

EAST AYRSHIRE COUNCIL

DEVELOPMENT SERVICES COMMITTEE - 20 MAY 2003

EAST AYRSHIRE EMPLOYMENT INITIATIVE.

Report by the Director of Development Services

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide the Committee with a progress report on the work of the East Ayrshire Employment Initiative in accordance with Public Pound operating guidelines.

2. BACKGROUND

- 2.1 East Ayrshire Employment Initiative was established in 1998 following a lead by East Ayrshire Council with the aim of addressing the unacceptably high unemployment levels in East Ayrshire. The company is limited by guarantee with charitable status and is managed by a Board of Directors drawn from the following agencies;

- East Ayrshire Council
- Scottish Trades Union Congress
- Council for Voluntary Organisations (East Ayrshire)
- Ayr College
- Kilmarnock College and
- Jobcentre Plus

The membership of the Board is completed by the Member of Parliament for Kilmarnock and Loudoun, the Member of the Scottish Parliament for Kilmarnock and Loudoun and an individual representing local voluntary sector agencies. East Ayrshire Council currently holds the Chair.

- 2.2 Accordingly the Initiative is able to engage with the major players in the field of employment and training in a meaningful fashion.

- 2.3 Since its early days the Initiative has played a key role in the ongoing development of the New Deal within East Ayrshire. As such the organisation contracts with Jobcentre Plus to deliver the following;

- New Deal 18-24
 - Full Time Education and Training Option
 - Environmental Task Force Option
 - Gateway to Work
 - Enhanced Gateway to Work Pilot.
- New Deal 25+ Individual Activity Period; and
- East Ayrshire Works Transitional Employment Project.

2.4 There is also the recognition within the Initiative that there are significant numbers of local people who are not eligible for the New Deal but are seeking assistance in relation to employment and training. Accordingly the Initiative manages support programmes such as;

- Step Up; and
- The Individual Employment Fund.

The Initiative also offers individual packages of jobsearch support aimed at securing employment for long term unemployed people.

2.5 The Initiative has undergone a process of continuous development since its inception and its turnover has grown from £385,000 in its first year of trading to £1.4m within the financial year 2001/2002. In order to manage and implement the various contracts and other services mentioned earlier in this report the Initiative's running costs are approximately £470,000 per annum the bulk of which is made up of staff costs. This represents 33% of turnover, thus for every £3 spent, £2 is allocated to supporting the long term unemployed.

2.6 For the year to 31 March 2003 the Initiative's performance is as follows;

- Local people into programmes 988 (Target 1000)
- Local people into employment 397 (Target 350)
- Local Employers visited 86 (Target 100)

2.7 The Government sees East Ayrshire Employment Initiative as an important delivery agent in its drive to reduce unemployment as is exemplified by the award of contracts for national pilot programmes such as Step Up and Enhanced Gateway to Work. The drive to reduce unemployment clearly involves a wider constituency than the Employment Initiative alone, however, the organisation continues to be central to the local reduction in unemployment statistics.

2.8 Recent statistics suggest that whilst the national average of conversion of trainees to full time employment stands at 30%, East Ayrshire Employment Initiative serves a rate of 42% which is a considerable achievement.

3. DEVELOPMENT PLAN

3.1 East Ayrshire Employment Initiative has compiled a Development Plan for 2003/2004, a copy of which is available from the Chief Executive of the Initiative upon request.

3.2 The company maintains a high level of financial control over its activities, with regular reports given to the Department for scrutiny. There are regular Board Meetings which are well attended.

4. VALUE FOR MONEY

- 4.1 In terms of the East Ayrshire Council's guidelines regarding Value for Money the financial contribution from the Council will lever in a further £1.2 million. This means that for every pound contributed by the Council a further £6 pounds will be received from other sources.

5. FINANCIAL IMPLICATIONS

- 5.1 Financial projections for this financial year indicate that the Initiative will break even by drawing upon finance from its reserve funds.
- 5.2 The Council has a planned reduction in its financial support year-on-year from a level of £285,000 in 1998 to £160,000 for the financial year 2002/2003. This is following an increase in earned contract income from other sources. However, continuing financial support from East Ayrshire Council is seen to be crucial to the support of the core structure of the organisation. Accordingly discussions are to be organised between officers of the Council and the Initiative to explore future funding arrangements.

6. LEGAL IMPLICATIONS

- 6.1 There are no legal implications.

7. POLICY IMPLICATIONS

- 7.1 The East Ayrshire Employment Initiative assists the Council in meeting the aim of the Council Plan to 'Tackle Unemployment' by assisting the unemployed back to work or training.

8. RECOMMENDATIONS

- 8.1 It is recommended that the Committee:
- (i) Notes the significant part played by the Initiative in addressing the needs of local unemployed people; and
 - (ii) Notes that the funding requirements of the Initiative will be reviewed jointly with Council officers.

Stephen Chorley
Director of Development Services
RP/TM/KM
12 May 2003

LIST OF BACKGROUND PAPERS

1. **Development Plan 2003/04 – East Ayrshire Employment Initiative Ltd**

For further information on the contents of this report contact Robert Paton, Head of Economic Development. Tel. (57)6412.
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