

EAST AYRSHIRE COUNCIL**CABINET – 10 MARCH 2021**

**SUBJECT: AYRSHIRE GROWTH DEAL,
WORKING FOR A HEALTHY ECONOMY PROJECT**

**Report by the
Interim Head of Planning and Economic Development
Economy and Skills****PURPOSE**

1. This report is to provide an overview of the Ayrshire Growth Deal, Working for a Healthy Economy project.

RECOMMENDATIONS

2. It is recommended that Cabinet:
 - (i) Notes that an update report will be provided to a future meeting of Cabinet setting out the progress of the implementation of the project; and
 - (ii) Otherwise, notes the contents of the report.

BACKGROUND

3. At an early stage of developing the Ayrshire Growth Deal, it was agreed that Inclusive Growth would be an underlying principle surrounding all proposals, which will be designed to ensure that all communities can benefit from the projected opportunities.
4. North Ayrshire Council piloted the use of an Inclusive Growth Diagnostic in 2017 and this exercise was repeated for Ayrshire during 2018. The diagnostic results provide evidence of the main constraints to Inclusive Growth and as such has guided our proposals for the Ayrshire Growth Deal (AGD). The Ayrshire Diagnostic produced a prioritised list of constraints to address. Health was identified as the number one ranked constraint on Inclusive Growth in Ayrshire.
5. Like many areas that have suffered from post-industrial decline, Ayrshire has a poor health record, which not only impacts on individuals and communities but also has a cost attached for business and the taxpayer. We know that work and

health are inextricably linked and that working can improve health, but we also know that poor health can act as a barrier to people accessing economic opportunities. The 'Working for a Healthy Economy' project sets out to address this vicious circle. The overall aim of the project is – “to reduce health as a constraint to an inclusive economy in Ayrshire – both for individuals and businesses”.

6. As we look forward to a post Covid landscape, the importance of public health and the need for a healthy and productive workforce has perhaps never been clearer.
7. Following extensive discussion, research and consultation; proposals around a Health/Employability service were developed and submitted to both Scottish and UK Governments during 2018. The project has a working title of “Working for a Healthy Economy”.
8. The project was awarded £5 million as part of the Ayrshire Growth Deal programme and the FBC sets out the plan to utilise this funding over a 5-year period.
9. The Ayrshire Regional Partnership Board agreed on 6 June 2019 that North Ayrshire Council would lead this programme development. Following Heads of Terms in March 2019, North Ayrshire Council has led discussions with Scottish Government and kept the Project Board and the Ayrshire Growth Deal Programme Management Office informed of developments.
10. The Outline Business Case (OBC) was approved by Scottish Government on 19 February 2021 allowing the project to move to Full Business Case (FBC) stage. The FBC was approved by the Ayrshire Economic Joint Committee on 22 February 2022 and awaits endorsement by Scottish Government.
11. The project will be delivered by NHS Salus across Ayrshire. Once the FBC has been endorsed by Scottish Government, a contract will be issued within weeks and preparatory work can begin. It is anticipated that services can be operationalised over the summer of 2021.

DESCRIPTION OF PROJECT

12. The Scottish Government will commit up to £5 million to target large scale investment in occupational health services to ensure that Ayrshire has the requisite workforce to drive economic growth in the future. This project will serve to widen the labour pool and provide the basis for the maximisation of benefits arising from Ayrshire Growth Deal capital investments. Working for a Healthy Economy is a service that would support: -
 - unemployed residents overcome health barriers to economic activity
 - employed residents to retain employment by addressing health barriers and

- support local businesses to access health related supports to improve retention and productivity of their workforce.
13. NHS Salus (the delivery partner) have been at the forefront of developing and delivering health condition management services across Scotland. This approach is well tested and evidenced, however there have often been limits to the effectiveness and flexibility of the service due to funding constraints. The unique aspect of the AGD project is that it offers a person centred and criteria free, single access point to work focused health support across Ayrshire. The highly flexible model ensures the right level of support for each individual with the service range including:
- Single Intervention;
 - 6 session Case Management Model delivered via telephone or face to face;
 - Guided Self Help Group Work; and
 - Mental Health First Aid Training to raise partner and employer mental health awareness;
14. The model incorporates:
- a **condition management** approach of educating clients on maximising their life and work circumstances and
 - a **case management** approach complements by adding practical problem-solving information, techniques, coaching and support. This focused approach supports clients across all aspects of their lives and is successful in maximising progress towards employment and job retention.
15. Key drivers of success will be -
- Close integration with employability services resulting in a seamless service for individuals and effective targeting of excluded groups.
 - Close integration with business engagement and support functions to ensure referrals.
 - Easy and simple referrals and local delivery to encourage uptake.
16. NHS Salus have been delivering health supports to unemployed North Ayrshire residents since 2016. The service has been extremely well received by partners such as the Department for Work and Pensions (DWP) and has been consistently over-subscribed with referrals. The North Ayrshire service does not cater for employed people with health issues and does not support employers. The Ayrshire proposal adds these elements and would scale up across Ayrshire.

17. Outputs and Targets

OUTPUTS	TARGET	DATE DUE
No of people accessing assessment	960	2025/26
No of people accessing full management support via telephone	1,600	2025/26
No of people accessing full case management support delivered face to face	3,839	2025/26
% of people accessing a funded treatment	70%	2025/26
No of people receiving support via Group Work	2,400	2025/26
No of people receiving Mental Health First Aid training	960	2025/26

FINANCIAL IMPLICATIONS

18. This project is currently profiled to spend a total of £5 million revenue from the Ayrshire Growth Deal funding.
19. The financial profile below illustrates the estimated funding to be drawn down. This was agreed between the partnership and Scottish Government on 19 November 2020.

Financial Profile

Financial Years	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Total
Revenue	£100,000	£1,125,000	£1,125,000	£1,125,000	£1,125,000	£400,000	£5,000,000

20. 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 the project and wider inclusive growth goals. Due to delays in the approvals process, project delivery will now be in 2021/22 and spend in 2020/21 will not be as originally profiled above. This re-profile is reflected in the FBC.
21. It is proposed that North Ayrshire Council as lead authority of the Regional Skills and Inclusion Programme and lead contracting authority for this provision will incur costs, which will then be submitted to East Ayrshire Council as lead authority for the Ayrshire Growth Deal. East Ayrshire Council would then submit

financial claims for the activity to Scottish Government and when in receipt would reimburse North Ayrshire Council.

IMPLEMENTATION PLAN

22. The key partners, milestones, outcomes and risks are set out below.

Partners

PARTNER	ROLE/RESPONSIBILITY
North Ayrshire Council	Project Lead, Project Partner. Responsible for project governance, reporting, procurement
East Ayrshire Council	Project Partner
South Ayrshire Council	Project Partner

Milestones

DELIVERABLE	STATUS	DUE DATE
Advert for procurement framework issued	complete	2019/20
OBC approval	complete	February 2021
FBC approval	complete	February 2021
Contract award from framework		March 2021
Implementation period		March - May 2021
Quarterly project board meetings		Ongoing
Monthly meeting with contractor		Ongoing
End of programme/final drawdown		2025/26

Outcomes and Targets

Headline outputs	AGD Target
Unemployed residents supported	5172
Unemployed residents supported back to work (25%)	1293
Employed residents supported	4586
Employed residents retaining work (85%)	3898
Total residents supported	9758

Key Project Risks and Mitigations

RISK	MITIGATION
Programme design weaknesses	<ul style="list-style-type: none"> Various aspects of the model are well tested in other parts of Scotland – best practice will be monitored and implemented. Involvement of NHS Salus has provided expertise and an experienced delivery agent

National programmes are introduced which result in duplication	<ul style="list-style-type: none"> Closely monitor national developments and build in flexibility to contracting arrangements to allow us to change course at short notice
Severe Covid-19 and/or Brexit related recession may make job outcomes into work more difficult	<ul style="list-style-type: none"> Closely monitor national developments and build in flexibility to contracting arrangements Covid-19 impacts on specific groups will be assessed More targeted approach where necessary
Appointed contractor could be impacted negatively by Covid-19	<ul style="list-style-type: none"> As part of procurement process, robust checks have been made on financial standing of delivery organisations. NHS Salus have indicated that they are ready to start development work and operationalise spring/summer.
Project delay and macro-economic impact of Covid-19 and recovery	<ul style="list-style-type: none"> Early analysis identifies that the need for the project is unlikely to be diminished – in fact may be greater. Continued economic analysis and development of recovery plans should be implemented and robust project scoping should continue to ensure proposal meets needs.

DECISION PATHWAY

23. The project has met the decision pathway milestones as follows: (to be updated once information available)

Decision Pathway				
Stage	Milestone	Date achieved	Evidence	RAG Status
OBC	Scottish Government endorsement	19 February 2021	Email	G
OBC	Regional Economic Partnership (for info)	Presented 29 January 2021	Minutes of meeting	G
FBC	Economic Joint Committee	22 February 2021	Minutes of meeting	G
FBC	Scottish Government endorsement	Awaiting Decision	N/A	A

LEGAL IMPLICATIONS

24. The legal implications arising from this report are covered through the Agreement between Ayrshire's Councils.

HUMAN RESOURCES IMPLICATIONS

25. There are no human resource implications arising from this report.

EQUALITY IMPACT ASSESSMENT

26. The project has carried out an Equality and Fairer Scotland impact assessment. No Environmental Assessment was required.

COMMUNITY PLANNING/TRANSFORMATION IMPLICATIONS

27. The proposals contained within this report align with the Community Plan and will form part of the current review to integrate the Community Wealth Building principles with all three themes to support business and communities

CONSULTATIONS

28. The project board through the 3 Local Authority Employability Leads has been consulted throughout development. Scottish Government officials, expert in Health and Employability have been consulted extensively – all feedback has been responded to and incorporated into plans. Key local partners such as Department for Work and Pensions have been consulted during the Growth Deal development phase.

APPENDICES HAVE BEEN PLACED ON THE MEMBERS PORTAL

- Appendix 1: FBC for Working for a Healthy Economy
- Appendix 2: Local Authority AGD Agreement
- Appendix 3: AGD Government Document

Background Papers:

[Heads of Terms](#), signed by both the UK and Scottish Governments and Ayrshire's Councils on 8 March 2019

[Deal Document](#), signed by both the UK and Scottish Governments and Ayrshire's Councils on 19 November 2020

Members requiring further information should contact:

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