

SCVO response to the Economy, Energy and Fair Work Committee

Covid19: Economic impact on young people

July 2020

The Community Jobs Scotland (CJS) programme¹, funded by the Scottish Government and managed by the Scottish Council for Voluntary Organisations (SCVO), has operated since August 2011, across all local authorities. It has created over 9,500 paid opportunities with over 1,000 Scottish voluntary sector organisations for young unemployed people (aged 16 to 29) who are most disadvantaged in the labour market.

Currently, Phase 9 of CJS provides support to 548 CJS funded employees and 323 voluntary sector employers². Our work over the past nine years provides the basis of our evidence, along with recent feedback from employers and employees gathered during the coronavirus pandemic.

1. How can we ensure that young people have the skills needed to promote economic recovery and to ensure that they gain/remain in employment?

At a CJS event earlier this year³, employers cited confidence as the biggest barrier for young people, followed by interpersonal skills around integrating within the workplace. Meta-skills are crucial to increase confidence and ensure that young people gain/remain in employment. As one testimony from a former CJS employee highlights: "I have realised the value of being independent since I started my CJS job. I have a better understanding of working within a team and also now have the confidence to use my own initiative as and when needed" (Connor, One Parent Families Scotland, Dundee). It is important to understand and recognise that many employees will need help with basic life skills such as time keeping, communication with others, behaviours in the workplace. This should be more widely acknowledged and addressed with appropriate resources.

Responsibility and ownership are also key in enabling young people and giving them more confidence in the workplace. Young people must be given responsibilities and, as a result, they must also be held to account by employers to learn from their experience and progress further. Paid work experience is better as it feels more real to young people and employers by comparison to an unpaid work placement. In a programme evaluation conducted by the Training & Employment Research Unit from the University of Glasgow in 2012, on a scale of 1-5, CJS employees gave an average score of 4.5 on the importance of being paid a wage. As Lauren, a former CJS employee, explains: "I stay with my family and it is good to be able to contribute to the household income and bills with my wages" (St Macher Credit Union, Aberdeen).

¹ More information about CJS can be found at <https://scvo.org.uk/jobs/community-jobs-scotland>.

² In Phase 9, jobs were created in 27 different occupational areas; 58% of jobs were paid above the National Minimum Wage rate; 71.5% of the employees were from the targeted vulnerable groups; 49.8% of employees declared a disability or health condition; 43.2% of those declared a mental health issue; 44% of those aged 25 years or over had not had a job in over 12 months or had never worked.

³ The Gathering is organised every year by SCVO and is the largest free voluntary sector event in the UK. In February 2020, the CJS team from SCVO organised a session attended by 87 employers and employees from across Scotland to gather feedback on the programme and their needs for the future.

Training is also essential and the training fund available to CJS has been almost completely utilised throughout the coronavirus crisis. This is an additional flexible fund which can help cover the cost of training and support for CJS employees, delivered on first come, first served basis. It is generally based on £200 per person spend but this is flexible. This year's (2020/21) budget has been vastly reduced to approximately £15k. It has covered the costs for counselling sessions, mentoring, or youth workers camp/conference attendance. Most recently, online courses have included: mental health/wellbeing, social media and marketing, or HR essentials.

2. How can employers (including the public sector) be encouraged to employ young people? What levers does the Scottish Government have to incentivise employers to employ young people?

Although people across all ages will be affected by the impact of coronavirus on the labour market, young people are most likely to be affected by a new recession. Young people are our future and they are the workforce of tomorrow, they must therefore be a priority for the economy. On one hand, policies are key levers in encouraging employers to employ more young people. The ethos behind *No One Left Behind*, the Scottish Government's employability strategy, is right but we need to ensure that employers are aware of such plans and are being kept informed of developments. Evidence from CJS suggests that many employers and employees do not have knowledge of key policies at present. For example, only 18 out of 87 attendees at the CJS event held at the Gathering in 2020 were aware of *No One Left Behind*. SCVO certainly has a role to play in sharing relevant information but more must be done by Scottish Government to ensure that regular updates can be provided to employers. One recent example is the Job Start Payment which was due to be introduced in March 2020 but has been delayed because of coronavirus. To our knowledge no update has yet been shared with employers on when it will become available.

On the other hand, several incentives could also be considered:

- **Wage subsidy:** previously employers used Scotland Employer Recruitment Incentive (SERI) and/or local authority wage subsidy funding to assist in sustaining young people within their workplace. Unfortunately, this has changed over the last few years with employers encountering increasing difficulties in accessing funds. One employer explains that it is a "nightmare trying to talk to local authorities... more red tape than positive action". Another adds that the process is "confusing, fragmented. [It] depends on service users being knowledgeable about the support available". Worryingly, a statement that the CJS team has heard on several occasions from different employers is reflected by one employer noting: "tried and tried again and local authorities have ring fenced the SERI funding!!!!"
- **Paying ERNICs or pension contributions:** with the job funding levels static from the start of CJS, the costs for employers are increasing and during recession it is likely to impact on their ability to offer opportunities.
- **National minimum wage:** employers should pay the national minimum wage and that should include apprenticeship programmes too.
- **Community benefit clause:** increasing the use of the clause in procurement contracts could be an incentive to employ young people. Strengthening the use and the monitoring of the community benefit clause should therefore be considered.

Finally, Scottish Government and other partners must ensure that young people do not fall through the cracks like during previous recessions in the 1980s and 2008, or the same problems will escalate. As an example, the Future Jobs Fund (FJF) was introduced by the Labour government to help 18-24 year olds

disadvantaged by the 2008 recession; then the new Conservative government scrapped the scheme claiming it was too costly⁴. The Scottish Government created the Community Jobs Scotland programme in 2011 recognising the benefits from the work carried out by SCVO and the Scottish voluntary sector via their FJF consortium. We all need to learn from previous mistakes and work closely with employers.

5. Do you agree that a Scottish Job Guarantee Scheme is needed? How effective would it be in addressing the potential scarring effect of the crisis on the lives of young people? What practical steps and resources would be needed to implement it?

Yes, a job guarantee is needed. It should help young people to gain meaningful paid employment with the support from an advisor. Training and additional barriers support (e.g. housing, debt, mental health etc.) should be part of the process, as well as helping the young person with job search towards the end of the guarantee, with the aim of sustaining employment. It must be a cross-sector effort and all parties should be involved in service design. Based on our experience with CJS, below are a few practical steps that could help with implementation:

Why CJS is successful for young people:

1. It is a **real job** with a contract of employment and fair rate of pay.
2. It provides the young person with a period of security whilst they build real skills in the workplace, enabling meaningful and valuable paid job experience with responsibility.
3. It is a non-discriminatory programme and is adaptable to young people's needs.

What is great about the CJS 'process':

1. Employers have a dedicated SCVO account manager who they can contact for any issues, queries and advice on processes and employment related support, which means they have a single point of contact from registration, jobs awarded, employee starts, right through until the employee completes the programme.
2. There is no other service which provides equivalent value-add –
 - a. a training fund for employees (also covers things like travel and counselling support)
 - b. Living Wage top up fund
 - c. flexibility of job arrangements to align with needs (e.g. P/T working)
 - d. training/support provided to employers (e.g. mental health awareness, addiction training, gambling training, working with care leavers, and perceptions around working with young people with convictions)
 - e. ability to lever in additional funds/links to sustain opportunities
 - f. wider outcomes (e.g. for employee's family members and for the community)
3. We know there are inequalities and actively seek voluntary sector employers who are best placed to deal with employees who need additional support. Referral organisations recognise that working with voluntary sector organisations can produce better outcomes because of the support mechanisms and flexibility. Employers are usually more specialised in providing the right support too.

What is great about the CJS system/ employer portal:

⁴ See <https://www.niesr.ac.uk/blog/future-jobs-fund-what-waste>.

1. We have a bespoke secure system which ensures ease of internal and external data monitoring/management, i.e. job allocations, programme targets, budget, admin processes.
2. The portal also has the functionality to allow signed agreements (DocuSign), secure information sharing (including with Skills Development Scotland) and applications for additional funding, i.e. training fund.
3. The portal can be adapted quickly for changes in programme mid-stream or for new programmes coming online.

8. How can equal opportunities for young people be promoted during the economic crisis?

Considering equal opportunities should not be an afterthought, it must be the norm from the outset. To achieve this, it would be helpful to develop more of a service design approach with the voices of the young people at its core. There also needs to be better partnership working between organisations and across sectors.

9. How can we ensure that young people have sufficient means to meet the cost of living during the crisis?

Throughout the crisis, we have engaged with over 70 employers and employees via Zoom sessions. They told us that they needed:

- Paid work experience based around at least the National Minimum Wage,
- Travel subsidy or agreements with travel companies,
- Better links with money advice services and bank initiatives,
- More help with technology costs.

Moreover, it is worth noting that CJS employees have continued to receive their wages throughout the coronavirus pandemic helping them with the cost of living. In agreement with the Scottish Government, it has been possible to ensure that CJS employees, who were not considered as part of the Job Retention Scheme, were able to retain the same level of income.

10. In this time of unprecedented government support for business, how can the Scottish Government ensure its “fair work first” principles are adhered to in relation to youth employment opportunities?

The voluntary sector is strongly supportive of the fair work agenda and employers in the sector want to embrace fair work. However, support for voluntary organisations will be crucial to ensure that ‘fair work first’ principles are implemented whether organisations are contract bidders or not. This would include, for example, resources towards raising awareness of policies for employers and employees, as well as funding issues (regarding the living wage). Fair Work principles should become the norm in every organisation.

