Labour Market Analysis and Evaluation

Project Proposition

ACCELERATING GROWTH

EDINBURGH AND SOUTH EAST SCOTLAND
CITY REGION DEAL

Contents

1 Executive Summary

This Project proposition sets out a detailed business case around Labour Market Analysis and Evaluation as part of the Integrated Regional Employability and Skills (IRES) programme and should be considered in conjunction with the IRES Programme Business Case. The family of Business Cases, Propositions, and agreements and how they interlink is given below.

Figure 1: IRES Structure
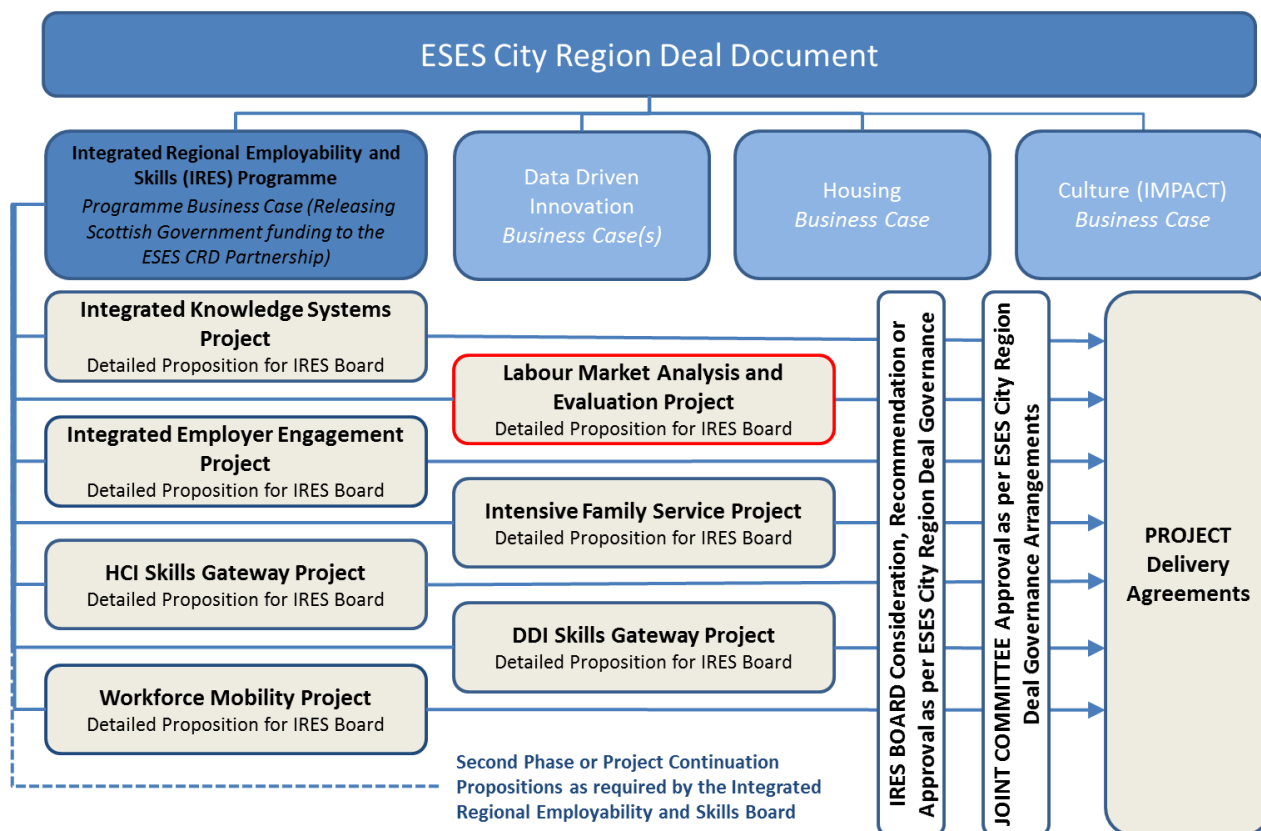
This purpose of this project is to develop the regional labour market intelligence capacity around patterns of demand and supply, to ensure that the region can respond to both the needs of individuals wishing to enter and progress through the labour market, and employers who seek to address skills shortages and gaps.

This proposition will bring together the knowledge, expertise and resources of the partners into a virtual team that will increase our collective understanding of labour market needs and opportunity that can be inform the strategy and tactics of the partnership. Areas that will be explored include;

- **Cross-cutting skills**: Additional research and analysis of cross cutting skills issues within the region's key sectors to inform the curriculum and training
- **Employer skills demand**: Gathering additional primary data on the needs of regional employers to give a more nuanced view of sector skills demand
- **Innovation:** Collaborating with the Data Driven Innovation programme to identify opportunities to develop innovative approaches to labour market analysis and evaluation
- **Analysis of best practice**: Horizon scanning exercise to identify best practice approaches to labour market intelligence gathering and utilisation to be applied in the region

- **Labour Market Toolkit Guidance materials**: Developing accessible regionally tailored labour market guidance materials (building on existing) for individuals and those who help prepare people for jobs and careers

The key sectors to be included in the research will be Financial Services; Health and Social Care; Creative Industries; Construction; Tourism and Life Sciences. The project links closely to and will inform the other IRES projects and will contribute to the targets of an **additional 14,700 people with improved skills and 5,300 moving into employment** over the course of the (£25 million) 8-year investment period.

A clear and consistent overview of the labour market will generate significant, synergies, cost efficiencies, improved inclusion outcomes, and enhance responsiveness to changing need and opportunity in our regional labour market that will have a lasting benefit for the region and the Scottish Economy.

2   Strategic Case

The Programme strategic case is set out in two parts:

Part A: The Strategic Context – indicating the alignment of the Labour Market Analysis and Evaluation project, IRES programme with government policy and the Partnerships existing assets and strengths; and,

Part B: The Case for Change – which summarises the objectives to be addressed by the Programme, existing arrangements and identified investment needs and operational risks, constraints and dependencies.

2.1   PART A: The Strategic Context

2.1.1   *National Context and Strategy Alignment*

Scotland's Economic Strategy (Scottish Government, 2015)[1] sets out the Scottish Government's purpose "to create a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth" and has two key goals- increasing competitiveness and tackling inequality.

Allied to this the Creating a Fairer Scotland (Employability)[2] policy seeks to promote greater fairness and equality in employment while also driving continuous service improvement through strong productive partnerships.

No One Left Behind, Next Steps for the Integration and Alignment of Employability Support in Scotland[3] urges the need to incrementally develop an integrated regional employability and skills system that is more

- flexible, tailored, and takes a 'whole person' approach
- straightforward for people to navigate;
- better integrated and aligned or interwoven with other supporting services;
- provides pathways into sustainable and fair work;
- is driven by evidence to supports people into the right job at the right time
- designed, delivered, and improved in partnership
- responsive to those with high needs (e.g. young care leavers, workless, and those in low paid or insecure jobs) who are at major risk of missing out on the benefits of economic growth; and
- minimises skills shortages and gaps or gender imbalances in our key growth sectors, while promoting greater workforce diversity

The Labour Market Analysis and Evaluation programme tightly aligns with these policy aims by developing a clear understanding of the skills needs of employers in key sectors, and to ensure that these opportunities are communicated to those offering careers advice to young people and disadvantaged individuals across the city region.

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[1] Scotland's Economic Strategy, Scottish Government, 2015, https://beta.gov.scot/publications/scotlands-economic-strategy/

[2] Creating a Fairer Scotland: A New Future for Employability Support in Scotland, Scottish Government, https://beta.gov.scot/publications/creating-fairer-scotland-new-future-employability-support-scotland/

[3] No One Left Behind - Next Steps for the Integration and Alignment of Employability Support in Scotland, Scottish Government, https://www.gov.scot/Publications/2018/03/5358/downloads

2.1.2   Local Strategy Alignment

The Community Empowerment (Scotland) Act 2015[4] changed arrangements for Community Planning Partnerships (CPP). Local authorities are now equally responsible with a wider group of partners and as such CPP structures across the City Region are becoming more dynamic and participative, more enabling participants to showcase what they are doing in the context of Partnership and their respective Local Outcome Improvement Plans (LOIP).

CPP structures are already closely aligned with City Region Deal and IRES, informing, engaging and sharing parity of esteem between community representatives and public authority partners to shape and inform developments.

Local economic strategies across each of the partner authority areas are currently being reviewed to address the key inclusive growth challenges and support the delivery of National Policy and City Region Deal ambitions for the region and all Regional Employability partners have collaborated to agree a comprehensive Regional Skills Investment Plan (RSIP)[5] with a clear Mission, Strategic Outcomes and Areas of Action.

The IRES programme labour market analysis and evaluation proposition has already produced a very detailed Regional Skills Investment Plan (RSIP) to help inform such direction and alignment. This project would seek to build on this existing work.

2.1.3   Alignment with other City Region Deal Streams

The IRES Programme is built around a series of thematic pillars; better understanding need and opportunity, building stronger relationships with employers, investors and citizens, targeted skills development, and improved matching to opportunities for disadvantaged individuals, which is closely aligned with the wider ESES City Region Deal ambition to drive "Inclusive" growth through regional collaboration.

The Labour Market Analysis and Evaluation programme links to the other IRES projects by providing a consistent baseline narrative of the skills shortages and gaps facing the region, alongside the regional capacity to address these. It provides an ongoing evidence base to help inform the delivery of other IRES projects and seeks to build on existing research expertise across the City Region partnerships. The primary research element with employers will help to anticipate short, medium and longer-term challenges and better prepare the region to respond to these, in terms of a skills pipeline and skills provision planning.

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[4] Community Empowerment (Scotland) Act, Scottish Government, https://beta.gov.scot/publications/community-empowerment-scotland-act-summary/

[5] Skills Investment Plan for Edinburgh and South East Scotland 2017, Skills Development Scotland, https://www.skillsdevelopmentscotland.co.uk/media/43648/edinburgh-sip-2017_digital-version.pdf

2.2   PART B: Case for Change

2.2.1   Case for Government Intervention (Market failure)

The 2018 Regional Skills Assessment Summary Report for Edinburgh and South-East Scotland City Region[6] concludes that although the outlook for the local economy is positive there are some key inclusive growth challenges that still remain. Despite expected jobs growth across most sectors and occupations providing opportunities for people at all skills levels, a key challenge facing employers in the region will be sourcing people to fill these vacancies, particularly in the context of Brexit and the resultant constraints on the future supply of labour from Europe. A further challenge is the forecast ageing of the population and associated contraction of the working age population which, although not as pronounced as in other areas, could put further pressure on labour supply in the region.

Although less acute than the Scottish Average, similar trends of disparity remain across the region particularly in measures of job density, skills inequality, gender and age inequalities, low income and low pay. These are highlighted in the below figure.

Figure 2: Regional Economic Comparators

Measure	Indicator	Position Relative to Scotland							
		EL	ED	FI	ML	SB	WL	Region	Scot
Employment in high skilled occupations	% of workers in managerial roles (SOC 1, 2 & 3), Jun 2018	44.6	56.8	41.9	38.3	39.1	40.9	43.6	42.4
Unemployment	Unemployment rate (%), Sept 2017	4.2	2.9	3.0	1.8	4.0	3.7	3.3	4.1
Earnings	Median FT weekly earnings (£), 2017	595.0	583.8	530.5	540.6	513.8	519.0	578.5	547.7
Male Earnings	Weekly median gross pay male full time (£), 2017	607.8	622.8	554.8	557.7	572.9	554.7	578.5	580.2
Female Earnings	Weekly median gross pay female full time (£), 2017	554.1	550.4	496.5	518.3	403	479.1	500.2	498.3
Difference between Male and Female Earnings	Male Earnings as a % of female earnings, 2017	110%	113%	112%	108%	142%	116%	116%	116%
Economic participation	Economic activity rate (%) aged 16-64, 2017	82.3	78.9	78.1	82	77.2	79.1	79.6	77.8
Male Economic participation	Economic activity rate (%) aged 16-64, 2017	85.6	83.6	82.8	83	83.3	85	83.9	82.4
Female Economic participation	Economic activity rate (%) aged 16-64, 2017	79.4	74.4	73.7	81.1	71.4	73.5	75.6	73.3

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[6] Regional Skills Assessment Edinburgh & South East Scotland City Region: Summary Report, Skills Development Scotland, https://www.skillsdevelopmentscotland.co.uk/media/44990/rsa-edinburgh-and-south-east-scotland-city-deal-region.pdf

Measure	Indicator	Position Relative to Scotland							
		EL	ED	FI	ML	SB	WL	Region	Scot
Male to Female Economic participation GAP	percentage point gap between male and female, 2017	6.2	9.2	9.1	1.9	11.9	11.5	8.3	9.1
Low skills	% with no qualifications (NVQ) aged 16-64, 2017	6.3	3.2	7.3	7.3	7.9	8.8	6.8	8.7
Male Low skills	% with no qualifications (NVQ) - males aged 16-64, 2017	4.8	2.3	8.5	8.3	9.6	8.6	7.0	8.8
Female Low skills	% with no qualifications (NVQ) - females aged 16-64, 2017	7.7	4.0	6.2	6.4	6.4	9.0	6.6	8.6
Difference between Male and Female Low skills	percentage point gap between male and female, 2017	-2.9	-1.7	2.3	1.9	3.2	-0.4	0.4	0.2
Low pay occupations	% of workers in elementary occupations (SOC 9), 2017	8.2	9.0	13.8	10.2	14.9	10.1	11.0	11.0

The Labour Market Analysis and Evaluation project will identify key sectoral areas in which there are opportunities for young people, individuals and disadvantaged groups to enable progression into and through employment. It will also identify examples of best practice from out with the region to enable best use of labour market data. Cross cutting skills will be identified in areas such as digital and automation.

2.2.2   Objectives & Benefits

The overarching objective for the Labour Market Analysis and Evaluation programme is develop regional capacity to anticipate and adequately respond to changing patterns of skills demand and supply in the labour market in a timely manner. By harnessing existing Labour Market research capacity and agreeing a consistent narrative and baseline there will be opportunities to use existing resources to achieve better economies of scale and a stronger impact on supporting career progression routes for those who face significant labour market disadvantage.

3 Economic Case

The 2018 Regional Skills Assessment for the ESES City Region shows that the total regional GVA is £37.37m or 28% of Scotland's total output. Over the next ten years GVA growth will be greatest in real estate activities; professional, scientific and technical activities; wholesale and retail trade and financial and insurance. Growth is forecast at 1.9% which is ahead of the Scotland average of 1.6%. Regional productivity is also above the Scottish average at £50,000 GVA per jobs compared to £47,300.

This growth will have an impact on employment demand, with a 6% increase (or 45,400) increase in jobs over the next ten years. The top employing sectors by 2028 will be wholesale and retail (10,700 jobs); human health and social work (104,100 jobs) and professional scientific and technical (66,300 jobs). There will be large employment growth in admin & support services; arts, entertainment and recreation; and professional, scientific and technical roles. Of note **51%** of job opportunities by 2028 will be at a higher level, with 28% at a lower level and a squeeze in the middle from 28% in 2018 to 21% by 2028. There will be a total requirement for **290,200** people in the labour market by 2028 (246,300 replacement demand and 44,000 from expansion demand).

The City Region will also see a 7% increase in population from 2016-28 but the working age population (16-64) is set to decrease by 2%. This means that there will be a greater pressure on public services and that attraction into the region will be important to address potential future skills shortages.

It is crucial therefore that the wider City Region partners work together to better understand precisely which skills be required in key sectors of growth, and to develop guidance materials to enable young people and individuals of all ages to understand the career pathways into and through these occupations. It is also important to identify and explore how cross cutting skills ('meta' skills and digital skills) can enable individuals to progress in and through these key sectors. The development of a partnership approach building on the Regional Skills Assessment data and Regional Skills Investment Plan will create cost efficiencies and enable greater impact in terms of meeting the broader IRES objectives.

3.1 Identification of Options

There are two potential options around labour market analysis, namely:

- **Status Quo (Business as Usual) –** Continued use of Regional Skills Assessments, national Skills Investment Plans and existing LMI for economic planning, but no common agreed regional skills narrative or regional analysis of national sectoral plans
- **Virtual team and primary research-** to increase our collective understanding of labour market needs and opportunity that can be inform the strategy and tactics of the regional partnership

3.2 Appraisals Approach

Pros and cons of each option are outlined below.

Status Quo (Business as Usual)

Continued use of Regional Skills Assessments, national Skills Investment Plans and existing LMI for economic planning, but no common agreed regional skills narrative or regional analysis of national sectoral plans

Pros	Cons
Minimal disruption to existing activities	No common narrative on skills shortages, gaps and opportunities in key sectors No granular detail on skills needs of employers in key sectors Limited option to shared capacity across partners. Limited opportunity to achieve economy of scale. Limited understanding of best practice around LMI utilisation out with the City Region Continuing the status quo this trend is likely to continue, resulting in a widening of the skills and productivity gap.

Virtual team and primary research - to increase our collective understanding of labour market needs and opportunity that can inform the strategy and tactics of the regional partnership

Pros	Cons
Common narrative on skills shortages, gaps and opportunities by sector Economies of scale in terms harnessing resources to tackle skills issues Greater granular understanding of skills needs in key sectors through primary research Greater understanding of how LMI is used from analysing best practice in other areas/countries	Additional financial resource required to carry out primary research, best practice analysis, analysis of cross cutting skills issues and development of careers guidance materials Time to establish project due to gaining better understanding of collective research capacity across the region

3.3   Preferred Option

The preferred option would be to create the regional research capacity for a virtual team to better articulate and respond to the key skills issues across the ESES City Region.

The preferred option will help mitigate the significant supply, demand and system threats previously outlined, while minimising the negative transitional impacts of change on the primary beneficiaries of employability and skills services.

This option also complements the other IRES pillars of a properly functioning labour market system as follows;

- **Regional Leadership and Improvement Capacity**: Improving collaboration and co-ordinated action to address skills challenges and promote inclusive growth in key sectors.
- **Building Strong Employer and Citizen Relationships**: Ensuring partnership activity is rooted in the identified employability and skills needs of our citizens and businesses, while enhancing our capacity for co-production, co-delivery, and co-financing with our stakeholders.

- **Targeted Skills Development:** Supporting all sections of society to acquire the knowledge and skills they need (throughout their working lives) to succeed in the regional economy.
- **Active Opportunity Matching**: Improving our ability to remove practical barriers to progression for disadvantaged individuals and communities.

This project will over time, generate cost efficiencies, improved inclusion outcomes, and enhance responsiveness to changing need and opportunity in our regional labour market.

4   Commercial Case

Not applicable.

5   Detailed Project Overview

5.1   Cross-cutting skills

This element of the project will seek to build on the existing Regional Skills Assessment data and work undertaken through the Centre for Work Based Learning to identify cross cutting skills issues across the key sectors in the region to inform curriculum and training offers.

In February 2018, the Centre for Work Based Learning produced a report called 'Skills 4.0: A skills model to drive Scotland's future.' This report recognised that the pace of technological change is faster than ever before and that the future is increasingly unpredictable.

The report notes that:
- Digital technology will permeate all places and forms of work
- The volume of information generated online will continue to increase exponentially, leading to a more complex information landscape
- Technology will continue to provide new ways of connecting and collaborating globally, thus increasing market and employment opportunities
- Technology will change the ways in which humans develop relationships in the world of work
- The rise of non-standard work will continue (i.e. self-employment, zero hours contracts etc)
- The boundaries between jobs and industries will continue to blur with jobs continuing to emerge and evolve
- An ageing population will change the face of the workforce with fewer people of working ae

Therefore, a focus on the acquisition of core or 'meta' skills will become increasingly important as these skills will enable individuals to thrive no matter which occupations or industry sectors they wish to enter or progress through. These are outlined below and apply across all industry sectors.

Figure 3 – Meta skills

Self management	Social intelligence	Innovation
Focussing	Communicating	Curiosity
Integrity	Feeling	Creativity
Adapting	Collaborating	Sense making
Initiative	Leading	Critical thinking

This element of the project will seek to explore what these 'meta skills' mean for both the key sectors and occupations with the regional economy and individuals either seeking to enter or progress through specific career pathways. The main sectors of focus would be Financial Services, Health, Creative Industries, Construction, Tourism and Life Sciences. As digital skills cut across several sectors, it is not proposed that it is not treated as a separate sector, but rather as an enabler to other sectors. The intention would be to appoint consultants to build on existing labour market information and sectoral Skills Investment Plans to develop two research reports which considers:

- A regional overview of the key cross-cutting skills required across the ESES City Region in Financial Services, Health and Social Care, Creative Industries, Construction, Tourism and Life Sciences
- The extent to which these cross-cutting skills are covered in existing sectoral training/curriculum provision and the size of the 'gap' between current and required provision
- Detail on the cross-cutting up-skilling requirements across the existing workforce
- Recommendations as to how these cross-cutting skills could be better embedded within training, education and up-skilling programmes in key sectors across the City Region

The main outcomes from the project are as follows:

- Clear understanding of cross-cutting skills issues across key sectors and occupations
- Clear understanding of the step change needed in the education and training system to better reflect cross cutting skills

5.2 Employer Skills Demand

The secondary data sources are useful identifying skills demand and supply issues, but it is also important to gather primary data around the specific needs of employers in the City Region. SDS has already piloted a project led by Rocket Science to identify skills shortages and gaps in the Tourism sector. This element of the Labour Market Analysis and Evaluation project would seek to expand this approach into other sectors including Financial Services, Life Sciences, Health, and Creative Industries. Construction, ICT/Digital and Tourism are not specifically covered here as the skills needs in these sectors are already being addressed through the Targeted Skills Gateway work.

The intention would be to appoint a consultant to carry out research focusing on the following key areas:

- Primary research with key sector employers in the City Region to obtain a clear view of their medium and longer-term skills needs
- Identify existing evidence and actions driven through the national key sector skills structures which impact on the region and support research recommendations
- Updated mapping of current skills provision within Further and Higher Education and Work Based Learning pathways (Foundation, Graduate and Modern Apprenticeships etc) in the Edinburgh and SE Scotland City Region
- Research report highlighting and quantifying skills gaps and shortages in key sectors in the South East of Scotland and potential impact of Brexit
- Identification of opportunities to support disadvantaged groups into training, education and employment to meet skills shortages
- Key recommendations to be taken forward to address the skills gaps and shortages

The main outcomes of the project are as follows:
- Clearer understanding of medium and longer-term skills needs of employers in key sectors
- Clearer understanding of the skills gaps and shortages in provision in the HE/FE and Work Based Learning Environment
- Recommendations which, if taken forward, will help to close skills gaps and reduce skills shortages in key sectors

5.3 Innovation

This element of the project would seek to align with the Data Driven Innovation project in order to identify innovative approaches to labour market analysis and evaluation. There has already been close working between SDS and the University of Edinburgh and it is proposed to sign a Memorandum of Understanding to capture areas for collaboration. These include the following activities:

- A range of activities to develop data skills across the skills pipeline
- Interventions to address the under-representation of target groups within data-related roles, including women and people with disabilities
- A joined-up approach to promotion and communication activities relating to data skills interventions

It is not anticipated that this element of the project will require additional funding, but rather a targeted use of existing resources and funding from the Data Driven Innovation project.

Key outputs from this project are as follows:

- Shared DDI research findings and resources between the University of Edinburgh and SDS
- Identification of changes needed to current and proposed apprenticeship programmes to reflect the growing demand for data related skills, including innovative delivery models to attract a wider cohort of learners and employers
- Enhancements to careers activity across the City Region to promote technology jobs as careers of choice to young people, teachers, parents and other influencers
- Increased number of flexible approaches to re-skilling/up-skilling in data skills, working with strategic partners such as CodeClan to embed data in existing programmes and develop new course provision/delivery models
- Greater understanding of how to address diversity issues in relation to gender imbalances in the tech sector

5.4 Analysis of best practice

It is proposed to run a half day conference in the autumn of 2019 to bring together a range of City Deal partners to identify the scale of research capacity within the region and the type or research which has been or will be undertaken. This could include Local Authority labour market indicators or bespoke research undertaken by universities or colleges across the region. This would lead to a greater understanding of the current available research, best practice and future capacity across the regional partnership to identify and help respond to labour market challenges. This would be repeated in 2023-4 and 2024-5.

This element of the project would also build on the outputs of the conference to carry out a horizon scanning exercise to identify best practice approaches to labour market intelligence gathering and utilisation to be applied in the region. The intention would be to look at how Labour Market is used elsewhere in Scotland and to look further afield to examples of best practice in Europe or world-wide. SDS will be able to review how LMI is used to inform skills planning in other parts of Scotland, but it is proposed that a consultant is appointed to review international comparators with a focus on the top five OECD countries.

The main outputs would be:

- Three one day conferences with ESES City Region partners (Years 1, 5 and 6) to identify current available LMI research and understand future research capacity in order to shape further research into best practice use of Labour Market data
- Analysis as to how Labour Market Information is used to address skills gaps and shortages in other City Regions or Growth Deal areas across Scotland
- Analysis of how use of LMI can help support disadvantaged individuals into and through work
- Analysis of skills in student and adult populations amongst the top five OECD countries, and how LMI is used to address skill shortages and gaps and improve productivity
- Recommendations as to how LMI could be better used in the ESES City Region to address skills challenges and promote inclusive growth for disadvantaged individuals

The main outcomes would be:

- A greater understanding of current available research and future potential regional research capacity across the ESES City Region
- A greater understanding of best practice nationally and internationally in terms of addressing skills shortages and gaps and improving productivity
- A report outlining recommendations for how LMI could be used more effectively to address skills challenges and promote inclusive growth across the City Region

5.5 Labour Market Toolkit Guidance Materials

Although the regional labour market information is useful to partners, it tends to provide an overview of the key skills issues, in a format that is more useful at a strategic level. It is therefore important to develop regionally accessible, tailored labour market guidance materials (building on existing) for individuals and those who help prepare people for jobs and careers.

SDS has started to develop a Labour Market Toolkit for use by SDS careers advisors, but further work is required to develop this as a stand-alone tool for use by anyone offering careers advice to young people and individuals across the City Region. This would also build on the existing careers and apprenticeship information available on www.mykidscareer.com, www.myworldofwork.co.uk and www.apprenticeships.scot.

The purpose of this project is to build on the Regional Skills Assessments by developing a more regionally focused Labour Market toolkit for the City Region following discussions with key partners such as careers advisors, client support advisors across partner agencies etc. It is proposed that SDS works with regional partners to identify the detail and format for the toolkit and then commission the design work to develop this.

The main outputs from this project is as follows:

- SDS facilitated workshop with those offering careers advice to individuals (e.g. Careers advisors, client advisors across agencies etc) and use feedback to scope out shape and content of regionally focused Labour Market toolkit
- Development of draft content for toolkit and second session with partners to test approach
- Development of final content for toolkit, and work with design agency to refine 'look and feel'
- Launch of ESES toolkit across the City Region

The main outcomes would be:

- Better awareness of opportunities across the ESES City Region by providing careers advice to young people, individuals and disadvantaged groups
- A robust evidence-based overview of upcoming job and career opportunities across the City Region
- Increased progression into and through employment, with a focus on addressing under-representation in key industry sectors

The Labour Market Analysis and Evaluation theme group would evaluate the outcomes and outputs of the sub-theme work strands. This project is an enabler to the other IRES projects and the measure of success will be to what extent the information gathered here enables a step change in regional productivity, inclusive growth against the current baseline figures which will be identified in the research.

6   Financial Case

This project requests £300,000 from the IRES Change Fund over a six-year period from 01.04.19 until 31.03.25. As LMI supports other IRES projects it is important that this starts as early as possible.

Figure 4: IRES Indicative Funding Profile

IRES Change Fund (Indicative Funding Profile)	Year 1-3 (£,000)	Year 4-6 (£,000)	Year 7-8 (£,000)	8 Year Total (£,000)
Integrated Knowledge Systems	570	690	240	1,500
Labour Market Analysis and Evaluation	150	150	0	300
Integrated Employer Engagement	1,000	1,500	1,000	3,500
Intensive Family Support	1,000	2,100	1,600	4,700

IRES Change Fund (Indicative Funding Profile)	Year 1-3 (£,000)	Year 4-6 (£,000)	Year 7-8 (£,000)	8 Year Total (£,000)
Targeted Skills Gateways (DDI and HCI Gateways)	8,010	3,752	1,237	13,000
Workforce Mobility	571	857	571	2,000
TOTAL:	11,252	9,050	4,698	25,000

The Table below highlights the costs associated with the project. It is proposed that a Project Lead is identified to co-ordinate this work for around 1 day per week. This could be a secondment opportunity and SDS could provide office space for this individual in their offices at 79 Shandwick Place Edinburgh, as part of the overall contribution to costs. SDS could also carry out the analysis of best practice across Scotland as part of an in-kind contribution, as well as providing input from the Regional Skills Planning Lead for the South East of Scotland and support from the wider skills planning team. SDS' Key Sector Managers would also be able to support the primary research by providing industry knowledge and contacts to the appointed consultants.

Figure 5: Labour Market Analysis and Evaluation Financial projections

	2019/20 (£000)	2020 /21 (£000)	2021/ 22 (£000)	2022/23 (£000)	2023/24 (£000)	2024/25 (£000)	Total (£000)
Project Management							
Project Lead (1 day per week)	10	10	10	10	10	10	60
SDS evidence-based team support (in-kind)	10	10	10	10	10	10	60
Sub-Total	**20**	**20**	**20**	**20**	**20**	**20**	**120**
ESES CR Contribution	*10*	*10*	*10*	*10*	*10*	*10*	*60*
Cross Cutting Skills							
Financial Services Health and Social Care Construction	0	35	0	0	0	0	35
Creative Industries Tourism Life Sciences	0	0	0	35	0	0	35
Sub-Total	**0**	**35**	**0**	**35**	**0**	**0**	**70**
ESES CR Contribution	*0*	*35*	*0*	*35*	*0*	*0*	*70*
Primary Research/ supply mapping							
Financial Services	0	0	15	0	0	0	15
Life Sciences	20	0	0	0	0	0	20
Health and Social Care	0	0	0	5	15	0	20
Creative Industries	0	0	0	0	15	5	20

	2019/20 (£000)	2020/21 (£000)	2021/22 (£000)	2022/23 (£000)	2023/24 (£000)	2024/25 (£000)	Total (£000)
Sub-Total	**20**	**0**	**15**	**5**	**30**	**5**	**75**
ESES CR Contribution	*20*	*0*	*15*	*5*	*30*	*5*	*75*
Analysis best practice							
Half day conference	10	0	0	0	10	10	**30**
Scotland analysis	20	0	0	0	0	10	**30**
OECD/wider analysis	0	0	20	0	0	10	**30**
Sub-Total	**30**	**0**	**20**	**0**	**10**	**30**	**90**
ESES CR Contribution	*10*	*0*	*20*	*0*	*10*	*20*	*60*
Guidance materials							
Workshops (x2)	0.5	0	0	0	0	0.5	**1**
Development of toolkit	9.5	0	0	0	0	4.5	**14**
Design and launch	0	5	5	0	0	10	**20**
Sub-Total	**10**	**5**	**5**	**0**	**0**	**15**	**35**
ESES CR Contribution	*10*	*5*	*5*	*0*	*0*	*15*	*35*
TOTAL	**70**	**50**	**50**	**50**	**50**	**60**	**390**
TOTAL ESES CR CONTRIBUTION	**50**	**50**	**50**	**50**	**50**	**50**	**300**

In addition, local partners could support this project through local/regional research expertise and it would link to existing IRES projects such as the HCI initiative and Data Driven Innovation project.

It is recognised that the collaborative structures that have and will be developed under the City Region Deal Partnership provide an opportunity to more regionally tailor, better align, and integrate the collective activity of partners to improve our capacity to exploit emerging growth or innovation opportunities, while making in-roads on the labour market inequalities within the region.

In addition to the funds outlined here partners are already contributing to the wider IRES programme as follows:

Figure 6: IRES Key Funder Estimated Investment Profile

Regional Employability and Skills Investment Profile[7]	Year 1-3 (£,000)	Year 4-6 (£,000)	Year 7-8 (£,000)	8 Year Total (£,000)
Scottish Government (Fair Start, DYW Regional Boards)[8]	60,000	60,000	40,000	**160,000**
Local Authority (Employability, but exc. schools)[9]	63,000	63,000	42,000	**168,000**

Regional Employability and Skills Investment Profile[7]	Year 1-3 (£,000)	Year 4-6 (£,000)	Year 7-8 (£,000)	8 Year Total (£,000)
University and Colleges (additional to SFC funding)[10]	60,000	60,000	40,000	**160,000**
Skills Development Scotland[11]	114,000	114,000	76,000	**342,000**
Scottish Funding Council[12]	879,000	879,000	586,000	**2,300,000**
TOTAL EXISTING PUBLIC INVESTMENT (est.)	**1,176,000**	**1,176,000**	**764,000**	**3,116,000**

7   Management Case

The Labour Market Analysis and Evaluation theme group will oversee this project.

7.1   Project Management and Theme group support

There will be a Labour Market Analysis and Evaluation theme group who will oversee progress towards the project aims and objectives and will work with the IRES Board and other project leads, to support the delivery of the wider IRES programme goals.

A part time **Project Lead** will be allocated to support the project. This could be a secondment opportunity or an addition to an individual's substantive role, and SDS could host this individual at 79 Shandwick Place, Edinburgh. This individual will be responsible for commissioning consultants, in conjunction with the theme group, and running the day to day aspects of the work strands. As the work load is dispersed over a period of 6 years, it is anticipated that this resource alongside support from SDS/partner organisations and the theme group, will be sufficient to deliver the relevant project outputs and outcomes.

A **Labour Market Analysis and Evaluation theme group** will be established to direct, plan, implement, review and refine the project activity to ensure that aims and objectives are met, both in terms of the project and also in terms of the wider objectives and Inclusive Growth aims of the IRES Programme. The following table outlines the proposed membership of the group, and it is proposed that Regional Skills Planning Lead for SDS, Chair the theme group supported by a Vice Chair.

| Role	Organisation or Group	No.
Chair/Vice-Chair	SDS/TBC	1
HEI/FE representation	X2 Higher Education Institutions X2 Further Education Institutions	4
Local Authority Economic Dev Representatives	Up to six partner Local Authorities	Up to 6
Public Skills Bodies & Innovation	Scottish Funding Council (x1), SDS Project Lead (x1)	2
Note*: lead members from other IRES themes would attend the delivery group as and when necessary to ensure compatibility across IRES objectives and engage with specific aspects and sub-themes*		

The Vice Chair would be selected from the other members of the theme group. Each of the sub-themes would be led by a member of the theme group with support from the Project Lead.

The theme group would also seek to engage with other stakeholders across the IRES programme such as:

- DWP
- DYW Groups (x3)
- EQUATE
- Capital City Partnership

The theme group will also be responsible for establishing a **Labour Market Analysis and Evaluation Virtual Team.** The purpose of the virtual team, which includes but extends beyond the theme group, is to tap into existing research expertise across the City Region and support the delivery of the project sub-themes. It is proposed that a 'hub and spoke' model is adopted whereby the theme group oversee the project but tap into resource and expertise where it exists across the City Region.

Figure 7: Proposed Governance Structure
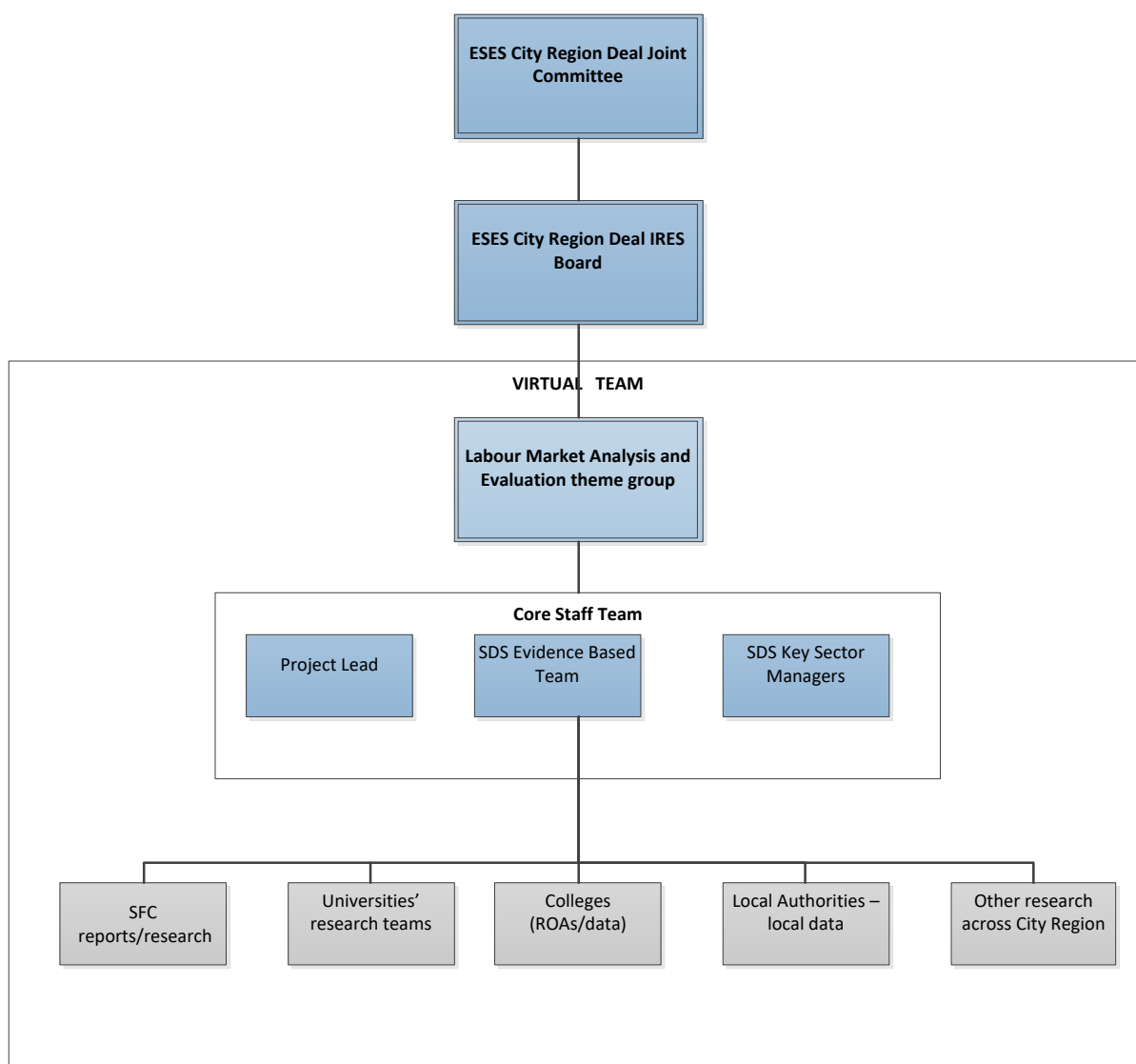
As the project moves forward it is anticipated that it will become self-sustaining by the end of Year 6 with the Virtual Team providing ongoing labour market analysis, interpretation and evaluation.

7.2   Timeline for Activities

A timeline for activities is summarised below. Support for DDI will continue on an ongoing basis.

Year 1 (2019-20)

- Q1 - Establish theme group, identify Project Lead and core staff team
- Q2 - Run half day conference to identify research capacity across City Region and begin to pull together virtual team
- Q2-4 - Commission and complete primary research into skills requirements of Life Sciences sector
- Q3 - Provide best practice analysis of how labour market information is used to best effect in other Scottish regions
- Q2/3 - Run 2 workshops to inform development of Labour Market Toolkit guidance materials with a focus on data skills
- Q4 - Complete design of regional guidance materials and prepare for launch in Year 2
- Ongoing – Identify changes needed to current and proposed apprenticeship programmes to reflect demand for data related skills

Year 2 (2020-21)

- Commission and deliver cross cutting skills report for Financial Services, Health and Social Care and Construction
- Launch Labour Market Toolkit guidance materials and monitor impact
- Ongoing – identification of diversity issues in relation to gender imbalances in the tech sector
- Ongoing – identification of flexible approaches to re-skilling/up-skilling in data skills working with partners to embed data in existing programmes and new course provision

Year 3 (2021-22)

- Q1- Commission and deliver primary research into skills requirements of Life Sciences sector
- Q2/3 - Commission and deliver best practice analysis of how Labour Market Information is used in OEC countries and wider afield
- Ongoing - Refine Labour Market Toolkit guidance materials and monitor impact with a focus on data skills

Year 4 (2022-23)

- Q1-3 - Commission and deliver cross cutting skills report for Creative Industries, Tourism and Life Sciences

- Q4 - Commission and begin work on primary research into skills requirements for Health and Social Care sector
- Ongoing – identification of diversity issues in relation to gender imbalances in the tech sector
- Ongoing – identification of flexible approaches to re-skilling/up-skilling in data skills working with partners to embed data in existing programmes and new course provision

Year 5 (2023-24)

- Q1-2 -Complete work on primary research into skills requirements for Health and Social Care sector
- Q3-4 -Commission and initiate primary research into skills requirements of Creative Industries sector
- Q3 – Run half day conference to review research capacity across City Region and evaluate success of project and virtual team. Identify areas for improvement.

Year 6 (2024-25)

- Q1 – Complete primary research into skills requirements of Creative Industries sector
- Q4 – Final half day conference to reflect on outcomes and outputs of work programme and identify next steps
- Ongoing – Run 2 workshops to review and refine Labour Market Toolkit guidance materials with a focus on data skills
- Ongoing – identification of diversity issues in relation to gender imbalances in the tech sector
- Ongoing – identification of flexible approaches to re-skilling/up-skilling in data skills working with partners to embed data in existing programmes and new course provision
- Q4 – Final evaluation report

The theme group will monitor and evaluate progress on a quarterly basis and provide updates to the IRES Board on progress at each meeting. The group will also evaluate the extent to which the outputs, outcomes and data from the project will help the other IRES projects to achieve the required step change around skills development, economic productivity and improving inclusion of under-represented groups in key sectors.

7.3 Risk Mitigation

Risk	Mitigation Measures
Project fit and impact **Developments in the economy, operational environment, performance factors, or good practice developments mean that the sub-projects may need to flex and change**	Outputs, outcomes and impact measures will be regularly reviewed by cores team and theme group and reported to the IRES Board to ensure target objectives are being met.

Risk	Mitigation Measures
Project management capacity **Inadequate project/programme management results in failure to deliver agreed outcomes**	Ongoing review of resource and capacity levels – virtual team should be able to flex to meet need. However as much of the research is to be commissioned this should not be a significant issue.
Research findings may have an impact on other IRES projects **There is a risk that as further research is undertaken that the outputs or outcomes of some IRES projects may not be as appropriate going forward**	Regular updates and reporting of findings to the IRES Board to help shape the direction of other IRES projects as required. However, as the IRES projects have been developed using an evidence-based approach it is not anticipated that major changes will be required.
Mainstreaming of Activity **There is a danger that the successful activities initiated by the Labour Market Analysis and Evaluation project are not mainstreamed reducing the impact of ESES City Region Deal funding**	Key intention of the project is to bring about systemic change to enable other activities to address inclusion, address skills shortages and gaps, maximize productivity and support career progression into and through sustained employment. Progress regularly reviewed by theme group and IRES Board.