

Report

8

Report to:	Enterprise Services Committee
Date of Meeting:	21 August 2012
Report by:	Executive Director (Community and Enterprise Resources)

Subject:	Routes to Work South (RTWS) – Contract Variations
----------	--

1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ request approval to award additional resources to RTWS to provide support services to more unemployed and disadvantaged client groups in South Lanarkshire on the basis of the “Teckal” exemption.

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that Routes to Work South’s job brokerage contract with the Council in the current year be increased by £2,294,000 to a total of £3.9m to reflect the availability of additional resources for job subsidy payments to unemployed people and to further extend the delivery of the Rebuilding Programme from 1 October 2012 to the 31 March 2013.

3. Background

- 3.1 Since it began in 1998, Routes to Work South (RTWS) has provided valuable support services to unemployed and disadvantaged client groups in South Lanarkshire. RTWS is a company limited by guarantee registered with the Office of the Scottish Charities Regulator (OSCR) and Companies House. It is primarily governed by the Charities and Trustee Investment (Scotland) Act 2005 and company law.
- 3.2 At its meeting on 14 September, 2011, the Enterprise Resources Committee agreed to the changes to RTWS’s company structure and subsequent contract awards on the basis of the ‘Teckal’ exemption. The Council is now the sole member of the company and the “Teckal” exemption allows it to award work to RTWS without the need for tendering. The Council has 4 people on the RTWS Board, including an Elected Member.
- 3.3 At the Enterprise Resources Committee meeting in February 2012, it was agreed that the Council enter into a contract with RTWS to secure the delivery of Job Brokerage and Related Employability Support Services for a period of twelve months from 1 April 2012 to 31 March 2013. The contract value was £1.26 million. Subsequently the Enterprise Services Committee on the 19 June 2012 increased the value of this contract to £1.606 million to reflect an extension to its management of

the Rebuilding Programme and the delivery of additional places for young people under the General Jobs Fund.

- 3.4 At the June meeting of the Committee, it was also reported that the Council had been successful in receiving a number of sources of additional funds to support youth unemployment and employability services in 2012/2013. These included £1.457 million from the Scottish Government, the details of which were considered by the Executive Committee on 11 July 2012, and £0.43m from the Department of Work and Pensions. Consideration has now been given to how all of the various funding streams now available in the current year, amounting to around £6.8 million in total, should be delivered and managed in the round. RTWS, as the Council's job brokerage service, should have a key role to play in this process and this report sets out the variations required to their contract to enable them to help deliver the ambitious targets the Council has for getting young people into employment.

4. Current position and proposed variation to original contract

- 4.1 Routes to Work South has a good track record to date in the delivery of the Council's job brokerage services, consistently meeting targets set within available budgets. Satisfactory progress is being made in the current year against the challenging global and local economic operating environment. RTWS was originally contracted to support 2,000 workless people in the current financial year. To date it has achieved 38.9% of this target and is ahead of profile.
- 4.2 Given that the Council has decided to focus the majority of the resources now available to it in the current year on wage subsidy payments to employers, and that the contract with RTWS requires it to manage and administer such payments, it is proposed to allocate an additional £2.144 million of the Council's newly available funds to RTWS in order to enable it to manage and pay for 800 additional Wage Subsidy Programme participants. Only a very small percentage of this total will be available to RTWS to increase its operational capacity. The vast majority of these funds will be used for wage subsidies to employers.
- 4.3 RTWS are also currently contracted to deliver Rebuilding, a construction and energy sector training programme, from 1 April to 30 September 2012. Given that the early signs of performance are positive, it is proposed that this contract be extended through to the 31 March 2013 at a cost of £150,000, bringing it into line with the rest of the Council's European Union funded programme.
- 4.4 Taking all of the above into consideration, it is proposed that the RTWS contract be increased from £1.606 million up to £3.9 million for 2012/2013.

5. Employee implications

- 5.1 There are no direct employee implications

6. Financial implications

- 6.1 The revised allocation to RTWS of £3.9m for 2012/13 can be met from existing resources held within Community and Enterprise Resources budgets.

7. Other implications

- 7.1 The contracted services specifically support the Council's agreed priority to meet the needs of disadvantaged residents seeking work in the current challenging labour market. Any risk associated with the award of funding will be minimised through close monitoring of the contract. RTWS is wholly owned by the Council.

- 7.2 The revised terms and conditions of the contract will be agreed and formalised in a new contract document.
- 7.3. There are no significant issues in terms of sustainability arising from this report.
- 8. Equality Impact Assessment and Consultation Arrangements**
- 8.1 This report does not introduce a new policy, function or strategy or recommend a change to existing policy, function or strategy and, therefore, no impact assessment is required.
- 8.2 The Council consults widely with key partners, such as Skill Development Scotland and DWP, to ensure that its programmes complement those led by others and seeks to fill gaps in provision.

Colin McDowall
Executive Director (Community and Enterprise Resources)

20 July 2012

Link(s) to Council Objectives/Improvement Themes/Values

- Support the local economy by providing the right conditions for growth, improving skills and employability
- Tackling disadvantage and deprivation

Previous References

- Enterprise Resources Committee 14 September 2011 – Agenda Item 10
- Enterprise Resources Committee 15 February 2012 – Agenda Item 11
- Enterprise Services Committee 19 June 2012 – Agenda Item 6

List of Background Papers

- Routes to Inclusion Reports to Enterprise Committee

Contact for Further Information

If you would like to inspect the background papers or want further information, please

Contact: - Simon Carey, Regeneration Services

Ext: 3812 (Tel: 01698 453812)

E-mail: simon.carey@southlanarkshire.gov.uk