy would need to take account of local circumstances and priorities and be able to utilise the knowledge and networks of local providers.

It is also noted that commissioning in large lots doesn't actually eliminate transaction costs of achieving multiple providers/services (which is required), it just moves these costs off the commissioner's bottom line and onto the bottom line of providers closer to the sharp end.

Feedback through the consultations also suggested that strong potential exists for social enterprises and Social Firms to build effective partnerships, clusters and consortia approaches to bid for and deliver employability services. Social Firms Scotland can support such approaches.

As the recent census evidences, Social Firms/enterprises can make a significant contribution to Scotland's employability support services. Their potential to do more remains untapped. However, we believe intelligent commissioning will be required to ensure that this contribution is properly procured and not overlooked in favour of the appointment of prime contractors who do not know the sector, how to reach it or what it is capable of delivering. We favour a mixed provider market in order to achieve the best outcomes for those further from the mainstream labour market.

Indeed, any national commissioning model around Scotland's future employment support services should clearly embed a requirement to include in the supply chain, Social Firms and Work Integration Social Enterprises who have experience and expertise in engaging and supporting those with significant barriers to mainstream employment; particularly those with a disability, enduring mental health issues, substance misuse, homeless issues and ex-offenders. We also need to explore and improve funding incentives for supporting these people, including 'work choice' arrangements which currently exist to support people with a disability.

## **QUESTION 11**

How best can we secure effective regional and local delivery of employment support in future?

### **Comment**

Feedback through the consultations has suggested that regional/local delivery will be crucial to a successful employment support service and there is a real opportunity here for Social Firms and social enterprises to be a key provider in the Community; working at grassroots levels and with people who are furthest from the labour market. More work is needed to see Social Firms/enterprises delivering as an integral part of locally funded employability services and being an intrinsic element of the local menu of services for those seeking work.

Overall, members recognised the role of local authorities within support services. However, it was also felt that they needed to work collaboratively with a wider range of local providers and the following concerns expressed would need to be addressed if employment support in

the Scottish model was being delivered via local authorities

- Access to local authority contracts can be extremely limited where there are existing 'preferred supplier arrangements'
- Local Authorities can be highly variable and subjective in their dealings with organisations
- A lack of consistency in terms of how support services are contracted and delivered across local authority areas.
- The risk-averse nature of local authorities, limiting the scope and potential of service provision
- The potential for local authorities to monopolise the delivery of employability within their area (e.g. using ALEOs as key delivery agency thereby essentially 'locking out' other local providers)

We welcome the offer from Scottish Government in their consultation paper, point 8.12, to 'work with smaller providers to help them bid for and provide services, or to help with capacity building to do so'. It is also encouraging to see in 8.13 ' structuring of contracted services to include elements of local, specialist or targeted provision could be a solution'. We would like to see a national framework delivered regionally/locally on a consistent basis across Scotland, with scope for innovation and involvement of Social Firms/enterprises and local organisations. This is crucial as it will allow the ability to respond effectively to the differing labour market conditions and infrastructure within local regions.

Social Firms/enterprise and their support organisations also recognise that they need to do more to ensure that commissioning and procurement agencies are aware of the significant contribution that the social enterprise community can make to the employability agenda. The opportunity exists for Social Firms/Social Enterprises to be part of a distinct Scottish approach, delivering more by using a flexible, person-centred approach to support people, and able to deliver quality work experience and create sustainable jobs.

Feedback through the consultations also suggested that strong potential exists for social enterprises and social firms to build effective partnerships and consortia to bid for and deliver employability contracts within and across localities and we would be keen to see a system in place that allows this to happen.

As the recent census evidences, Social Firms/enterprises can make a significant contribution to Scotland's employability support services. However, we believe intelligent commissioning will be required to ensure that this contribution is properly procured and not overlooked.

Intermediaries like ourselves and our partners, Senscot and Social Enterprise Scotland can be used to increase awareness of the sector's capabilities and reach. We will work with Government to support their commitment to ensuring local delivery and the use of smaller specialist providers.

The new EU directives and in particular Article 20 alongside the commitments within the Procurement Reform (Scotland) Act 2014 offers a dual opportunity for social firms/enterprises. There is an obvious opportunity to update the supported business

framework with organisations that meet the 'wider' definition for reserved contracts and use this 'tool' in their box to award contracts to our members to support job creation and retention.

There is also an opportunity for a strand of the overall national employability support services contract to be 'reserved' for Social Firms and supported businesses who meet the criteria of the new regime. This would be designed to support Social Firms to maximise the employment and training opportunities they could deliver. Our experience of working with similar agencies across other member states (Germany, Italy, Finland, Spain etc) tells us that this is possible and that such interventions provide greater volume of job outcomes for the client groups who experience many barriers to work. We would be happy to share this experience and learning.

## **QUESTION 12**

Do national or more localised employment support programmes work better for different client groups? If so, which ones and why?

### **Comment**

For the client groups that Social Firms support, members favoured a more localised approach. It is critical to recognise that helping someone with complex support needs into work is an entirely different industry than helping jobseekers close to the labour market get a job. A successful 'intervention' requires not just 'any job' but exactly the right job, with the right employer, in the right place with the right support.

In addition, getting it wrong for these client groups means that all too often this results in reinforced negative perceptions of employers and the wider public (that people with disabilities or other significant barriers cannot work, don't want to work and/or are not productive members of society).

Given Scottish Government's aim to deliver more for those who have not benefitted from current programmes, particularly those furthest from the labour market, things need to be done differently. Devolution provides an opportunity to take a fresh look at the way we support the employment needs of people furthest from the labour market.

Commissioners should consider designating separate programmes or more clearly delineating service and funding models to ensure income and resources are ringfenced to support the most vulnerable.

We need to deliver a layered service for people who face significant barriers to work; a significantly more joined up approach with different providers and agencies being played in at the appropriate time to provide support (for instance if numeracy and literacy support required).

Social Firms have a key role to play here – business specifically set up to provide the right job, in the right place with the right environment and support for people with complex support

needs – in providing sustainable employability and employment outcomes.

Localised support programmes will also counteract some of the difficulties of providing and accessing services in rural and remote areas. Transport in rural areas is also critical to people, particularly vulnerable people, accessing services, (employment, and health) so a holistic approach would be helpful in addressing such issues.

### QUESTION 13

Who should be the contracting authority for devolved employment support provision?

#### Comment

The foundation of any new design has to be what works best and delivers most for people instead of what works best for the providers or for 'administrative' purposes. Previously, even though systems have been designed to pay more for results with those people who require more help they clearly haven't worked.

Regardless of the contracting authority, there are some key commissioning points to ensure a significantly reduced central and local government spend works effectively to tackle a complex set of inter-dependent issues faced by those furthest from the labour market:

- To deliver transformational improvements in the outcomes of employment support services there has to be a transformation at the commissioning level
- Strategic commissioning is critically important, given the diversity of support required across welfare to work, health and social care, education etc. A commissioning methodology is required at a local level to provide a clear strategic framework for delivering targeted interventions.
- Traditional procurement methods do not accommodate innovation, creativity and flexibility – we need to look at new ways to address old problems
- Timeframes need to be more realistic to allow contracts to be more accessible. Often tenders have taken months to set up and for bids to be assessed but a tiny window is given for the creation of partnerships/bids, undermining the quality of the bids and favouring large-scale organisations with the capacity to respond in the short timeframes.
- It was felt that currently a disproportionate amount of money was used on infrastructure and administration rather than delivery
- An outcomes based commissioning model is key to ensuring a flexible and mixed provider market with more emphasis and funding flow to achieving better outcomes for people (payment for progression is favoured to payment by results) measured only in job outcomes that don't truly reflect sustainability

- Reasonable management fees need to be allowed if genuine consortia are sought, rather than top-down piecemeal subcontracting arrangements led by prime contractors

Currently, the procurement arrangements, commercial drivers and scale of the Work Programme contracts have exacerbated the challenge of working with ESA customers. Specialist providers have too often been excluded and the use of non-specialists as primes had led to a one size fits all approach that works for some, but as we know and evidence shows, not for people furthest from the labour market.

A **specialist employment programme for people with significant barriers to work** must be a cornerstone of Scottish Government's strategy. Third sector organisations have a strong and proven track record, having been at the forefront of delivering support to people furthest from the labour market for years. Social Firms/enterprises in particular currently deliver employability and, of key importance here, employment outcomes and have the potential to expand their delivery.

### **Achieving improved Outcomes and innovation**

The opportunity exists to utilise a Public Social Partnership (PSP) approach around the commissioning of certain interventions, drawing together a range of delivery agencies within localities to set and measure new approaches, putting clients at the heart of the design and delivery of support services. This would allow a genuine co-production process to be established where local authorities, social enterprise/firms, private sector and other organisations could work together to redesign services around the needs of beneficiaries. Such an approach would create a model that maximises collective expertise, is responsive to the local environment and client knowledge whilst retaining the focus on results and value for money.

Turning around the lives of people with deep-seated challenges should not be left purely to market forces, however intelligent the commissioning.

## **QUESTION 14**

Which client groups would benefit most from future employment support in Scotland and why?

### **Comment**

As the economy and the private sector labour market grows, there should be more job opportunities available. If current unemployment trends continue and the number of benefit claimants fall, those who remain out of work for long periods will be people with more complex needs and barriers who require longer term support. We need to embrace early intervention approaches that could fundamentally improve and accelerate better outcomes for these clients.

This is a client group whose needs and situation won't be changed by achieving greater management efficiency, introducing new technology or threatening sanctions. They require person-centred support and services that build trust and understanding, change attitudes

and behaviours, instil confidence and motivation, manage health conditions, improve skills and work experience and build personal and professional networks.

April 2017 represents a unique opportunity to ensure there is a fit for purpose personalised employability support service established that is designed around the needs of the individual and is able to support people with complex needs and enable them to lead productive lives in society. We need to target support to those most in need or who need most support.

Whilst a paid job for some will be the ultimate goal, engaging in meaningful activity, contributing to a business' success and to society represents huge progress for people with additional support needs. This should be recognised and supported/paid to happen on a much wider basis than it currently is to allow more opportunities to be created and more employability outcomes to be delivered. State support needs to move away from the sole focus on hard outcomes of getting a job to embracing a wider definition of positive progress and outcomes for people

Social Firms are set up specifically to create employment, work experience, training and volunteering opportunities for people who experience barriers to employment, as mentioned previously for people with a disability (including mental ill health and learning disability) substance abuse issue, a prison record, homeless issue and young people. People who want to work but need support to do so are supported in a real work environment. Social Firms/enterprises, particularly for people experiencing barriers to work, offer the opportunity to experience the 'norm' - what most people take for granted and not to feel different, stigmatised or marginalised.

Social Firms/enterprises trade and earn income. However, there are obvious costs to providing person-centred support to people with complex needs which is not currently recognised or paid for. Access to, and funding for, employment support for people who face disadvantages to accessing work should be significantly increased. There was a consensus amongst members that currently resources are put into the process rather than the person and this needs to be flipped to a fund that follows the person (also could be seen as a wage subsidy) and is flexible enough to be used as the organisation believes will work best.

There was a feeling that there has been a concentration/priority to develop employability services for Young People and rightly so. It was suggested that a corresponding focus on services to support those most disadvantaged in the labour market and which took a similar approach (albeit on a longer term basis) to that of the programmes to young people should be considered. It was also noted that many initiatives are aimed at those under 25; many people with significant barriers to employment (eg individuals in recovery who are ready to move into employment and where employment would be key to their continued longer term recovery) fail to meet the requirements for assistance.

We know that there are finite resources and public finances are tight. That is why it is even more important that we target the use of these resources to people who need them most and have been 'let down' in the past. We accept that people who face additional barriers to work will require longer term support and additional funding to pay for that support and that

there is a cost-benefit trade off particularly in the short term. However, this should be balanced with a longer term view. The support and funding will obviously reduce over time as a person gains experience, skills and confidence and if people who Social Firms exist to support are left without hope and prospects (again) they will require ever increasing proportions of dwindling adult social care, NHS and criminal justice budgets. In taking this longer term approach, as set out by the First Minister on September 1st in her "vision for the coming decade" in the new Programme for Government, employment support services would help achieve fair work, social justice, reduced inequality and sustainable economic growth.

### **QUESTION 15**

What should be our ambitions for these client groups?

#### **Comment**

There should be no limit to our ambitions for any client group. As one of our members said '3 of our staff working had been profiled by the local council supported employment team and deemed not suitable for employment. These profiles have taken place at different times over a period of 8 years, the most recent being a current profiling. All three do a great job with us, paid, with proper terms and conditions of employment.'

However, we also need to be realistic in our expectations for some customers and acknowledge that whilst a paid job for some will be the ultimate goal, engaging in meaningful activity, contributing to a business' success and to society represents huge progress for people with additional needs.

Our new employment support service should be flexible, understanding and person-centred to reconcile the different needs and aspirations of individuals.

### **QUESTION 16**

How can we maximise the effectiveness of devolved employment support in Scotland, in relation to the broader range of resources and initiatives available in Scotland?

#### **Comment**

Larger scale, high volume, efficiently managed contracts have been shown to be effective at helping those re-enter the labour market, but are less successful for people with significant barriers/needs and so a balance has to be struck. The most recent data on employment rates for these client groups need to be addressed.

Our members felt that there was sometimes a focus on employability outcomes via training providers but very often there was a lack of real jobs for people at the end of the process. We need to avoid creating unsustainable jobs/work experiences opportunities that are often short term, and set people up to fail and can leave vulnerable people worse off.

Thriving and growing, as shown by the recent census, the social enterprise/firm sector in Scotland is able to support people – often those furthest from the labour market – and deliver employability and, importantly, employment outcomes. As they are businesses, they trade and earn their own income in addition to seeking funding/employment support contracts (in whatever form they take) they are a sustainable and cost-effective way of providing employment support.

We would like to see a specific social firm/enterprise business development fund to build the capability and capacity of social firms/enterprises to allow them to continue to deliver employability outcomes and create employment.

### **QUESTION 17**

What are the advantages, or disadvantages, of payment by results within employment support? What would form an effective suite of outcomes and over what period for Scotland? What does an effective payment structure look like?

#### **Comment**

Payment by Results can give clarity and focus in some cases and provides a more straightforward solution to measuring outcomes (eg hard job outcomes). However, it also can incentivise 'easy wins' and can also, if strictly applied (in not recognising progression outcomes for an individual) threaten the sustainability of organisations.

The emphasis on price competition, at least for some elements of provision, should be reduced to avoid a race to the bottom with providers rewarded for only moving those people closest to employment into work.

Whatever the payment system, it needs to ensure that social firms/enterprises (and other third sector organisations) are paid appropriately for providing employment support with greater emphasis given to progression and access to meaningful activity.

Currently no credit is given and no money earned from moving someone further down the track if they don't get over the finish line. Under a payment by results system, the harsh economic reality for some people is that they are sidelined and 'parked' as economically unviable for the provider. We need to guard against this in any future payment system.

### **QUESTION 18**

What are the advantages, or disadvantages, of payment for progression within employment support? What measures of progression and over what period? What does an effective payment structure, which incentivises progression, look like?

#### **Comment**

Any payment system has to work as a mechanism to produce the best outcomes possible for individuals under a person-centred designed programme allowing local support and choice.

There needs to be greater recognition and value placed on the softer outcomes, which are often key to assisting a person into work. These outcomes need to be identified and measured consistently via one agreed national impact measurement tool. The system needs to allow for different definitions of progression dependent on the individual, ensuring this progression is ambitious but realistic.

There needs to be recognition that moving people closer to the labour market is progression. Within the total funding envelope we need to find a way of rewarding 'distance travelled' as well as 'destination reached'. We know that all Government programmes will be time limited; we also know that some people require much longer term support than current programmes allow.

Whilst helping people get and keep work should remain a key objective, there is a clear taxpayer benefit in rewarding providers for moving people closer to that point. (Eg, if a client has been helped cope with their alcohol problems or mental health issues there will be a saving to the NHS). If someone has developed the motivation and confidence to work then whichever programme they subsequently move onto should involve a shorter period of support before achieving a positive outcome.

Social Firms/enterprises offer an environment for people, whether they make it to the open labour market or not, to flourish and make an economic contribution to a sustainable (social) business.

Budgets are often in silos but we know that good work delivers much wider cross-divisional outcomes for the individual and society and believe budgets across Government should be integrated (eg Health & Social Care, Criminal Justice etc). We need a shift away from a commercial contract culture to a wider economic and social programme that recognises the wider impact delivered through and by employability support services. Social Firms contribute massively to health and wellbeing improvements for example, a key outcome aligning to a Healthier Scotland.

We need ensure employability services are designed and implemented in parallel with the wider areas of Government strategy they align with and impact on (eg disability, mental health, learning disability, drugs and alcohol, the reducing reoffending agenda and SPS employability strategy). Always keeping the person at the centre of the services, allowing the individual support and choice, integrating services/support and working with a cluster of providers where required and appropriate.

Value for money needs to be used on some form of social return rather than lowest cost-per-head basis. As mentioned previously, this reflects that higher returns will come over a longer term. Resources need to be commensurate with an understanding of the distance travelled so that there is an incentive to work with those facing the longest journey

Employability and employment has a much wider reach then just within Employment and Skills and the emerging Fair Work agendas. We whole-heartedly agree with Government's aim that employability services help address inequality in Scotland and align with the

principles of Fair Work and Social Justice to deliver a socially-just, equal and prosperous Scotland.

### **QUESTION 19**

What are the key aspects of an effective performance management system, to support the delivery of employment support outcomes in Scotland?

#### **Comment**

A focus on sustainable outcomes and progression

Clear progression targets and a mechanism to measure progression that allows for realistic timescales

Focus on quality and person-centred services and support

### **QUESTION 20**

Collectively, how best do we encourage active participation and avoid lack of participation on employment support programmes?

#### **Comment**

Trust and engagement of people is crucial; people need to build relationships with and develop trust in the people/service providers they are working with. People will engage more with local organisations who they have built up relationships over time where they feel comfortable and where they feel that organisation has their best interests at heart.

Initial engagement and delivery need to be in locations that are practically and emotionally accessible to those hardest-to-engage – this usually means outreach into local communities and a more informal 'safe' setting.

Social Firms/enterprises are based in communities and so can play a key role in engaging people and increasing their motivation and participation in programmes.

### **QUESTION 21**

Do you have any other comments/views in relation to future employment support that have not been covered in the questions above?

#### **Comment**

Social firms/enterprises offer

- A person-centred approach in a supportive, inclusive environment
- A recognition of people's abilities
- An effective and cost-efficient vehicle to deliver employability and, importantly, employment outcomes as they trade to earn their own income

- An opportunity to be a provider in the community - a local approach, understanding and meeting local needs
- Added value - a 'better' quality experience for the individual who will gain experience, knowledge and skills, further improving confidence, health & well-being and other softer outcomes whilst being supported to do so

To achieve maximum outcomes they require

- Flexible funding to encourage innovation and allow the support to fit what the individual needs / A wage subsidy to pay for providing additional support within a real business.
- Extended timeframes and related funding to achieve results for people that are further from the labour market
- A business development pot to allow social firms/enterprises to build their capability and capacity to deliver further employability outcomes and create more employment
- Paid progression outcomes based on the individual – understanding that moving closer to their goals, aspirations and the labour market is success for some people and social firms could be their ultimate destination. Engaging in meaningful activity that contributes to society should be recognised.

We are aware there is pressure given the relatively short lead time to the recommissioning of employment services in April 2017. It is therefore critically important to consider and plan for the long term composition of employment support in parallel with the current phase of programme design.

Redesigning Employability Support Services, and all this encompasses, is a pivotal opportunity to move Scotland towards a fairer, more inclusive system and society and be a game-changer in tackling inequality, growing the economy and reforming public services. As businesses set up to address inequalities, often delivering public services, social firms/enterprises are ideally placed to help Scottish Government deliver on this potential.

Social Firms Scotland is concerned that Scotland will miss this opportunity to recognise the contribution Social Firms can make to increasing employment rates for those people who are furthest away from the mainstream labour market. We urge you to “think outside the box” and to develop a commissioning strategy and allocation of resources that serves to strengthen both the demand and the supply side of the labour market

Social Firms/enterprises can make a significant contribution in supporting Scottish Government’s ambitions of achieving fair work, social justice and sustainable economic growth – today and for the future.

**End of Questionnaire**

**Thank you for participating**