

Summary

SCVO briefing 04 October 2017 The contracts awarded today sees the vast majority of contracts – 80 per cent - being awarded to the private sector, with only a small percentage of contracts being won by the third sector. This does not meet the Scottish Government's ambition of a mixed-market of support. The procurement process has clearly favoured private companies at the expense of the third sector, and will not provide the personalised, local service that is the key to unlocking the issue of employability in Scotland. The overly-simplistic 'payment-by-results' model focusses on job allocation figures as indicators of success will lead to providers focusing on 'easy-wins' and disadvantage those with barriers to employment and those furthest from the labour market. Payment by results, the over-representation of the private sector and prescriptive customer journeys will mean there is little difference between the Work Programme and Fair Start for those with barriers to employment.

Briefing in detail

Scottish Government's ambitions The third sector welcomed the Scottish Government's ambitions for the devolved employability services, as detailed in the SNP Manifesto and the [Creating a Fairer Scotland](#): a new future for employability support in Scotland discussion paper. The so-called "Scottish Approach" to employability support was founded on a number of far-reaching, positive principles. These principles included a drive for real jobs, being responsive to those with high needs and a "flexible, tailored, 'whole person' approach". In pursuing the "Scottish Approach" the Scottish Government encouraged consortia approaches that reflect the existing "mixed economy" in employability services in Scotland of private provision, and local authority and third sector delivery. Additionally, the Scottish Government acknowledged in their policy documentation "*the need to develop a sustainable funding model which provides the financial stability and flexibility required by third sector and SME providers if they are to compete successfully in this market.*" In essence it was recognised that, for third sector bidders to be able to compete for contracts, the funding model would need to ensure adequate up-front payments. **The third sector's ambitions** The third sector had welcomed the devolution of employability support, seeing this as an opportunity to radically change the nature and culture of support. Employability programmes are a vital service, enabling inclusive labour markets, independent living and realisation of personal potential. Welcoming the prospect of being involved in the mixed market of support, at the level of delivery and design, our sector viewed the devolution of support as an opportunity to deploy our expertise and knowledge of working of those with barriers to employment. SCVO had previously detailed that there was an opportunity to deliver personalised services, tailored to the unique skills and capabilities of each individual. In this way, devolution enabled the contribution of individuals to be valued, with subsequent benefits for health and wellbeing. Our sector believes that any move towards a more personalised service requires a move away from a singular focus on job outcomes as a measure of success. As part of this, payment by results is not conducive to a focus on the needs of individuals, particularly those who are hardest to reach as it incentivises a focus on work-ready clients. Despite welcoming the Scottish Government's initial principles, the third sector had previously expressed some concerns about the administrative and contracting processes for Fair Start Scotland. The ministerial announcement around the awarding of contracts for the delivery of this programme sees these fears come to fruition. **What is the outcome?** The announcement of successful bidders highlights that there is a massive gap between rhetoric and reality within Fair Start. We believe that the inconsistencies between policy and practice will negatively impact the employment opportunities and wellbeing of those with barriers to employment. The people of Scotland were promised a brave new world of employability support. However, the reality is the vast majority of money going to the private sector and the third sector have been relegated to the role of sub-contractor. The problems experienced by small organisations under the Work Programme and Work Choice have reemerged within the devolved employability programmes. In our view, the failure to deliver on the Scottish Government's ambition of a "[mixed-economy](#)" of employability delivery will see those with the greatest barriers to employment neglected by private companies who will focus attention on work ready clients – providing an easier financial return in this payment-by-results model. If specialised providers, such as those with expertise in hearing loss, sight loss or specific disabilities, are unable to participate in the system it is ultimately the individuals with such barriers to employment that will suffer. This means the Scottish Government's objectives of a tailored, whole-person approach are diluted, if not undermined. Fair Start does not promote a more inclusive approach and doesn't discourage the so-called 'creaming and parking' witnessed in the previous system. Sustained job outcomes remaining the focus may lead to providers continuing to prioritise 'low-hanging fruit', meaning those with complex barriers to employment may not see considerable improvements in their

experience of support or personal employability. The individuals that our sector works with often have complex barriers to employment which means writing a CV, achieving a job interview or work placement will all be important progressions. We believe that small providers at the front of the pipeline should be rewarded for the time and dedication that working with vulnerable individuals and those with barriers to employment requires. However, Fair Start will maintain a system that sees small providers waiting for long periods for payment and will see many specialised organisations forced to undervalue their service in order to compete. **What went wrong?** While the decision to adopt nine contact package areas marked improvement from the arrangements of the interim programmes, the decision to have a single large contract in each defined area is problematic for small and medium sized third sector organisations, as evidenced by the contract announcement which favours large contractors and catalysed consortia based on *who you know*. The time afforded to the procurement process was not conducive to the forming of new consortia. The policy commitment to a sustainable funding model has manifested itself within the new programmes as a 30% up-front service fee and a continued commitment to payment by results. The weighting of payments also remains firmly on sustained job outcomes, marking very little change from the previous programmes. This financial arrangement does little for small, specialised providers at the front of the pipeline and we do not believe this to be sustainable or fair. A system which recognises success purely in the form of sustained job outcomes is blind to the state of the Labour Market and also ignores the complicated journey to employment for many individuals. For those with a disability, drug or alcohol problems and those leaving prison the journey to employment may not be a simplistic, linear one. Although not to the same extent witnessed under the previous programmes, the customer journeys remain very prescriptive which gives providers very little room to innovate or to design support around an individual. While we recognise that time pressures, restrictive budgets and the need for capacity building within Scottish Government posed issues when designing the new employability programme, Fair Start Scotland does not represent a radical departure from the UK Government's Work Programme and Work Choice. While it is disappointing for third sector organisations in Scotland, it is those individuals who would have benefited from tailored, specialised support who will suffer as a result of these decisions. This represents a missed opportunity. **Conclusion** The third sector in Scotland had welcomed the ambitions of Fair Start Scotland and had hoped that the devolution of employability support would lead to a system of personalised support, promoting wellbeing, dignity and respect. However it is now clear, as our sector feared, that the administrative and operational details of the system have undermined Scottish Government's laudable ambitions. For the third sector, and those we support, attention must now turn to the next round of contracts, hopefully in three years' time, in order to promote a more inclusive, responsive service. However, in the meantime, it is our expectation that the practices of creaming and parking will continue within Fair Start, as will the undervaluing of the specialised service provided by the third sector. Ultimately, it will be Scotland's most disadvantaged and marginalised who will pay the price.

About us

The Scottish Council for Voluntary Organisations (SCVO) is the national body representing the third sector. There are over 45,000 voluntary organisations in Scotland involving around 138,000 paid staff and approximately 1.3 million volunteers. The sector manages an income of £4.9 billion. We work to the following mission: To support people to take voluntary action to help themselves and others, and to bring about social change. We have over 1,600 members who range from individuals and grassroots groups, to Scotland-wide organisations and intermediary bodies. As the only inclusive representative umbrella organisation for the sector SCVO:

- has the largest Scotland-wide membership from the sector – our 1,600 members include charities, community groups, social enterprises and voluntary organisations of all shapes and sizes
- our governance and membership structures are democratic and accountable - with an elected board and policy committee from the sector, we are managed by the sector, for the sector
- brings together organisations and networks connecting across the whole of Scotland
- SCVO works to support people to take voluntary action to help themselves and others, and to bring about social change.

Contact

Ruth Boyle Policy Officer Scottish Council for Voluntary Organisations, Mansfield Traquair Centre, 15 Mansfield Place, Edinburgh EH3 6BB Email: ruth.boyle@scvo.org.uk Tel: 0141 465 7532 Web: www.scvo.org.uk