

## Members' Library Service Request Form

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Document Title	The Edinburgh and South East Scotland City Region Deal (ESESCRD) – Integrated Regional Employability and Skills (IRES) programme

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Designation	Head of Development
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**REPORT TO:** Members' Library Service

**MEETING DATE:**

**BY:** Depute Chief Executive, Partnerships and Communities

**SUBJECT:** Edinburgh and South East Scotland City Region Deal (ESESCRD) – Integrated Regional Employability and Skills (IRES) programme

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**1 PURPOSE**

- 1.1 To inform members of progress made with the ESESCRD Integrated Regional Employability and Skills (IRES) programme.

**2 RECOMMENDATIONS**

- 2.1 Members are asked to note recent progress made on developing and progressing the ESESCRD Integrated Regional Employability and Skills (IRES) Programme; in particular, ESESCRD Joint Committee approval of the IRES programme business case and implementation of its programme of activity as outlined in the attached Business Case.

**3 BACKGROUND**

- 3.1 The ESESCR Deal IRES programme will strengthen regional capacity to achieve better outcomes for the whole region and help to mitigate or reduce skills shortages and gaps, and deliver incremental system-wide improvements that boost the flow of individuals from disadvantaged groups into the improved career opportunities generated by wider City Region Deal investments.
- 3.2 The programme will integrate and align closely with local and national provision and is anticipated to provide an additional 14,700 people with improved skills and 5,300 moving into employment across the Edinburgh & South East Scotland City Region over the course of the (£25 million) 8-year investment period.
- 3.3 East Lothian Council approved on 26 June 2018 the content of ESESCRD documentation including a summary of projects and the governance framework for delivery. A separate report was also lodged as a private

item in the Members' Library Service outlining the Deal Implementation Plan and the Financial Plan and Agreement.

- 3.4 The Deal Implementation Plan set out clear deliverable targets for Phase 1 and establishment of the IRES Programme as follows:
- a) to ratify the IRES Board's remit, powers, and membership and then establish the Board along with any supporting structures and processes (November 2018);
  - b) to agree the existing programmes and services that will be overseen by the new IRES Board along with City Region Deal Projects (January 2019) and
  - c) to finalise the IRES programme Business Case with Government and ratify with IRES Board (December 2018)
- 3.5 These programme targets have been met and the implementation of the IRES Programme is underway. East Lothian Council's Chief Executive, Angela Leitch, currently chairs the IRES Board and the Council's Chief Operating Officer for Education, Lesley Brown, also represents the Council's interests through project delivery.
- 3.6 Project Delivery groups are now established and detailed business proposals are being developed. The Programme Business Case has been finalised with Government and the first meeting of the newly established IRES Board on 4 December 2018 agreed to adopt the IRES programme Business Case as a live and working document.
- 3.7 The ESESCRD Joint Committee at their meeting on 17th December formally agreed the business case and implementation of the IRES programme of activity as outlined in the attached Business Case.
- 3.8 Projects detailed in the plan will be developed further over the next six months and elected members kept updated on a regular basis. Funded activity will be subject to regular review (e.g. quarterly progress, annual review, and mid-programme evaluation) by the partners through the Project Delivery, IRES Programme, and City Region Deal governance structures that have been established to manage the programme and its activity.

## **4 POLICY IMPLICATIONS**

- 4.1 The IRES Programme will support delivery of the Council priorities in respect of Growing our Economy, People and Communities as set out within the Council Plan. The ESESCRD is consistent with the approved proposed LDP and is reflected strongly in the refreshed Economic Development Strategy 2018-22.

## **5 INTEGRATED IMPACT ASSESSMENT**

- 5.1 Inclusive growth is a shared policy objective of the Council and national governments and a key driver for the Deal is to promote equality through addressing inclusion across the City Region.

- 5.2 All business cases for projects included in the programme have demonstrated how they will reduce inequalities. The IRES programme in particular will work to ensure that all residents throughout the region have the ability to share in future success.
- 5.3 Partners and Governments recognise that prosperity and success is not universal across the region: 21% of children are living in poverty; there is a lack of mid-market and affordable housing; and too many people are unable to move on from low wage/low skills jobs. The Deal will directly address these issues, create new economic opportunities, and is expected to provide up to 21,000 new jobs.
- 5.4 Partners recognise the importance to ensuring that inclusive growth ambitions are embedded in their plans and aligned with the Scottish Government's Economic Strategy ambitions, responding to the particular challenges faced across the region. A detailed analysis of the region's economy, accredited by the Scottish Government, took place and identified six key inclusion challenges:
- Slow Growth;
  - Regional disparities in jobs density;
  - Housing, transport and connectivity;
  - Skills inequality and polarisation;
  - Gender and age inequalities; and
  - Low income and low pay
- 5.5 An inclusive growth framework has been developed to ensure that the City Region deal projects can address these issues. Five thematic interventions to target these challenges will go some way towards ensuring that the benefits of the city region deal investment are shared as widely as possible:
- Accelerating inclusive growth;
  - Removing the physical barriers to growth;
  - A significant programme of construction;
  - Targeted skills interventions; and
  - Social benefit through innovation.
- 5.6 The ESESCRD will also provide a mechanism to help drive forward investment in sustainable place making. A holistic approach to sustainable growth is at the heart of the ESESCRD.

## **6 RESOURCE IMPLICATIONS**

- 6.1 Financial - The Scottish Government is making £25 million of flexible revenue funding available to the partnership over a 9-year period (2018/19 to 2026/27) to support the delivery of the programme's aims set out in the IRES Programme Business Case.
- 6.2 Personnel - ELC Chief Executive currently chairs the IRES Programme Board. The Council's Chief Operating Officer for Education represents the Council's interests on the Board and the Council's Team Manager for Employability & Skills is a full-time member of the IRES Programme Management office working alongside colleagues from other authorities.

6.1 Other – none at this time

## 7 BACKGROUND PAPERS

7.1 Edinburgh and South East Scotland City Region Deal – Report to East Lothian Council 11 August 2017

7.2 Heads of Terms Agreement signed by UK/Scottish Governments and Partner Authorities on 20 July 2017

7.3 East Lothian Council Summer Recess Arrangements – Standing Order 15.5 Members Library Report – Edinburgh and South East Scotland Region - City Deal Proposition 19 July 2017

7.4 Edinburgh and South East Scotland City Region Deal – Report to East Lothian Council 28 June 2016

<b>AUTHOR'S NAME</b>	Douglas Proudfoot
<b>DESIGNATION</b>	Head of Development
<b>CONTACT INFO</b>	01620 827222 <a href="mailto:dproudfoot@eastlothian.gov.uk">dproudfoot@eastlothian.gov.uk</a>
<b>DATE</b>	17 January 2019

# Edinburgh and South East Scotland City Region Deal Joint Committee

10am, Monday 17 December 2018

## Integrated Regional Employability and Skills (IRES) Programme Business Case

Item number 4.5

### Executive Summary

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This report seeks approval to implement the Integrated Regional Employability and Skills (IRES) programme (as set out in the IRES Programme Business Case) which has been developed through collaboration between the region partners and Scottish Government to drive progress toward a more inclusive labour market.

It also seeks to devolve operational management of the programme to the Chair of the IRES Board.

#### Angela Leitch

Chair, Integrated Employability and Skills Board, Edinburgh and South-East Scotland City Region Deal

E-mail: [aleitch@eastlothian.gov.uk](mailto:aleitch@eastlothian.gov.uk) | Tel: 0162 0827413

PMO Lead Contact: Ken Shaw,  
[ken.shaw@edinburgh.gov.uk](mailto:ken.shaw@edinburgh.gov.uk), Tel: 0131 529 3476



## City Region Deal Checklist

Criteria	Details/Link to Document
<b>Contribution to City Region Deal commitments and Inclusive Growth Framework</b>	<p>The IRES Programme is a cross cutting programme that is supporting the Inclusive growth ambitions of the partnership including;</p> <ul style="list-style-type: none"> <li>• <b>Accelerating inclusive growth</b> through unlocking new talent pools for business, promoting fair work, and equipping disadvantaged citizens with the skills they need to succeed</li> <li>• <b>Removing the barriers to growth</b> by putting in place intensive family supports and targeted skills development to help disadvantaged individual access and progress in work</li> <li>• <b>Community benefits through procurement</b> by integrating our approach to employer engagement and procurement that increases the value achieved from our collective investments</li> <li>• <b>Targeted skills interventions</b> that builds workforce capacity and capability in the “Data Driven Innovation” and “Housing, Construction and Infrastructure” sectors.</li> <li>• <b>Social benefit through Innovation</b> through close working between the IRES and DDI programmes to fully utilise the technological (data visualisation insights) and employment opportunities that will be generated by the sector.</li> </ul>
<b>Alignment, integration with, or dependence on, other City Region Deal activities</b>	<p>The IRES Programme is built around a series of thematic pillars;</p> <ul style="list-style-type: none"> <li>• strengthening regional leadership and improvement capacity</li> <li>• better understanding need and opportunity,</li> <li>• building stronger relationships with employers, investors and citizens,</li> <li>• targeted skills development, and</li> <li>• improved matching to opportunities for disadvantaged individuals,</li> </ul> <p>Interventions proposed within the programme will maximise the value realised from other City Region Deal investments and ambitions in the innovation space (e.g. Data Driven Innovation) and enabling infrastructure (e.g. Housing, Construction and Infrastructure) by supporting the creation of a diverse and well skilled population that can benefit from and help drive the future growth of the regional economy.</p>
<b>Scale and regional distribution of expected outcomes, benefits, and leverage, from activity</b>	<p>The IRES Programme Business Case details a number of programme benefits throughout the report. These are summarised in Appendix 2 of this report.</p>
<b>Compliance with financial requirements and agreed expenditure profile</b>	<p>IRES Programme Business Case complies with financial requirements and profile. The Financial Case can be viewed on pages 37 to 40 of the Business Case (Appendix 1).</p>
<b>Equalities Impact</b>	<p>See cover report</p>

<b>Anticipated significant risks and mitigation measures</b>	A risk and mitigation matrix has been prepared and will be updated as the programme develops. This can be viewed on pp. 53 to 55 of the Programme Business Case (Appendix 1).
<b>Alignment and fit with City Region Deal governance arrangement</b>	The Management Case of the IRES Programme Business Case demonstrated that the programme is fully integrated with current City Region Deal governance arrangements. This can be viewed on pp 41-45 of the Programme Business Case (Appendix 1).
<b>PMO check</b>	All information provided
<b>Government approval</b>	Scottish Government signed off on IRES Programme Business Case on 30 November 2018
<b>Partner sign-off</b>	Not required at this stage. Partner sign off will be dealt with as part of Project Proposition approvals
<b>Advisory Board sign off</b>	Agreed at IRES Board of 4 December 2018
<b>Executive Board sign off</b>	Agreed at meeting of 22 November 2018
<b>PMO Recommendation</b>	That Committee approves implementation of the IRES Programme as set out in the business case



## Integrated Regional Employability and Skills (IRES) Programme Business Case

### 1. Recommendations

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- 1.1 To approve the IRES programme business case and implementation of its programme of activity.
- 1.2 To delegate operational responsibility to implement the IRES programme to the chair of the IRES Board, currently Angela Leitch (Chief Executive, East Lothian Council).
- 1.3 To note that the seven projects outlined in the programme will be presented separately to committee for approval once they have been fully developed and considered by the IRES (Advisory) Board.

### 2. Background

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- 2.1 Edinburgh and South-East Scotland's regional labour market is a low unemployment, high inequality environment, with significant issues of entrenched and persistent poverty and disadvantage, while the mechanisms available at regional level to tackle these inequalities and fully exploit the potential of the economy are weak.
- 2.2 The ESES City Region Deal provides an opportunity to develop a collaborative approach that enhances our capacity and capability to tackle these inequalities and support the partners ambition of inclusive growth.
- 2.3 In 2015 the Skills and Innovation workstream was formed (led by Angela Leitch, East Lothian Council's Chief Executive) to bring together the expertise and knowledge of the local authorities, Scottish Government, Skills Development Scotland, DWP Jobcentre Plus, Scottish Funding Council, the regional Universities and Colleges, and other key stakeholders to develop a regional programme.
- 2.4 The output of this workstream is the Integrated Regional Employability and Skills (IRES) Programme and it seven proposed change projects detailed in the IRES programme business case.
- 2.5 This Programme Business Case has been endorsed by Scottish Government, meeting the condition set in the City Region Deal document governing release of

skills funding to the partnership, and it is now presented to Joint Committee for approval.

### 3. Main report

- 3.1 The IRES Programme seeks to incrementally improve the currently complex and weakly connected regional employability and skills service infrastructure with the goal of;
- Increasing the visibility of job and learning opportunities to our citizens and put in place the support required to help more disadvantaged citizens succeed
  - Opening-up new and diverse talent pools to business that help minimise skills gaps and shortages, while demonstrating the value of an inclusive approach
  - Improving the capacity and capability of partners to work collaboratively on building a more inclusive (Fair Work), innovative, and future proofed job market.
- 3.2 This programme is anticipated to help an additional 5,300 people across the region into employment and deliver 14,700 skill improvements, with a focus on closing the opportunity and employment gap for our most disadvantaged sections of society (e.g. People with a disability, workless, low-income families) and tackle gender imbalances within two of our key sectors (“Data Driven Innovation”, and “Housing, Construction and Infrastructure”).
- 3.3 The IRES programme is built around five improvement pillars, with seven change projects, that seek to strengthen our collective capacity and capability to drive inclusive growth.

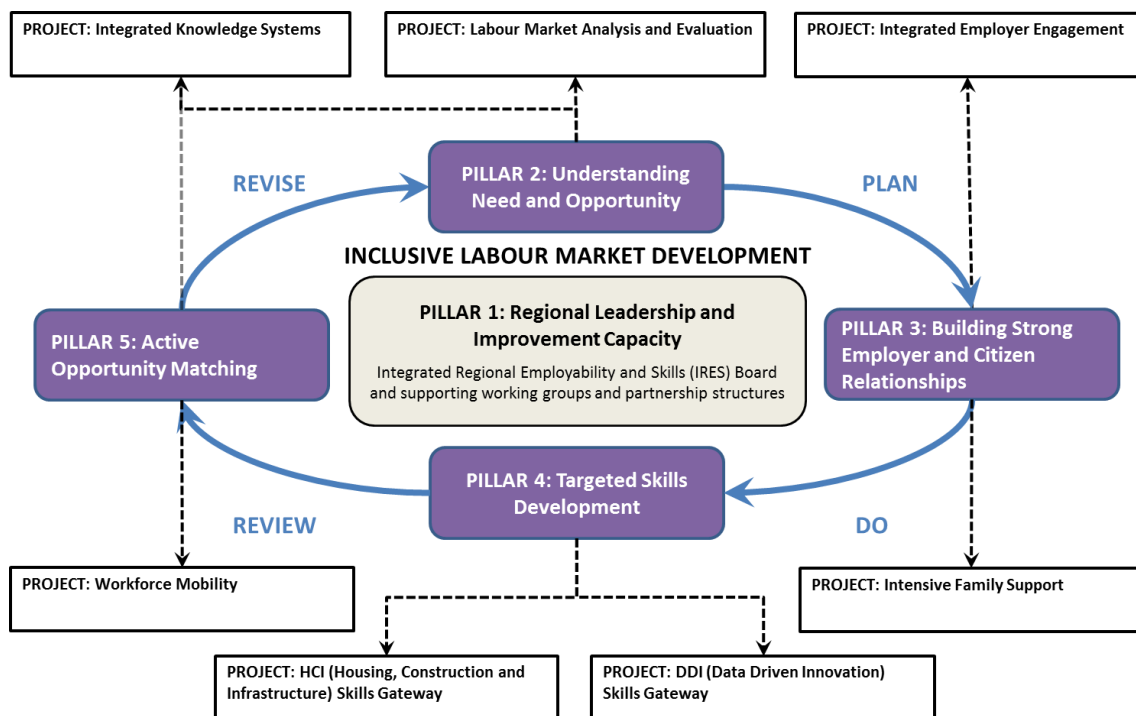


Figure 1: IRES Programme Model and Change Projects

#### Pillar 1: Regional Leadership and Improvement Capacity

- 3.4 Creating the right leadership and collaborative environment to stimulate the unified ambition, whole system thinking, and shared commitment to improving the quality and quantity of outcomes will be important to making progress against our goals.
- 3.5 The IRES Board and Project Delivery groups are the first steps in building this targeted and collaborative approach.

### **Pillar 2: Understanding of Labour Market Need and Opportunity**

- 3.6 Developing a mutual understanding of key trends in the regional labour market, dynamics, the impact of our services in helping people succeed, and identifying successful models will be vital to targeting our work, designing services, and demonstrating value for money.
- 3.7 Therefore, the programme includes two projects to improve our collective understanding and dissemination of critical intelligence and insights.
- 3.8 The Integrated Knowledge Systems project led by The Capital City Partnership seeks to align and integrate our client and business relationship systems to improve our ability to collectively target and tailor services to the needs of citizens and employers. Areas being explored include;
- a shared talent bank and opportunity promotion (CRM) system to support collective working.
  - the use of distance learning or remote working technologies to open-up good opportunities to a more diverse section of the population
  - an integrated performance management system and data analysis tools to help capture collective impact and identify areas for improvement
- 3.9 The Labour Market Analysis and Evaluation project led by Skills Development Scotland seeks to proposition is to bring together the knowledge, expertise and resources of the partners into a virtual team that will increase our collective understanding of the labour market. Areas being explored include;
- Additional research on cross cutting skills issues within the region's key sectors to inform the curriculum and training development
  - Gathering additional primary data on the needs of regional employers to give a clearer view of sector skills demand
  - Collaborating with the Data Driven Innovation programme to develop innovative approaches to labour market analysis and evaluation
  - Horizon scanning exercise to identify best practice employability and skills approaches that could be more widely applied across the region
  - Developing accessible regionally tailored guidance materials for individuals and those who help prepare people for jobs and careers

### **Pillar 3: Building Strong Employer and Citizen Relationships**

- 3.10 Businesses and citizens are the engine of the economy and the primary beneficiaries of our employability and skills system so strengthening our relationships with the regions employers and disadvantaged citizens will be important to ensure our activities are fit for purpose and make the most of opportunities that arise across the partnership.
- 3.11 Therefore, the programme is therefore developing two project propositions to improve our reach and enhance our services to citizens and employers.
- 3.12 The Integrated Employer Engagement project led by the City of Edinburgh Council aims to build better relationships with the regions employers that unlock good opportunities for our disadvantaged citizens, while also helping to minimise skills shortages and gaps. Areas being explored include;
- Establishing a shared set of values and operating principles (“No wrong door”) that can help integrate and simplify the offer to employers
  - Pooling and aligning employer engagement capacity to help increase our collective reach into the region’s business base and reduce duplicate effort
  - Integrating the Community Benefit approaches of partners to streamline the ask of contractors (providers) and maximise the inclusion impact our expenditure
  - Strengthen the regions Recruitment and Skills Centre network to help improve business relationships and service delivery in key employment centres
- 3.13 The Intensive Family Support service led by Fife Council will target significant pockets of persistent, entrenched worklessness and poverty that has significant impact on individuals, families and communities. In many families the parents or guardians have additional support needs and often complex, multiple barriers to employment. As a result, it is likely that the young people do not receive the necessary support and encouragement to access, achieve and sustain employment or a positive destination- compounding poverty and disadvantage across generations.
- 3.14 Current provision does not suitably address the complex and varied needs of our disadvantaged families and this investment provides an opportunity to take a different approach to breaking generational cycles of poverty and disadvantage.
- 3.15 The project will therefore offer additional targeted support for vulnerable families living in the most deprived areas of the region. This support will comprise a combination of intensive general and specialist support tailored to help support individuals within families to progress towards their own goals, as well as developing “whole family” activities that build a support network and improve the family dynamic and ability to provide effective support for each other.

#### **Pillar 4: Targeted Skills Development**

- 3.16 Supporting all sections of society to acquire the knowledge and skills and secure the supports they need to develop and progress in work will be critical to

maximising the talents of our citizens and unlocking the full potential of our economy.

- 3.17 Consequently, creating integrated, flexible, and universally well-understood career pathways (interlocked with tailored supports) into our key industries will be important to allowing the talents of all our citizens to blossom and help minimise skills shortages and gaps that could impact on future growth.
- 3.18 The partnership is therefore developing two projects to streamline and inclusion proof the routeways into the “Data Driven Innovation” and “Housing, Construction and Infrastructure” sectors. This is to exploit the significant opportunities that are anticipated to be generated in these sectors, and act as a testbed for other key sectors in future.
- 3.19 The DDI (Data Driven Innovation) Skills Gateway led by the University of Edinburgh will help develop the skills pipeline capacity to ensure all our citizens get maximum benefit (jobs, wealth, health) from the growth of this emerging sector. Areas being explored include;
- Support the development of knowledge sharing schools to help embed data skills in the curriculum and unlock opportunities in Data sector to all our citizens
  - Help develop a coherent data science curriculum across SCQF level and stages supported by high-quality learning materials
  - Support the creation of coherent and visible data career pathways into advanced data careers that can flex to the needs of all sections of society
  - CPD learning and Learning Networks for teachers, FE lecturers, Executives, employability professionals, those in changing job roles and data scientists
  - Inclusive learning, coaching, mentoring and support for disadvantaged and under-represented groups within the sector.
  - Engagement with data employers to promote an inclusive (Fair work) practice and culture.
- 3.20 The HCI (Housing, Construction and Infrastructure) Skills Gateway led by Edinburgh Napier University aims to capitalise on the current strength of the construction sector along with additional proposals for increased housing building and retrofitting through City Region Deal investment to create a skills pipeline into sector opportunities. Areas being explored include;
- Linking education and employability providers with sectoral opportunities to unlock opportunities for all our citizens and help reduce skills shortages.
  - Piloting new approaches to enhance productivity and support inclusive economic growth
  - Develop inclusive employment pathways that enhance outreach to disadvantaged and under-represented populations and accelerate progression into good careers.

- Engagement with Housing, Construction and Infrastructure employers to promote an inclusive (Fair work) practice and culture.

### **Pillar 5: Active Opportunity Matching**

- 3.21 The physical, personal, and psychological barriers that disadvantaged individuals face in achieving their potential means that an active approach must be taken to supporting the transition into rewarding and fulfilling careers.
- 3.22 Therefore, the partnership is developing a project to looking at the role of travel in opening up opportunity to disadvantaged individuals.
- 3.23 The Workforce Mobility (Concessionary Travel) project led by Scottish Borders Council focuses on removing the barriers to full mobility faced by the regional workforce, beyond their personal skills and capabilities.
- 3.24 Regular travel by public transport across the city region can be expensive, especially for those travelling long distances, coming from rural areas, or for those that are already disadvantaged in terms of income. To broaden the labour market and to increase employment flexibility throughout the city region there is a need to find ways to reduce this problem.
- 3.25 Although there is a range of transport subsidy schemes, particularly for young people (Young Scot), job seekers (DWP Discount Travel Scheme), and those with disability issues (Local Authority Taxi-card scheme), these are often fragmented with considerable restrictions in their use.
- 3.26 Areas to be explored include;
- integration of existing concessionary travel subsidies for disadvantaged groups to improve targeting and weave them into a tailored package of support.
  - gain intelligence on the latent regional demand patterns for the job-seeking individuals that supports the case for new active travel routes.
  - Inform the development of a unified smart infrastructure that improves the efficiency of travel schemes and reduces the administrative burden

### **3.27 An Integrated Approach**

- 3.28 The programme has been conceived as a whole system (whole person) approach to deliver culture and practice changes that will have significant qualitative benefits other than the additional 14,700 people with improved skills and 5,300 moving into employment over the course of the (£25 million) 8-year investment period.
- 3.29 This focused system approach will generate significant, synergies, cost efficiencies, improved inclusion outcomes, and enhance responsiveness to changing need and opportunity in our regional labour market that will have a lasting benefit for the region and the Scottish Economy.
- 3.30 The Projects detailed above will be developed in more detail over the next 6-months and presented to the IRES Board and Joint Committee for consideration and approval prior to moving to implementation.

## 4. Financial impact

- 4.1 The Scottish Government have allocated £25million of grant funding which that will be made available over the next eight years to develop and deliver the aspirations set out in the IRES Programme Business Case, with a focus on not just delivering project activity, but informing how existing investments can be better targeted and aligned to help deliver enhance inclusive growth for the region.
- 4.2 It is proposed to use this funding on seven change projects to an indicative level given in the below table:

Indicative Funding Profile	Indicative Total (£,000)	Anticipated External Leverage
Integrated Knowledge Systems	1,500	To be detailed in the Project Proposition
Labour Market Analysis and Evaluation	300	To be detailed in the Project Proposition
Integrated Employer Engagement	3,500	To be detailed in the Project Proposition. Private Sector contributions through Community Benefits and trusted relationship are being explored
Intensive Family Support	4,700	50% match funding from the ESF Poverty and Social Inclusion fund on eligible activities is being sought
DDI Targeted Skills Gateway	6,500	To be detailed in the Project Proposition. Private Sector and philanthropic contributions are being explored
HCI Targeted Skills Gateway	6,500	To be detailed in the Project Proposition. Private Sector and philanthropic contributions are being explored
Workforce Mobility	2,000	To be detailed in the Project Proposition
<b>TOTAL:</b>	<b>25,000</b>	

Table 1: Indicative Project Funding Breakdown

- 4.3 The commitment and continuation of funding to Projects will be subject to the approval of detailed Project Propositions following UK Treasury Green book principles by the IRES Board and Joint Committee and satisfactory progress against agreed objectives and targets.
- 4.4 Funded activity will be subject to regular review (e.g. quarterly progress, annual review, and mid-programme evaluation) by the partners through the Project Delivery, IRES Programme, and City Region Deal governance structures that have been established to manage the programme.
- 4.5 The actual spend profile will vary across the funding period and will be regularly updated in response to learning and changing circumstances to ensure maximum impact against its programme and wider inclusive growth goals.
- 4.6 It is recognised that over the eight-year timeframe of the programme the projected spend and the agreed profile of grant from Government does not fully reconcile. As a solution, Scottish Government have agreed in principle that where there is the

headroom within their wider resources budget, funding may be flexed in the financial year in question to better align expenditure to grant.

4.7 The Executive Board and Accountable Body are satisfied that this approach is realistic, practicable and achievable and that any required flexing of the profile can be accommodated.

## 5. Equalities impact

- 5.1 The IRES Programme is actively seeking to improve the flow of disadvantaged individuals into good employment and careers. Its overarching objective is to;
- be central to maximising the value of City Region Deal investments by delivering the workforce element
  - future proof the regional economy through stimulating a positive step change in equality, capacity and productivity
  - encourage meaningful participation by stakeholders in designing and delivering services and interventions
  - provide opportunities to strengthen career progression routes for those who face significant labour market disadvantage
  - seek to address poverty and social exclusion by increasing the financial awareness, capacity and inclusion of the most disadvantaged households
- 5.2 It includes geographic and client group inclusion targets as detailed in the following table that will be refined and built upon as the approach matures.

Measure	Client Group Target	LA Profile Target
<p><b>ENHANCED OUTREACH:</b> Improved outreach attracts additional people from following disadvantaged or under-represented groups into the programme;</p> <ul style="list-style-type: none"> <li>• People with a disability or enduring health conditions</li> <li>• People in workless or low-income (&lt; 60% median wage) families</li> <li>• Care Experienced and disadvantaged young people</li> <li>• People from minority ethnic communities</li> <li>• Women entering or advancing within DDI or HCI related careers</li> </ul>	20% increase on baseline established in Year 1	CEC: 32% ELC: 8% Fife: 33% Mid: 5% SBC: 10% WLC: 12%
<p><b>EMPLOYMENT:</b> Additional people moving into employment</p> <ul style="list-style-type: none"> <li>• Sustaining employment for at least 13 weeks</li> <li>• Sustaining employment for at least 6 months</li> </ul>	5,300	CEC: 36% ELC: 9% Fife: 29% Mid: 7%
<ul style="list-style-type: none"> <li>• Enhanced targeting supports additional people from the above disadvantaged or under-represented groups secure and sustain employment</li> </ul>	20% increase on baseline established in Year 1	SBC: 7% WLC: 13%
<p><b>CAREER PROGRESSION:</b> Additional people progressing into and sustaining (13 weeks and 6 months) better employment, earnings and careers</p> <ul style="list-style-type: none"> <li>• Moving into higher earning role (Scottish Living wage or above)</li> </ul>	500	CEC: 32% ELC: 8% Fife: 33% Mid: 5%



Measure	Client Group Target	LA Profile Target
<ul style="list-style-type: none"> <li>Moving from existing into Medium to High Skills roles</li> <li>Moving from temporary (insecure) work into a permanent role</li> </ul>		SBC: 10% WLC: 12%
<ul style="list-style-type: none"> <li>Enhanced targeting supports additional people from the above disadvantaged or under-represented groups into and sustaining better employment</li> </ul>	20% increase from the baseline established in Year 1	
<b>ENABLERS:</b> Additional accredited training and skills improvements	14,700	
<ul style="list-style-type: none"> <li>Enhanced targeting supports additional people from the above disadvantaged or under-represented groups achieve skills improvements that unlock latent talents and help secure higher earnings.</li> </ul>	20% increase from the baseline established in Year 1	

## 6. Background reading/external references

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- 6.1 [Edinburgh and South-East Scotland City Region Deal Document, August 2018](#)

## 7. Appendices

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- 7.1 Appendix 1 – An Integrated Regional Employability and Skills Pipeline for the Edinburgh and South East Scotland City Region, Programme Business Case for Investment, Final Business Case, approved by Government 28 November 2018.
- 7.2 Appendix 2 – Scale and regional distribution of expected outcomes and benefits



# **An Integrated Regional Employability and Skills (IRES) Pipeline for the City Region**

Programme Business Case for Investment

Final Draft for Joint Committee Approval

**17 December 2018**

# **ACCELERATING GROWTH**

**EDINBURGH AND SOUTH EAST SCOTLAND  
CITY REGION DEAL**

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## 1 Executive Summary

Since the economic recession in 2008 the Scottish economy has been steadily improving, with the Edinburgh and South-East City Region its engine room, generating high value growth and employment.

However, this rosy picture of prosperity and opportunity masks issues of slowing regional growth and widening inequality and disadvantage that manifests in persistent worklessness, insecure work, and entrenched poverty for some communities and groups of citizens.

Reinforcing this negative dynamic are increasing skills gaps and polarisation (hollowing out) within our key industries that is constraining inclusive growth, gender and age inequalities that are limiting innovation potential, and a lack of affordable housing and transport connectivity that is impacting on the ability of our vulnerable citizens to sustain learning and work.

Given the nature of these challenges it is impossible for any single organisation to respond effectively, highlighting the need to collaborate to improve the long-term prospect for disadvantaged citizens and help businesses find the talent they need to grow.

However, our current regional capacity to collaborate regionally is limited and the service environment is cluttered and misaligned, meaning the £1 billion plus yearly public investment in employability and skills has no unifying focus and coherence at a regional level.

Our vision is for a thriving, sustainable city region economy, internationally recognised as an outstanding area to live, work and do business.

It will be a global centre of **innovation** for all of Scotland and beacon of **inclusion** where all section of society can share in the benefits of growth, but also an economy that is **resilient** to external shocks and able to harness strong cross-sector **collaboration** to deliver sustained inclusive growth.

This Programme business case sets out the partnership's proposition to start the journey of change in employability and skills services and supports that will make a tangible and positive difference to citizens, businesses, and other stakeholders.

The Integrated Regional Employability and Skills (IRES) Programme will incrementally strengthen and streamline regional delivery to achieve better outcomes for all the region and particularly those people facing significant disadvantages to securing and sustaining meaningful, high quality employment- delivering better impact from existing public, private and third sector investments

Using the £25 million City Region Deal investment available over the next 8 years, new pilot approaches and enablers will be put in place to deliver a step change in performance and inclusion that will create a legacy for generations to come.

The direct impact of this investment will be an **additional 14,700 people with improved skills and 5,300 moving into employment** although the real legacy will be the sustained improvement in the quality of outcomes for the most disadvantaged people in our region, the reinvigoration of communities, and more innovative business due to the greater diversity of talent working within their industry.

## 2 Introduction

### 2.1 About this Document

This Programme Business Case sets out a Treasury “Green Book compliant investment case and delivery proposal for the Integrated Regional Employability and Skills (IRES) programme and its underpinning strategic partnership in the Edinburgh and South-East Scotland (ESES) City Region.

It articulates the ambition of the partners and outlines how it plans to use the £25million fund being provided by Scottish Government to stimulate changes in the way regional Employability and Skills Services are designed and organised that will enhance the inclusive growth impact of the collective investment of national and local partners.

This Programme Business case is one of a suite of business cases that have been developed as part of the ESES City Region Deal to articulate and drive Inclusive Growth ambitions and it is the enabling mechanism that releases Scottish Government funding to the partnership for use on the change projects outlined in the business case.

The programme business case will be built on by the development of Project Propositions (following UK Treasury Green Book principles) that articulate our proposals to an implementable stage.

Through this approach the partners aim to make best use of limited resources to deliver the outputs and outcomes sought within the Programme Case, but rooted within an inclusive, innovative, and collaborative environment that actively aids the mainstreaming of success and is responsive to changes in our regional labour market.

The family of Business Cases, Propositions, and agreements and how they interlink is given below.

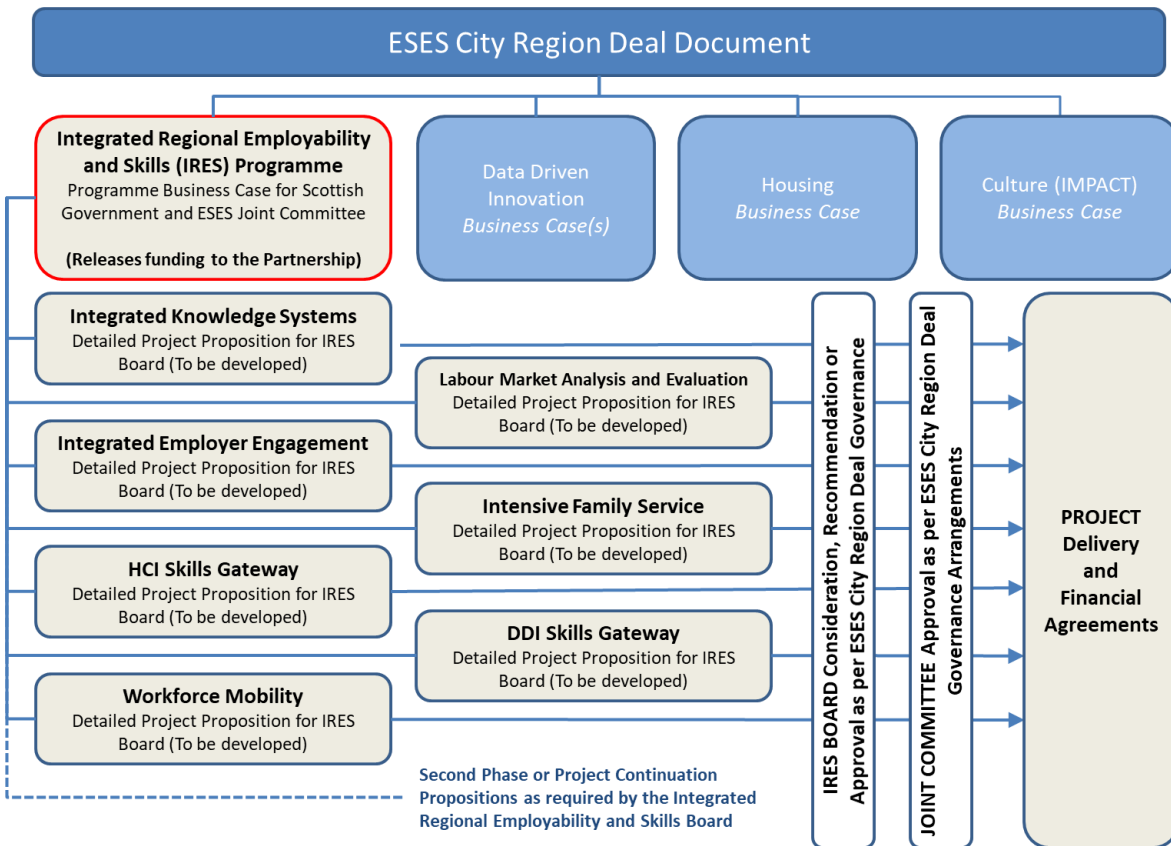


Figure 1: Suite of IRES programme documents

## 2.2 Programme Vision and Model

The City Region Deal Partnership has agreed an ambitious vision for the future;

*In a fast-changing world we will create a region where investment, intellect and culture will fuse to create new ways of doing things.*

*In the next 20 years the Edinburgh and South-East Scotland City Region will become the most connected, most creative, most inclusive and most entrepreneurial place in Europe.*

*We will build a network of businesses, universities, technical and creative skills attracted by a great lifestyle and cultural offer.*

With innovation at the heart of the City Region Deal stimulating the good careers and jobs of tomorrow and our strong inclusion focus seeking to link these opportunities to the most disadvantaged in society will require us to harness the world-class research of the region's universities, the excellent skills training and supports of our school and colleges, the local knowledge and services of local authorities, the creativity of our third and social enterprise sector, and the insights and support from businesses to drive tangible progress.

Achieving this inclusive growth vision will require not just a step change in what we do collectively, but also a change in how we do it, and that is why the Integrated Regional Employability and Skills (IRES) programme envisages an incremental re-engineering and augmenting of the currently fragmented regional service landscape to;

- Increases the visibility of regional opportunities to our citizens and puts in place the tailored supports required by disadvantaged sections of society<sup>1</sup> to unlock good careers
- Opens-up new and diverse talent pools to businesses that helps minimises skills gaps and demonstrates the value of an inclusive approach to recruitment and workforce development
- evolve, streamline, and integrate the regions employability and skills system to increase its capacity to adapt to an increasingly dynamic economy and labour market.
- Deliver 14,700 net additional skill improvements and 5,300 into employment with a priority on closing the opportunity and employment gap for;
  - people with a disability or enduring health conditions,
  - those from workless or low-income (< 60% median) families,
  - disadvantaged young people including "Care Experienced" individuals, and
  - people from minority ethnic communities
  - women entering or advancing within DDI or HCI careers

The IRES programme model has been developed by using the extensive knowledge of the city regional partners and their stakeholder network to consider the options available to us to drive additional long term value, and the preferred five pillar (Plan-Do-Review-Revise) incremental improvement methodology<sup>2</sup> (see [Economic Case](#)) that has emerged is judged to be the optimal way to drive greater inclusive growth ("whole person" and "whole system") and efficiency, with fewer negative transitional impacts for the disadvantaged citizens currently being supported.

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<sup>1</sup> Including the nine groups protected under the Equality Act 2010, <https://www.equalityhumanrights.com/en/equality-act/protected-characteristics>

<sup>2</sup> Social Work Inspection Agency: Guide to Managing and Improving Performance: Taking a closer look at managing and improving performance in social work services



The change projects that have been identified under each of the five pillars have emerged from a further deeper consideration (using research and stakeholder knowledge) of the weaknesses, inefficiencies or sub-optimal outcomes within the current system under each of the thematic pillars and a consideration of the range options (see [ANNEX](#)) that could be pursued as part of an integrated set of proposals that will help drive progress towards our overarching goals.

These five programme pillars and the associated change projects that have been identified to strengthen our collective capacity and impact are as follows:

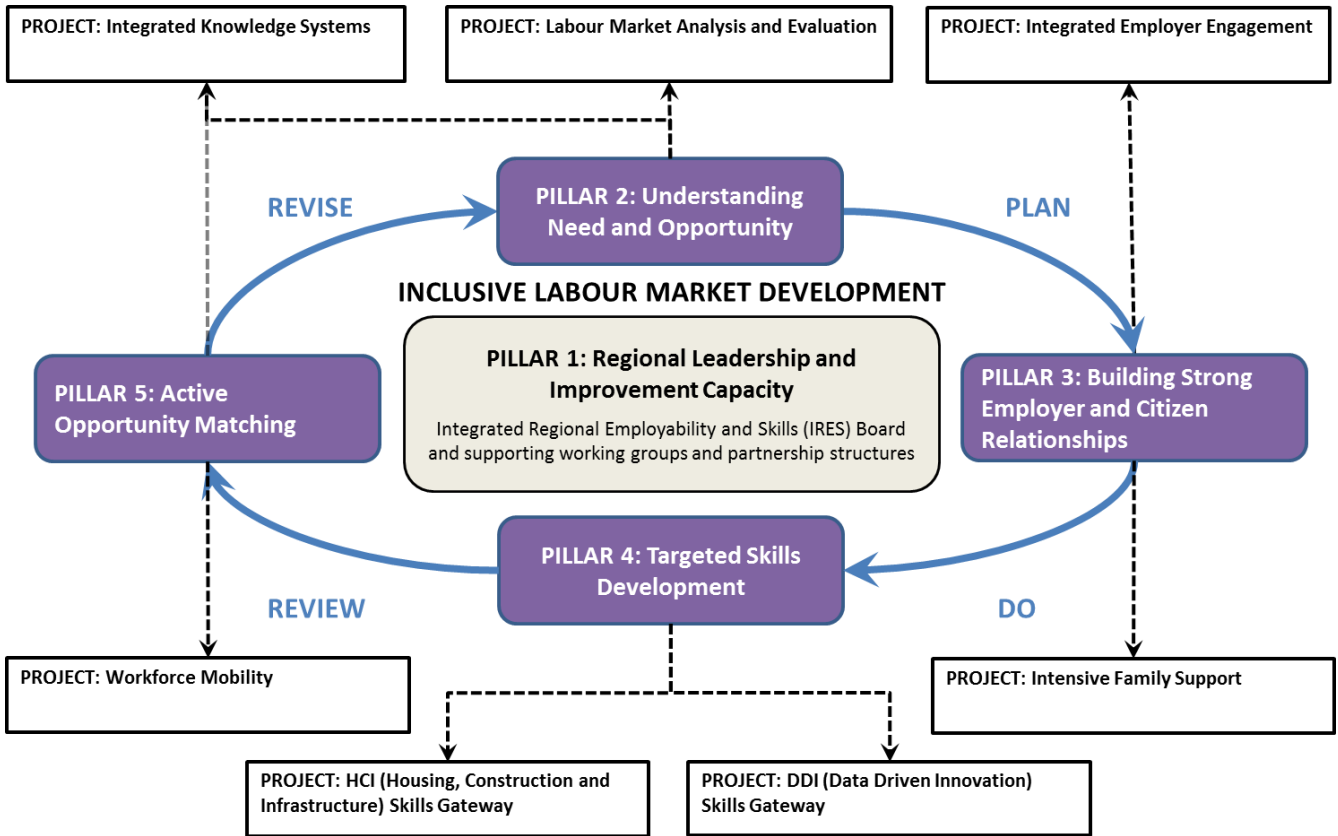


Figure 2: IRES system improvement model and initial change projects

### 2.2.1 Pillar 1: Regional Leadership and Improvement Capacity

The barriers and obstacles that disadvantaged sections of society face in accessing and progressing in employment are complex and typically cut across disciplines and stakeholders.

This multiplicity of stakeholder involvement, although important for stimulating innovative solutions to our challenges, can also lead to service misalignment and an opaque service offer (for beneficiaries and service professionals alike) that creates barriers and inertia in the pipeline of support and an increased likelihood of sub-optimal outcomes.

Therefore, a critical part of making progress towards an inclusive labour market will be the creation of the right leadership and collaboration environment to stimulate whole system thinking and a shared commitment to improving the quality and quantity of collective outcomes.

The structure that will be created to support this collaboration is outlined in the [Management Case](#).

## 2.2.2 Pillar 2: Understanding of Labour Market Need and Opportunity

The visibility, mutual understanding, and active (collective) response to changing regional labour market dynamics, service impact, and new innovative approaches is vital to the creation of a citizen-centred, demand-led, integrated, and value for money approach.

Therefore, the partnership will focus on developing two project propositions under this pillar to improve our collective understanding of the regional labour market and the impact of investment, with the aim of improving the targeting of collective resources and increasing effectiveness and efficiency. These are;

### 2.2.2.1 Project: Integrated Knowledge systems

This proposition is exploring the options to link or integrate the key organisational client and customer relationship (employer) management systems across the partnership to support the targeting and tailoring of services to citizens and employers including;

- **A shared talent bank** and opportunity promotion (CRM) system to support collective working.
- Exploring the use of **distance learning or remote working technologies** to open-up good opportunities to a more diverse section of the population
- An integrated/aligned **performance management system** and data analysis layer (Visualisation) to help articulate organisational and collective impact and identify areas for improvement

### 2.2.2.2 Project: Labour Market Analysis and Evaluation

This proposition is to bring together the knowledge, expertise and resources of the partners into a virtual team that will increase our collective understanding of labour market needs and opportunity that can be inform the strategy and tactics of the partnership. Areas that will be explored include;

- **Cross-cutting skills:** Additional research and analysis of cross cutting skills issues within the region's key sectors to inform the curriculum and training
- **Employer skills demand:** Gathering additional primary data on the needs of regional employers to give a more nuanced view of sector skills demand
- **Innovation:** Collaborating with the Data Driven Innovation programme to identify opportunities to develop innovative approaches to labour market analysis and evaluation
- **Analysis of best practice:** Horizon scanning exercise to identify best practice approaches to labour market intelligence gathering and utilisation to be applied in the region
- **Guidance materials:** Develop accessible regionally tailored labour market guidance materials (building on existing) for individuals and those who help prepare people for jobs and careers

## 2.2.3 Pillar 3: Building Strong Employer and Citizen Relationships

Businesses and citizens are the engine of the economy and the primary beneficiaries of our employability and skills system.

Therefore, strengthening our (bilateral) relationships with employers and citizens to; enhance our collective knowledge of opportunities and blockers to success, tackle misconceptions and promote culture change within stakeholders, maximise inclusive growth impact<sup>3</sup>, and ensuring that we work with people not “do unto them” in the journey to success will be important for setting and adjusting our strategic and tactical direction.

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<sup>3</sup> P8 Edinburgh and South-East Scotland Inclusive Growth Framework, <http://www.acceleratinggrowth.org.uk/new-blog/2018/8/7/historic-13bn-edinburgh-and-south-east-city-region-deal-agreed>

The partnership will therefore develop two project propositions under this theme.

### 2.2.3.1 Project: Integrated Employer Engagement

This project aims to enhance our trusted relationships with the regions employers and investors to increase the flow of disadvantaged groups into good employment (reducing current inequalities), promote Fair Work and the Scottish Living Wage<sup>4</sup>, minimising skills shortages and gaps that could impact on inclusive growth ambitions, and increase cohesion and efficiency across partners. The areas being explored are;

- **Integrating Employer Engagement:** Establishing a set of values and operating principles to ensure wider access to employers, promote a “no wrong door” approach and avoid the confusion of duplicated offers from multiple partners
- **Pooling Employer Engagement Capacity:** To organise engagement and co-ordinate activity with employers to widen our collective reach into the region’s business base, while improving our capacity to respond to emerging opportunities, recruitment, refocusing declining industries, and redundancy
- **Generating and Aligning Community Benefits:** Using procurement process to ensure the expenditure of the partners fully utilises any opportunity to drive inclusive growth (e.g. Community Benefit, Fair Work, and Scottish Living Wage requirements).

The community benefit work is part of the implementation of the partnership “inclusive growth framework (theme 3)<sup>5</sup>” that will work with employers, developers, and contractors to maximise and realise community benefit, while ensuring that people we are targeting for support are the primary beneficiaries.

- **Recruitment and Skills Centres Network:** Using our experience of Recruitment Centre public/private partnerships (e.g. Fort Kinnaird RSC) to expand our physical footprint that can improve employer relationship building and enhancing service delivery

### 2.2.3.2 Project: Intensive Family Support

This project will target significant pockets of persistent, entrenched worklessness and poverty that has significant impact on individuals, families and communities. In many families the parents or guardians have additional support needs and often complex, multiple barriers to employment. As a result, it is likely that the young people do not receive the necessary support and encouragement to access, achieve and sustain employment or a positive destination- compounding poverty and disadvantage across generations.

Current provision does not suitably address the complex and varied needs of our disadvantaged families and this investment provides an opportunity to take a different approach to breaking generational cycles of poverty and disadvantage.

The project will therefore offer additional targeted support for vulnerable families living in the most deprived areas of the region. This support will comprise a combination of intensive general and specialist support tailored to help support individuals within families to progress towards their own goals, as well as developing “whole family” activities that build a support network and improve the family dynamic and ability to provide effective support for each other.

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<sup>4</sup> What is the Living Wage?, Living Wage Scotland [https://scottishlivingwage.org/what\\_is\\_the\\_living\\_wage](https://scottishlivingwage.org/what_is_the_living_wage)

<sup>5</sup> P8, Edinburgh and South-East Scotland City Region Deal, August 2018

## 2.2.4 Pillar 4: Targeted Skills Development

Supporting all sections of society to acquire the knowledge and skills and secure the complementary supports they need (throughout their working lives) to develop and progress will be critical to maximising the talents of our citizens and unlocking the full potential of our economy.

Therefore, developing integrated, flexible, and universally well-understood career pathways (i.e. academic, blended, and vocational) for our key industries, that are interlocked with other enabling services (e.g. Health, care, and, financial) will be important to allowing the talents of all our citizens to blossom and help minimise skills shortages and gaps that could impact on future growth.

The partnership will therefore develop two project propositions to streamline and inclusion proof the routeways (using a blend of existing and new resources) into the “Data Driven Innovation” and “Housing, Construction and Infrastructure” sectors to exploit the significant opportunities that are anticipated to be generated. They will also test methodologies for developing collaborative, cohesive, and impactful service pipelines that spread the benefits of growth into disadvantaged and under-represented populations, which can be rolled out to other key sectors.

### 2.2.4.1 Project: DDI (Data Driven Innovation) Skills Gateway

Data Driven Innovation (DDI) touches upon all our major employment sectors and impacts on the everyday lives of our citizens, so it is important that the region develops not just the physical and business infrastructure, but the skills development capacity to ensure all our citizens get maximum benefit (jobs, wealth, health) from the growth of this emerging sector.

Areas being explored by the DDI Skills Gateway include;

- Support the development of **knowledge sharing schools** to help embed data skills in the curriculum and unlock opportunities in Data sector to all our citizens
- Help develop a coherent **data science curriculum** across SCQF level and stages supported by high-quality learning materials- working with School Improvement Collaborative(s)
- Support the creation of coherent and visible **data career pathways** into advanced data careers that can flex to the needs of all sections of society
- **CPD learning and Learning Networks** for teachers, FE lecturers, Executives, employability professionals, those in changing job roles and data scientists to maximise impact.
- **Inclusive learning, coaching, mentoring and support** for disadvantaged and under-represented groups within the sector (e.g. women returners, people facing redundancy, the unemployed, care experienced individuals, and disabled individuals)
- Engagement with **data employers** to promote an inclusive (Fair work) practice and culture including the creation of placements opportunities, developing inclusive recruitment and working environments, and embedded talent development programmes.

### 2.2.4.2 Project: HCI (Housing, Construction and Infrastructure) Skills Gateway

The current strength of the construction sector along with additional proposals for increased housing building and retrofitting through City Deal investment is creating significant and increasing skills gaps and workforce shortages, in both new building and repair and maintenance sectors.

There are also related opportunities beyond the jobs created by the construction phase to associated opportunities in the low carbon field, where innovation in housing products and construction techniques can open up additional high-quality employment opportunities in the regional supply chain.

The City Region Deal provides an opportunity to accelerate and invest in key skills, develop new training opportunities resulting in a transformational step change and 'regional inclusive approach'.

Areas being developed by the HCI Skills Gateway include;

- Linking education (in association with DDI knowledge sharing schools and existing DEC ambassador network) and employability providers with sectoral opportunities to unlock opportunities for all our citizens and help reduce sectoral skills shortages and gaps.
- Piloting **new approaches to enhance productivity** and support inclusive economic growth
- Develop **inclusive HCI employment pathways** which will include enhanced outreach to disadvantaged and under-represented populations, upskilling and career progression opportunities, and targeted actions to reduce inequalities within higher level jobs, that will all include flexibilities and supports that increase the likelihood of success.
- Engagement with **Housing, Construction and Infrastructure employers** to promote an inclusive (Fair work) practice and culture including the creation of placements opportunities, developing inclusive recruitment and working environments, and embedded talent development programmes.

### 2.2.5 Pillar 5: Active Opportunity Matching

The physical, personal, and psychological barriers that disadvantaged individuals face in achieving their potential means that an active approach must be taken to supporting the transition into rewarding and fulfilling careers.

Therefore, it will be important that we make the best use of trusted relationships, career services, digital technologies, active travel, and childcare services to ensure disadvantaged individuals do not face practical barriers to progression.

The partnership will therefore develop one project propositions under this theme looking at the role of travel in opening up opportunity to disadvantaged individuals.

#### 2.2.5.1 Project: Workforce Mobility (Concessionary Travel)

This project focuses on removing the barriers to full mobility faced by the regional workforce, beyond their personal skills and capabilities.

Regular travel by public transport across the city region can be expensive, especially for those travelling long distances, coming from rural areas, or for those that are already disadvantaged in terms of income. To broaden the labour market and to increase employment flexibility throughout the city region there is a need to find ways to reduce this problem.

Although there is a range of transport subsidy schemes, particularly for young people (Young Scot), job seekers (DWP Discount Travel Scheme), and those with disability issues (Local Authority Taxi-card scheme), these are often fragmented with considerable restrictions in their use.

The Workforce Mobility project will explore the;

- integration and augmentation of existing concessionary travel to better focus and combine subsidies for disadvantaged groups and weave them into a tailored support package.
- gain intelligence on current and latent demand patterns for the job-seeking disadvantaged individuals throughout the region that supports the case for new active travel routes to open up new talent pools.

- Inform the development of a unified smart infrastructure that improves the efficiency of travel schemes (inc. school, school-college transport, and disability), while reducing the administrative burden and cost of concessionary travel schemes

### *2.2.6 An Integrated Approach*

The programme has been conceived as a whole system (whole person) approach to deliver culture and practice changes that will have significant qualitative benefits other than the **additional 14,700 people with improved skills and 5,300 moving into employment** over the course of the (£25 million) 8-year investment period.

This focused system approach will generate significant, synergies, cost efficiencies, improved inclusion outcomes, and enhance responsiveness to changing need and opportunity in our regional labour market that will have a lasting benefit for the region and the Scottish Economy.

## 3 Strategic Case

The Programme strategic case is set out in two parts:

**Part A: The Strategic Context** – indicating the alignment of the IRES Programme proposals with government policy and the Partnerships existing assets and strengths; and,

**Part B: The Case for Change** – which summarises the objectives to be addressed by the Programme, existing arrangements and identified investment needs and operational risks, constraints and dependencies.

### 3.1 PART A: The Strategic Context

#### 3.1.1 *National Context and Strategy Alignment*

Scotland's Economic Strategy (Scottish Government, 2015)<sup>6</sup> sets out the Scottish Government's purpose "to create a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth" and has two key goals- increasing competitiveness and tackling inequality.

Allied to this the Creating a Fairer Scotland (Employability)<sup>7</sup> policy seeks to promote greater fairness and equality in employment while also driving continuous service improvement through strong productive partnerships.

No One Left Behind, Next Steps for the Integration and Alignment of Employability Support in Scotland<sup>8</sup> urges the need to incrementally develop an integrated regional employability and skills system that is more

- flexible, tailored, and takes a 'whole person' approach
- straightforward for people to navigate;
- better integrated and aligned or interwoven with other supporting services;
- provides pathways into sustainable and fair work;
- is driven by evidence to supports people into the right job at the right time
- designed, delivered, and improved in partnership
- responsive to those with high needs (e.g. young care leavers, workless, and those in low paid or insecure jobs) who are at major risk of missing out on the benefits of economic growth; and
- minimises skills shortages and gaps or gender imbalances in our key growth sectors, while promoting greater workforce diversity

These developments include a strong committed to helping reduce the disability employment gap by using the levers available to us to remove barriers to employment and equip disabled people with the skills that are in demand within the current and future regional labour market.

Fair Work is central to the delivery of economic growth and social justice, including the collective ambition to eradicate child poverty<sup>9</sup>, by being grounded in the principles of human dignity and respect with work offering workers an effective voice, fulfilment, opportunity, respect and security.

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<sup>6</sup> Scotland's Economic Strategy, Scottish Government, 2015, <https://beta.gov.scot/publications/scotlands-economic-strategy/>

<sup>7</sup> Creating a Fairer Scotland: A New Future for Employability Support in Scotland, Scottish Government, <https://beta.gov.scot/publications/creating-fairer-scotland-new-future-employability-support-scotland/>

<sup>8</sup> No One Left Behind - Next Steps for the Integration and Alignment of Employability Support in Scotland, Scottish Government, <https://www.gov.scot/Publications/2018/03/5358/downloads>

<sup>9</sup> Child Poverty Act (Scotland) 2017, Scottish Government



The collaboration, interventions, and changes proposed by the IRES Programme (and the wider City Region Deal) offer an opportunity to significantly support the realisation of this Fair Work ambition by;

- providing support for businesses to offer quality jobs and fair work for everyone
- assisting the development of a globally competitive, entrepreneurial, inclusive and sustainable economy
- respecting, protecting and fulfilling human rights and tackling discrimination
- tackling poverty by sharing opportunities, wealth and power more equally
- supporting local people to gain the skills they need to fully contribute to society

It is also recognised that the gender pay gap is a drag on growth and that the collaborations, targeted training, skills development, and support being developed by the partners will unlock employment and progression opportunities within our key industrial sectors that will help reduce this pay gap, while also making our businesses more productive.

The IRES programme tightly aligns with these policy aims by focusing attention on strengthening and streamlining the progression routeways into work for disadvantaged individuals, while it also establishes the much-needed collaboration across all regional partners to deliver better impact from existing (public, private and third sector) investments that will support accelerated progress towards a more inclusive economy.

### *3.1.2 Local Strategy Alignment*

The Community Empowerment (Scotland) Act 2015<sup>10</sup> changed arrangements for Community Planning Partnerships (CPP). Local authorities are now equally responsible with a wider group of partners and as such CPP structures across the City Region are becoming more dynamic and participative, more enabling participants to showcase what they are doing in the context of Partnership and their respective Local Outcome Improvement Plans (LOIP).

CPP structures are already closely aligned with City Region Deal and IRES, informing, engaging and sharing parity of esteem between community representatives and public authority partners to shape and inform developments.

Local economic strategies across each of the partner authority areas are currently being reviewed to address the key inclusive growth challenges and support the delivery of National Policy and City Region Deal ambitions for the region and all Regional Employability partners have collaborated to agree a comprehensive Regional Skills Investment Plan (RSIP)<sup>11</sup> with a clear Mission, Strategic Outcomes and Areas of Action.

The IRES programme labour market analysis and evaluation proposition has already produced a very detailed Regional Skills Investment Plan (RSIP) to help inform such direction and alignment.

### *3.1.3 Alignment with other City Region Deal Streams*

The IRES Programme is built around a series of thematic pillars; strengthening regional leadership and improvement capacity, better understanding need and opportunity, building stronger relationships with employers, investors and citizens, targeted skills development, and improved matching to opportunities for

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<sup>10</sup> Community Empowerment (Scotland) Act, Scottish Government, <https://beta.gov.scot/publications/community-empowerment-scotland-act-summary/>

<sup>11</sup> Skills Investment Plan for Edinburgh and South East Scotland 2017, Skills Development Scotland, [https://www.skillsdevelopmentscotland.co.uk/media/43648/edinburgh-sip-2017\\_digital-version.pdf](https://www.skillsdevelopmentscotland.co.uk/media/43648/edinburgh-sip-2017_digital-version.pdf)



disadvantaged individuals, which is closely aligned with the wider ESES City Region Deal ambition to drive “Inclusive” growth through regional collaboration.

Interventions proposed within the programme will maximise the value realised from other City Region Deal investments and ambitions in the innovation space (e.g. Data Driven Innovation) and enabling infrastructure (Housing, Construction and Infrastructure) by supporting the creation of a diverse and well skilled population that can benefit from and help drive the future growth of the regional economy.

## 3.2 PART B: Case for Change

### 3.2.1 Case for Government Intervention (Market failure)

The HM Treasury Green Book indicates that the rationale for government intervention is founded: “either in market failure or where there are clear government distributional objectives that need to be met. Market failure refers to where the market has not and cannot of itself be expected to deliver an efficient outcome; the intervention that is contemplated will seek to redress this. Distributional objectives are self-explanatory and are based on equity considerations”.

The 2018 Regional Skills Assessment Summary Report for Edinburgh and South-East Scotland City Region<sup>12</sup> concludes that although the outlook for the local economy is positive there are some key inclusive growth challenges that still remain. Despite expected jobs growth across most sectors and occupations providing opportunities for people at all skills levels, a key challenge facing employers in the region will be sourcing people to fill these vacancies, particularly in the context of Brexit and the resultant constraints on the future supply of labour from Europe. A further challenge is the forecast ageing of the population and associated contraction of the working age population which, although not as pronounced as in other areas, could put further pressure on labour supply in the region.

Although less acute than the Scottish Average, similar trends of disparity remain across the region particularly in measures of job density, skills inequality, gender and age inequalities, low income and low pay. These are highlighted in the below figure.

		EL	ED	FI	ML	SB	WL	Region	Scot
Employment in high skilled occupations	% of workers in managerial roles (SOC 1, 2 & 3), Jun 2018	44.6	56.8	41.9	38.3	39.1	40.9	43.6	42.4
Unemployment	Unemployment rate (%), Sept 2017	4.2	2.9	3.0	1.8	4.0	3.7	3.3	4.1
Earnings	Median FT weekly earnings (£), 2017	595.0	583.8	530.5	540.6	513.8	519.0	578.5	547.7
Male Earnings	Weekly median gross pay male full time (£), 2017	607.8	622.8	554.8	557.7	572.9	554.7	578.5	580.2
Female Earnings	Weekly median gross pay female full time (£), 2017	554.1	550.4	496.5	518.3	403	479.1	500.2	498.3
Difference between Male and Female Earnings	Male Earnings as a % of female earnings, 2017	110%	113%	112%	108%	142%	116%	116%	116%

<sup>12</sup> Regional Skills Assessment Edinburgh & South East Scotland City Region: Summary Report, Skills Development Scotland, <https://www.skillsdevelopmentscotland.co.uk/media/44990/rsa-edinburgh-and-south-east-scotland-city-deal-region.pdf>

		EL	ED	FI	ML	SB	WL	Region	Scot
Economic participation	Economic activity rate (%) aged 16-64, 2017	82.3	78.9	78.1	82	77.2	79.1	79.6	77.8
Male Economic participation	Economic activity rate (%) aged 16-64, 2017	85.6	83.6	82.8	83	83.3	85	83.9	82.4
Female Economic participation	Economic activity rate (%) aged 16-64, 2017	79.4	74.4	73.7	81.1	71.4	73.5	75.6	73.3
Male to Female Economic participation GAP	percentage point gap between male and female, 2017	6.2	9.2	9.1	1.9	11.9	11.5	8.3	9.1
Low skills	% with no qualifications (NVQ) aged 16-64, 2017	6.3	3.2	7.3	7.3	7.9	8.8	6.8	8.7
Male Low skills	% with no qualifications (NVQ) - males aged 16-64, 2017	4.8	2.3	8.5	8.3	9.6	8.6	7.0	8.8
Female Low skills	% with no qualifications (NVQ) - females aged 16-64, 2017	7.7	4.0	6.2	6.4	6.4	9.0	6.6	8.6
Difference between Male and Female Low skills	percentage point gap between male and female, 2017	-2.9	-1.7	2.3	1.9	3.2	-0.4	0.4	0.2
Low pay occupations	% of workers in elementary occupations (SOC 9), 2017	8.2	9.0	13.8	10.2	14.9	10.1	11.0	11.0

Figure 3: Regional Economic Comparators<sup>13</sup>

The IRES programme is designed to redress these disparities through a strong focus on providing disadvantaged groups with tailored support not just to access fair work, but to help them progress into higher responsibility and earnings. It also aims to address sector specific inequalities, such as gender imbalances within the Data Innovation and Construction sectors.

### 3.2.2 Existing Arrangements, Challenges & Business Needs

Despite the current arrangements and ways of working, around only 40% of working age disabled adults are in employment, compared with more than 80% of adults with no disability<sup>14</sup>. Regional partners are committed to supporting disabled people of all ages to progress towards and into work.

Maximising economic opportunities for women to participate fully in the regional economy and recognising the wider social role they provide also remains a priority<sup>15</sup>. Regional partners are focused on promoting the fair work agenda and encouraging employers to mitigate the gendered barriers, such as occupational segregation, which prevents the development of a strong, innovative, and inclusive economy.

<sup>13</sup> Regional Employment Patterns in Scotland: Statistics from the Annual Population Survey 2017, <https://www.gov.scot/Topics/Statistics/Browse/Labour-Market/Local-Authority-Tables>

<sup>14</sup> Job support for disabled people (Policy), Scottish Government 2018, <https://beta.gov.scot/policies/disabled-people/job-support-disabled-people/>

<sup>15</sup> Scotland's Economic Strategy, Scottish Government 2015, <https://beta.gov.scot/publications/scotlands-economic-strategy/pages/5/>

Almost one in four of Scotland’s children are officially recognised as living in poverty<sup>16</sup>. Regional Partners have a clear duty to help and support all our children and young people to give them the best start we can.

Although slightly better than the national position, people from the region’s minority ethnic communities still experience a significant employment gap compared to the wider population (circa 10%). Regional partners are therefore committed to supporting minority ethnic citizens access and succeed in work.

The below figure provides further insight to the key regional challenges set against the Scottish Government’s draft Inclusive Growth Framework, which has been used by the City Region Deal Partnership to inform the ESES CRD partnership’s Inclusive Growth Framework<sup>17</sup> the delivery of which (where relevant) is embedded in activities of the IRES Programme.

Inclusive Growth Theme	Regional Challenges
<b>Economic Performance</b> and Productivity: Economic growth is resilient, sustainable, and inclusive	Slow Growth <sup>18 19</sup> <ul style="list-style-type: none"> <li>• Slow productivity growth in recent years</li> <li>• Regional disparities in job and outputs growth</li> <li>• Forecast growth concentrated in Edinburgh</li> </ul> Regional disparity in job density <sup>20 21</sup> <ul style="list-style-type: none"> <li>• Wide variations in job density</li> <li>• 0.55 in East Lothian, 1.02 in Edinburgh</li> <li>• Strong cross region commuting flows</li> </ul>
<b>Labour Market Access:</b> Fulfilling, secure and well-paid jobs, where employees’ contributions are encouraged, respected and valued	Group, Gender, and Age inequalities <sup>22 23</sup> <ul style="list-style-type: none"> <li>• Gender pay gap – men earn 14% more than women on average</li> <li>• Female participation rate – lower than male</li> <li>• Female employment rate – very low in Fife</li> <li>• Care Experience and those with a disability</li> </ul>
<b>Fair Work:</b> Improved access to labour markets and jobs, inequality of opportunity to access work is addressed, and everyone is able to maximise their potential;	Low income and low pay <sup>24</sup> <ul style="list-style-type: none"> <li>• 22% of children live in low income households</li> <li>• Very wide local inequalities (9 wards with poverty rates &gt;30%, 16 wards with poverty rate &lt;15%)</li> </ul>
<b>People:</b> Economic benefits and opportunities are spread more widely across Scotland’s population, with lower poverty levels, and more equal income and wealth distribution	Skills Inequality and Polarisation <sup>25 26 27</sup> <ul style="list-style-type: none"> <li>• High skilled jobs – varies from 55% in Edinburgh to 38% in Scot Borders</li> <li>• Projections – fastest growth in high skilled jobs, increased ‘hollowing’ of labour market</li> </ul>
<b>Place:</b> More economic opportunities across Scotland’s cities, towns, regions and rural areas, ensuring sustainable communities.	Housing, transport and connectivity <sup>28 29 30</sup> <ul style="list-style-type: none"> <li>• High House price to earnings ratios</li> <li>• Rapid growth in cost of private rented accommodation</li> </ul>

<sup>16</sup> Poverty and Income Inequality in Scotland: 2014-17, Scottish Government, <https://www.gov.scot/Publications/2018/03/3017/downloads>

<sup>17</sup> City Region Deal, Edinburgh and South-East Scotland City Region Deal Partnership, 2018, p8

<sup>18</sup> Scottish Government <https://www.gov.scot/Topics/Statistics/Browse/Economy>,

<sup>19</sup> Regional Skills Assessment, Skills Development Scotland <https://www.skillsdevelopmentscotland.co.uk/media/44990/rsa-edinburgh-and-south-east-scotland-city-deal-region.pdf>

<sup>20</sup> Jobs density 2016, Office for National Statistics

<sup>21</sup> Scotland Census 2011, <https://www.scotlandscensus.gov.uk/>

<sup>22</sup> Annual Population Survey (APS) 2017, Office for National Statistics

<sup>23</sup> Annual Survey of Hours and Earnings (ASHE), Office for National Statistics

<sup>24</sup> End Child Poverty Local Poverty Estimates: November 2016

<sup>25</sup> Annual Population Survey (APS) 2017, Office for National Statistics

<sup>26</sup> Annual Population Survey (APS) 2017, Office for National Statistics

<sup>27</sup> Skills Development Scotland - Regional Skills Assessment for Scottish Local Authorities

<sup>28</sup> Registers of Scotland, <https://www.ros.gov.uk>

<sup>29</sup> [Scottish Household Survey](https://www.gov.scot/Topics/Statistics/16002/LATables2017/2017Excel) (growth in private rental) <https://www.gov.scot/Topics/Statistics/16002/LATables2017/2017Excel>

<sup>30</sup> Transport Scotland 2017 <https://www.transport.gov.scot/publication/transport-and-travel-in-scotland-2017/>

Inclusive Growth Theme	Regional Challenges
	<ul style="list-style-type: none"> <li>Satisfaction with public transport varies widely</li> </ul>

Figure 4: Regional inclusive growth challenges

This above set of challenges highlights that, although the scale of need is not as acute as other parts of the country, there are persistent and entrenched problems currently locked into our economy that present significant blockers to inclusive growth and fully realising the potential of our people and economy.

Consequently, action to enable a shift to a more resilient and balanced regional economy in which inequality in income and opportunity are reduced and the benefits of growth are shared equally by all our citizens is needed. The IRES programme has an ambition to be this catalyst for positive change and be an exemplar for sustainable living that can be more widely applied.

### 3.2.3 Fragmentation

The current Employability and Skills landscape is complex. The knowledge base and focus of investment across the regional partners is fragmented, patchy, and misaligned. Public interventions are sub-optimal in meeting the labour market needs and opportunities in the region.

It is estimated that the region’s public and educational bodies annually invest over £1 billion in employability and skills services, with the Private and third (charitable bodies) sectors also making a significant contribution. This collective investment is made however without an explicit unifying focus or structures to support collaboration that would extract additional benefits and lasting impact.

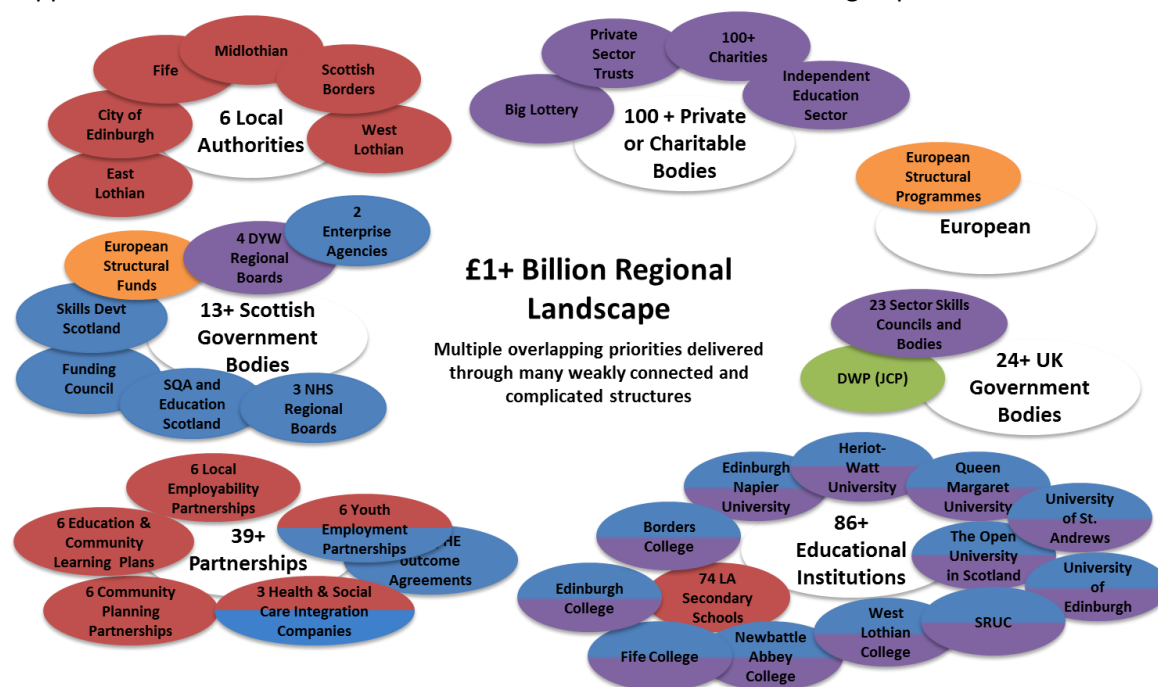


Figure 5: The ESES regional employability and skills landscape<sup>31</sup>

Factors that reinforce the need for change include;

- **Skills Demand:** growing shortages and gaps in key sectors such as electronics, engineering, software and care.

<sup>31</sup> ESES City Region Deal Partnership 2016

- **Productivity:** persistent productivity gap with benchmark cities such as London, Copenhagen, and Munich
- **Poverty and Inequality:** four of the six authority areas have below median earnings and 22% of children born into poverty<sup>32</sup>
- **Clarity:** lack of unified approach across the natural economic area, creating confusion and dissatisfaction for citizens, employers and other stakeholders
- **Knowledge and Key Relationships:** are fragmented impacting on effectiveness of investment over the long term and ability to fully unlock opportunities.
- **Service Efficiency:** The pipeline of employability, skills & learning services operate in silos, face budget pressure with often duplication, misalignment and instability

### 3.2.4 Objectives & Benefits

The overarching objective for the IRES Programme is to ensure the strengthened collaboration, resulting streamlining, and targeted additional investment from City Region Deal significantly boosts the quality and quantity of outcomes (impacts) achieved by the collective investment of the national and local partners.

The IRES proposal will give greater regional coherence and empowered decision making around a natural labour market area and

- be central to maximising the value of City Region Deal investments by delivering the workforce element
- future proof the regional economy through stimulating a positive step change in equality, capacity and productivity
- improve the focus of limited resources through target and collaboration around a natural economic geography
- encourage meaningful participation by stakeholders in designing and delivering services and interventions
- Return significant impact for minimal extra investment and will help stimulate additional value for money for partners in future years

The programme will provide opportunities to achieve better economies of scale and a strengthening of career progression routes for those who face significant labour market disadvantage.

The Proposed Activities will seek to address poverty and social exclusion by increasing the financial awareness, capacity and inclusion of the most disadvantaged households.

### 3.2.5 Scope of Investment Requirements

Government investment of up to £25m (over eight years) to enable the regional partnership to implement the IRES Programme and its Project components (see [Programme Vision and Model](#)) and deliver incremental system-wide improvements to boost the flow of disadvantaged individuals into secure and meaningful high-quality employment.

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<sup>32</sup> End Child Poverty Local Poverty Estimates: November 2016

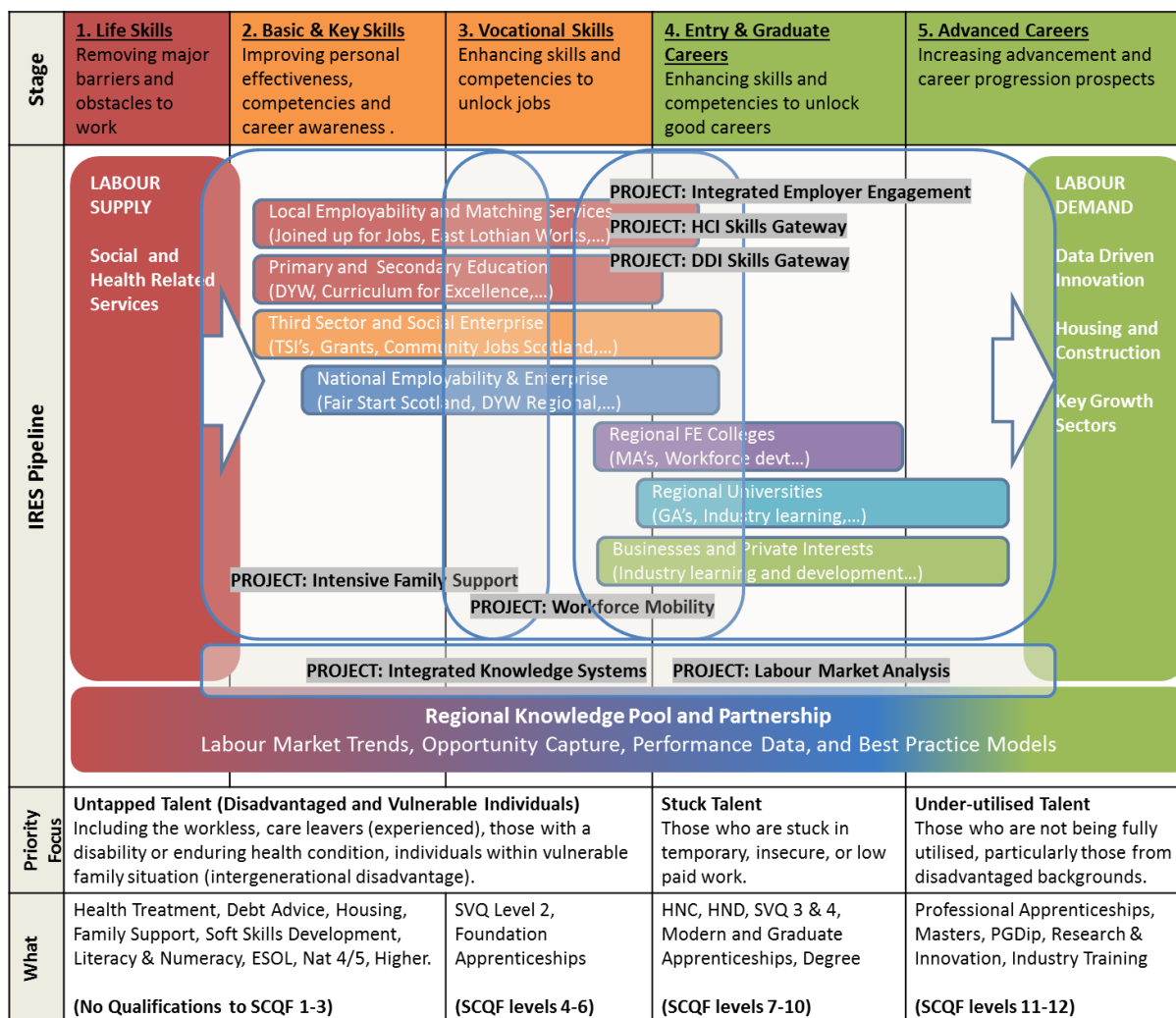


Figure 6: Change projects mapped against IRES pipeline and significant existing provision

It will also allow a multi-partner partnership and performance structures to be created that will establish a strong leadership culture that will challenge (and support) partners and other stakeholder to continually seek opportunities to improve services and the lasting impact that is achieved, particularly for those who are disadvantaged or vulnerable in the economy.

### 3.2.6 Risk Management

Risk management is an integral feature of the IRES Programme and the programme risk register [ANNEX](#) covers all aspects of the business case- Strategic, Commercial, Financial and Management.

The IRES Board are ultimately responsible for managing all aspects of programme and project risk and plans will be reviewed on an ongoing basis by a sub group of the IRES Board to ensure they satisfactorily capture the up to date risk profile and ensure there are appropriate mitigation procedures in place.

New risks will be highlighted to the Board and where escalation is required mitigating actions will be agreed and implemented along with agreed timescales for review.

The Strategic risks and mitigating measures that have been identified at this stage are as follows;



Strategic Risk	Mitigation Measures
<p><b>Programme fit, cohesion, and impact</b></p> <p>The programme does not secure sufficient partner (stakeholder) buy-in and control to ensure an integrated set of interventions and satisfactory progress towards long terms Inclusive Growth and system change (VfM) goals</p>	<ul style="list-style-type: none"> <li>• Joint committee and Executive Board provide senior level leadership and support of programme goals</li> <li>• Early establishment of an empowered IRES Board with strategic oversight and responsibility for programme delivery.</li> <li>• Work with the Scottish Government Cities team on developing and implementing the Inclusive Growth Framework</li> <li>• ESESCRD PMO to develop the IRES programme as a rolling programme with additional detail on activity, modeling and costings developed as required to ensure strategic fit, satisfactory progress, and VfM</li> <li>• Strong and interlinked Project working groups established to drive development, implementation, adjustment and mainstreaming</li> <li>• Integrated Knowledge System and Labour Market Analysis and Evaluation project strands in place to support cohesion and good decision-making</li> <li>• Quarterly progress reports and annual progress reviews will be undertaken throughout the programme implementation period</li> <li>• The partnership will conduct a mid-programme evaluation in 2021 to check the direction of travel is still right</li> </ul>
<p><b>Performance and good practice learning</b></p> <p>IRES is expected to deliver a significant impact across the whole City Region Deal in terms of Inclusive Growth, however, the detail of the monitoring framework and expectations/outputs and outcomes are still being developed.</p>	<ul style="list-style-type: none"> <li>• ESESCRD PMO to develop the IRES programme as a rolling programme with additional detail on activity developed as required to ensure satisfactory progress against outcomes and measure to ensure VfM</li> <li>• The IRES Partnership structures and engagement and communication activity that will be developed will capture, disseminates, and mainstreams learning</li> <li>• The IRES Programme Structures, Integrated Knowledge System, and Labour Market Analysis and Evaluation project strands in place to support the capture and dissemination and mainstreaming of learning.</li> <li>• Quarterly progress reports and annual progress reviews will be undertaken throughout the programme implementation period</li> <li>• The partnership will conduct a mid-programme evaluation in 2021 to check the direction of travel is still right</li> </ul>
<p><b>Disadvantaged citizens and low-income families benefit from the change</b></p> <p>There is a risk that disadvantaged citizens and families do not see tangible long-term benefits from the programme, projects or changes in culture and practice stimulated by the IRES programme</p>	<ul style="list-style-type: none"> <li>• Work with the Scottish Government Cities team on developing and implementing the Inclusive Growth Framework</li> <li>• Early establishment of an empowered IRES Board with strategic oversight and responsibility for programme delivery and support of inclusive growth goals.</li> <li>• Project propositions and implementations plans will detail how delivery against inclusion targets will be assured.</li> </ul>

Strategic Risk	Mitigation Measures
	<ul style="list-style-type: none"> <li>• Analysis of the impact of interventions on benefit eligibility and financial circumstances along with any mitigation measures will be built into project proposition narratives.</li> <li>• The Intensive Family Support Service and Workforce Mobility projects will aim to engage with vulnerable families and connect them into the opportunities being made available in the region</li> <li>• Quarterly progress reports and annual progress reviews will be undertaken throughout the programme implementation period</li> <li>• The partnership will conduct a mid-programme evaluation in 2021 to check the direction of travel is still right</li> </ul>

Figure 7: Strategic Risks and Mitigations

### 3.2.7 Constraints

In developing the proposed IRES Programme investment and activities, consideration has been given to various constraints particularly that each element of the IRES Programme must become self-financing (sustaining) in the longer term. This is to satisfy respective Partners governance and charitable obligations to maintain a surplus and also the technical, ethical and legal constraints of collecting and accessing appropriate data sets.

The Edinburgh and South-East Scotland region is large and diverse with the opportunities and challenges varying both between and within local authority areas. To reflect this complexity, some areas within the region are also planning to develop local skills plans.

Another significant constraint will be the level and local flexibility of resources available through public, private and third sector partners (Inc. potential loss of access to European Structural Funds) to deliver the ambition, as this will limit the development and delivery capacity of the employability and skills system and its ability to adapt to changing need and opportunity.

### 3.2.8 Dependencies

The future success of the IRES Programme will depend on close alignment with other City Region Deal work streams and integration with existing services and interventions, to ensure a viable and sustainable pipeline of people with the foundation skills required to exploit the range of tailored training, learning and employment opportunities being made available.

This approach will require an ongoing review and the active support of local and national stakeholders to;

- review, align, and integrate key policies impacting on skills and employment in the region
- consult with key skills partners across the region through individual interviews and (where appropriate) group sessions
- undertake workshop sessions with the City Region Deal Skills and Innovation Workstream to discuss and agree the mission, strategic outcomes and actions
- Build on the evidenced-based RSIP that sets out the vision, ambitions and aspirations for the City Region in terms of skills and employment



## 4 Economic Case

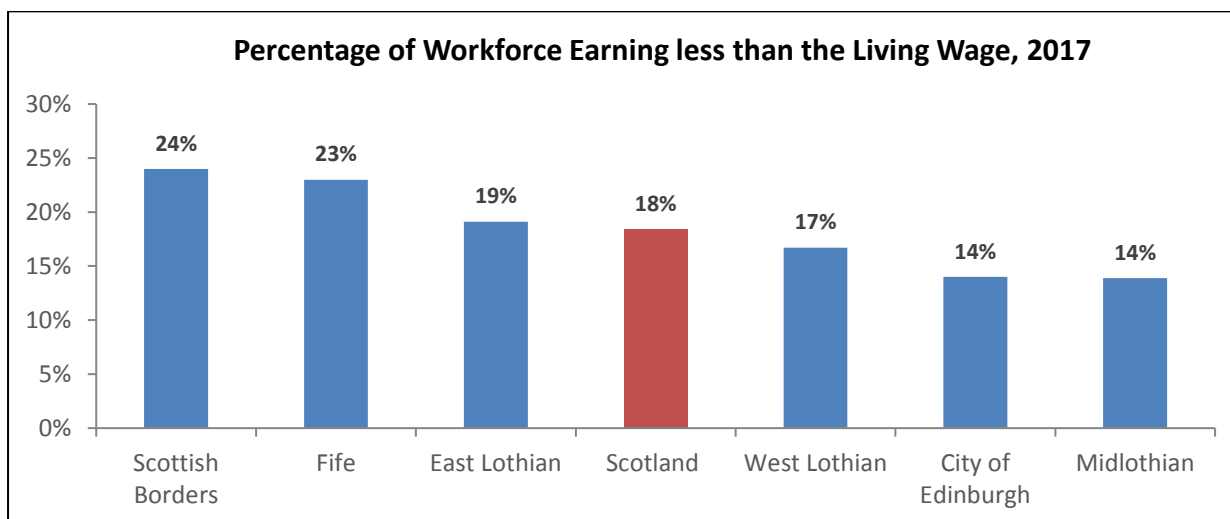
This section provides an overview of the:

- Regional Employability and Skills context informing business case for investment
- Success factors that have informed the development of the overall IRES Programme;
- Selection process involved to identify those (short-listed) delivery options which are most likely to realise Programme benefits against the “fixed budget constraint” implied by the current Heads of Terms;
- Assessment of the anticipated types and levels of economic costs and benefits that might be generated by the programme overall and,
- How the preferred delivery model, links into the skills pipeline and provides access to opportunities through other aspects of the City Region Deal.

### 4.1 Programme Level Context

The strategic case has already outlined the need for closer alignment and integration across local, regional and National levels for employability and skills interventions. Examination of associated economic indicators also point to the need for change in order to bring about the necessary improvements in the way that employability and skills are delivered across our public services.

For example, a significant percentage of the local workforce earn less than the Living Wage<sup>33</sup>. In 2017, Edinburgh, Midlothian and West Lothian had a smaller proportion of the workforce earning less than the living wage, the Scottish average and the other areas in the City Region. This has improved since 2013, when only Edinburgh was below the Scottish average. Despite this improvement, there has been an increase in the percentage of the workforce earning less than the living wage in Scottish Borders – from 21% in 2013 to 24% in 2017 and there is currently a 10% gap between the best and worst performing areas for this indicator in 2017, outlining the disparity across the city region



Source: Annual Survey of Hours and Earnings (2017)

Figure 8: Percentage of Regional Workforce Earnings less than the Living Wage, 2017

<sup>33</sup> Annual Survey of Hours and Earnings Scotland 2017, Scottish Government, <https://www.gov.scot/Topics/Statistics/Browse/Labour-Market/Earnings/ASHE-SCOT-2017>

There is also significant variability in earnings across the region. The City of Edinburgh has a significantly higher GVA per capita, while each of the other local authority partners is below the Scottish Average.

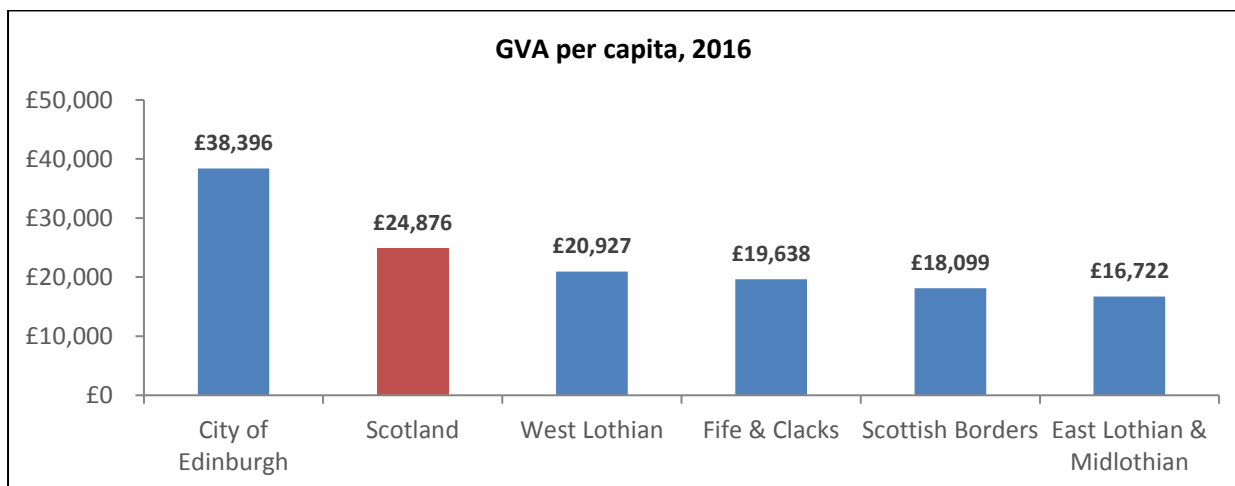


Figure 9: GVA per capita by NUTS3 Regions, 2016 <sup>34</sup>

According to the ONS (Annual Population Survey 2017/18):

- The gap between the male economic activity rate and the female economic activity rate for Scotland was 9.1 percentage points (June 2018). The city region’s average for the same period was 8.3 percentage points. Scottish Borders had the largest gender gap for economic activity with 11.9 percentage points, followed by West Lothian with a gap of 11.5 percentage points.
- The lowest economic activity rates in the region were for Fife (78.1%) and Scottish Borders (77.2%) (June 2018).
- Only Edinburgh and East Lothian have more than the Scottish Average (42.4%) in employment in high skilled occupations (June 2018), with Scottish Borders and Midlothian both having less than 40%.

This highlights significant scope for improvement in the inclusive growth performance of the Edinburgh and South-East Scotland labour market.

Certain significant threats are also apparent:

**Supply** – many of those currently unemployed are not able to access existing vacancies for a variety of reasons, such as: lack of skills, experience, chaotic lifestyles and health and disability issues.<sup>35</sup>

**Demand** – skills shortages and gaps in the labour market have developed due to the requirement for higher skilled employees in technical roles<sup>36</sup>; and the reliance on key industry sectors such as retail, hospitality and tourism in certain geographies, that are characterised by low wages and temporary/flexible contracts<sup>37</sup>. Meaning many of the roles are either unattainable, or undesirable for those in the labour supply chain.

<sup>34</sup> GVA per capita by NUTS3 Regions, 2016, Office for National Statistics

<sup>35</sup> Scotland’s Labour Market Strategy <https://beta.gov.scot/publications/scotlands-labour-market-strategy/pages/1/>

<sup>36</sup> UKCES Employer Skills Survey 2015, from Jobs and Skills in Scotland 2017, Skills Development Scotland <https://www.skillsdevelopmentscotland.co.uk/media/43852/jobs-and-skills-in-scotland-2017-main-report.pdf>

<sup>37</sup> In the latest Regional Skills Assessment 2018, Retail trade and Food and beverage service activities are some of the largest employing sectors in the Region’s economy. These are also some of the lowest paid sectors in Scotland as shown in the Scottish Annual Business Statistics 2016.

**Future Proofing** – the city region is characterised by an aging workforce (between 2016 and 2041 the Region will experience an increase of 24% in people aged 65-74 and an 88% increase in people aged over 75, compared with only a 5% increase in 30-49 year olds and 6% increase in 50-64 year olds)<sup>38</sup> and high levels of underemployment (the region has a 9% underemployment rate compared with 8% for Scotland)<sup>39</sup>.

There is a necessity to build better career pathways from education into employment and on into advanced careers that are a blend of academic and vocational options to maximise the types of people who can access and progress, be responsive and flexible to economic circumstances and affordable.

The UK's impending exit from the European Union is highly likely to affect the availability of skills through reduced access to migrant labour and increased competition with other UK regions for available talent, so maximising the utilisation of our indigenous talent and making our region attractive to new talent will be increasingly important to the future health of our economy.

Economic disruptors, such as automation, will be a threat to many existing jobs and will result in a range of new, highly skilled opportunities (such as; data analytics, software and hardware design and programming) emerging in this sector. Innovation investments (e.g. DDI) arguably will cause some of this disruption, but it is our intention that driving this disruption will allow us to manage the change more closely and develop the relevant skills necessary to fill these new roles.

#### 4.1.1 *The change we want to effect*

Any future employability and skills programme must enhance and help to future proof the regional economy by combining and augmenting existing resources. It must increase the employment rate and close the opportunity gap between different sections of society. It also must increase productivity and earnings and help reduce the gap between the lowest and highest earners.

## 4.2 Identification of Options

Through the existing contributions that each of the partners already spend on employability, skills and training interventions, there was clear recognition that it was not just one partner who was responsible for delivery of employability and the skills provision, but rather the full partnership involving public, private and voluntary sector representation.

Recent research by The Association for Public Service Excellence (APSE)<sup>40</sup> suggests that integration between local authorities, JCP, the health sector and private or voluntary sector providers is important for employability support to be best joined up at the local level and to ensure that people do not fall through the net.

The ESECRD Skills & Innovation Workstream involving all partner representation was therefore established in May 2015 with remit to consider and recommend improvements for a future employability and skills programme across the 6 partner local authority areas.

Following deliberation best options were selected for appraisal as follows:

- **Status Quo (Business as Usual)** - Continuous improvement actions within individual organisations, but no integration of alignment between organisations

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<sup>38</sup> Skills Development Scotland (2018), Regional Skills Assessment Edinburgh & South East Scotland City Region Summary Report 2018

<sup>39</sup> Regional Employment Patterns in Scotland, Statistics from the Annual Population Survey 2017

<https://www.gov.scot/Topics/Statistics/Browse/Labour-Market/Local-Authority-Tables>

<sup>40</sup> Work it out: Creating local systems of employability support, APSE 2018, <http://apse.org.uk/apse/index.cfm/research/current-research-programme/work-it-out-creating-local-systems-of-employability-support/>

- **Increased Local Resourcing** - Increase resources for existing local delivery activity, but no integration or alignment between organisations
- **Full Restructure of delivery into Regional level projects** - Zero budgeting approach with all activities ceases and is redesigned from scratch
- **Regional Employability and Skills Activity** - Introducing regional employability and skills services to augment current activity
- **Integrated Regional/Local Model** - Integrated and aligned activity from community level to authority and regional scale as part of an inclusive, multi-agency, whole system, and whole person progression approach to services, interventions, and allied supports

### 4.3 Appraisals Approach

Pros and cons of each option were assessed against impact criteria linked to the identified goals for an improved future Employability & Skills programme.

#### 4.3.1 Status Quo (Business as Usual)

Continuous improvement actions within individual organisations, but no integration of alignment between organisations

Pros	Cons
Minimal disruption to service	Scope for duplication and progression bottlenecks. Limited option to shared capacity across partners. Limited opportunity to achieve economy of scale. Service capacity will reduce over time due to financial constraints. Current system for improving employability and delivering skills training has led to disparities and inequalities within the region. Continuing the status quo this trend is likely to continue, resulting in a widening of the skills and productivity gap.

#### 4.3.2 Increased Local Resourcing

Increase resources for existing local delivery activity, but no integration or alignment between organisations

Pros	Cons
Additional capacity Minimal disruption to service	Public Expenditure limited ability to increase Adds to complexity of combined service offer Lack Regional coherence and alignment with wider city region deal Limited capacity to respond to changes in labour market Difficult to sustain due to affordability

#### 4.3.3 Full Restructure of delivery into Regional level projects

Zero budgeting approach with all activities ceases and is redesigned from scratch

Pros	Cons
Reduced fragmentation from start Single integrated offer from start	Significant disruption to services and beneficiaries Loss of best practice and expertise during transition Risk of disconnect from local priorities

#### 4.3.4 Regional Employability and Skills Activity

Introducing regional employability and skills services to augment current activity

Pros	Cons
Adds additional capacity	Add to complexity and fragmentation
Minimal disruption	Difficult to sustain due to affordability
Can be aligned with wider city region deal activity	Will not be able meet the employment and skills demand from the wider City Region Deal activities
	Risk of disconnect from local priorities

#### 4.3.5 Integrated Regional/Local Model

Integrated and aligned activity from community level to authority and regional scale as part of

Pros	Cons
Adds additional capacity	Requires cultural change and strong buy in from all partners
Minimal disruption	Coordination and sequencing is challenging
Aligned with wider city region deal activity	Requires investment in collaboration infrastructure (e.g. management systems)
Reduced fragmentation over time	

#### 4.3.6 Programme Option Analysis

Impact Criteria (0=None, 1-Low, 2-Medium, 3-High)	Status Quo	Increased Local	Full Restructure	Regional Activity	Integrated
Positive impact for service beneficiaries	1	2	3	2	3
Ease of Transition	3	3	1	2	2
Builds on established good practice	2	2	1	2	3
Targeting progression of disadvantaged groups	1	2	3	1	3
Increases value for money achieved	1	1	2	1	2
Aligned with key growth sectors	0	0	3	2	3
Promotes Regional collaboration	0	0	3	2	3
Contributes to City Region Deal commitments	0	0	3	2	3
Drives service streamlining and agility	0	0	3	0	3
Affordable and sustainable	2	1	3	1	3
<b>COMBINED (# out of 30):</b>	<b>10</b>	<b>11</b>	<b>25</b>	<b>15</b>	<b>28</b>

Figure 10: Programme Options Appraisal

Four options were selected on the basis that each scored more highly than business as usual and generated, on aggregate, a positive score (implying that each of these options is more likely than not to deliver the intended aims and objectives).

Workstream members also considered those specific projects that would best support those in the City Region who were under-utilised in the workforce into higher skilled, higher paid jobs, to create new opportunities and deliver inclusive growth and the overall appraisal and evaluation approach is outlined below.

The longlist and shortlist ideas generated (see [ANNEX](#)) informed the proposed set of Projects (see [Programme Vision and Model](#)) that sit under the thematic pillars of the preferred programme option.

## 4.4 Preferred Option

The Integrated Regional Employability & Skills (IRES) programme compared to the as-is position and other alternatives considered is the preferred option for best public-sector delivery approach moving forwards.

The analysis highlighted that the full restructure and integrated options were both viewed as potentially the most impactful, but the significant disruption and unknowns associated with the full restructure make it difficult to implement. These include the;

- political and social consequences of radical change, particularly the negative transitional impacts it could have for those vulnerable individuals currently being supported
- ability to get the right structure in place following a full restructure given the complexities of the current landscape and therefore the significant scope for unintended consequences
- ability to quickly aligning with wider City Region Deal investments that could be significantly disrupted by the hiatus that is inevitable with a full restructure

The preferred option will help mitigate the significant supply, demand and system threats previously outlined, while minimising the negative transitional impacts of change on the primary beneficiaries of employability and skills services.

A more integrated and focused system approach built around five pillars (see [Programme Vision and Model](#)) of a properly functioning labour market system;

- **Regional Leadership and Improvement Capacity:** Improving collaboration and co-ordinated action on Inclusive growth (see [Management Case](#)).
- **Understanding of Labour Market Need and Opportunity:** Improving mutual understanding of labour market needs and opportunities along with the collective impact of our activities.
- **Building Strong Employer and Citizen Relationships:** Ensuring partnership activity is rooted in the employability and skills needs of our citizens and businesses, while enhancing our capacity for co-production, co-delivery, and co-financing with our stakeholders.
- **Targeted Skills Development:** Supporting all sections of society to acquire the knowledge and skills they need (throughout their working lives) to succeed in the regional economy.
- **Active Opportunity Matching:** Improving our ability to remove practical barriers to progression for disadvantaged individuals and communities.

will over time, generate cost efficiencies, improved inclusion outcomes, and enhance responsiveness to changing need and opportunity in our regional labour market.

The IRES programme will help increase the employment rate and close the opportunity gap between different sections of society, while also helping to increase productivity and earnings and help reduce the gap between the lowest and highest earners.

This targeted and collaborative system approach is anticipated to make a significant contribution to reducing the disability employment gap and gender pay gap experienced in the region, while creating the trusted business relationships that will help advance the Scottish Living Wage and Fair Work ambitions set out in the [Strategic Case](#).

#### *4.4.1 Introduction of initial portfolio of projects*

The IRES Improvement model is based on the “Plan-Do-Review-Revise” improvement cycle with a focus on five pillars that are judged as critical to creating a more inclusive and impactful regional employability and skills service.

A partnership workshop was held to identify an initial set of project ideas (see [ANNEX](#)) aimed to support the IRES Programme. As the IRES programme has developed these project ideas have become more refined.

Each are planned to help address gaps, weakness or inefficiencies in the regional system of employability and skills support and will help deliver progress against the overall IRES programme goals.

The set of Projects that have emerged from this programme development phase for further development into [Project Propositions](#) are;

- **Integrated Knowledge systems:** integrating multiple knowledge systems to support collaboration and reveal additional insights on labour market trends and service performance
- **Labour Market Analysis and Evaluation:** bringing together the knowledge, expertise and resources of the partners into a virtual team to support our evidence-led approach
- **Integrated Employer Engagement:** enhancing our relationships with the regions employers and investors to fully exploit the inclusive growth potential of our economy
- **Intensive Family Support:** target significant pockets of persistent, entrenched worklessness and poverty in a “whole family” approach that aims to tackle intergenerational disadvantage
- **Targeted Skills Gateways:** creating streamlined and inclusive career pathways into the “Data Driven Innovation” and “Housing, Construction and Infrastructure” sectors to maximise the inclusive growth impact of other City Region Deal investments
- **Workforce Mobility:** focusing on the barriers to full mobility faced by the regions workforce (beyond personal skills and aptitudes), with an initial exploration of concessionary travel.

These will be worked up into detailed Project Propositions for consideration by the IRES Board (Joint Committee) to ensure they offer the best option to deliver on City Region Deal and IRES programme objectives and targets.

#### *4.4.2 Why the IRES programme and initial portfolio of projects is preferred*

- A strong collaborative ethos as a consequence of the City Region Deal affords new opportunity to not only align policy where appropriate but to initiate step-change improvements as a collective that would not be possible through local funding alone.
- The Regional Skills Investment Plan (RSIP) produced by Skills Development Scotland (SDS) built on research by the University of Glasgow’s Training and Employability Research Unit (TERU) provides strong validation to support the IRES model.
- The IRES programme will capitalise on existing key industry sectors throughout the City Region, invest in sectors such as HCI Skills and DDI and create a range of opportunities linked to other Deal investment areas such as Innovation, Housing and Infrastructure.
- The programme will supplement the wider education, skills and training landscape to ensure increased efficiency through better understanding of the regional labour market; the creation of integrated talent pools; joined up client management and employer engagement systems.
- The programme is strongly linked to Capital investment projects for Housing, Culture, Infrastructure, and Innovation Hubs will create employment opportunities, reduce travel times, provide the potential for increased productivity and greater access to higher skilled/higher paid work for the region’s citizens.
- The IRES Programme activity puts skills and inclusion at the heart of the ESES City Region Deal to ensuring inclusive growth, reducing poverty and widening equality.

The IRES programme will be underpinned by a “regional skills partnership” consisting of; public, private, third sector and education representatives that will actively shape the regional skills offer to meet the current and future needs of the Edinburgh and South-East Scotland’s labour market.



This Partnership will:

- Use more rigorous use of regional labour market intelligence and performance data to provide a **clarity of purpose** that will influence future profiling and activity to ensure greatest impact for our investment
- Strengthen our **relationships with employers and investors (including Social Enterprises)** to enhance our knowledge, create new opportunities, promote inclusive recruitment and workforce upskilling approaches to help drive future growth and innovation
- Fully exploit the potential to generate **Community Benefits from Procurement** across all the regional partners, which will offer additional opportunities and support for citizens and local businesses from the early phases of City Region Deal implementation
- Enhance access to **higher paid, higher skilled jobs for those from vulnerable and disadvantaged sections of society**. Raising aspirations, developing resilience and stimulating lifelong career-focused learning and progression routes that will reduce labour market inequalities and increase productivity.
- Drive **improvements in school, college and university curriculum** that are better aligned to the needs of the region's key industries sectors and equip individuals with the skills that are essential for stimulating innovation
- Reduce the practical barriers to a **flexible and mobile workforce** that will enable us to make maximum use of the talent pool throughout the region and minimise skills gaps and shortages

The IRES model that has been developed is an evidence based, citizen and employer-centric, and outcome-focused approach that will make an impact by:

- Generating additional value from existing local and national skills investments and help identify new sources of funding that can build additional capacity.
- Maximising the social impact of wider Edinburgh and South-East Scotland City Region Deal capital investments
- Focusing on fair work and increasing the flow of talent from disadvantaged groups and communities into the healthy, sustainable career opportunities
- Reducing skills shortage and gaps in our key sectors

#### *4.4.3 Impact of implementing IRES*

The IRES programme has been allocated £25 million over an eight-year period to help facilitate a step change in inclusive growth by stimulating a change in culture and regional approach, that when combined with the development of new skills content, enablers, and pilot activity, ensures our economy continues to generate good opportunities that these are open and attainable by all sections of society.

In addition to the qualitative impacts outlined in the [Strategic Case](#) and the inclusion impact pathway detailed in the [ANNEX](#) it is expected that the following high-level quantitative outcomes will be delivered over the investment period by the programme.



Stage	Measure	Client Group Target over 8 Years	LA Profile Target over 8 Years <sup>41</sup>
1-4	<p><b>ENHANCED OUTREACH:</b> Improved outreach attracts additional people from following disadvantaged or under-represented groups into the programme</p> <ul style="list-style-type: none"> <li>• People with a disability or enduring health conditions</li> <li>• People in workless or low-income (&lt; 60% median wage) families</li> <li>• Care Experienced and disadvantaged young people</li> <li>• people from minority ethnic communities</li> <li>• Women entering or advancing within DDI or HCI related careers</li> </ul>	20% increase on baseline established in Year 1	CEC: 32% ELC: 8% Fife: 33% Mid: 5% SBC: 10% WLC: 12%
3-4	<p><b>EMPLOYMENT:</b> Additional people moving into employment</p> <ul style="list-style-type: none"> <li>• Sustaining employment for at least 13 weeks</li> <li>• Sustaining employment for at least 6 months</li> </ul>	5,300	CEC: 36% ELC: 9% Fife: 29%
3-4	<ul style="list-style-type: none"> <li>• Enhanced targeting supports additional people from the above disadvantaged or under-represented groups secure and sustain employment</li> </ul>	20% increase on baseline established in Year 1	Mid: 7% SBC: 7% WLC: 13%
4-5	<p><b>CAREER PROGRESSION:</b> Additional people progressing into and sustaining (13 weeks and 6 months) better employment, earnings and careers</p> <ul style="list-style-type: none"> <li>• Moving into higher earning role (Scottish Living wage or above)</li> <li>• Moving from existing into Medium to High Skills roles</li> <li>• Moving from temporary (insecure) work into a permanent role</li> </ul>	500	CEC: 32% ELC: 8% Fife: 33%
4-5	<ul style="list-style-type: none"> <li>• Enhanced targeting supports additional people from the above disadvantaged or under-represented groups into and sustaining better employment</li> </ul>	20% increase from the baseline established in Year 1	Mid: 5% SBC: 10% WLC: 12%
2-5	<p><b>ENABLERS:</b> Additional accredited training and skills improvements</p>	14,700	
2-5	<ul style="list-style-type: none"> <li>• Enhanced targeting supports additional people from the above disadvantaged or under-represented groups achieve skills improvements that unlock latent talents and help secure higher earnings.</li> </ul>	20% increase from the baseline established in Year 1	

Figure 11: Anticipated Programme Outcomes

These targets will be refined as the partnership matures and project propositions are developed to implementation stage, to ensure that they remain relevant to the inclusion challenges of the region and are stretching and delivering value for the money.

<sup>41</sup> Profile based the proportion of the regions unemployed (modelled) citizens for employment and low paid (below living wage) citizens (Source Nomis Jul 2017)

## 5 Commercial Case

### 5.1 Output-Based Specification

We know that public sector investment in employability and skills provision spanning schools, colleges, universities, National Training Programmes etc. is substantial. It is therefore vital moving forwards that outcomes are maximised and delivered by the most effective and efficient means.

Critical to making progress towards an inclusive labour market will be the creation of the right leadership and collaboration environment to stimulate whole system thinking and a shared commitment to improving the quality and quantity of collective outcomes. The IRES Board structure to lead this collaboration is outlined in the [Management Case](#)

The IRES programme proposes an eclectic mix of public, private and 3<sup>rd</sup> sector interventions, co-produced and collaboratively managed by all stakeholders at strategic level. The programme Board will oversee and ensure an evolving and flexible procurement strategy in order to provide the highest level of value for money outcome performance over the programme lifecycle. Individual projects or indeed particular aspects of individual projects may therefore be managed or procured in different ways dependant on context. All procurement will uphold the overarching principle to achieve best value.

### 5.2 Sourcing Options

#### 5.2.1 Sourcing Approach

It is widespread recognised that there is lots of good practice already operating in the region, with many public, private and third sector working to create better opportunities for people. The challenge we have is to develop more collective leadership across the main funders, Scottish Government, UK Government, Local Government and the Third Sector to fully exploit this expertise and resource base.

This is a time of real opportunity and change for the region with a wealth of opportunities across a range of key sectors such as construction, retail, tourism, financial services, health and social care, construction and data and digital innovation. However, to support continued economic growth and diversification it is vitally important to ensure that skills supply can keep pace with demand.

Strategic collaboration therefore, across public, private and third sector agencies is recognised as the most cost-effective means to achieve this. The IRES programme has been developed by using the extensive expertise and knowledge of the regional partners to create a development structure, programme and set of mutually supporting projects that not only add value to current services and interventions, but also creates the conditions to incrementally improve the inclusive growth impact of our collective investment in the regional labour market.

Additionally, the creation of the multi-partner IRES board and supporting development structures along with the [Project Proposition](#) (following UK Treasury “Green Book” principles) consideration process gives greater certainty that funded activities will add value (not duplicating, competing or displacing existing effective services) and offer the most cost-effective means of achieving the goals.

#### 5.2.2 Overview of Responsibilities

Employability and Skills partners are committed to working together to align provision with agreed priorities. Partners already collect and share information on current and future skills needs and the effectiveness of provision. They work together to identify the non-skills issues that act as an inhibitor to the effective

functioning of the region’s labour market (for example, wages, transport and connectivity, rurality, migration policy, etc.) and engage with national government around how these could be resolved.

Recognising there is a need to widen access, to address skills shortages and gaps, to deliver improvements to boost the flow of individuals from disadvantaged groups into career opportunities the IRES programme prioritises five thematic pillars to address the challenges ahead. It is important that impacts are felt over the short, medium and long term and that not only the benefits of the city deal investment but the responsibilities to deliver are shared as widely as possible across our stakeholder network.

### 5.3 Payment Mechanisms

The effective identification and planning of the City Region Deal investments’ employment and skills needs will be largely met by the region’s residents. Partners already employ a range of robust service delivery models to maximise the talents of our citizens and unlock the full potential of our economy e.g. Procurement, contracting, co-commissioning and co-production. Community Benefit clauses by way of another example will open up employment and training opportunities to residents from priority groups who would not otherwise not be able to access.

Partners propose to build on this good practice approach and the IRES Board with robust governance arrangements will ensure that future services are consistent with Best Value and Value for Money principles.

### 5.4 Risk Mitigation

Risk management and mitigation is an integral feature of the IRES Programme and the programme risk register [ANNEX](#) covers all aspects of the business case- Strategic, Economic, Commercial, Financial and Management.

The IRES Board are ultimately responsible for managing all aspects of programme and project risk and plans will be reviewed on an ongoing basis by a sub group of the IRES Board to ensure they satisfactorily capture the up to date risk profile and ensure there are appropriate mitigation procedures in place.

New risks will be highlighted to the Board and where escalation is required mitigating actions will be agreed and implemented along with agreed timescales for review.

In addition to programme level risk management, Project leads will have responsibility for identifying project level risks and putting place effective mitigation measures to ensure they are well managed.

Risk mitigation will be built into Project Propositions and be reported through the quarterly progress and annual review processes that will be set up to steer and manage the IRES programme.

The Commercial risks and mitigating measures that have been identified at this stage are;

Commercial Risks	Mitigation Measures
<p><b>Project fit and impact</b></p> <p>Developments in the economy, operational environment, performance factors, or good practice developments mean projects within the programme (or existing services) are no longer required in their</p>	<ul style="list-style-type: none"> <li>• The ESES partnership and IRES Board structures will be established to oversee the programme, constituent projects and wider change ambitions.</li> <li>• Progress will be regularly reviewed and the project portfolio and implementation plan amended as appropriate to ensure alignment with changes in the labour market and operational context.</li> <li>• Programme and Project activity will draw extensively upon collective partner knowledge and utilise co-production and community engagement techniques to ensure activities are fit for purpose.</li> </ul>

Commercial Risks	Mitigation Measures
current format or there is evidence of under/over provision	<ul style="list-style-type: none"> <li>• The Partners/IRES Board will review resources available and ensure the programme of investment that can be delivered (inc. IRES change fund, partner resources, and external leverage).</li> <li>• Release of ESESCRD IRES change funds for Projects will be subject to the recommendations of the IRES board and approved by Joint Committee who will be satisfied that no other funding (as funder of last resort) or effective delivery mechanism exists.</li> <li>• Project delivery agreements define measures of success and funding arrangements and where under performance is identified this will be referred to the IRES Board for agreement on the course for action. This may include redesigning the programme or ceasing delivery.</li> <li>• Where there is evidence of poor performance, unnecessary duplication or complexity in the wider employability and skills system an analysis and report will be submitted to the IRES Board for consideration and action. This action may include redesigning the project, exiting from the project, or advocating for change in the wider service environment.</li> </ul>

Figure 12: Commercial Risks and Mitigations

## 5.5 Contract Length

The IRES Programme (revenue change funding) is subject to various constraints and particularly that each element of the IRES Programme requires to become self-financing and sustainable in the longer term and certainly within the eight-year profile period. As detailed above, individual projects or indeed particular aspects of individual projects within the IRES programme may be managed or procured in different ways dependant on context. The IRES Board will oversee and ensure an evolving and flexible procurement strategy in order to provide the highest level of value for money outcome performance over the programme lifecycle

Considering the significant changes in the external political and economic environment (e.g. Brexit, further devolution of employability services, and changes emerging from the recent review of the Enterprise and Skills Agencies) flexibility and agility are critical to the successful implementation of the plan. The programme also provides opportunity to enable, encourage and attract further leverage and to consolidate this in mainstream funding.

Given that objectives of the programme are to help drive an inclusive labour market that would enable disadvantaged individuals to move from entrenched worklessness to advanced occupations (based on ability) it is possible that Project activity may last for the full 8-year investment period.

However, any commitment on this basis would be subject to a robust case being made within the Project proposition for this length of intervention and continued support being subject to satisfactory progress.

The City Deal governance arrangements already require quarterly progress report, annual reviews to track progress and the IRES Programme will mirror these arrangements. However, it is also proposed to undertake a mid-point review to ensure the direction of travel is right and funding priorities are still as originally envisaged.

## 5.6 Personnel Issues

Not applicable

## 5.7 Implementation Timescales

The main investment period for the IRES programme is from 2019 to 2027 (8-years) and comprising four key stages as set out in the [Programme Plan](#), but is anticipated to create a significant legacy beyond this period as the collaboration matures and develops.

- Phase 1: Establish
- Phase 2: Programme Delivery
- Phase 3: Review and Deliver Next Step Change Projects
- Phase 4: Reinforce, Embed, and Further Develop

The IRES Board and individual Project Development and Implementation groups have an agreed Monitoring and Evaluation Framework in place to measure and assess progress against the key milestones as set out in the Regional Skills Investment Plan.

Key tasks, stages and reporting structure required to deliver a project in accordance with the necessary governance and sign off is tabulated and each Project Implementation Group is required to report regularly against design, budget, risk and programme.

If a realignment to agreed parameters is required the IRES Board will sign off progress to the next stage. This will ensure the implementation of any necessary changes, resolve any major problems or respond to any major opportunities that could affect the delivery of the plan. Refer to individual project implementation plans for more detailed description of key milestone stages.

## 6 Financial Case

### 6.1 Introduction

The local partners voluntarily make significant contributions to employability and skills services in the Region to support and augment the statutory services and other investments made by national partners.

It is recognised that the collaborative structures that have and will be developed under the City Region Deal Partnership provide an opportunity to more regionally tailor, better align, and integrate the collective activity of partners to improve our capacity to exploit emerging growth or innovation opportunities, while making in-roads on the labour market inequalities within the region.

Through this co-production and co-delivery approach the partners will be able to; deliver quick win efficiency gains on which additional investment can be applied, identify areas for step change reform that will require bridge funding, or expose critical gaps or constraints in the service offer.

### 6.2 Impact on the Balance Sheet

The baseline employability and skills expenditure by the main public partners in the region has been estimated as follows.

Regional Employability and Skills Investment Profile	Year 1-3 (£,000)	Year 4-6 (£,000)	Year 7-8 (£,000)	8 Year Total (£,000)
Scottish Government (Fair Start, DYW Regional Boards) <sup>42</sup>	60,000	60,000	40,000	<b>160,000</b>
Local Authority (Employability, but exc. schools) <sup>43</sup>	63,000	63,000	42,000	<b>168,000</b>
University and Colleges (additional to SFC funding) <sup>44</sup>	60,000	60,000	40,000	<b>160,000</b>
Skills Development Scotland <sup>45</sup>	114,000	114,000	76,000	<b>304,000</b>
Scottish Funding Council <sup>46</sup>	879,000	879,000	586,000	<b>2,344,000</b>
<b>TOTAL EXISTING PUBLIC INVESTMENT (est.)</b>	<b>1,176,000</b>	<b>1,176,000</b>	<b>784,000</b>	<b>3,136,000</b>

Figure 13: Key funder estimated investment profile

For illustrative purposes it has been assumed that partner expenditure will remain static over the IRES programme period, but it is recognised that financial allocations cannot be guaranteed beyond 2021 for Scottish Government programmes, the availability of European Social Funds will affect resource levels, while other organisations are subject to yearly settlements that will alter the actual resources available to the partners at any particular point in time.

The Scottish Government have allocated £25million of grant funding which that will be made available over the next eight years to develop and deliver the aspirations of the City Region Deal Partners, as described in the [Programme Vision and Model](#), and is focused on not just delivering project activity to boost our capacity in areas of weakness and opportunity, but to also leave a lasting legacy through informing how existing investments can be better focused and aligned to deliver to enhance inclusive growth for the region.

<sup>42</sup> Estimates derived from publicly available sources

<sup>43</sup> Estimates provided by ESES CRD Local Authority Representatives

<sup>44</sup> Estimates provided by University and College partners

<sup>45</sup> Figures provided by Skills Development Scotland and published on their website

<sup>46</sup> Estimates derived from publicly available sources

It is recognised that over the eight-year timeframe of the programme the projected spend and the agreed profile of grant from Government does not fully reconcile. As a solution, Scottish Government have agreed in principle that where there is the headroom within their wider resources budget, funding may be flexed in the financial year in question to better align expenditure to grant.

The Executive Board and Accountable Body are satisfied that this approach is realistic, practicable and achievable and that any required flexing of the profile can be accommodated.

From the Programme and Project development work undertaken by the partnership, it is anticipated that funding will be used in the following profile over an eight-year period and across the seven identified change project areas.

This profile will be subject to the approval of detailed Project Propositions by the IRES Board/Joint Committee and satisfactory progress against objectives and targets.

Funded activity will be subject to regular review (quarterly progress and annual review) by the partners through the IRES Board and working group structure as described in the [Management Case](#).

Therefore, the actual spend profile may vary across the timeline and project areas as the ESESCRD Partnership adapts in response to learning and changing circumstances that ensures the IRES Change fund achieves maximum impact against its inclusive growth and regional integration goals.

IRES Change Fund (Indicative Funding Profile)	Year 0-3 (£,000)	Year 4-6 (£,000)	Year 7-8 (£,000)	Total (£,000)	Anticipated External Leverage
<b>Integrated Knowledge Systems</b>	855	605	40	<b>1,500</b>	To be detailed in the Project Proposition
<b>Labour Market Analysis and Evaluation</b>	150	150	0	<b>300</b>	To be detailed in the Project Proposition
<b>Integrated Employer Engagement</b>	1,000	1,500	1,000	<b>3,500</b>	To be detailed in the Project Proposition
<b>Intensive Family Support</b>	1,764	1,764	1,172	<b>4,700</b>	Anticipated approval of 50% match funding from the ESF Poverty and Social Inclusion fund on eligible activities
<b>DDI Targeted Skills Gateway</b>	4,310	1,652	538	<b>6,500</b>	To be detailed in the Project Proposition. Private Sector and philanthropic contributions are being explored within the proposal.
<b>HCI Targeted Skills Gateway</b>	2,537	2,562	1,401	<b>6,500</b>	To be detailed in the Project Proposition. The HCI Skills Gateway is currently anticipating a £1.8m industry contribution to support its activities.
<b>Workforce Mobility</b>	572	858	570	<b>2,000</b>	To be detailed in the Project Proposition
<b>TOTAL:</b>	<b>11,188</b>	<b>9,091</b>	<b>4,721</b>	<b>25,000</b>	

Figure 14: IRES change fund indicative investment profile

It is an expectation that the City Region Deal IRES Change Fund will leverage additional money in to support the ambitions and activities set out in the [Project Proposition](#) (e.g. 50% match funding by ESF Poverty and Social Inclusion Fund for the Intensive Family Support or Private Sector funding of HCI Skills Gateway training pilots) presented to the IRES Board (Joint Committee) for consideration and support.



### 6.3 Impact on Income and Expenditure (I&E) Accounts

The City Region Deal IRES Change fund will be held by City of Edinburgh Council on behalf of the partnership. This will be advanced to lead partners for the delivery of agreed activities upon approval of detailed business cases (or similar detail required by the IRES Board to make the case for funding) and the conclusion of any legal agreements or due diligence deemed necessary to ensure accountability and proper use of funds.

### 6.4 Financial Risks

The City of Edinburgh Council is the lead accountable body and will ensure that all management accounting is in accordance with the relevant statutory procedures. The Programme Management Office will provide secretariat support to the IRES Board with strict monitoring of programme income, expenditure and performance outcomes against project delivery profiles. The Programme Management Office together with project leads will be responsible for reporting performance outcomes to the IRES Programme Board and the wider ESES City Deal governance structures and supporting the annual audit process.

The Accountable Body will put in place individual agreements with partners, as required, to ensure that project grant allocations are fully compliant including any overarching terms and conditions where appropriate. Any variations to the programme will be notified by the accountable body and reviewed by Government in accordance with the following proposed agreement chain.

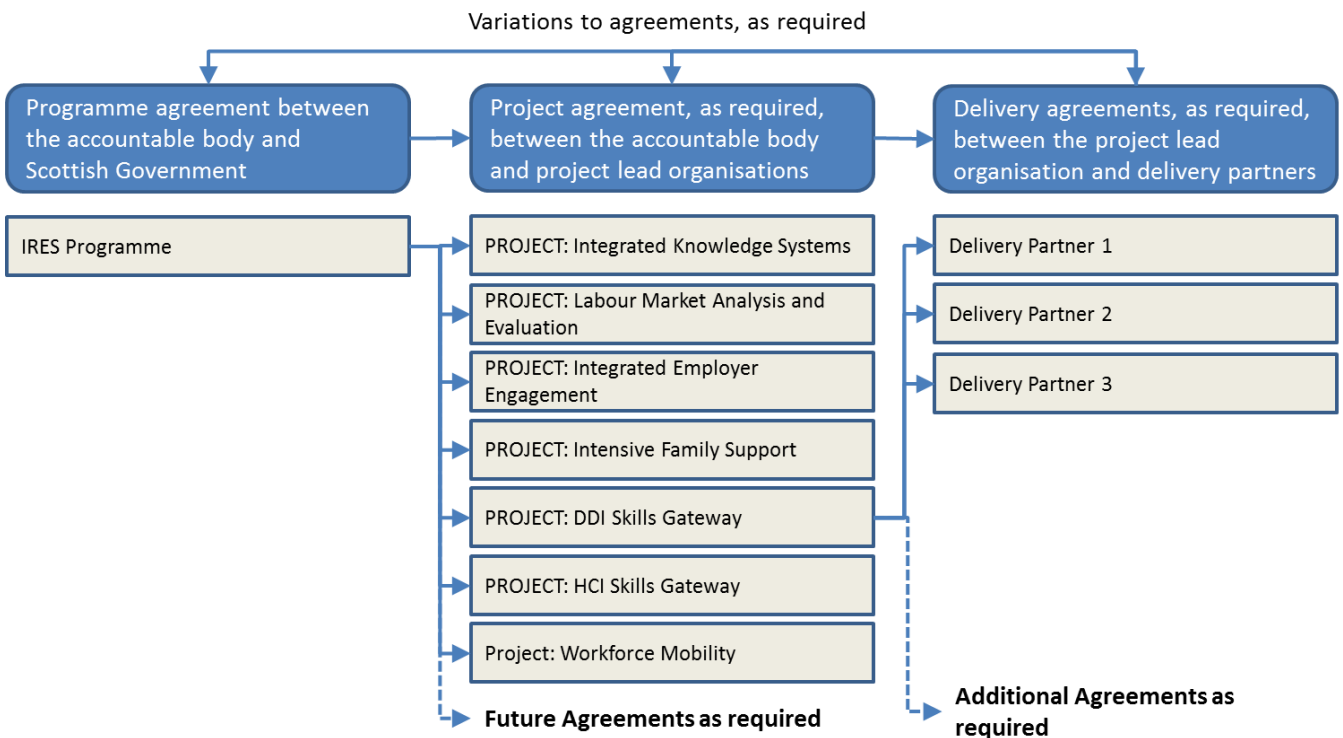


Figure 15: Agreement chain

The IRES board will regularly review progress with decision made on continuation, adjustment or withdrawal of funding. The IRES Programme fund is a gap fund (funder of last resort) that is matched against existing resources and any leverage secured by partners. Risk is therefore proportionate across partners and collaboratively managed to ease mainstreaming of all successful approaches developed.

IRES programme underspends or de-commitments will be reserved to the IRES Board while project overspends will remain the responsibility of the relevant project lead organisation and delivery partners. In



exceptional and extenuating circumstances request for additional support can be made to the IRES Board for consideration.

The IRES programme board business case and proposition development processes encourage ongoing dialogue and mutual support to mitigate many of the risks associated with the IRES Programme.

The full risk register is included in the [ANNEX](#) , but the current financial risks and mitigating measures that have been identified are;

Financial Risks	Mitigation Measures
<p><b>Availability of public finance</b></p> <p>The potential loss of external funding arising from Brexit (e.g. ESF), Public Sector funding restraint and inflation can over time erode the capacity of the partners to fund services and projects needed by citizens and businesses</p>	<ul style="list-style-type: none"> <li>• Work with the partners to quantify the potential risk and seek strategies to minimize this, accepting there will be no recourse to additional CR funding to plug such gaps.</li> <li>• Partners will decide and agree an acceptable level of risk to carry.</li> <li>• The costs of the projects will be agreed at the outset and will be delivered within the agreed cash envelope.</li> <li>• Where the delivery cannot be made within the existing project budget, due to reasonably unforeseen circumstances, this will be notified through the PMO to determine appropriate set of remedial actions</li> </ul>
<p><b>Private sector investment and support for inclusion</b></p> <p>There is a risk that the private sector buy-in and investment cannot be achieved</p>	<ul style="list-style-type: none"> <li>• Early engagement with potential investors. Stakeholder Engagement Strategy to be developed in parallel with the Business Case</li> <li>• The Integrated Employer Engagement and DEC/DDI Skills Gateway Projects aim to nurture employer relationships to demonstrate the business benefits of inclusive practices and the value of the services that have been put in place to encourage future direct and indirect investment.</li> </ul>

Figure 16: Financial Risks and Mitigations

## 6.5 Overall Affordability

The IRES Programme creates the structures to support collaboration and best use of existing resources as well as the optimum use of City Region Deal IRES change funds.

The anticipated financial profile for the IRES programme has been constructed using the estimated cost of proposed project activity and anticipated funding gaps, but appropriately proportioned across the programme to ensure cohesion and balanced delivery against overall programme goals.

These costing will be refined during the [Project Proposition](#) development stage (using UK Treasury “Green Book” principles) and will draw upon recognised costing models and, where relevant, historic expenditure data from similar type activity to create a realistic and affordable financial profile.

Affordability and mainstreaming will also be part of the detailed project proposition approval process to provide an extra check on the optimum return on investment and progress towards programme goals.

## 7 Management Case

### 7.1 Introduction

Regional partners recognise that delivering the twin ambitions of innovation and inclusive growth through the City Region City Deal requires alignment between local, regional and national ambitions, policies and resources. The governance arrangements proposed in this document will empower local authorities to:

- operate strategically with their partners to fully realise the economic potential of the region;
- respond to issues critical to the economic health and wellbeing of the region;
- unlock economic assets; and
- decide on the alignment of resources in projects and programmes with the greatest economic potential for the city region.

As the IRES programme is seeking to drive cultural and practice changes in addition to piloting new approaches the partners have developed the governance and development structure to encourage strong leadership, broad-based collaboration, and an evidence-based and long-term performance approach to collective investment.

The City of Edinburgh Council will act as the accountable body for the finances, and funds from Government will be transferred to the City of Edinburgh Council. As the lead authority it will have the power to hold others to account should projects present a risk to the overall programme.

This section describes the governance and management structures for the IRES programme and Programme Delivery Office, which builds on the detail provided within the ESES City Region Deal Governance Arrangements.

### 7.2 City Deal Governance

#### 7.2.1 *Joint Committee*

The governance framework for the IRES programme is integral to the overall governance for ESES City Region Deal as shown below.

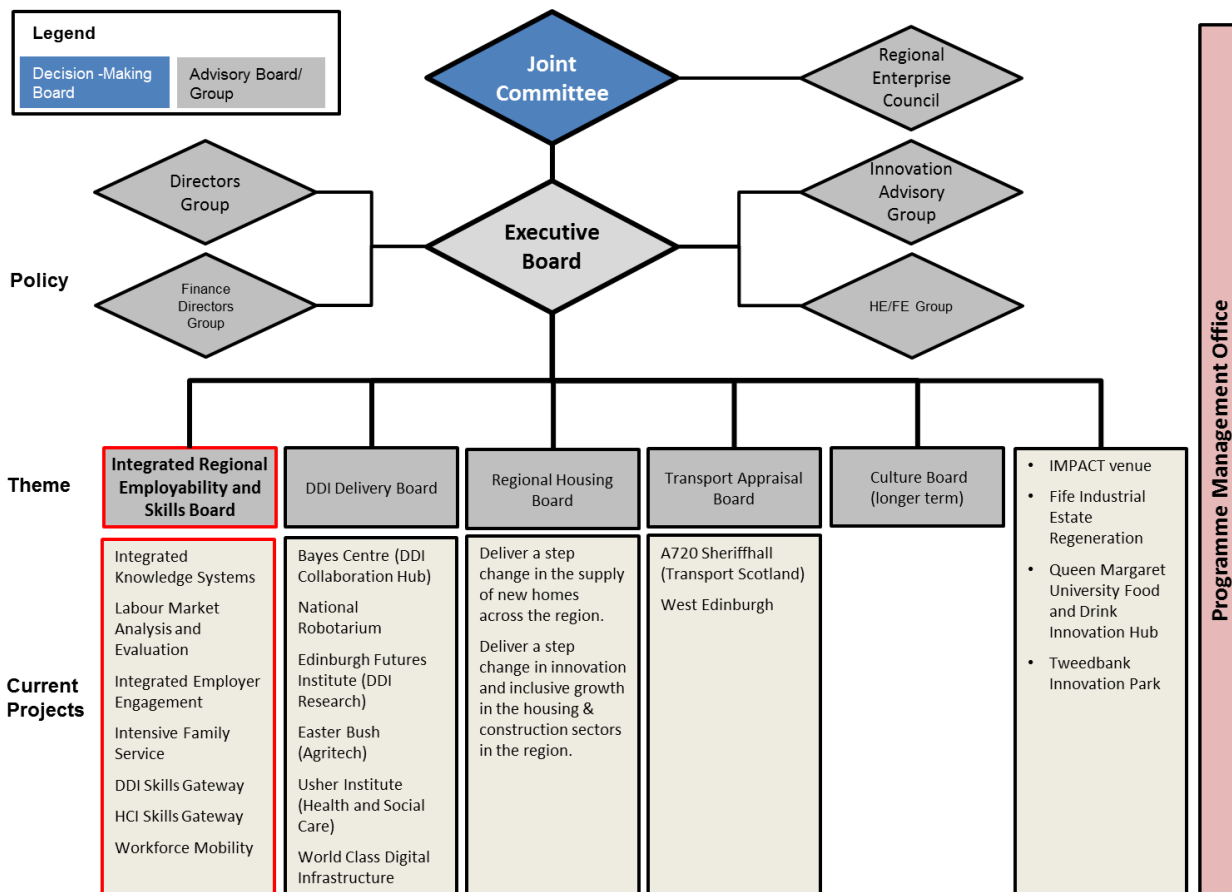


Figure 17: ESESCRD governance arrangements

The Deal is led and overseen by the Joint Committee (currently comprising Leaders of the six local authorities and a higher/further education representative – with a business/third sector representative(s) to be added) and supported by the Executive Board (comprising local authority Chief Executives and a HE/FE representative).

Delivery groups including an Integrated Regional Employability and Skills Board, Regional Business Leadership Council, Directors’ Group and Programme Management Office will support the structure, liaise with Government and feed into the Joint Committee and Executive Board as appropriate.

The IRES Board has been defined to ensure strong cross-organisational leadership and governance of the Employability and Skills programme and ensure best use of limited additional funding. Also, to strengthen our regional capacity to deliver more inclusive outcomes particularly, economic performance and productivity, labour market access, fair work, people, and place from the significant collective investment already made by partners.

### 7.2.2 Integrated Regional Employability and Skills (IRES) Board

The IRES Board will provide leadership and make recommendations to the Joint Committee on strategic and operational decisions relating to the City Region Deal IRES Programme that drive progress towards intermediate milestones and long-term ambitions set out in the [Programme Vision and Model](#)

Its remit and actions will be exercised with the parameters of the ESES City Region Deal Governance framework and any standing orders, assurance protocols, or priorities set by the Joint Committee or Executive Board and the IRES programme Business Case.

The aim is to create the strong senior cross-sector leadership necessary to drive progress towards the most dynamic and inclusive regional labour market in Scotland

The IRES board will be the recognised regional forum for collaboration on employability and skills matters within the City Region. It will augment and build upon existing structures without superseding them, unless by agreement with relevant partners or recognised groups, and its responsibilities can be amended at any time by the Joint Committee, Executive Board, or by IRES Board with agreement of the Executive Board or Joint Committee, as appropriate.

It can draw upon expert advisors, City Region Deal resources, or create working groups to take forward the IRES programme and the fulfilment of its responsibilities.

The IRES Board membership will consist of 18 individuals nominated by the organisations or groups listed below to support the delivery of the IRES Programme and other activity remitted to it.

This organisation (group) list may be adjusted at any time by the Executive Board and any changes to designated nominees must be made in writing to the chair, who will maintain a list of current IRES board nominees.

Organisation or Stakeholder Group	Role	Board Members
Chair of the Board	Nominated by Executive Board	1
Local Authority Partners (also provides Schools Improvement Collaboratives link)	Strategic Co-ordination, Implementation and Operational Delivery of employability and skills training activity across the city region	6
Scottish Government, Fair Work Directorate	Integration and alignment with Scottish Policy Objectives and related interventions (e.g. Developing the Young Workforce, Fair Start Scotland, Apprenticeship Levy) to achieve Inclusive Growth	1
Scottish Funding Council	Ensure regional priorities are informing FE/HE sector delivery priorities	1
Department for Work and Pensions	Integration and alignment with UK Policy Objectives and related interventions (e.g. Universal Credit, Welfare, and Flexible Support Funds) and alignment of the region's Fair Start provision through consistency of referrals.	1
Skills Development Scotland	Provision of Labour Market Intelligence, performance analysis, National Training Programmes and careers advice and guidance in line with current and future labour market demand	1
NHS representative	Integration and alignment to wider health and wellbeing agenda to promote "fair/healthy" sustainable employment	1
Developing the Young Workforce (nominated by the 4 DYW Regional Boards)	Influence innovative and responsive curriculum to ensure sustainable relationships between schools and business/industry sectors. Champion changes in business culture and practice to support Inclusive Growth	1
Higher Education Universities (nominated by HE/FE Roundtable)	Provision of skills and qualifications relevant to current and future labour market demands while investing in new technologies and higher education relevant to meet those needs	1

Organisation or Stakeholder Group	Role	Board Members
Further Education Colleges (nominated by HE/FE Roundtable)	Provision of skills and qualifications relevant to current and future labour market demands while investing in new technologies and higher education relevant to meet those needs	1
Industry Representation (nomination by Regional Enterprise Council)	Support for development and delivery of project activity through existing engagement structures and project delivery teams. Champion changes in business culture and practice to support Inclusive Growth	1
Third Sector Representation (nominated by Third sector Interface Group)	Provision of training and support activity to support Inclusive Growth.	1
Lay member (selected for their knowledge and expertise)	Providing additional expertise, knowledge or lived experience, to aid improvement	1

Figure 18: IRES Board membership

The IRES Board Chair will be nominated by the Executive Board and the Vice Chair will be drawn from the IRES board members and it is expected that each nominated member will have the ability (within the relevant legal, CRD or organisational governance obligations) to commit their organisation to collective decisions.

Irrespective of their background or geography, it is the duty of all Board members to act in the best interests of the Edinburgh and South-East of Scotland City Region. All private and third sector members act in their individual capacity and not as a representative of their organisation.

All members are expected to comply with the code of conducts of their respective organisations and the values and aspirations of the city regional partnership.

Each member of the IRES Board has equal status and the principle of “one member-one vote” (made in person at the meeting) will apply. Whilst the IRES Board will endeavour to work through issues and differing points of view to achieve a consensus on any recommendations, where this is not immediately possible, option exists to either continue discussion at a future Board meeting or escalate to the Executive Board to resolve before presenting to the joint committee for final approval.

To be quorate at least nine board members must be present at the meeting and members will declare any pecuniary or non-pecuniary interest they may have on the agenda items being considered.

It is anticipated that the board will meet on a regular basis in step with the wider schedule of governance meetings to support effective and quick decision making.

The support and secretariat to the board will be provided by the Project Management Office and will have officers in attendance, but only in an advisory and support (non-voting) capacity.

### 7.2.3 IRES Working Groups

To support the board and aid programme development the following multi-partner working group structure has been established.

It is anticipated this structure will evolve as required by the board and the needs of the programme, or to support the wider City Region Deal programme.

Group membership will be tailored to the work being undertaken, drawing from partners or external expertise as necessary.

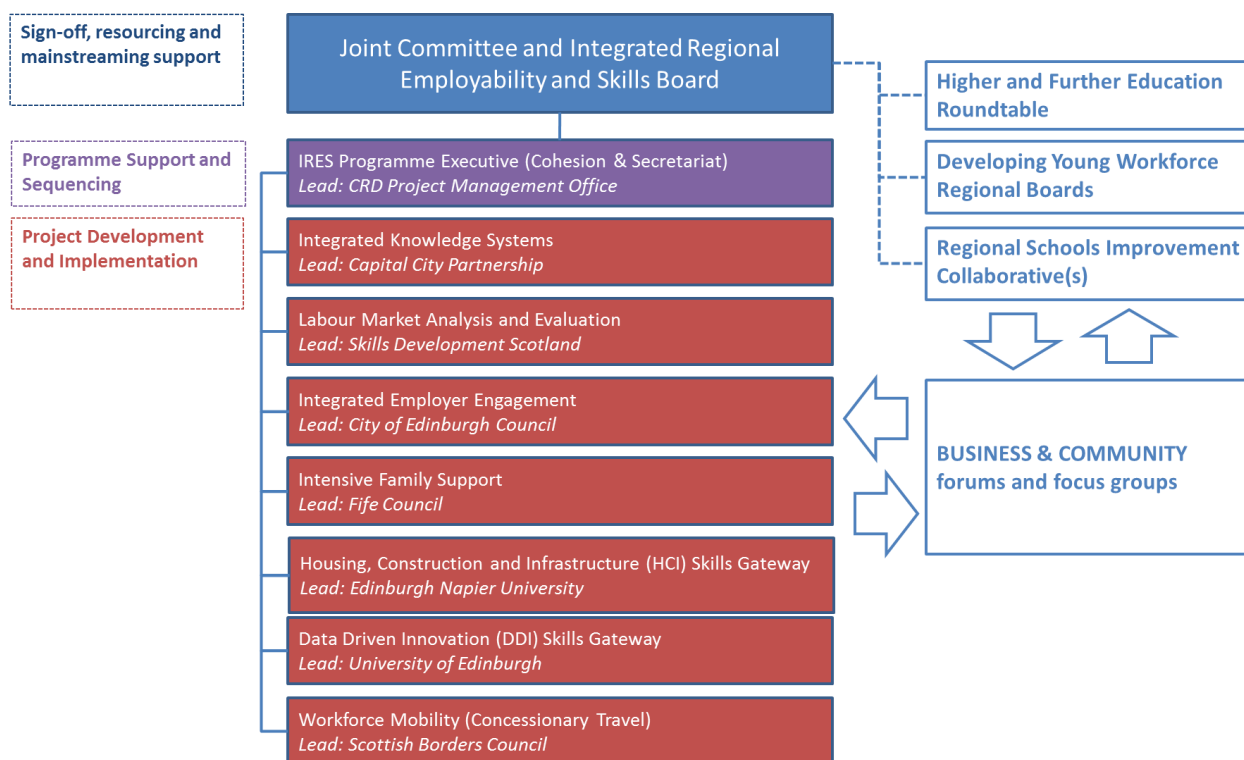


Figure 19: IRES programme working groups

Engagement of private and third sectors are integral to the region’s governance arrangements. The IRES governance model combines the best of private sector commerciality and expertise with public sector capacity, transparency and accountability. Business and third sector involvement will shape and inform the correct environment for economic growth, to tackle barriers and lead to greater efficiency and inclusive growth.

The detailed management and governance structures for the IRES Programmes funded Projects will be expanded upon within the individual [Project Propositions](#) as it is expected they will be adjusted based on evidence from the quarterly progress and annual reviews.

### 7.3 Procurement Strategy

Please refer to the [Commercial Case](#) of this document.

### 7.4 Programme Plan

The employability and skills landscape is a complex environment with many interdependencies, variables and unknowns. It is therefore proposed to undertake changes on an incremental basis to minimise disruption to businesses and citizens, but at the same time drive steady improvement in the inclusive outcomes delivered.

Development and implementation of the programme will fall into four distinct phases over the eight-year investment period and beyond;

Programme Milestones	Due Date
<b>Phase 1: Establish</b>	
Ratify IRES Board's remit and membership and then establish the board along with any supporting structures and processes.	Nov 2018
Agree the existing programmes and services that will be overseen by the new board along with City Region Deal Projects.	Jan 2019
Finalise the IRES Programme Business Case with Government, ratify with IRES Board, and approved by Joint Committee.	Dec 2018
<b>Phase 2: Programme Delivery</b>	
Project Propositions developed, considered by IRES Board, approved by Joint Committee, commitment made by funding partners, and delivery of first phase activity initiated ensuring fit with the wider employability and skills funding and delivery landscape, avoiding duplication or competition.	By March 2019
Review and refine governance and partnership arrangements based on operational experience gained.	Nov 2019
Review intelligence from programme activity and labour market research to identify progress against targets, changes to funded activity, next step projects, service adjustments, or other changes	As per Project progress review schedule
Set out mainstreaming plan to sustain successful interventions, end redundant/ineffective activity, and create headroom for next step projects.	Nov 2019 onwards
Review and update implementation plan and other documents as required	As per Governance Framework
<b>Phase 3: Review and Deliver Next Step Change Projects</b>	
Mainstream successful activity ensuring fit with the wider employability and skills funding and delivery landscape, avoiding duplication or competition, end poorly performing interventions, and agree next step projects.	As per Project progress review schedule
Undertake mid-term review to determine that direction of travel is still appropriate given changes to context and learning	During early 2021
Develop next step propositions, identify funding sources, consideration by IRES Board, approved by Joint Committee, commitment made by funding partners, and delivery of second phase activity initiated	Mar 2020 onwards
Review intelligence from programme activity and labour market research to identify next step projects, service adjustments, or other changes	As per Project progress review schedule
Review and update implementation plan and other documents as required	As per Governance Framework
<b>Phase 4: Reinforce, Embed, and Further Develop</b>	
Embed new system components, monitor and adjust	March 2019 onwards
Review intelligence from programme activity and labour market research to identify next step projects, service adjustments, or other changes	As per Project progress review schedule
Review and update implementation plan and other documents as required	As per Governance Framework

Figure 20: Programme Plan

The programme and project plan will evolve as the City Region Deal and IRES Programme develops and matures. These will be supplemented with project level plan (detailed with individual [Project Propositions](#))

to articulate how individual projects will develop, realizes the agreed benefits and outcomes, support the delivery of programme aspirations, and leave a lasting legacy.

## 7.5 Contract Management

In [Commercial case](#)

## 7.6 Risk Management Strategy

Risk management is an integral feature of the IRES Programme and the programme risk register [ANNEX](#) covers all aspects of the business case ie. Strategic, Economic, Commercial, Financial and Management.

The IRES Board are ultimately responsible for managing all aspects of programme and project risk and plans will be reviewed on an ongoing basis by a sub group of the IRES Board to ensure they satisfactorily capture the up to date risk profile and ensure there are appropriate mitigation procedures in place.

New risks will be highlighted to the Board and where escalation is required mitigating actions will be agreed and implemented along with agreed timescales for review.

It is expected as part of the Project Proposition development that management risks at project level will be identified and mitigation measures put in place and monitored as part of the quarterly progress monitoring and annual review processes.

The management risks and mitigation measures that have be identified at this stage in the development process are as follows

Management Risks	Mitigation Measures
<p><b>Programme and project management capacity</b></p> <p>Inadequate programme or project management results in failure to deliver agreed outcomes</p>	<ul style="list-style-type: none"> <li>• Ensure appropriate Project Management and delivery oversight is in place and adopt programme and project management best practice. The management arrangements will be reviewed on an annual basis to ensure they are sufficient for purpose</li> <li>• Experienced employability project managers to oversee and deliver the projects. Robust data will be interrogated on an ongoing basis and community/employer liaison will underpin delivery.</li> <li>• Project propositions and implementations plans will detail how delivery against targets will be assured.</li> <li>• Risk management is an integral feature of the IRES Programme and the programme risk register covers all aspects of the business case i.e. Strategic, Economic, Commercial, Financial and Management</li> <li>• The IRES Board are ultimately responsible for managing all aspects of programme and project risk and plans will be reviewed on an ongoing basis by a sub group of the IRES Board to ensure they satisfactorily capture the up to date risk profile and ensure there are appropriate mitigation procedures in place</li> <li>• New risks will be highlighted to the Board and where escalation is required mitigating actions will be agreed and implemented along with agreed timescales for review</li> <li>• The partnership will conduct a mid-programme evaluation in 2021 to check the direction of travel is still right</li> </ul>

Figure 21: Management Risks and Mitigations



## 7.7 Benefits Realisation Plan

The IRES improvement model (**Plan → Do → Review → Revise**) outlined the programmes approach to build on good practice. The below figure builds on this and illustrates how project benefits will be realised and mainstreamed for each independent project lifecycle.

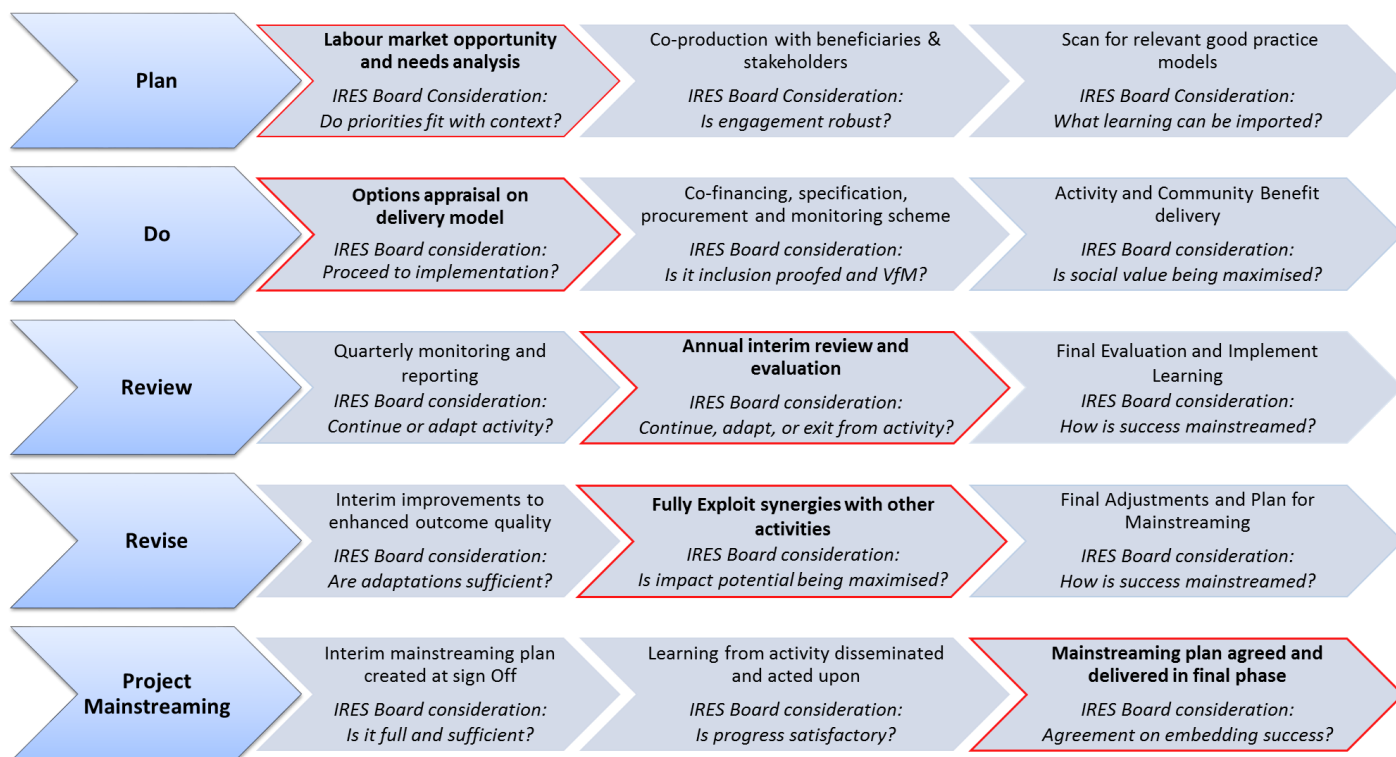


Figure 22: Programme/Project Lifecycle

Benefits realisation management (BRM) will include consistent BRM definitions across the IRES Programme and help guide investment decisions. BRM evaluation and monitoring reports will incorporate clear indicators to measure progress in accordance with Scottish Government’s Inclusive Growth monitoring framework with specific focus on inclusive growth outcomes; Economic Performance and Productivity, Labour Market Access, Fair Work, People, and Place

## 7.8 PIR/s and PER

Project implementation review (PIR) and Project evaluation review (PER) process that will be put in place will ensure rigorous project implementation and evaluation with both based on good practice principles within the Scottish Government Gateway Review process. The Local Authorities existing process for project implementation and evaluation (for major capital and revenue investments) will be template for the IRES Programme. This approach is firmly rooted in the “Plan-Do-Review-Revise” methodology described earlier.

The IRES Programme Board will regularly monitor and review performance with improvement plans introduced where performance is behind profile. Review timetables will align as appropriate with other wider City Region Deal reviews (e.g. Quarterly Progress report, Annual Reviews, and mid-term review).

## 7.9 Contingency Plan

The IRES Board have overall responsibility for the development and management of the IRES Programme Contingency Plan. This Plan has three main functions:

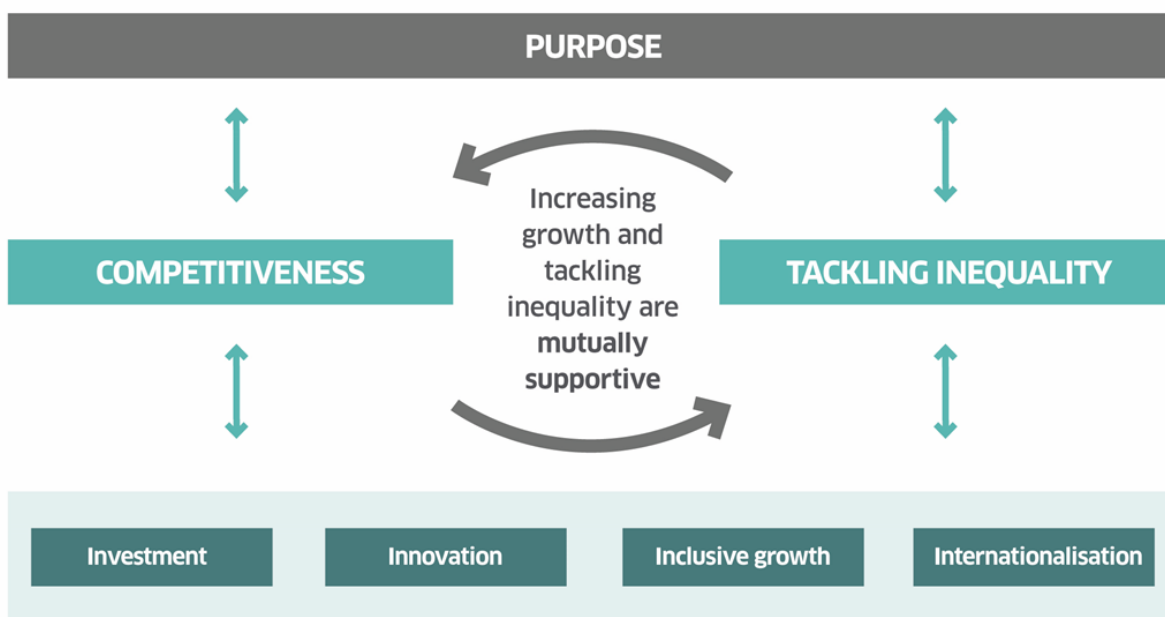
- clear and unequivocal statement of commitment from each of the IRES partners to ensure that contingency planning is taken seriously throughout the partnership
- establishment of a structure whereby strategic, emergency co-ordination can be achieved, by identifying key people, allocating resources and formulating policies and procedures
- identification and confirmation of dependent relationships between strategic and operational level plans and the dependant response structures across the partnership.

The contingency plan ensures a direct response to emergencies and the model of response and is structured across 3 levels:

- **Strategic:** Senior Management of each strategic Partner, (dealing with events which have the potential to have a Region-wide impact)
- **Local:** where the impact effects one of more of the partners, but does not have region-wide consequences, almost inevitably involving a contribution from agencies external to the partnership (such as Police, Fire Service etc.)
- **Operational:** Where this may affect programme level and delivery partners (e.g. highly focussed objectives such as achieving key target objectives, working in areas of disadvantage and deprivation).

## ANNEX 1: Scottish Government Inclusion Framework and Diagnostic

Figure E.1: Scotland’s Economic Framework



### Inclusive Growth Definition

“Growth that combines increased prosperity with greater equity; that creates opportunities for all and distributes the dividends of increased prosperity fairly” - **Scotland (SES)**

### Inclusive Growth Measurement Framework

Five Core Draft Outcomes, underpinned by indicators:

- **Economic Performance:** *Economic growth is resilient, sustainable, and inclusive;*
- **Fair Work:** *Fulfilling, secure and well-paid jobs, where employees’ contributions are encouraged, respected and valued;*
- **Labour Market Access:** *Improved access to labour markets and jobs, inequality of opportunity to access work is addressed, and everyone is able to maximise their potential;*
- **People:** *Economic benefits and opportunities are spread more widely across Scotland’s population, with lower poverty levels, and more equal income and wealth distribution; and,*
- **Place:** *More economic opportunities across Scotland’s cities, towns, regions and rural areas, ensuring sustainable communities.*

### Assessment of Opportunities and Constraints to Inform Priorities

Constraint	Inclusion		Growth		Sustainability		Trade-off /Synergies	Feasibility (SG power)	Ranking
	Impact	Evidence	Impact	Evidence	Impact	Evidence			
X	Large	Strong	Small	Strong	Medium	Weak	Positive	Yes	1
Y	Medium	Weak	Medium	Weak	Large	Weak	Negative	Yes	2
Z	Small	Strong	Medium	Medium	Small	Weak	Neutral	No	3

## ANNEX 2: Project Longlist/Shortlists

In identifying projects to help deliver address gaps, weakness or inefficiencies in the regional system of employability and skills support that help deliver progress against IRES programme goals, the partners consider the various activities that could be undertaken by the partnership to identify common themes and activities that would add value rather than duplicate well-functioning services or act an innovation testbed for the future.

### Project Ideas and Clustering

A partnership workshop helped identified the initial set of ideas to develop, following discussion and testing against selection criteria to inform a collective decision on the projects that would be taken forward, into a short-list and detailed development.

LA Partner Initial Project Ideas	Project	East	Edin	Fife	Mid	Bor	West
<b>Pillar 1: Regional Leadership and Improvement Capacity</b>							
• Adult Learning Partnership	0				X		
• Local Authority Guarantee	0		X			X	
• Universal employability service	0	X			X		
<b>Pillar 2: Understanding of Labour Market Need and Opportunity</b>							
• Labour Market Supply and Demand Analysis	2	X	X	X	X	X	X
• Intervention Impact & Improvement Analysis	1,2	X	X				
• Workforce Modelling and Future Proofing	2,3,5,6			X			
<b>Pillar 3: Building Strong Employer and Citizen Relationships</b>							
• Integrated Business Support Service	3,5,6		X	X		X	X
• Reducing inequalities and promoting employment across communities/ families	4,5,6,7	X	X	X			X
• Supported Employment Service	3,4,5,6	X	X				
• Specialist Support for those with Health/ Disability Issues	3,4,5,6			X			X
• Working for Families approach	4				X		
• Looked-after young people service	4			X			
<b>Pillar 4: Targeted Skills Development</b>							
• Alternative Curriculum review	0	X					
• Business Led Academies	5,6	X	X	X			X
• Developing the Young Workforce	5,6	X			X	X	
• STEM Initiative	5,6						X

LA Partner Initial Project Ideas	Project	East	Edin	Fife	Mid	Bor	West
• Future Technologies Centre	6	X					
• Workforce upskilling fund (individual/SME) ERI	3,5,6	X	X	X	X		X
• MiTech	6				X		
• STEM - Services in Training and Employment	5,6				X		
• Develop Employability Support Pipeline	All					X	
<b>Pillar 5: Active Opportunity Matching</b>							
• Integrated Case Management (Client) System	1	X	X	X	X		X
• Improving Access to Regional Opportunities	7						
<b>Clustering of Project Ideas</b>							
0. IRES Board, 1. Integrated Knowledge System, 2. Labour Market Analysis and Evaluation, 3. Integrated Employer Engagement, 4. Intensive Family Support, 5. DDI Skills Gateways, 6. HCI Skills Gateways, 7. Workforce Mobility							

## ANNEX 3: Risk Matrix (October 2018)

Risk	Mitigation Measures
<p><b>Programme fit, cohesion, and impact</b></p> <p>The programme does not secure sufficient partner (stakeholder) buy-in and control to ensure an integrated set of interventions and satisfactory progress towards long terms Inclusive Growth and system change (VfM) goals</p>	<ul style="list-style-type: none"> <li>• Joint committee and Executive Board provide senior level leadership and support of programme goals</li> <li>• Early establishment of an empowered IRES Board with strategic oversight and responsibility for programme delivery.</li> <li>• Work with the Scottish Government Cities team on developing and implementing the Inclusive Growth Framework</li> <li>• ESESCRD PMO to develop the IRES programme as a rolling programme with additional detail on activity, modeling and costings developed as required to ensure strategic fit, satisfactory progress, and VfM</li> <li>• Strong and interlinked Project working groups established to drive development, implementation, adjustment and mainstreaming</li> <li>• Integrated Knowledge System and Labour Market Analysis and Evaluation project strands in place to support cohesion and good decision-making</li> <li>• Quarterly progress reports and annual progress reviews will be undertaken throughout the programme implementation period</li> <li>• The partnership will conduct a mid-programme evaluation in 2021 to check the direction of travel is still right</li> </ul>
<p><b>Performance and good practice learning</b></p> <p>IRES is expected to deliver a significant impact across the whole City Region Deal in terms of Inclusive Growth, however, the detail of the monitoring framework and expectations/outputs and outcomes are still being developed.</p>	<ul style="list-style-type: none"> <li>• ESESCRD PMO to develop the IRES programme as a rolling programme with additional detail on activity developed as required to ensure satisfactory progress against outcomes and measure to ensure VfM</li> <li>• The IRES Partnership structures and engagement and communication activity that will be developed will capture, disseminates, and mainstreams learning</li> <li>• The IRES Programme Structures, Integrated Knowledge System, and Labour Market Analysis and Evaluation project strands in place to support the capture and dissemination and mainstreaming of learning.</li> </ul>
<p><b>Disadvantaged citizens and low-income families benefit from the change</b></p> <p>There is a risk that disadvantaged citizens and families do not see tangible long-term benefits from the programme, projects or changes in culture and practice stimulated by the IRES programme</p>	<ul style="list-style-type: none"> <li>• Work with the Scottish Government Cities team on developing and implementing the Inclusive Growth Framework</li> <li>• Early establishment of an empowered IRES Board with strategic oversight and responsibility for programme delivery and support of inclusive growth goals.</li> <li>• Project propositions and implementations plans will detail how delivery against inclusion targets will be assured.</li> <li>• Analysis of the impact of interventions on benefit eligibility and financial circumstances along with any mitigation measures will be built into project proposition narratives.</li> </ul>

Risk	Mitigation Measures
	<ul style="list-style-type: none"> <li>The Intensive Family Support Service and Workforce Mobility projects will aim to engage with vulnerable families and connect them into the opportunities being made available in the region</li> </ul>
<p><b>Project fit and impact</b></p> <p>Developments in the economy, operational environment, performance factors, or good practice developments mean projects within the programme (or existing services) are no longer required in their current format or there is evidence of under/over provision</p>	<ul style="list-style-type: none"> <li>The ESES partnership and IRES Board structures will be established to oversee the programme, constituent projects and wider change ambitions.</li> <li>Progress will be regularly reviewed and the project portfolio and implementation plan amended as appropriate to ensure alignment with changes in the labour market and operational context.</li> <li>Programme and Project activity will draw extensively upon collective partner knowledge and utilise co-production and community engagement techniques to ensure activities are fit for purpose.</li> <li>The Partners/IRES Board will review resources available and ensure the programme of investment that can be delivered (inc. IRES change fund, partner resources, and external leverage).</li> <li>Release of ESESCRD IRES change funds for Projects will be subject to the recommendations of the IRES board and approved by Joint Committee who will be satisfied that no other funding (as funder of last resort) or effective delivery mechanism exists.</li> <li>Project delivery agreements define measures of success and funding arrangements and where under performance is identified this will be referred to the IRES Board for agreement on the course for action. This may include redesigning the programme or ceasing delivery.</li> <li>Where there is evidence of poor performance, unnecessary duplication or complexity in the wider employability and skills system an analysis and report will be submitted to the IRES Board for consideration and action. This action may include redesigning the project, exiting from the project, or advocating for change in the wider service environment.</li> </ul>
<p><b>Availability of public finance</b></p> <p>The potential loss of external funding arising from Brexit (e.g. ESF), Public Sector funding restraint and inflation can over time erode the capacity of the partners to fund services and projects needed by citizens and businesses</p>	<ul style="list-style-type: none"> <li>Work with the partners to quantify the potential risk and seek strategies to minimize this, accepting there will be no recourse to additional CR funding to plug such gaps.</li> <li>Partners will decide and agree an acceptable level of risk to carry.</li> <li>The costs of the projects will be agreed at the outset and will be delivered within the agreed cash envelope.</li> <li>Where the delivery cannot be made within the existing project budget, due to reasonably unforeseen circumstances, this will be notified through the PMO to determine appropriate set of remedial actions</li> </ul>
<p><b>Private sector investment and support for inclusion</b></p>	<ul style="list-style-type: none"> <li>Early engagement with potential investors. Stakeholder Engagement Strategy to be developed in parallel with the Business Case</li> <li>The Integrated Employer Engagement and DEC/DDI Skills Gateway Projects aim to nurture employer relationships to demonstrate the business benefits</li> </ul>

Risk	Mitigation Measures
<p>There is a risk that the private sector buy-in and investment cannot be achieved</p>	<p>of inclusive practices and the value of the services that have been put in place to encourage future direct and indirect investment.</p>
<p><b>Programme and project management capacity</b></p> <p>Inadequate programme or project management results in failure to deliver agreed outcomes</p>	<ul style="list-style-type: none"> <li>• Ensure appropriate Project Management and delivery oversight is in place and adopt programme and project management best practice. The management arrangements will be reviewed on an annual basis to ensure they are sufficient for purpose</li> <li>• Experienced employability project managers to oversee and deliver the projects. Robust data will be interrogated on an ongoing basis and community/employer liaison will underpin delivery.</li> <li>• Project propositions and implementations plans will detail how delivery against targets will be assured.</li> <li>• Risk management is an integral feature of the IRES Programme and the programme risk register covers all aspects of the business case i.e.. Strategic, Economic, Commercial, Financial and Management</li> <li>• The IRES Board are ultimately responsible for managing all aspects of programme and project risk and plans will be reviewed on an ongoing basis by a sub group of the IRES Board to ensure they satisfactorily capture the up to date risk profile and ensure there are appropriate mitigation procedures in place</li> <li>• New risks will be highlighted to the Board and where escalation is required mitigating actions will be agreed and implemented along with agreed timescales for review</li> <li>• The partnership will conduct a mid-programme evaluation in 2021 to check the direction of travel is still right</li> </ul>



## ANNEX 4: IRES Programme, Inclusion Impact Pathway

Strategic Context	Inputs	Outputs		Outcomes		
Situation	Investments	Activities	Beneficiaries	Short-term (1-3 years)	Medium-term (3-6 years)	Long-term (7-10 years)
<ul style="list-style-type: none"> <li>Market Demand</li> <li>Needs</li> <li>Assets</li> <li>Symptoms</li> <li>Problems</li> <li>Stakeholder Engagement</li> </ul>	Development of Regional Enablers to support an integrated employability and skills offer	Integrated Regional Skills and Employability Programme:		Deliver system-wide improvements through the Implementation of IRES Programme	Increase opportunities from disadvantaged groups into healthy, sustainable employment	Enhanced career opportunities in higher skilled, higher paid jobs, reducing earnings / productivity gap
		<b>Enablers:</b>		<ul style="list-style-type: none"> <li>Labour Market Intelligence</li> <li>Integrated Employer Engagement</li> <li>Integrated Knowledge Management</li> <li>Active Opportunity Matching</li> <li>Concessionary Travel</li> </ul>	<ul style="list-style-type: none"> <li>Skills Providers and Businesses</li> <li>Business</li> <li>Skills Providers</li> <li>Businesses and beneficiaries</li> <li>Beneficiaries</li> </ul>	LMI and expertise is fully utilised / commissioned activity adds value
<b>Alignment</b> <ul style="list-style-type: none"> <li>Vision</li> <li>Objectives</li> <li>Resources</li> <li>Local Dynamics</li> <li>Collaborators</li> <li>Intended Outcomes</li> </ul>	Commitment from Partners to align local employability and skills spend to avoid duplication	<b>Programmes:</b>		Stronger relationships with employers providing better understanding of needs	Increase flow of disadvantaged groups into employment, reducing inequalities and skills shortages	Ensure maximum value and social benefit is generated from wider City Deal Investment
		<ul style="list-style-type: none"> <li>Intensive Family Support Service</li> <li>Targeted Skills Gateway (Housing and Construction)</li> <li>Targeted Skills Gateway (Digital Driven Innovation)</li> </ul>	<ul style="list-style-type: none"> <li>Families, deprived communities</li> <li>Beneficiaries, Businesses</li> <li>Beneficiaries, Businesses</li> </ul>	Aligned digital systems to support access to opportunities, regardless of geography	Effective pooling, analysis and tailored distribution of performance information to inform decision making	Better utilisation of resources to track & trace opportunities into enhanced career opportunities, reducing the earnings gap
		<ul style="list-style-type: none"> <li>Complimentary City Deal Investments:                             <ul style="list-style-type: none"> <li>Housing</li> <li>Infrastructure</li> <li>DDI</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Expansion of Skills and Recruitment and Hubs</li> </ul>	Online sector specific talent pools shortlisting candidates	Minimal hard to fill vacancies within City Region due to efficiency of job matching	
		<ul style="list-style-type: none"> <li>Identify a range of rural areas for mobility / transport pilots</li> </ul>	Pilot approaches in several rural areas to reduce barriers to full mobility	More flexible workforce accessing opportunities across the City Region		
		<ul style="list-style-type: none"> <li>Introduce approach to breaking generational cycles of poverty</li> <li>Address skills shortages by linking education &amp; providers in key growth sector</li> <li>Address skills shortages by linking education &amp; providers in key growth sector</li> </ul>	<ul style="list-style-type: none"> <li>Increase flow of people from disadvantaged families into positive destinations</li> <li>Enhance opportunities for those from all sections of society to progress into higher skilled/paid jobs</li> <li>Enhance opportunities for those from all sections of society to progress into higher skilled/paid jobs</li> </ul>	<ul style="list-style-type: none"> <li>Reduce inequalities &amp; minimise skills shortage that could impact inclusive growth</li> <li>Creation of new jobs, improved productivity and increased GVA</li> <li>Creation of new jobs, improved productivity and increased GVA</li> </ul>		

## Scale and regional distribution of expected outcomes and benefits

The Integrated Regional Employability and Skills (IRES) programme envisages an incremental re-engineering and augmenting of the currently fragmented regional service landscape to;

- Increases the visibility of regional opportunities to our citizens and puts in place the tailored supports required by disadvantaged sections of society<sup>1</sup> to unlock good careers
- Opens-up new and diverse talent pools to businesses that helps minimises skills gaps and demonstrates the value of an inclusive approach to recruitment and workforce development
- evolve, streamline, and integrate the regions employability and skills system to increase its capacity to adapt to an increasingly dynamic economy and labour market.
- Deliver 14,700 net additional skill improvements and 5,300 into employment with a priority on closing the opportunity and employment gap for;
  - people with a disability or enduring health conditions,
  - those from workless or low-income (< 60% median) families,
  - disadvantaged young people including “Care Experienced” individuals, and
  - people from minority ethnic communities
  - women entering or advancing within DDI or HCI careers

The IRES proposal will give greater regional coherence and empowered decision making around a natural labour market area and

- be central to maximising the value of City Region Deal investments by delivering the workforce element
- future proof the regional economy through stimulating a positive step change in equality, capacity and productivity
- improve the focus of limited resources through target and collaboration around a natural economic geography
- encourage meaningful participation by stakeholders in designing and delivering services and interventions
- Return significant impact for minimal extra investment and will help stimulate additional value for money for partners in future years

The programme will provide opportunities to achieve better economies of scale and a strengthening of career progression routes for those who face significant labour market disadvantage.

In addition to the qualitative impacts outlined in the [Strategic Case](#) and the inclusion impact pathway detailed in the [ANNEX](#) it is expected that the following high-level quantitative outcomes will be delivered over the investment period by the programme.

Stage	Measure	Client Group Target over 8 Years	LA Profile Target over 8 Years <sup>2</sup>
1-4	<b>ENHANCED OUTREACH:</b> Improved outreach attracts additional people from following disadvantaged or under-represented groups into the programme	20% increase on baseline established in Year 1	CEC: 32% ELC: 8% Fife: 33% Mid: 5%

<sup>1</sup> Including the nine groups protected under the Equality Act 2010, <https://www.equalityhumanrights.com/en/equality-act/protected-characteristics>

<sup>2</sup> Profile based the proportion of the regions unemployed (modelled) citizens for employment and low paid (below living wage) citizens (Source Nomis Jul 2017)

Scale and regional distribution of expected outcomes, benefits, and leverage, from activity

Stage	Measure	Client Group Target over 8 Years	LA Profile Target over 8 Years <sup>2</sup>
	<ul style="list-style-type: none"> <li>• People with a disability or enduring health conditions</li> <li>• People in workless or low-income (&lt; 60% median wage) families</li> <li>• Care Experienced and disadvantaged young people</li> <li>• Disadvantaged people within the BME Community</li> <li>• Women entering or advancing within DDI or HCI related careers</li> </ul>		SBC: 10% WLC: 12%
3-4	<b>EMPLOYMENT:</b> Additional people moving into employment <ul style="list-style-type: none"> <li>• Sustaining employment for at least 13 weeks</li> <li>• Sustaining employment for at least 6 months</li> </ul>	5,300	CEC: 36% ELC: 9% Fife: 29%
3-4	<ul style="list-style-type: none"> <li>• Enhanced targeting supports additional people from the above disadvantaged or under-represented groups secure and sustain employment</li> </ul>	20% increase on baseline established in Year 1	Mid: 7% SBC: 7% WLC: 13%
4-5	<b>CAREER PROGRESSION:</b> Additional people progressing into and sustaining (13 weeks and 6 months) better employment, earnings and careers <ul style="list-style-type: none"> <li>• Moving into higher earning role (Scottish Living wage or above)</li> <li>• Moving from existing into Medium to High Skills roles</li> <li>• Moving from temporary (insecure) work into a permanent role</li> </ul>	500	CEC: 32% ELC: 8% Fife: 33%
4-5	<ul style="list-style-type: none"> <li>• Enhanced targeting supports additional people from the above disadvantaged or under-represented groups into and sustaining better employment</li> </ul>	20% increase from the baseline established in Year 1	Mid: 5% SBC: 10% WLC: 12%
2-5	<b>ENABLERS:</b> Additional accredited training and skills improvements	14,700	
2-5	<ul style="list-style-type: none"> <li>• Enhanced targeting supports additional people from the above disadvantaged or under-represented groups achieve skills improvements that unlock latent talents and help secure higher earnings.</li> </ul>	20% increase from the baseline established in Year 1	

Figure 1: Anticipated Programme Outcomes

These targets will be refined as the partnership matures and project propositions are developed to implementation stage, to ensure that they remain relevant to the inclusion challenges of the region and are stretching and delivering value for the money.