

# Edinburgh and South East Scotland City Region Deal Joint Committee

**10am, Friday 1 December 2023**

## **Integrated Regional Employability and Skills (IRES) Programme 2023 Annual Report – Look Forward**

**Item number 5.6**

### **Executive Summary**

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Integrated Regional Employability and Skills (IRES) is a change programme that has had considerable success bringing partners together, creating regional strategic direction, initiating enabler projects that enhance collaboration, and devising a Skills Gateway model that has proven effective in key industry sectors that are relevant across each of the local authority areas.

In order to chart the progress of activity and performance against established targets, the IRES Project Management Office (PMO) has implemented a comprehensive system for tracking and reporting results, which is recognised as sector leading and has influenced how Benefits Realisation is conducted across the wider aspects of the Deal.

Now that structures are in place and the programme is able to demonstrate value for money as well as significant outputs and results, it is believed appropriate for the IRES PMO to begin investigating how the activity can be resourced once the current round of funding is complete in March 2027. It is proposed that options are explored on how to more closely align the duration of the IRES programme with the 15-year term of the deal as a whole, which would ensure that opportunities are fully realised and risks mitigated across the ESES City Region Deal.

### **Ken Gourlay**

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# Report

## Integrated Regional Employability and Skills (IRES) Programme 2023 Annual Report – Look Forward

### 1. Recommendations

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- 1.1 To note the progress made by the IRES Programme in establishing the culture of collaboration in relevant skills areas.
- 1.2 To acknowledge the significant importance of the IRES Programme. As a £25m component of a £1.5bn Deal, the impact of the IRES programme goes well beyond its financial worth and its role is essential in providing the framework for the wider Deal to maximise inclusive growth outcomes.
- 1.3 To support the IRES Board to continue to lead the way by driving the strategic direction for regional skills projects.
- 1.4 To support the IRES Board to work with UK and Scottish Governments to identify additional allocation for IRES, beyond 2027 to bring it in line with the investment for the rest of the Deal.
- 1.5 To remit the IRES PMO to investigate how alternative funding streams (such as UKSPF, or replacement funds) and approaches flowing from the Withers' Review could be used to implement future regional skills projects; and explore the options for how we would manage regional, collaborative skills projects and the mechanism to collect and distribute regional funds going forward.

### 2. Background

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- 2.1 The IRES Programme was envisaged as a change programme when the ESES City Region Deal was being developed. The allocation of £25m would enable regional partners to establish a governance structure and facilitate a new, collaborative way of working going forward, but would not be sufficient on its own to dramatically change employability and skills delivery across six Local Authority Areas. Since IRES' inception the Regional Prosperity Framework has further recognised that additional investment in skills will be required to fulfil the skills needs identified by key industry sectors.
- 2.2 This initial seed money provided the opportunity to: bring partners together, create a regional strategic direction, initiate enabler projects that enhance collaboration, and to devise a Skills Gateway model that has proven effective in key industry sectors that are relevant across each of the local authority areas.
- 2.3 The intention for IRES was to create the opportunity for local authorities and additional stakeholders such as the Further/Higher Education sector to work together better going forward. Although ESES City Region Deal funding provided the foundation for this work, it was always intended that this would be the first tranche of funding and that once the foundations had been established, other funding streams and projects would be included, under the IRES governance structure and be monitored accordingly.

- 2.4 At the time the ESES City Region Deal was signed, Scottish Government were only in a position to commit to eight years of revenue funding, taking the IRES Programme up to March 2027. This is out of alignment with the wider investment in the deal which has funding secured through to 2033. Now that structures are in place and the Programme is able to demonstrate value for money as well as significant outputs and results, it is time to start the conversation to identify how this activity is resourced once this first round of funding is complete.

### 3. Main report

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- 3.1 The purpose of this paper is to:
- 3.1.1 Inform Joint Committee of the current situation and the intention of the Integrated Regional Employability and Skills (IRES) Programme to seek further investment. Demonstrate that IRES Programme is providing excellent value for money in embedding inclusive growth practices and maximising the impact of the ESES City Region Deal investment to deliver employability and skills benefits.
  - 3.1.2 Highlight that IRES has already leveraged in an additional £6.3m to match the £13.4m of ESES City Region Deal money spent; and
  - 3.1.3 Seek approval for ongoing collaboration regarding appropriate projects/industry sectors that have a cross regional relevance or a rationale for a regional approach.

#### **Governance Structure Established**

- 3.2 The establishment of the IRES Board in 2019 has provided a governance structure to develop and oversee the strategic direction for regional employability and skills provision. The IRES Board brings together each of the local authority partners as well as wider stakeholders such as Scottish Funding Council, Department for Work and Pensions, NHS Education Scotland, Skills Development Scotland, Scottish Government, Third Sector and representatives from both Further and Higher Education.
- 3.3 The IRES Board oversees the delivery of the existing IRES Projects, but has been instrumental in exploring additional areas for collaboration, such as Community Wealth Building and Community Benefits, Green Skills & Green Economy Jobs and Health & Social Care.

#### **Programme Management and Benefits Realisation**

- 3.4 The IRES Programme Management Office (PMO) provides support for each of the IRES Projects to deliver on the activity outlined in their business cases. The PMO has:
- conducted ongoing programme and performance management;
  - created linkages inside and outside the ESES City Region Deal; and
  - promoted activity and provided a mechanism for considering change requests when projects need to adapt or evolve to meet a particular need, or socio-economic challenge.
- 3.5 As all IRES business cases were signed off by Joint Committee before the COVID-19 Pandemic, certain aspects of delivery needed to flex and be re-designed to be practical during lockdown and during the subsequent restrictions. In some cases, this resulted in significant changes in the delivery priorities and the creation of online materials. The IRES PMO worked with project leads, the IRES Chair and the wider Board to navigate these changes quickly and efficiently to deliver maximum impact, even during an incredibly difficult time. In addition, IRES Projects have implemented changes to meet specific needs as they have arisen, such as the C-19 jobs portal response to Covid-19, the [Proud to Care Campaign](#)

and supporting migrant and refugee workers from Afghanistan, Syria and Ukraine who have moved to the area as a result of International Conflict.

- 3.6 In order to chart the progress of activity and performance against established targets, the IRES PMO has implemented a comprehensive system for tracking and reporting results, which is recognised as sector leading and has influenced how Benefits Realisation is conducted across the wider aspects of the Deal.
- 3.7 The IRES [Dashboard](#) tracks real-time results and is circulated to IRES Board members regularly to ensure transparency and provide regional data insights that were not available before. In 2023 we have initiated more detailed analysis of these performance results to gain a better understanding of where projects are performing well, where there is a strong take-up in activity from local authority partners and to identify where we may need to initiate more targeted campaigns to ensure an equality of opportunity for citizens living in each of our local authority areas. This analysis has been received favourably and will be built on in 2024.

### Financial Progress

3.8 The Table below outlines the financial profile for the IRES Programme:

Total IRES Allocation	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27
£25m	£1.06m	£2.35m	£4.08m	£4.06m	£4.28m	£3.86m	£3.60m	£1.71m

3.9 Some of the key points on financials are:

- Up to March 2023 the IRES Programme spent over £11.5m and has drawn down 100% or more of our profiled allocation over the last two years, in line with agreed cost acceleration with Scottish Government;
- This year, up to October, the Programme has spent £1.8m of the £4.28m allocation, which is 43% of the annual profile;
- A 100% draw down again this year is projected;
- With the Q2 claim this year, the IRES spend has been brought to over £13.4m, meaning that 54% of the total £25m allocation has been drawn down;
- In this same period, match funding across the range of IRES Projects has successfully been leveraged, securing over £6.3m in additional funding;
- Therefore, almost £20m has been delivered for the £13.4m investment through the City Region Deal.
- A breakdown of the funding sources and alignment to IRES Projects can be found on page 8 of the [IRES Dashboard](#).

### Delivering Results – Changing Lives

- 3.10 In order to address the challenge of Inclusive Growth, the IRES Programme was designed to create enhanced skills pathways. It comprises of projects that support citizens to access higher skilled and higher paid work. Progression routes have been created in key industry sectors for those that were being supported through local employability partnerships, in vulnerable or low-income employment or coming from some of the most deprived areas across the City Region.
- 3.11 To date the IRES Programme has supported over 4,690 people into work, against a target of 5,300 for the full 8-year term. We are well on our way to meeting this full programme target

in the next year and we will look forward to surpassing it significantly by the end of the funding period.

- 3.12 The original target for Skills Improvements was 14,500. However at this time the Programme has supported almost 79,000 Skills improvements. A significant proportion of this is down to proactive steps taken to deliver flexibly during the COVID-19 period. Projects, unable to deliver in person, or in school/college environments as initially expected were able to create learning materials and online tools that were made available and more widely used than could have been delivered through the traditional methods originally planned.
- 3.13 As job targets and skills improvements are being exceeded, attention has been turned to career progression outcomes. IRES projects are currently being supported to introduce tracking systems to monitor career progressions and so far, the Programme has recorded over 90 Career Progressions against the target of 500. It is anticipated that this figure is much higher and is expected to increase once tracking systems are embedded across the programme. These outcomes are demonstrating how IRES is supporting employed people into higher skilled, higher paid opportunities, helping those to move out of vulnerable or low-income employment into an opportunity that will take them off benefits and ideally out of poverty.
- 3.14 Delivery of our Intensive Family Support Service is supporting vulnerable families from the most disadvantaged parts of the ESES City Region. The impact that this holistic, whole family approach is making across each of the local authorities is clear and it is evident in the families stories that are highlighted on the Annual Report Video.

### **Skills Gateway(s) Model**

- 3.15 The Skills Gateway Model was devised to support the creation of career pathways into higher skilled and essentially higher paid work. There are two Skills Gateways currently operating under the IRES Programme; Housing Construction and Infrastructure (HCI); and the Data Skills Gateway (DSG). Both led by the HE Sector (Edinburgh Napier University and University of Edinburgh respectively) but working in unique collaboration with FE colleagues and local skills training providers to deliver activity locally throughout the City Region.
- 3.16 These Skills Gateways have been an overwhelming success demonstrating a new and innovative way of collaborative working, in order to attract and support learners from all aspects of society to learn and progress.
- 3.17 In early drafts of the IRES Programme, it was proposed that Skills Gateways could be developed for six of the key industry sectors across the City Region. Due to the final agreed allocation of funding for skills, it was decided that two Skills Gateways would be taken forward initially. HCI and DSG were chosen specifically for their relevance to the other aspects of the Deal being delivered through the Capital investment.

### **Ongoing & future skills collaboration**

- 3.18 With the Skills Gateway model established, the IRES PMO are already working to identify key sectors where additional Skills Gateways could be implemented, linked to the aspirations outlined in the Regional Prosperity Framework. Further investment in skills is essential to ensure that there is a sufficient workforce to drive inclusive, economic growth across the ESES City Region. There is significant opportunity to build on the structure, performance management and network of partners that has championed this collaborative approach to delivering skills.

- 3.19 The Regional Prosperity Framework's Aligning Skills Group, is working with the IRES Board to identify key areas where a regional, collaborative approach to skills delivery would be favourable, beyond the existing projects funded through the City Region Deal. Industry sectors such as: Green Skills (delivered through the Net Zero Accelerator Hub); Health and Social Care; and Culture, Tourism and Visitor Economy are being explored, as well as the skills implications that will emerge from the opportunities brought by the Forth Green Freeport.
- 3.20 Ideally additional funding for future IRES projects would be made available by additional investment from Scottish Government, to bring the duration of the skills element in line with the Capital aspects of the Deal. The continuation and development of the IRES programme would be consistent with Scottish Government's National Strategy for Economic Transformation and 'the Withers Review': [Fit for the Future: developing a post-school learning system to fuel economic transformation](#) which emphasised the need to work collaboratively with regions to deliver economic goals. Withers emphasised that regional bodies need more autonomy in decision-making to be responsive to requirements and to determine what delivery best suits the needs of their region.
- 3.21 Should that not be possible, it will be key to identify how future regional projects could be funded. If each local authority and/or additional stakeholders wanted to contribute some allocation to fund regional skills projects this would have to be collected and distributed from a single source. Going forward a full options appraisal would have to be completed, but possible considerations could be:
- Does one local authority take the lead for skills programmes as a designated Lead Accountable Body (as City of Edinburgh Council does on behalf of the existing ESES City Region Deal)?
  - Do individual local authorities or a stakeholder take the responsibility as the "bank" for any specific project that they have the lead for? (e.g.. Fife could lead on Green Skills, Edinburgh for H&SC Skills Gateway, East Lothian for Visitor Economy etc?)
  - Should a separate resource be created to fund all skills delivery through a third-party actor (e.g. Capital City Partnership working as a project manager on behalf of regional partners as they do for the Intensive Family Support Service?)

## **Risk**

- 3.22 Although there is significant time left in the IRES Programme much more to be achieved, at this point over 50% of the budget has been spent, it would seem prudent to look forward beyond the life of the initial investment.
- 3.23 As so much has already been achieved, there are risk implications that arise if there is no plan for further or re-investment in a programme that is achieving such strong results:
- Partners retract back from collaborative working and begin to focus on more localised issues;
  - Connections are lost with wider stakeholders, reducing the opportunity for new and innovative delivery;
  - Financial uncertainty of projects results in key personnel moving on, staff not being replaced, and delivery becoming compromised if activity is felt to be winding down; and
  - Lack of continuity of the IRES programme could impact on the ability of the wider Deal to maximise inclusive growth targets and demonstrate impact. (e.g., Community Wealth Building, Community Benefits, tackling poverty, targeting disadvantaged and underrepresented groups etc.).

## 4. Financial impact

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- 4.1 There is no financial impact from this report. The recommendations propose exploring ways of funding the IRES programme beyond March 2027. The financial progress of the programme so far is summarised in paragraphs 3.8 and 3.9.

## 5. Alignment with Sustainable, Inclusive Growth Ambitions

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- 5.1 The IRES Programme has actively sought 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; and
  - 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 [original Business Case](#).

## 6. Background reading/external references

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- 6.1 [IRES Programme website](#)
- 6.2 [The Original IRES Business Case](#) (approved by Joint Committee in December 2019)
- 6.3 IRES [Quarterly Report](#)
- 6.4 The IRES [Performance Dashboard](#)
- 6.5 The [IRES Programme Management Video](#), prepared for the Scottish Public Sector Awards can be viewed at:
- 6.6 The Withers Report: [Fit for the Future: developing a post-school learning system to fuel economic transformation](#)

## 7. Appendices

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- 7.1 None.