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Exploring Employability Funding Allocation in Scotland

Seemab Farooqi

This report examines the impact of funding delays on employability services in Scotland, using survey data and qualitative interviews. Note: This presents the results of a research project carried out by Dr Seemab Farooqi (Lecture at University of Dundee Business School) as part of the SPICe Academic Fellowship programme. Views presented are those of the author, not of SPICe.



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Executive Summary

Employability services in Scotland play a key role in supporting individuals into and sustaining employment, aligning with the Scottish [Government's National Strategy for Economic Transformation](#) (NSET) and the [Tackling Child Poverty Delivery Plan](#) (2022-2026). The [No One Left Behind](#) (NOLB) strategy is the cornerstone of Scotland's employability framework, designed to promote local flexibility, person-centred support, and integration with wider public services. Under this model, Local Employability Partnerships (LEPs) led by local authorities coordinate funding and service provision, working collaboratively with third-sector organisations, private sector partners, and national agencies. The [Employability Strategic Plan \(2024-2027\)](#) sets out priorities for employability services, including increased awareness, partnership working, and streamlined funding mechanisms ¹.

[Employability funding](#) in Scotland has evolved through a combination of devolved and national funding streams, with the [No One Left Behind \(NOLB\) strategy](#) (2018-Present) at its core. Alongside NOLB, targeted funding streams such as the [Parental Employability Support Fund](#) (PESF) (2019-Present) and the [Young Person's Guarantee](#) (YPG) (2020-Present) have sought to address specific labour market needs. However, their ring-fenced nature and fluctuating availability have led to gaps in service delivery. The discontinuation of [Fair Start Scotland](#) (2018-2024) and the impending end of the [UK Shared Prosperity Fund](#) (UKSPF) in March 2025, which replaced the [European Social Fund](#) (ESF) in 2022, further underscore the fragility of the funding landscape.

The [2024-25 Scottish Budget](#) saw a 23% reduction in employability funding, with allocations falling from £133.6 million in [2023-24](#) Scottish Budget to £102.9 million, following earlier reductions in the 2022-23 Emergency Budget Review. The [Autumn Budget Revision \(ABR\) for 2024-25](#) provided £155.9 million in additional funding to local government, though it did not explicitly allocate further resources to employability-specific programmes such as PESF or YPG. The fragility of the funding landscape has exacerbated existing challenges within the sector raising concerns regarding delays in the allocation of funding to delivery organisations, which in turn has affected the overall effectiveness of employability programmes.

This research examines the impact of Scotland's employability funding model on service delivery, particularly in the context of a challenging budget settlement. It analyses funding flows from the Scottish Government to local authorities and delivery partners, identifying bottlenecks and assessing their implications for service provision. Additionally, the study explores how local authorities, third-sector organisations, and other delivery partners navigate these mechanisms, highlighting regional variations and the operational challenges posed by funding delays.

This report uses a *mixed-methods approach*, integrating *survey data* (n=156) with *interviews across 19 local authorities*, including *21 employability leads*, *15 third-sector representatives*, and *4 national organisations*. It examines how *funding delays disrupt staffing, programme delivery, and long-term planning*, revealing *barriers from short-term cycles, disbursement delays, and administrative complexities*. *Geographical variations* further underscore the need for *systemic reforms to improve service effectiveness*.

Key Findings

- **Systemic Funding Challenges:**

- **Funding Delays:** All local authorities reported experiencing delays in accessing funding within the last two years, with 75% of these delays tied to Scottish Government funding streams. 85% cited delays in grant award letters as a significant issue, with allocation delays averaging 12–24 weeks in some areas.
- **Geographical variations:** Rural councils face deeper funding cuts along with higher operational costs due to geographic isolation and dispersed populations, fewer providers making it difficult for these councils to absorb delays, leading to severe planning and staffing difficulties.

- **Impact on Service delivery:**

- **Fragmented Procurement Processes:** 78% highlighted issues with procurement timelines, with piecemeal or short-term contracts dominating. 68% reported post-procurement delays, due to internal processes, that further limited effective service implementation.
- **Staffing challenges:** 97.2% of Local Authorities and 93.1% of Third Sector organisations reported difficulties in staff recruitment and retention caused by funding delays.
- **Program Disruptions:** Delayed program start dates affected 91.7% of Local Authorities and 82.8% of Third Sector organisations, with reduced program duration cited by 83.3% and 75.9%, respectively.
- **Planning Barriers:** 100% of Local Authorities and 93.1% of Third Sector organisations cited long-term planning challenges due to unpredictable funding timelines.
- **Poor Coordination:** 72% of respondents noted ineffective communication between local authorities and the Scottish Government as a barrier to timely and transparent disbursement.

- **Sector-Specific Impacts:**

- Local Authorities face heightened accountability pressures, with 86.1% citing difficulties in meeting funders' expectations.
- Funding delays and annualised funding cycle disproportionately affect Parents and Disabled individuals. Only 28% believed current funding mechanisms effectively address the needs of marginalised groups, including disabled individuals and parents, underscoring systemic gaps in service provision.
- Third Sector organisations reported greater variability in their ability to mitigate funding delays, reflecting resource and structural constraints.

Emerging Policy Recommendations For Scottish Government, Local Authorities and Third Sector Partners in Employability Service Provision

Emerging from survey responses and stakeholder interviews, these recommendations provide insights for the Scottish Government, Local Authorities, and Third Sector organisations on ways to strengthen the coordination, responsiveness, and sustainability of employability service delivery:

1. Adopt Multi-Year Funding Models:

- The transition to multi-year funding is widely recognised as the most critical reform required for effective employability service provision. A significant 91.0% of respondents identified this as their most important recommendation, underscoring the urgent need for greater financial stability. This recommendation is aimed primarily at the Scottish Government, which sets funding cycles, but also at Local Authorities and third-sector organisations, which require longer-term financial commitments to plan and deliver sustainable services.

2. Address the Cascade Impact of Funding Delays:

- The misalignment between funding cycles and service delivery creates a knock-on effect that disrupts the entire employability ecosystem. Late grant allocations delay procurement and commissioning, preventing services from being properly mobilised and leaving providers with insufficient time to recruit staff, develop programmes, or engage participants. This results in fragmented support, service gaps, and reduced effectiveness in reaching those most in need. 88% of respondents highlighted the need to simplify administrative processes, reduce bureaucratic delays, and reform procurement practices to improve efficiency. Tackling these systemic delays requires the Scottish Government to ensure timely funding allocations and Local Authorities to develop more flexible commissioning processes that mitigate disruption to service users.

3. Enhance Communication Between Key Stakeholders:

- Improved communication between Local Authorities and the Scottish Government is critical, with 85.3% of Local Authorities reporting neutral or ineffective experiences, highlighting significant gaps in clarity and timeliness. Establishing more structured engagement mechanisms, clear guidance on funding allocations, and consistent feedback loops will ensure that policy decisions are better aligned with on-the-ground service delivery needs.

4. Ensure Funding Reflects Regional and Demographic Needs:

- There is strong consensus among Local Authorities, third-sector organisations, and other stakeholders that employability funding mechanisms must better reflect regional disparities. This is particularly crucial for rural and island communities, where higher costs and logistical challenges create additional barriers to service delivery. 76% of respondents advocated for funding models that incorporate regional cost adjustments and flexibility to address localised challenges. This requires policy adjustments from the Scottish Government, in collaboration with Local Authorities and regional economic development bodies.

5. Develop Streamlined, Strategic Commissioning Frameworks:

- Fragmented procurement processes and funding delays significantly hinder employability service provision. Moving towards a more strategic commissioning model with longer contract durations, fewer piecemeal contracts, and reduced administrative burdens, would particularly benefit third-sector providers, who often face disproportionate challenges in securing and managing funding. This requires action from both the Scottish Government and Local Authorities, ensuring that commissioning processes align with service delivery needs and minimise bureaucratic inefficiencies.

Conclusion:

This report has examined the structure, distribution, and challenges of employability funding in Scotland, highlighting key findings from survey responses and stakeholder interviews. The *No One Left Behind (NOLB)* approach has introduced greater local flexibility, but findings suggest variation in implementation across local authorities, leading to inconsistencies in service delivery (Sections 1 & 2). While NOLB has streamlined funding structures, the transition from multi-stream funding to a localised model has raised concerns, particularly regarding the loss of the *European Social Fund (ESF)* and the forthcoming conclusion of the *UK Shared Prosperity Fund (UKSPF) in 2025* (Section 2). These challenges are further compounded by delays in grant offer letters, which create additional financial uncertainty for service providers, affecting their ability to plan and sustain employability programs effectively (Section 3). Moreover, these funding constraints contribute to fragmented commissioning processes, where short-term contracts and misaligned procurement timelines disrupt service continuity and long-term workforce planning (Section 4).

One of the most prominent findings is the strong consensus on the need for multi-year funding, with 91% of respondents ranking it as the most critical reform (Table 6.1a, Section 6). Annualised budgets were identified as a key challenge, limiting long-term planning, staff retention, and program sustainability (Section 5.1). Additionally, funding delays and disbursement inefficiencies were reported across all sectors, impacting the timing and continuity of service delivery (Section 3.1 & 3.2).

Coordination between Scottish Government, local authorities, and third-sector providers was another recurring theme, with respondents identifying communication and administrative burdens as barriers to effective employability service provision (Section 3 and 4). Administrative complexity and multiple funding streams were cited as increasing the workload for organisations, diverting resources away from front-line service delivery (Section 5.1).

While these challenges present ongoing concerns, the findings suggest that enhancing coordination, introducing greater funding flexibility, and addressing procedural inefficiencies could support a more sustainable employability funding model (Section 6). Moving forward, ensuring stability in funding cycles, improving engagement between funding bodies and service providers, and aligning funding structures with local labour market needs will be critical to enhancing Scotland's employability services.

About the Author

[Dr. Seemab Farooqi](#) is a Lecturer in Human Resource Management at the [University of Dundee Business School](#) and a Scottish Parliament Academic Fellow (SPICe), conducting research on employability funding and service provision in Scotland. Her expertise spans public policy, performance management, and inclusion, with a research focus on policy analysis, public sector management, and entrepreneurship.

Her current projects include Mapping Funding Flow and Support for Under-represented Social Entrepreneurship (PRME UK Charter Seed Funding), exploring the hidden cost of living with disability in Scotland (Royal Society of Edinburgh Funding), and research on the Circular Economy (Scotland Beyond Net Zero Funding Project). Her work contributes to policy discussions on funding structures, labour market inequalities, and sustainable economic development in Scotland.

Dr Seemab Farooqi has been working with the Scottish Parliament Information Centre (SPICe) as part of its [Academic Fellowship Scheme](#). This aims to build links between academic expertise and the work of the Scottish Parliament.

The views expressed in this briefing are the views of the author, not those of SPICe or the Scottish Parliament.

Methodology

This report employs a mixed-methods approach, combining quantitative and qualitative data to provide a comprehensive understanding of funding challenges in employability service delivery across Scotland. By integrating survey data with interview insights, the methodology captures both the breadth and depth of stakeholder experiences.

Data Collection

1. Quantitative Component:

- **Survey Design:** Structured surveys were distributed to key stakeholders, including Local Authorities, Third Sector organisations, and other entities engaged in employability programs.
- **Sample Size:** Responses were collected from 156 participants, representing diverse roles such as policy officers, delivery partners, and funding recipients.

2. Qualitative Component:

- **In-Depth Semi Structured Interviews:** Semi-structured interviews were conducted with representatives from SLAED, TSI networks, and other key stakeholders. [Table 1](#) presents the anonymised sampling framework, categorising local authorities based on their urban, semi-urban, rural, or island classification. A total of 19 local authorities were interviewed, comprising 21 initial interviews with employability leads, 15 interviews with third-sector representatives, and 4 interviews with national organisations. Additionally, 8 follow-up interviews were conducted with employability leads and 4 with third-sector representatives.

Table 1: Sample Characteristics

Informant Group	Contextual Setting and Actors	Data Collection
Employability Leads (EL)	Local government representatives directly involved in formulating and implementing employability policies.	21 initial interviews conducted across 19 local authorities: Urban: 7 interviews. Semi-Urban: 4 interviews. Rural: 7 interviews. Island: 3 interviews. 8 follow-up interviews conducted with Employability Leads from 8 local authorities.
Third-Sector Organisations (TSO)	organisations delivering employability services under public sector contracts.	15 initial interviews conducted across local authorities: Urban: 5 interviews. Semi-Urban: 3 interviews. Rural: 4 interviews. Island: 2 interviews. 4 follow-up interviews conducted with representatives from third-sector organisations.
National Organisations	Representatives from national and coordinating organisations, such as SLAED and COSLA.	4 interviews conducted: 2 with SLAED and 2 with COSLA. These organisations operate nationally and are not tied to specific local authority classifications.

Analysis Strategy:

1. Quantitative Data Analysis:

- Descriptive statistics (means, percentages, standard deviations) and cross-sector comparisons (Local Authorities, Third Sector, and others) to identify funding challenges.

2. Qualitative Data Analysis:

- **Thematic Coding:** Thematic coding of interviews and follow up interviews to capture recurring patterns and stakeholder priorities.
- **Integration with Quantitative Insights:** Qualitative findings were used to contextualise quantitative trends, ensuring a holistic interpretation of the data.

Strengths & Limitations

Strengths:

- **Comprehensive Scope:** Mixed-methods approach captures systemic trends and individual experiences, informing actionable recommendations.
- **Diverse Representation:** Input from Local Authorities, Third Sector, and other stakeholders reflects the complexities of employability funding.

Limitations:

- **Sample Representation:** A small sample size for "Other Organisations" limits generalisability.
- **Time Constraints:** Limited participant availability may have reduced the depth of qualitative insights.

Introduction

Employability funding in Scotland is structured under the [No One Left Behind \(NOLB\) approach](#), which prioritises person-centred, tailored, and responsive employment support that aligns with local labour market needs. [No One Left Behind](#) promotes flexibility, integration with wider services, and partnership driven delivery through Local Employability Partnerships (LEPs), ensuring that individuals of all ages receive support to enter and sustain employment. Funding is provided through a combination of [Scottish Government allocations](#), including the Core Employability Budget, the Parental Employability Support Fund (PESF), and the Young Person's Guarantee (YPG), alongside local authority budgets and UK Government contributions, such as the [UK Shared Prosperity Fund \(UKSPF\)](#).

The 2023-24 Scottish Budget allocated £133.6 million to employability, primarily supporting local employability partnerships (LEPs) and third-sector delivery partners. However, in the 2024-25 Scottish Budget ², funding was reduced by 23% to £102.9 million, reflecting broader fiscal pressures and spending realignments. The Autumn Budget Revision (ABR) for 2024-25 introduced adjustments, allocating £155.9 million in additional funding to local government ³, but it did not explicitly earmark further resources for employability-specific programmes such as PESF or YPG.

The funding landscape continues to evolve, with the [UK Shared Prosperity Fund \(UKSPF\)](#) set to conclude in March 2025, introducing uncertainty around future funding streams. The current funding structure operates on annual cycles, which influences how local authorities and third-sector providers plan and manage employability programmes. While some areas have received increased allocations, stakeholders have highlighted service delivery considerations, including grant offer letter timings and programme funding structures. The funding landscape continues to evolve, with [UKSPF](#) scheduled to conclude in March 2025, introducing uncertainty regarding future funding streams. The annual funding cycle impacts service planning and delivery, with stakeholders emphasising grant offer delays and programme funding structures as key challenges.

Employability funding in Scotland, coordinated through the No One Left Behind Approach (NOLB), is primarily delivered by third sector organisations, and managed by [Local Employability Partnerships \(LEP\)](#), leading to variation across the country. This research explores Scotland's employability provision, funding flows, and outcomes for different user groups, while assessing regional variations in service delivery and funding experiences of providers. This will provide the stakeholders with insight into how the funding model impacts delivery of employability support across Scotland.

Key objectives of this report are:

- Producing an overview of employability provision across Scotland, including the types of providers who deliver front-line services and the client groups being served.
- Analysing and producing a summary of how funding flows from the Scottish Government to local authorities and then to delivery partners, and how this has changed over time.
- Analysing the outcomes for different user groups and how these outcomes are defined and measured.

Section 1: Overview and Composition of Employability Funding

Overview and Composition of Employability Funding

The funding landscape for employability services in Scotland has evolved through a mix of devolved and national funding streams, with the [No One Left Behind](#) (NOLB) strategy, introduced in 2018 ⁴, at its core, aiming to create a more flexible and locally driven system. Over time, funding has shifted from rigid, centrally managed programmes to a model where local authorities have greater discretion in designing services to meet community needs. However, this has led to inconsistencies in provision across different regions, exacerbated by short-term annual funding cycles that limit long-term planning. The [Parental Employability Support Fund](#) (PESF) ⁵, introduced in 2019, and the Young Person's Guarantee (YPG) ⁶, launched in 2020 and still operational, have sought to address specific challenges, yet their ring-fenced nature and fluctuating availability often result in gaps in service delivery. The discontinuation of Fair Start Scotland ⁷, which began in 2018 and ceased taking new referrals in March 2024, and the uncertainty surrounding the [UK Shared Prosperity Fund](#) ⁸, which replaced the [European Social Fund](#) ⁹ in 2022 but is set to end in March 2025, further highlight the fragility of the current system, which remains constrained by funding delays, a lack of multi-annual commitments, and challenges in integrating support for different client groups.

This section provides an overview of the structure and composition of employability funding in Scotland, examining key funding streams, their allocation mechanisms, and their impact on service delivery. It explores how different sources of funding interact, highlighting the complexities faced by local authorities, third-sector providers, and other stakeholders in navigating the employability funding landscape. Key findings explore the challenges of managing multiple funding streams, the administrative burdens associated with each source, and the alignment of funding structures with organisational needs. Insights from survey respondents and qualitative interviews highlight how funding sources shape innovation, flexibility, and long-term planning across organisation types.

Section 1.1: Funding Sources and Distribution

As outlined in the previous section on the funding landscape for employability services, the No One Left Behind strategy, Parental Employability Support Fund, and other government-led initiatives play a crucial role in shaping the overall funding structure. However, survey responses reveal significant variation in how different organisations experience and access these funding streams.

[Table 1.1](#) presents respondents' estimates of their funding composition, reflecting perceived reliance on different sources rather than verified financial data. This provides insight into the disparities in funding accessibility and dependence across Scotland's employability sector. This was a multiple-choice question, meaning that respondents could report receiving funding from several sources.

Table 1.1: Funding Composition of Employability Services

Funding Source	Average Proportion (%)	Range (%)	Standard Deviation	Total Responses
Local Authority Core Budget	21.84	0 – 100	30.18	108
Additional Scottish Government Streams	24.94	0 – 100	31.90	109
UK Government (e.g., Shared Prosperity Fund)	11.89	0 – 90	16.76	108
Other Sources (e.g., private/philanthropic)	8.13	0 – 100	22.12	108

Key Findings:**1. Local Authority Core Budget:**

- The proportion of funding from Local Authority budgets varies significantly, with some organisations reporting higher levels of reliance, while others receive little to no core budget support (Standard Deviation (SD) = 30.18).
 - *Implication:* Unequal access to core budgets highlights the need for more equitable distribution to reduce regional disparities and ensure consistent service delivery, aligning with concerns raised in the budget-to-budget comparison on funding stability.

2. Additional Scottish Government Streams:

- These represent the largest single funding source, but with high variability (SD = 31.90), indicating that organisations experience inconsistent access and reliance on these funds.
 - *Implication:* The inconsistency underscores the need for more predictable allocation models, particularly given the £30.7 million decrease in the 2024-25 Employability Budget, which could further disrupt services.

3. UK Government Funding (e.g., Shared Prosperity Fund):

- This funding has a lower average share and less variability (SD = 16.76), suggesting limited accessibility or lower importance within the sector.
 - *Implication:* Expanding access to UK Government funds could help diversify income streams, reducing over-reliance on Scottish Government and Local Authority budgets. Given the upcoming expiration of the UK Shared Prosperity Fund (March 2025), there is an urgent need to consider alternative funding sources.

4. Other Sources (e.g., private/philanthropic):

- Non-governmental sources contribute **8.13%** on average, with wide variability (SD = 22.12), reflecting variable use across organisations.
- **Implications:** Encouraging partnerships with private and philanthropic funders could provide innovative and flexible funding options, though this would require capacity-building support for organisations to access these streams effectively.

Qualitative Insights: Transition to No One Left Behind Approach

The funding landscape for employability in Scotland has undergone significant restructuring over recent years, shaped by the transition to the [No One Left Behind](#) (NOLB) approach, introduced in 2018. This transition aimed to create a more locally driven, flexible employability model, replacing fragmented and prescriptive funding streams with a cohesive, person-centred approach that aligns with local labour market needs.

While Scottish Government funding remains the primary source of employability support, allocated through NOLB and additional funding streams such as the Parental Employability Support Fund (PESF) (2019-Present) and the Young Person's Guarantee (YPG) (2020-Present), UK Government funding has also historically played a role. Previously, employability programmes in Scotland benefited from the stability of the [European Social Fund](#) (ESF), which operated on a seven-year funding cycle (2014-2020), allowing local authorities and service providers to strategically plan and maintain service continuity.

Following Brexit in 2020, [ESF](#) funding was discontinued, leaving a gap in long-term employability investment. In response, the [UK Shared Prosperity Fund](#) (UKSPF) was introduced in 2022 as a shorter-term replacement, allocated on a three-year cycle (2022-2025). However, unlike ESF, [UKSPF](#) does not provide multi-annual financial security, creating challenges in aligning with [NOLB's](#) localised, long-term planning approach. With UKSPF set to conclude in March 2025, local authorities and service providers face uncertainties regarding staffing, service continuity, and the future of employability funding beyond 2025.

This section draws on interviews with local authority representatives and third-sector stakeholders to explore the transition to the [No One Left Behind](#) (NOLB) funding model.

Evolution of Employability Funding landscape

According to interviewees, the shift to a unified funding model under [NOLB](#) enabled local authorities to adopt more cohesive, locally tailored approaches, helping to reduce duplication in funding mechanisms and streamline service delivery. Stakeholders reflected that this transition allowed greater flexibility at the local level, aligning funding more closely with regional labour market needs.

As one employability lead noted:

“We’ve moved from five separate funding streams to one under *No One Left Behind*, simplifying the landscape but with less overall funding.” (Employability Lead 1, LA07_Urban)

This shift replaced siloed and prescriptive funding with an aligned, flexible vision at the local level:

“*No One Left Behind* brought a shift from silo and prescriptive funding to an aligned, local vision that allows greater flexibility.” (Employability Lead 1, LA15_Urban)

While [NOLB](#) aimed to reduce duplication in funding mechanisms and enhance local flexibility, interviewees highlighted that its implementation has varied across local authorities, resulting in differences in service availability and delivery structures.

“The biggest change really has been the introduction of *No One Left Behind*. Every single local authority has chosen to do it differently, which reflects flexibility but also inconsistency.” (Third Sector _12 Rural & Urban)

Scottish Government allocations remain the largest contributor to employability services, particularly in rural and island councils, where alternative funding sources are less accessible:

“For smaller authorities, NOLB is critical, but the annual nature of funding creates planning challenges.” (Employability Lead, LA29_Island)

“We only get No One Left Behind funding; there’s no UK Prosperity Fund support for us....We’ve seen reductions in funding this year...20% for us compared to 10% reductions for mainland councils.” (Employability Lead, LA22_Island)

Local Authority contributions vary significantly, ranging from 0% to 100%, creating disparities in financial capacity across regions:

“Our core budget is limited, so we rely on NOLB and other external funding to maintain service levels.” (Employability Lead, LA04_Rural)

“We don’t have core funding or other funding streams; if NOLB doesn’t come in, the service ends.” (Employability Lead, LA22_Island)

The [UK Shared Prosperity Fund](#) (UKSPF) is valued for providing flexibility to address funding delays, particularly in urban and some rural areas. However, access to this fund remains inconsistent, with rural and smaller councils often excluded.

“We only get No One Left Behind funding; there’s no UK Prosperity Fund support for us.” (Employability Lead, LA22_Island)

For urban and larger local authorities, UK Shared Prosperity Fund ([UKSPF](#)) has been instrumental in bridging funding gaps caused by delays in Scottish Government streams:

“The flexibility of UKSPF allowed us to bridge gaps and maintain service delivery during periods of uncertainty.” (Employability Lead, LA30_Urban)

“We’ve used [UK]SPF to extend contracts and run a grant program before the official grant offer letter came in. It gave us flexibility to cover staff and grants before other funds arrived.” (Employability Lead, LA10_Rural)

Despite its benefits, the conditions attached to [UKSPF](#) funding often limit its full utilisation:

“UK Shared Prosperity Fund was used where Scottish Government funding wasn’t eligible, but constitutionalities often dictate how it’s used.” (Employability Lead, LA13_Semi Urban)

Local authorities also emphasised the importance of integrating [UKSPF](#) with other funding streams, such as [No One Left Behind](#), to avoid duplication and ensure coherence:

“We made sure that we linked the guidance very clearly to No One Left Behind funding, so there was complementarity and not duplication.” (Employability Lead, LA04_Rural)

The end of UKSPF funding in March 2025 has raised concerns about a potential "cliff edge" in funding, threatening service delivery continuity and staff contracts:

“We’re just hoping something is announced in October, so everything doesn’t fall off a cliff edge come the end of March 2025.” (Employability Lead, LA10_Rural)

“Without clarity on UKSPF replacement, staff contracts and ongoing programs are at significant risk.” (Employability Lead, LA22_Island)

Private and Philanthropic Contributions are more prevalent in urban areas, these sources offer opportunities for innovation but remain underutilised in rural regions.

“We’ve partnered with private funders to address gaps in government funding.”
(Employability Lead, LA07_Urban)

Benefits of Streamlining under ‘No Left Behind Strategy’:

- **Reduced Duplication:** By consolidating funding streams, NOLB minimised overlap and improved resource efficiency:
 - *“Before NOLB, we had too many funding streams doing the same thing, which made service delivery overly complex.”* (Employability Lead 2, LA15_Urban)
 - *“Streamlining has enabled us to avoid duplicating efforts, ensuring more resources go directly to those who need them.”* (Employability Lead, LA29_Island)
- **Increased Local Flexibility:** Councils now have greater autonomy to adapt funding to regional needs, fostering innovation and co-production:
 - *“Branding like Glasgow Futures ensures local identity while improving service integration and coherence.”* (Employability Lead 2, LA15_Urban)
 - *“NOLB allows us to tailor employability services to specific community needs, which was impossible under the old, rigid funding models.”* (Third Sector 3, Urban and Rural)
- **Strategic Use of Partnerships:** Local Employability Partnerships (LEPs) have emerged as critical structures for collaboration, enabling local authorities, third-sector providers, and other stakeholders to align resources and expertise. While larger councils use these partnerships to reduce service duplication, smaller authorities rely on them to share knowledge and overcome resource limitations:
 - *“Collaboration within the LEPs ensures services align with local labour market needs and avoid duplication.”* (Employability Lead, LA29_Semi Urban)
 - *“Through our LEP, we’ve established communication channels that are open and transparent with our partners, even if information from the Scottish Government is limited.”* (Employability Lead, LA10_Rural)
- LEP effectiveness varies based on leadership and trust among partners. Third-sector interviews indicate that some LEPs lack engagement in key decisions, impacting their ability to address local needs comprehensively:
 - *“Our head of learning and employability sits as a third sector rep on the LEP forum, but none of that [service planning] is discussed there”* (Third Sector _12 Rural and Urban)
 - *“They brought everybody around the table, began to think about what’s needed in different areas, and coordinated services through regular meetings. This approach allowed partners to leverage their strengths and address local needs*

effectively." (Third Sector _12 Rural and Urban)

Challenges of the Transition to **No One Left Behind (NOLB)** strategy:

Despite its advantages, the implementation of **NOLB** has revealed systemic challenges:

1. Reduced Overall Funding:

- While the policy has streamlined funding processes, it has reduced the overall funding available to the local authorities in that process:
 - *"We had five or six funding streams, but NOLB merged them into one. This helped reduce duplication but also meant less total funding."* (Employability Lead, LA07_Urban)
- Some stakeholders also reflected on *variability in funding distribution*, with concerns that changes in funding structures *do not always support service continuity across different regions*:
 - *"There's much less funding than there ever was, and the challenge with No One Left Behind is that it doesn't always create consistency in service delivery."* (Third Sector _12 Rural & Urban)

2. Geographic Disparities:

- The localised nature of **No One Left Behind (NOLB)** has led to *diverse service models* across Scotland, allowing councils to tailor *employability support* to local labour market needs. While this *flexibility ensures responsiveness*, it also creates *variability in service availability*, particularly for individuals moving between local authority areas:
 - *"Every single local authority has chosen to do it differently. It really is a bit of a postcode lottery in terms of what's available, what you can access, and when."* (Third Sector _12 Rural & Urban)
- While localised funding empowers councils to address their specific needs, systemic disparities and geographic constraints pose persistent challenges, particularly for smaller and rural authorities.
 - *"Delivery in the Isles costs significantly more, with transport and time challenges amplifying the disparity."* Lindsey Johnson
 - *"We are expected to do what Glasgow does, with significantly fewer resources and a much smaller team."* (Employability Lead, LA22_Island)
- Smaller councils face additional hurdles as national funding formulas often fail to account for local disparities in needs and costs.
 - *"Core budgets vary year by year, making it difficult to plan long-term. Allocations depend on regional needs and political priorities, which aren't always transparent."* (Employability Lead LA32, Island)

3. Short-Term Funding Cycles and Misaligned Commissioning:

- **NOLB**'s reliance on annualised funding has limited councils' ability to plan strategically, affecting staff retention and long-term projects:

- *"We're always working against the clock. By the time funding is confirmed, we've already lost crucial months."* (Employability Lead, LA32_Island)

4. Misalignment Between National and Local Priorities:

- While NOLB promotes flexibility, its implementation is sometimes constrained by national priorities that do not align with local realities:
 - *"We don't have large numbers of priority groups like asylum seekers or young parents, but funding expects us to deliver the same targets as mainland councils."* (Employability Lead, LA22_Island)
 - *"Flexibility in funding allocation would allow us to address our real priorities more effectively."* (Employability Lead, LA29_Semi Urban)

Findings suggest that while NOLB has enhanced flexibility and local alignment, challenges remain due to reduced overall funding, short-term cycles, and regional variations. Councils have adjusted by integrating funding sources, but multi-annual funding is still seen as important for stability and effectiveness.

BOX 1.1: Additional Key Insights on Employability Provision and Funding

1. Types of Providers and Client Groups:

- **Providers:** Employability services in Scotland are delivered through a mix of local authorities, third-sector organisations, private sector providers, and arm's length organisations.
 - *"We rely heavily on third-sector providers to ensure service delivery in rural areas."* (Employability Lead, LA04_Rural)
- **Client Groups:** Employability support under No One Left Behind (NOLB) is designed to be person-centred and responsive to local labour market needs, reaching those facing the greatest barriers to work. Interviewees highlighted that services support young people, including school leavers and those transitioning into work, as well as low-income parents, aligning with child poverty reduction efforts. Support also extends to disabled individuals, those with long-term health conditions, minority ethnic groups, care-experienced young people, and individuals with lived experience of the justice system. The broad scope of client groups reflects the commitment to inclusive and adaptable employability services across Scotland.
 - *"Our services target everyone from school leavers to those facing systemic barriers."* (Employability Lead, LA29_Island)

2. Funding Evolution:

- **Shift to No One Left Behind (NOLB):** The transition from fragmented, multi-stream funding to a localised employability model under No One Left Behind (2018-Present) has simplified funding administration and given local authorities more flexibility. However, many respondents noted that this shift has also resulted in reduced overall funding, making it difficult to sustain service levels.

"We've moved from five funding streams to one, simplifying the process but with less funding." (Employability Lead, LA07_Urban)
- **Loss of European Social Fund (ESF):** Until 2020, ESF provided long-term, multi-annual funding on a seven-year cycle (2014-2020), offering stability and strategic investment for employability programmes. Following Brexit, ESF funding was discontinued, requiring a shift to short-term domestic funding models:

"The absence of ESF has forced us to operate on short-term funding cycles, limiting planning." (Employability Lead, LA21_Urban)
- **End of UK Shared Prosperity Fund (UKSPF) in 2025:** Introduced in 2022 as the UK Government's domestic replacement for ESF, UKSPF operates on a three-year funding cycle (2022-2025), offering less long-term financial security compared to ESF. With UKSPF set to end in March 2025, local authorities have raised concerns about a funding cliff edge, with no clear successor programme announced.

"We're just hoping something is announced in October, so everything doesn't"

fall off a cliff edge come the end of March 2025.” (Employability Lead, LA10_Rural)

3. Key Challenges:

- Costs and logistical challenges are significantly higher in rural and island councils.
 - *“Transport and staffing costs in the Isles make service delivery disproportionately expensive.”* (Employability Lead, LA29_Island))
- Localised decision-making under NOLB has created a 'postcode lottery.'
 - *“Every local authority has chosen to do it differently, resulting in significant inconsistencies.”* (Third Sector _12 Rural & Urban)
- Annualised funding limits long-term planning and staff retention:
 - *“Short-term funding cycles create a cliff-edge effect, risking service continuity every year.”* (Employability Lead, LA04_Rural)

Section 2: Perceptions of Employability Funding

This section examines respondents' perceptions of employability funding structures and is organised into three subsections, each focusing on a key aspect of funding effectiveness. The [first subsection](#), Perceptions of Funding Structure's Efficiency and Flexibility, explores how funding mechanisms support or constrain local flexibility and financial sustainability, drawing on [Chart 2.1 a](#) and [Chart 2.1 b](#). This analysis integrates survey responses and interview insights to assess administrative efficiency, funding accessibility, and the extent to which funding structures enable responsiveness at the local level.

The [second subsection](#), Perception of Effectiveness of Funding Models, evaluates whether funding structures promote a holistic employability approach, foster long-term employer relationships, and allow programme adaptability, referencing [Chart 1.4b](#). This section highlights variations in perception across local authorities, third-sector organisations, and other service providers, reflecting the differing challenges and opportunities they experience.

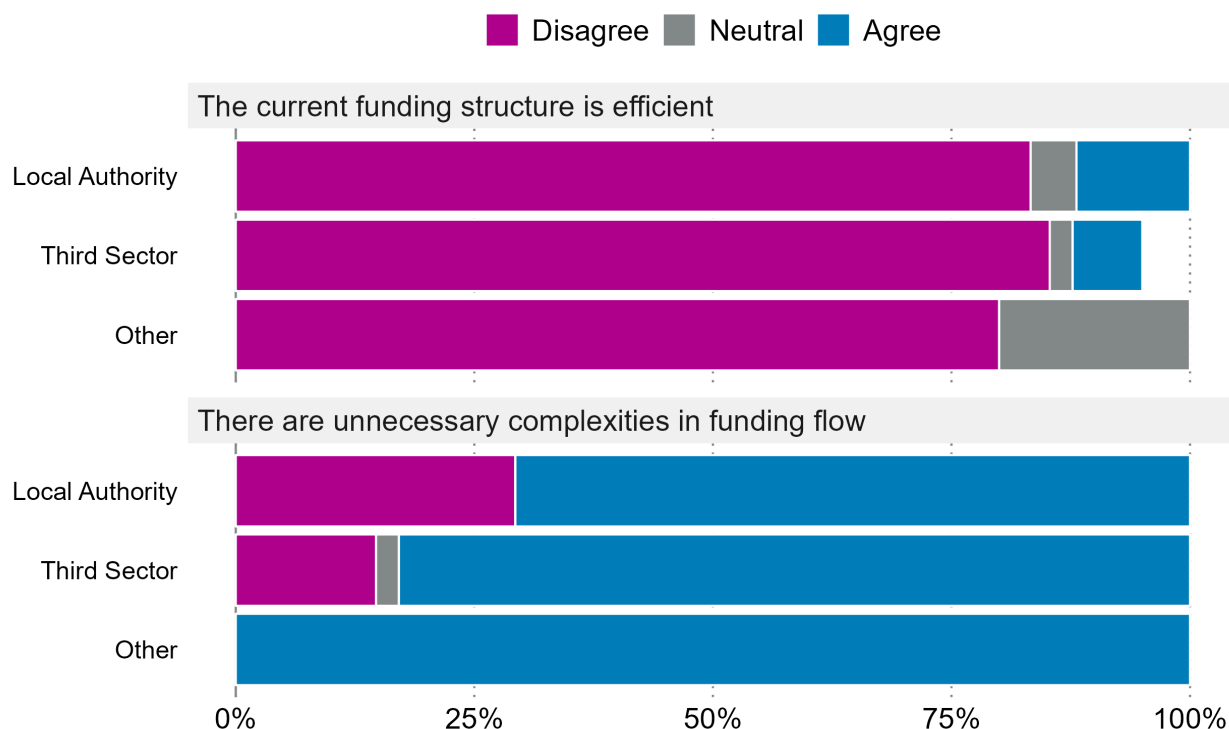
The [final subsection](#), Operational Challenges in Managing Multiple Funding Streams, further explores the challenges associated with fragmented funding structures, short-term financial planning, and administrative burdens. Drawing on survey findings and qualitative insights, this section examines how organisations navigate funding complexity, service continuity risks, and the impact of annual budget cycles on employability provision.

Section 2.1: Perceptions of Funding Structure's Efficiency and Flexibility

Survey respondents identified systemic inefficiencies and limited flexibility in the funding framework. These issues impact collaboration, adaptability, and service delivery. [Chart 2.1\(a\)](#) highlight respondent perceptions of efficiency, flexibility, and related challenges.

Chart 2.1 (a)

Perception of Funding Efficiency



Survey Data

Key Findings - Efficiency of Funding Models:

1. Efficiency of the Funding Structure:

- As shown in [Chart 2.1 \(a\)](#), a majority of respondents from Local Authorities (83.3%) and Third Sector organisations (85.3%) disagree that the current funding structure is efficient.
- **Implication:** These results indicate systemic inefficiencies and suggest structural issues rather than organisation-specific challenges.

2. Unnecessary Complexities:

- Significant agreement from Local Authorities (70.7%) and Third Sector organisations (82.9%) highlights widespread frustration with the complexities of managing diverse funding streams.
- **Implication:** Inefficiencies limit organisations' ability to deliver timely and effective employability services, compounding operational challenges.

Qualitative insight: Factors contributing to efficiency and/or inefficiency in Employability Provision:

Survey respondents widely view the funding structure as inefficient due to systemic delays and complexities. Interviews with local authority and third-sector stakeholders highlight key barriers, including fragmented reporting, delayed allocations, and geographic disparities.

1. **Fragmentation in Processes and Reporting (Efficiency Issue):** Stakeholders highlighted the challenges of managing multiple funding streams, each with distinct requirements and timelines, leading to excessive administrative work at the expense of service delivery.
 - **Local Authority Perspectives:** Local authority representatives emphasise that *overlapping requirements across multiple funding sources create operational inefficiencies*, particularly in *smaller or rural councils with limited administrative capacity*.
 - *"Each funding stream comes with its own set of requirements, timelines, and conditions. Trying to align all of this while maintaining our services is exhausting."* (Employability Lead 1, LA15_Urban)
 - **Third-Sector Perspectives:** Third-sector organisations face additional challenges when working across multiple local authorities, as each council has different requirements and commissioning process.
 - *"Each council has its own process, making it a logistical nightmare for organisations working in multiple areas."* (Third Sector 2_Rural)
 - *"We're spending far too much time on compliance and reporting. Smaller teams, especially in rural councils, don't have the capacity to handle this level of bureaucracy."* (Third Sector 3_Urban/Rural)

2. **Urban-Rural Disparities in Resources and Costs:** Geographic and demographic differences exacerbate funding inefficiencies. Urban councils benefit from economies of scale, while rural councils face higher costs and logistical constraints that are not reflected in funding allocations.

- **Local Authority Perspectives:**
 - *"Delivering services in the Isles costs significantly more, yet funding doesn't reflect this reality."* (Employability Lead, LA12- Urban)
 - *"Employability is not a statutory service, so it's vulnerable within local authorities... you might not have the infrastructure needed when there's a downturn."* (Employability Lead, LA11- Rural)
- Local authorities highlighted several issues, stating:
 - *"Employability is not a statutory service, so it's vulnerable within local authorities... you might not have the infrastructure needed when there's a downturn."* (Employability Lead, LA11- Rural)

Rural councils struggle with *higher service delivery costs, weaker infrastructure, and funding delays*, making it difficult to *plan and sustain employability programs effectively*.

- **Third-Sector Perspectives:** Funding delay disrupts critical planning processes, creating inefficiencies that ripple throughout the service delivery chain.
 - *"We don't necessarily know what the conditionality is within that grant until after the beginning of the delivery year. And we then have to start thinking about where*

is that money going to be missed, and where do we need to fill the gaps with our own core funding. You're almost a quarter of the way through the year by the time you need to do some of that." (Third Sector 3_Rural)

Funding delays *create significant planning disruptions* for third-sector providers, who often *must reallocate their own core funding* to fill gaps while awaiting grant conditions and allocations.

3. Delays in Funding Flow:

Systemic delays in funding allocation and grant letters disrupt service delivery and hinder effective planning. Delays in issuing grant offer letters from the Scottish Government trigger a cascade of problems throughout the system. These delays create uncertainty, push the start of programmes later into the financial year, impacting staff retention and the ability to maintain critical programmes.

- **Local Authority Perspectives:** Funding delays have a cascading impact on service provision, causing disruptions in commissioning processes and job security concerns for staff.
 - *"When the funding is late, commissioning processes can't happen, redundancy notices may be issued, and staff start leaving because they feel their job isn't secure."* (Employability Lead, LA11_Semi_Urban)
- The timing of funding allocations remains a persistent challenge:
 - *"The allocation, the grant offer letters, potentially delays with that... We've only once in the last six years had anything by the end of April."* (Employability Lead, LA12_Semi_Urban)

These delays extend beyond administrative hurdles, affecting service continuity and workforce retention. Local authorities find it challenging to plan long-term, limiting their ability to provide stable and effective employability support.

- **Third-Sector Perspectives:** The unpredictability of funding timelines creates instability for organisations, forcing them to operate on financial uncertainty.
 - *"There's no service that should be based on hope. Yet, we hope the money will arrive to keep our services running."* (Third Sector 3_Rural)
- Delays in disbursing funds directly impact programme implementation:
 - *"This year, in June, we finally got the first quarter's allocation, which wasn't enough to start our third-sector grant process."* (Employability Lead, LA25_Rural)
- With services dependent on funding cycles, staff retention becomes increasingly difficult:
 - *"Our ability to retain staff and sustain programs hinges entirely on timely grant letters. The uncertainty is unsustainable."* (Third Sector 8_Rural)

This highlights the systemic inefficiencies respondents referenced, including the late timing of funding allocations.

4. Complexity and Administrative Burden: Procurement regulations and other

administrative requirements introduce additional layers of complexity, delaying programme implementation and diverting resources from service delivery.

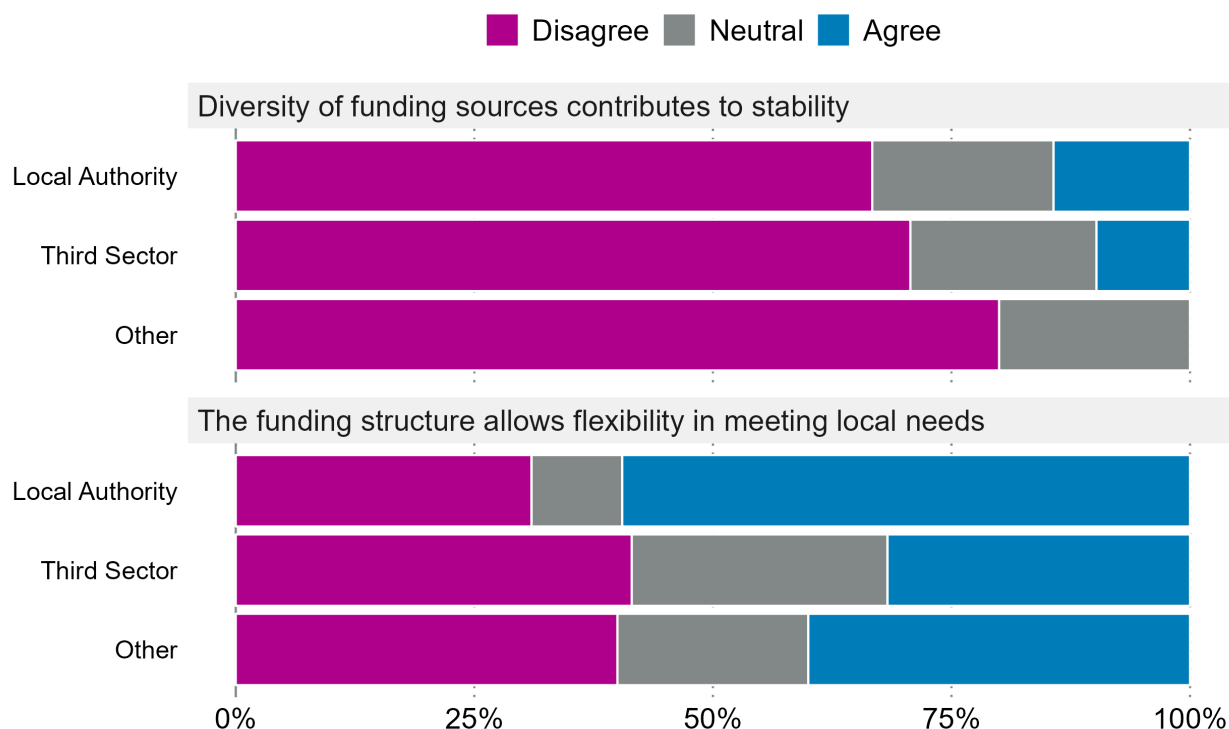
- **Local Authority Perspectives:** Funding conditions are often unclear until well into the delivery year, making it difficult to plan effectively:
 - *"We don't necessarily know the conditionality of the funding until after the delivery year starts, which delays planning and commissioning... We have to stick to the regulations around competitive procurement... where you have to re-score or re-tender because the bids aren't up to standard, and you're now into the second or third quarter of the year." (Employability Lead, LA29_Semi-Urban)*
- Late funding announcements and allocation bottlenecks create inefficiencies, complicating efforts to align funding with local needs:
 - *"This year, as an example, in June we got a letter—not April, but in June—telling us we would get the first quarter's allocation of the grant. Which still wasn't enough for me to put in place our third sector grant process. But then two weeks later, we got a subsequent communication telling us that the full award would be given. " (Employability Lead, L05_Rural)*
- Administrative delays place additional pressure on finance teams, particularly at critical points in the funding cycle:
 - *"The grant letter can take a long time to come in, and that's when you're at the mercy of your finance director....At the beginning of the financial year and at the end of the financial year, because you're trying to get everything complete... so that, you know, the delivery has been done, the invoices have been out and back, and everything's paid." (Employability Lead, LA32_Island)*

Key Findings- Flexibility of Funding Models:

The extent to which employability funding structures support *local flexibility and financial stability* varies across organisations. Survey responses ([Chart 2.1 \(b\)](#)) highlight *differences in perception* between *local authorities, third-sector organisations, and other providers* regarding how funding mechanisms enable adaptability in meeting local needs and whether the *diversity of funding sources enhances financial stability*.

Chart 2.1 (b)

Perceptions of Funding Flexibility by organisation Type



Survey Data

Key Findings:

Flexibility in Meeting Local Needs:

- [Chart 2.1 \(b\)](#) suggests that perceptions of flexibility vary significantly between sectors, with 59.5% of Local Authorities agreeing that the funding structure allows flexibility, compared to only 31.7% of Third Sector organisations.
- According to the survey data, Third Sector respondents highlighted rigid guidelines and short-term funding cycles as major barriers to adapting services to local priorities.
- **Implication:** The rigidity of funding structures disproportionately affects Third Sector organisations, reducing their capacity to respond to evolving local needs.

Stability from Diverse Funding Sources

- As illustrated in [Chart 2.1 \(b\)](#), both Local Authorities (66.7%) and Third Sector organisations (70.7%) expressed scepticism about the stabilising effects of diverse funding sources.
- **Implications:** Fragmented and variable funding streams create financial uncertainty rather than stability, undermining long-term planning and operational effectiveness.

Qualitative Insights on the Flexibility of Employability Funding

This section presents findings from semi-structured interviews with local authority and third-sector representatives, complementing the survey findings, as illustrated in [Chart 2.1](#)

(a) & (b) , on the flexibility of the *No One Left Behind* framework and other funding streams such as UK Shared Prosperity Fund, and parental employability. While the employability funding policies aims to offer adaptability, stakeholders highlighted significant inconsistencies in its application, conditionality in funding, and systemic barriers that limit its effectiveness.

1. Conditionality in Funding Allocations:

- Funding is often tied to specific outcomes or target groups, such as young people or long-term unemployed individuals, limiting councils' ability to address localised needs.
 - *"The flexibility we're promised doesn't exist in reality when the funding conditions are so prescriptive."* (Employability Lead LA12_Urban)
- Local authorities face *limited discretion (15%)* in reallocating *Parental Employability funding*, restricting their ability to *adapt resources to local needs*. Some councils may have *different employability priorities*, yet *funding constraints prevent them from reallocating resources effectively*.
 - *"Parental employability funding allows only 15% discretion, but local authorities have unique contexts and priorities that don't always align with rigid funding structures. Sometimes, a particular funding stream isn't the top priority for a local authority, but the structure doesn't allow much room for adaptation."* (Employability Lead LA01_Urban)

2. Misalignment with Local Needs:

- Respondents emphasised that funding formulas often fail to account for the unique challenges faced by rural councils, such as higher per capita costs, logistical barriers, and dispersed populations. Similarly, urban councils face difficulties addressing scale and complexity, further limiting the practical application of flexibility.
 - *"In rural areas, flexibility is meaningless if the funding doesn't account for transport costs or dispersed populations.... The funding doesn't consider the realities of working in Island...it's just not designed with us in mind."* (Employability Lead, LA22_Island)
- For example, rural councils face distinct challenges such as higher costs and limited access to services, while urban councils contend with scale and complexity.
 - *"We appreciate the concept of flexibility, but the reality is we're still expected to fit into one-size-fits-all funding models."* (Employability Lead, LA24_Rural)
- Urban councils also shared similar concerns that *Scottish Government policies dictate priority group*, limiting their ability to *respond flexibly to local needs*:
 - *"Scottish Government policy drives who the priority group is, and I'm not sure that's particularly helpful. We should be able to respond to what our local need is."* (Employability Lead LA01_Urban)

This lack of flexibility *hinders local authorities from addressing emerging challenges*, potentially leading to *inefficiencies in service delivery* and *missed opportunities to tailor support* for those who need it most.

3. Short-Term Funding Cycles:

- Short-term funding cycles were identified as a significant barrier to operational flexibility. Annual funding timelines force councils and Third-sector organisations to prioritise immediate outcomes over strategic, long-term planning and innovation.
 - *"Short-term funding forces us to operate reactively, which is the opposite of what flexibility should mean."* (Employability Lead, LA 15_Urban)
 - *"We barely have time to adjust or innovate before the funding cycle ends."* (Employability Lead, LA 24_Rural)

Qualitative and quantitative data illustrate that the composition of employability funding includes a mix of flexible and restrictive funding streams, each with its own rules and limitations.

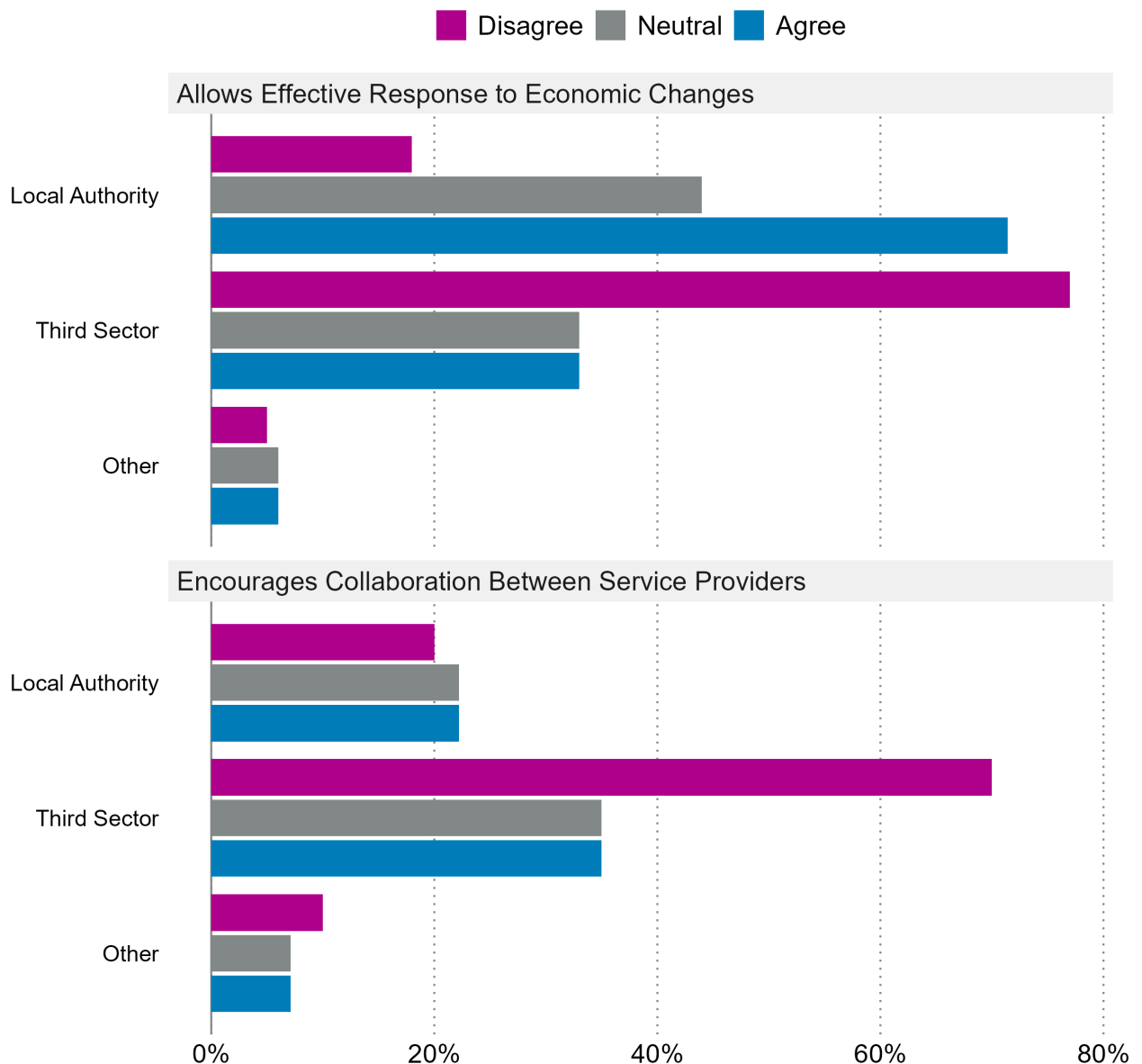
- No One Left Behind (NOLB) provides significant flexibility for the council to design services tailored to local needs. While other funds, such as Parental Employability Fund (PEF) and UK Shared Prosperity Fund (UKSPF), are more restrictive and focused on specific groups or outcomes.
- This mix of funding streams creates administrative complexity and limits the council's ability to reallocate resources across different target groups.
- While there is some discretion in managing funds, the councils must also balance this with accountability measures and reporting requirements, ensuring that all funding is used in accordance with its intended purpose, creating administrative burden.
- Barriers such as slow approvals, fragmented funding flows, and rigid guidelines hinder organisations' ability to meet local needs and adapt to changing priorities.
- Additionally, scepticism regarding the stabilising effects of funding diversity highlights the financial risks and operational challenges faced by organisations across sectors.

Section 2.2: Perception of Effectiveness of Funding models

[Chart 2.2 \(a\)](#) summarises respondents' views on how effectively current funding mechanisms support collaboration, adaptability, holistic approaches, long-term employer relationships, and funding flexibility. The data underscores significant discrepancies between Local Authorities and the Third Sector.

Chart 2.2 (a):

Perceptions of Collaboration and Economic Responsiveness



Survey Data

Key Findings and Analysis

1. Collaboration and Economic Responsiveness

- [Chart 2.2 \(a\)](#) suggest that a majority of Local Authorities agree that funding mechanisms foster collaboration (57.8%) and allow effective responses to economic changes (71.4%). However, Third Sector organisations report significantly lower agreement levels (35.7% and 33.0%, respectively).
- **Implication:** Structural barriers and fragmented funding streams may hinder Third Sector organisations from fostering collaboration and economic adaptability.

Qualitative Insights on Collaboration and Relationship Dynamics

Collaboration between local authorities and Third Sector organisations is a critical

component of effective service delivery but varies significantly across regions. Interviews with key stakeholders revealed a spectrum of experiences, ranging from highly cooperative relationships to more transactional dynamics that hinder co-production and innovation.

1. Variability in Local Authority-Third Sector Collaboration: The Role of Local Employability Partnerships (LEP):

- The *collaborative approach* within the *Local Employability Partnership (LEP)* is highly valued for ensuring that *funding decisions align with local priorities* and resources are *efficiently allocated*.
 - *"Because the Scottish Government funding has to be approved by the LEP... we need to provide evidence that we've discussed it with the LEP and submit the minutes to Scottish Government, showing that the partnership has agreed on the priorities for that year."* (Employability Lead, LA 05_Rural)
- There is broad agreement among stakeholders about the value of LEPs in fostering collaboration and aligning services with local priorities.
 - *"The LEP isn't just about meeting targets—it's about listening to our providers and participants, taking on board their feedback, and making changes where needed."* (Employability Lead 2, LA 05_Rural)
- However, the effectiveness of LEP varies across regions, particularly in rural and urban areas:
 - *"In rural areas, the LEP's coordination is limited by geographic distance and the cost of delivering services."* (Employability Lead, LA 26_Island)
- Third-Sector organisations stress the *importance of interpersonal relationships* in fostering *genuine collaboration*. While some LEPs *embrace co-production*, others are *perceived as overly bureaucratic and compliance-driven*.
 - *"Partnerships depend on people, and while statutory labels bring us together, real collaboration happens when there's harmony and collective desire to help."* (Third Sector 3_Urban)
 - *"Collaboration is often superficial; we're treated as service providers, not partners."* (Third Sector 5_Urban)
- Stakeholders highlight that *collaboration between local authorities and third-sector organisations varies significantly*. Some councils have fostered *trust-based relationships*, while others engage third-sector providers in a *purely transactional manner*, limiting the potential for meaningful cooperation.
 - *"We've built strong relationships with some councils, but others treat us as purely transactional partners."* (Third Sector 05_Rural)
 - *"Open communication with local authorities has been key to resolving operational challenges."* (Employability Lead 2, LA 15_Urban)
- In island councils, partnerships are often strong due to their smaller scale and necessity for resource sharing. However, extending these collaborative practices to

mainland councils poses challenges:

- *"Collaboration across island councils works well but extending that to mainland Scotland poses logistical and resource challenges."* (Employability Lead, LA 26_Island)

By fostering genuine partnerships, LEPs can play a stronger role in delivering more effective and inclusive employability services across Scotland.

2. Inter-Authority Collaboration as a Strategy:

- Collaboration between local authorities helps address resource constraints and enhances service delivery, particularly for smaller councils.
 - *"Fair Start Scotland taught us the value of collaboration, leading to ongoing joint projects like specialist employability support."* (Employability Lead, LA 29_SemiUrban)
 - *"Strong partnerships help mitigate funding challenges by pooling in-kind contributions and aligning priorities."* (Employability Lead, LA 13_SemiUrban)
- With a limited pool of participants, cooperation becomes essential:
 - *"You're almost... forced into working together because there's a limited pool of people... We're often working with the same individuals."* (Employability Lead, LA 22_Island)

3. Challenges in Inter-Authority Collaborations:

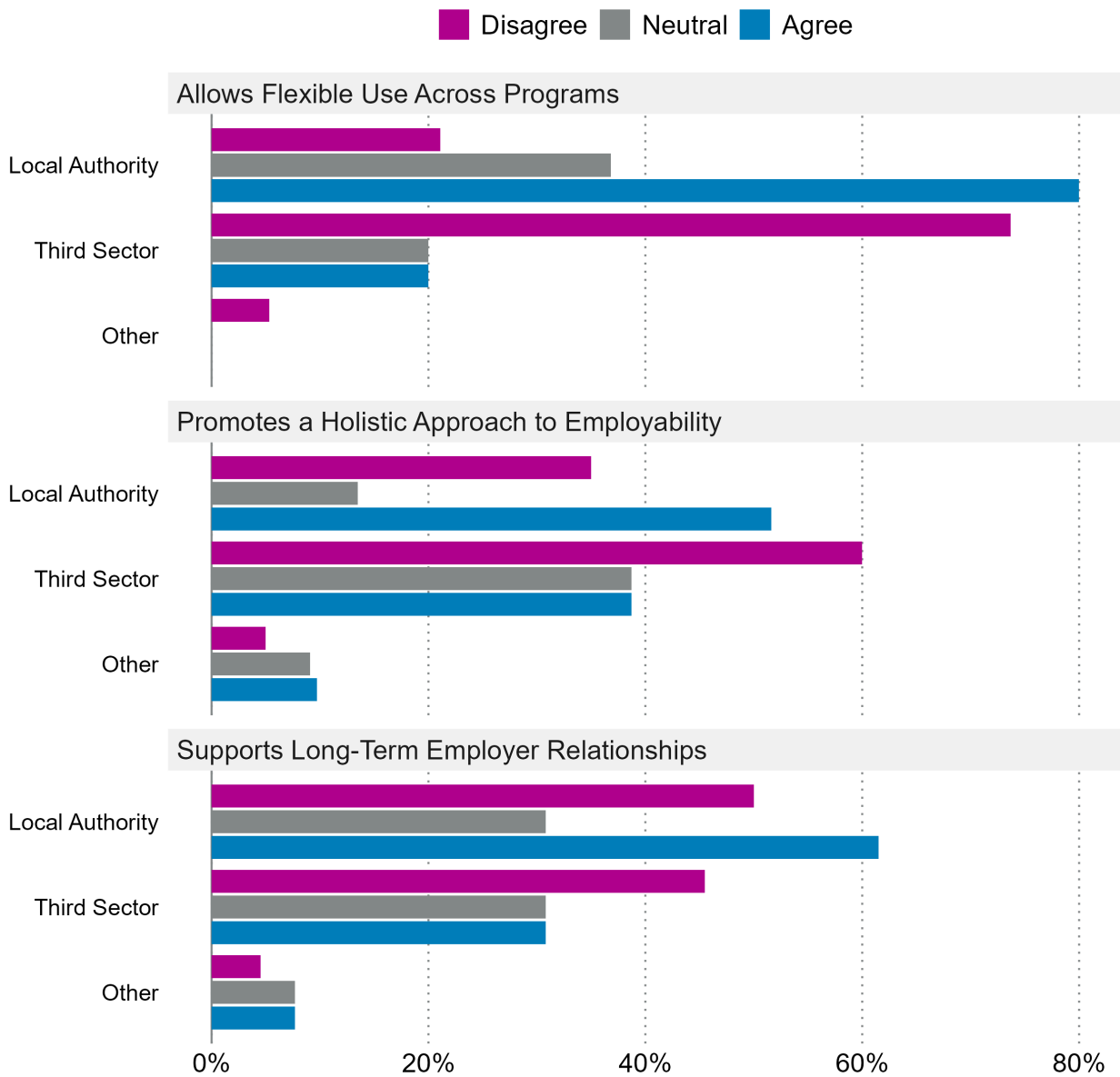
- The effectiveness of collaboration varies significantly between urban and rural councils, driven by differences in resources, proximity to markets, and logistical constraints. Urban councils benefit from larger budgets and faster adaptability, while rural areas face delays and resource limitations.
 - *Even with shared issues, geographic isolation and funding disparities hinder consistent joint initiatives."* (Employability Lead, LA 29_SemiUrban)
- Partnership models can enhance service equity but require sustained coordination:
 - *"Partnership models ensure equitable service delivery across diverse geographies, but coordination requires constant effort."* (Employability Lead, LA 05_Rural)
- Local authority dynamics further influence collaboration:
 - *"We've seen good examples of collaboration, but it often relies on personal connections rather than a clear framework."* (Employability Lead, LA 12_Urban)
- Geographical disparities also pose challenges:
 - *"We communicate constantly with Orkney and the Western Isles, but geographic and resource differences make joint ventures hard."* (Employability Lead, LA 26_Island)

Expanding on earlier insights into *funding flexibility*, the survey assessed whether current

funding structures *promote a holistic employability approach, support long-term employer relationships, and allow flexibility* across programmes. As shown in [Chart 2.2 \(b\)](#) responses varied across local authorities, Third-Sector organisations, and other providers, with local authorities reporting greater flexibility, while Third-Sector organisations highlighted challenges in adaptability and employer engagement.

Chart 2.2 (b):

Perceptions of Holistic Approach, Employer Relationships, and Flexibility



Survey Data

Key Findings:

Holistic Approaches and Employer Relationships:

- According to the survey findings, [Chart 2.2 \(b\)](#), 51.6% of Local Authorities agree that funding supports a holistic approach to employability, compared to only 38.7% of Third Sector organisations. Similarly, while 61.5% of Local Authorities agree that funding supports long-term employer relationships, just 30.8% of Third Sector respondents share this view.

- **Implication:** Third Sector organisations face challenges in sustaining holistic strategies and long-term employer relationships, likely due to funding rigidity and short-term cycles.

Program Flexibility

- As indicated in [Chart 2.2 \(b\)](#), 80.0% of Local Authorities agree that funding allows flexibility, while only 20.0% of Third Sector organisations concur.
- **Implication:** The lack of flexibility limits the ability of Third Sector organisations to adapt to evolving local priorities and emerging needs.

Qualitative insight on how Employability Funding promotes a Holistic Approach to Employability Service Provision: As discussed above, the survey findings reveal that 51.6% of local authorities agree that current funding supports a holistic approach to employability, compared to only 38.7% of third-sector organisations. This disparity is reflected in their qualitative responses, highlighting differences in capacity, priorities, and the realities of implementing integrated services.

Local Authority Perspective:

- Larger councils can align multiple funding streams but face significant administrative burdens, while smaller councils struggle with resource constraints.
 - *"We have tried to integrate employability with mental health, housing, and education services, but aligning multiple funding streams is a logistical nightmare."* (Employability Lead, LA 07_Urban)
- There was also a recognition that although urban areas focus on integrated strategies, rural councils cite challenges in aligning fragmented funding streams with holistic goals.
 - *"We strive for a wraparound approach, but fragmented reporting makes it hard to deliver on this promise."* (Employability Lead, LA 22_Island)
 - *"Smaller councils don't have the resources to align funding for comprehensive services."* (Employability Lead, LA 07_Urban)

Third-Sector Perspective:

- Third-sector organisations often feel restricted by narrow funding conditions, which prevent them from addressing interconnected client needs comprehensively.
 - *"We want to offer a holistic service—helping with employability, mental health, and childcare—but the funding is so specific we end up focusing on one thing and ignoring the rest."* (Third Sector Provider_05 Urban)

Supports Long-Term Employer Relationships: Qualitative responses highlight that Local Authorities have greater access to employers and resources to sustain these relationships, whereas third-sector providers often feel excluded from strategic engagement.

- **Local Authority Perspective:** Larger councils with dedicated employer engagement teams reported success in maintaining long-term relationships.

- *"We've been working with some employers for over a decade, building trust and ensuring they see value in the partnership."* (Employability Lead 1, LA 15_Urban)
- However, rural councils often lacked the scale or proximity to employers to replicate this success:
 - *"In rural areas, we're limited in the number of employers we can engage, and our geographic isolation makes sustaining relationships challenging....It's hard to engage employers when we're so far from major hubs."* (Employability Lead, LA26_Island)
- **Third-Sector Perspective:** Third-Sector organisations reported feeling disconnected from strategic employer engagement efforts, limiting their ability to connect clients with sustainable opportunities:
 - *"We're not part of the conversations with employers, so we're left to pick up the pieces without the relationships to back us up."* (Third Sector-06 Urban)

Allows Flexible Use Across Programs: The survey shows a stark difference in perceptions of flexibility, with 80.0% of Local Authorities agreeing that funding allows flexible use across programmes, compared to just 20.0% of third-sector organisations. This discrepancy stems from differences in autonomy and funding conditions.

- **Local Authority Perspective:** Local Authorities appreciated the theoretical flexibility in funding but acknowledged that smaller councils struggle to exercise this flexibility due to resource constraints and higher costs:
 - *"Flexibility is there in principle, but the administrative workload of reallocating funds can discourage smaller councils from using it effectively..... We don't have as much flexibility as we'd like... the money comes with a lot of strings attached, and there's not much room to manoeuvre."*(Employability Lead, LA22_Island)
- **Third-Sector Perspective:**Third-Sector providers consistently reported that funding conditions and timelines undermine flexibility, leaving them unable to adapt programmes to local needs.
 - *"We're told there's flexibility, but every time we try to make a change, we're met with resistance or delays."* (Third Sector _ 03 Urban)
 - *"Short funding cycles and rigid conditions mean we're constantly firefighting rather than planning strategically."* (Third Sector-03 Rural)

Findings reveal sectoral differences in funding perceptions, with Local Authorities reporting more positive experiences, while third-sector organisations struggle with flexibility and collaboration.

Section 2.3: Challenges in Managing Multiple Funding Streams

Building on the earlier findings that highlighted inefficiencies, rigid guidelines, and fragmented funding flows, survey respondents provided detailed insights into the

operational challenges created by managing multiple funding streams. [Table 2.3](#) summarises these challenges, highlighting significant concerns across organisation type.

Table 2.3 : Challenges in Managing Multiple Funding Streams

Statements	organisation Type	Disagree (%)	Neutral (%)	Agree (%)
Conflicting funding requirements	Local Authority	16.7	11.9	71.4
	Third Sector	2.4	7.3	90.2
	Other	0.0	20.0	80.0
Administrative burden	Local Authority	4.8	4.8	90.5
	Third Sector	2.4	9.8	87.8
	Other	0.0	0.0	100.0
Coordination of timelines	Local Authority	7.2	14.3	78.6
	Third Sector	0.0	19.5	80.5
	Other	0.0	0.0	100.0

Key Findings:

Conflicting Funding Requirements

- **Challenge:** Over 90% of Third Sector respondents and 71.4% of Local Authorities agree that conflicting requirements are a significant issue.
- **Implication:** Conflicting requirements of multiple funding sources increase complexity and inefficiency, underscoring the need for standardised or harmonised funding criteria to reduce administrative strain.

Administrative Burden

- **Challenge:** Administrative demands were identified as a major barrier, with over 90% agreement among Local Authorities and Third Sector respondents.
- **Implication:** Excessive administrative burdens detract from the time and resources available for service delivery, necessitating streamlined processes and reduced compliance requirements.

Coordination of Timelines

- **Challenge:** Multiple funding streams also increase the challenge to meet multiple timelines that affect program planning and delivery, with 80.5% of Third Sector respondents and 78.6% of Local Authorities highlighting this issue.
- **Implication:** Aligning funding cycles across streams is crucial to improving programme implementation and reducing delays

Qualitative insights on Challenges in Managing Multiple Funding Streams

This section synthesises insights from semi-structured interviews with local authority representatives and third-sector stakeholders, complementing survey findings to explore how the funding model supports or undermines a holistic approach to employability.

Conflicting Funding Requirements: Stakeholders emphasised the challenges posed by conflicting priorities and conditions across funding sources, particularly between Scottish Government initiatives like *No One Left Behind* and UK-wide schemes like the UK Shared

Prosperity Fund. These discrepancies lead to inefficiencies in planning and resource allocation.

- **Local Authority Perspective:**

- *"We often have to balance priorities between the Scottish Government's 'No One Left Behind' funding and the UK Shared Prosperity Fund, which leads to inefficiencies."* (Employability Lead 1, LA 04_Rural)
- *"Reconciling funding streams is a constant challenge, as each comes with its own set of conditions and timelines."* (Employability Lead 1, LA 21_Urban)

- **Third-Sector Perspective:**

- *"It's difficult to meet the varying expectations from different funders, especially when we lack the resources to do so effectively."* (Third Sector_05 Urban)

Administrative Burden: Both local Authorities and Third-Sector organisations highlighted the significant administrative workload associated with compliance, which detracts from their capacity to focus on strategic planning and service delivery.

- **Local Authority Perspective:**

- *"The administrative demands, especially around quarterly and monthly reporting, are overwhelming and detract from service delivery."* (Employability Lead 1, LA 04_Rural)
- *"So we're all doing the same thing, but we're just using different pots of money, which then means more admin, more reporting, more meetings....taking us away from the day-to-day business."* (Employability Lead 1, LA 05_Rural)

- **Third-Sector Perspective:**

- *"We spend so much time proving how funds are used that it feels like we're doing less actual work."* (Third Sector_03 Rural)

Stakeholders highlight the need for *streamlined reporting processes* that maintain *accountability* without *hindering service efficiency*.

Coordination of Timelines: Delays in grant offer letters and funding disbursements were a recurring concern, disrupting planning and creating financial instability for both local authorities and third-sector providers.

- **Local Authorities Perspective:**

- *"We received the finalised grant offer letter in June, which meant losing a quarter of the financial year to delays."* (Employability Lead 2, LA 04_Rural)
- *"Partners are often left in limbo, unable to plan or execute programs due to funding delays."* (Employability Lead, LA 07_Urban)

- **Third Sector Perspective:** Third-sector organisations face heightened risks due to funding unpredictability, which impacts their ability to commit to long-term staffing and service delivery.

- *"We're constantly on the edge of a cliff, waiting for funding announcements that come too late to make any meaningful plans."* (Third Sector _05 Urban)
- *"Every local authority is different... some have higher levels of poverty, some have different administrative hurdles, and it all affects how they can manage employability services."* (Third Sector _08 Urban)
- **Geographic Challenges:** Stakeholders identified additional barriers, such as geographic disparities which exacerbate operational difficulties, particularly for rural and Island councils.
 - *"On average, it will cost someone in Island 30% more to live than on the mainland... If you go out to the aisles, it can cost up to 50% more....A caseload that may be 30 in Edinburgh is manageable, whereas here it could take us 3 hours to get in and out for one appointment.....The knock-on effect of that is everything that we're delivering, we might have to take an hour and a half on a ferry to reach somebody."* (Employability Lead 1, LA 22_Island)

Section 3: Timing and Disbursement of Employability Funding

The effectiveness of employability services depends not only on the availability of funding but also on the timeliness and reliability of disbursement processes. This section examines how funding delays and disbursement timelines impact service delivery, drawing on survey responses and stakeholder insights.

The [first subsection](#), Funding Delays, explores the extent to which different organisation types experience delays, identifying which funding sources are most frequently associated with disruptions (Table 3.1). The [second subsection](#), Timing and Disbursement of Employability Funding, assesses key stages in the funding process that are prone to delays, including funding announcements and payments to delivery partners. It also examines the underlying causes such as administrative inefficiencies, procedural challenges, and political decision making and their implications for service continuity and operational planning.

By analysing the timing and disbursement of employability funding, this section provides a detailed understanding of systemic challenges that affect the responsiveness and stability of employability programmes.

Section 3.1: Funding Delays

Funding delays pose a significant challenge to the timely delivery of employability services, with different organisation types experiencing delays from distinct funding sources. [Table 3.1](#) illustrates the survey responses regarding funding sources most frequently associated with delays, as reported by Local Authorities, Third Sector organisations, and other entities. These disparities reflect systemic inefficiencies and sector-specific challenges in accessing timely funding.

Table 3.1: Funding Delays by Source

Funding Source	Local Authority (%)	Third Sector (%)	Other (%)
Scottish Government Funding Streams	75.0%	20.0%	5.0%
UK Government's Shared Prosperity Fund	33.0%	67.0%	0.0%
Local Authority Core Budget	0.0%	100.0%	0.0%
Private Sector Contributions	0.0%	100.0%	0.0%
Other (Specify)	25.0%	75.0%	0.0%

Key Findings:

As illustrated in [Table 3.1](#) :

- **Scottish Government Funding Streams:** As shown in [Table 3.1](#) , delays in Scottish Government funding were reported by 75.0% of Local Authorities but affected only 20.0% of Third Sector organisations.
 - **Implication:** These delays highlight bottlenecks in allocation processes that disproportionately impact Local Authorities, reducing their ability to deliver services efficiently.

- **UK Government's Shared Prosperity Fund:** Delays in accessing this fund were reported predominantly by Third Sector organisations (67.0%), with a smaller share of Local Authorities (33.0%) affected.
 - **Implication:** Improved accessibility and streamlined disbursement processes could reduce barriers and enhance the effectiveness of Third Sector service delivery.
- **Local Authority Core Budget:** All delays associated with Local Authority core budgets were reported by Third Sector organisations (100.0%).
 - **Implication:** Funding flows from Local Authorities to Third Sector entities requires more predictable timelines to prevent disruptions in service continuity.
- **Private Sector Contributions:** Delays in receiving private sector contributions were reported exclusively by Third Sector organisations (100.0%).
 - **Implication:** Strengthening partnerships and setting clear timelines for private sector contributions can mitigate delays and enhance funding reliability.
- **Other Sources:** Delays from other unspecified sources affected 25.0% of Local Authorities and 75.0% of Third Sector organisations.
 - **Implication:** Addressing delays from miscellaneous funding sources requires tailored strategies, including improved coordination and transparency.

Funding delays impact all sectors, with local authorities facing Scottish Government delays and the third sector affected across all funding streams. Streamlining processes, improving coordination, and providing interim support can enhance stability and program effectiveness.

Qualitative insights on funding delay and key bottlenecks at each stage

This section synthesises open-ended survey responses and qualitative interviews to map the funding timeline and identify key bottlenecks at each stage, highlighting delays and systemic challenges in employability funding.

Stage 1: Scottish Government Allocates Funds to Local Authorities (April-May)

- **Expected Timeline:** Funds from the Scottish Government, including grants such as **No One Left Behind (NOLB)**, are typically expected at the **start of the financial year**, around **April-May**.
- **Actual Timeline:** There are often **delays in receiving grant offer letters** and formal funding confirmations, sometimes arriving as late as July or even later.
 - *“We were still waiting for the grant offer letter from the Scottish Government in July last year. By then, we were already behind schedule, and that impacted everything down the line.”* (Employability Lead, LA 12_Urban)
- **Bottleneck:** The **delay in receiving grant offer letters** from the Scottish Government is the first major bottleneck, as local authorities cannot finalise their budget or begin disbursing funds to third-sector providers without this formal confirmation.

- **Implication:** The delay at this initial stage creates a domino effect, impacting all subsequent steps in the funding flow

Stage 2: Local Authority Internal Processes (May-June)

- **Expected Timeline:** Once the funds are received from the Scottish Government, the Local Authority must go through internal processes such as **budget approvals, legal checks, and procurement** to allocate and disburse funds to third-sector providers.
- **Actual Timeline:** These internal processes can introduce further delays, with procurement and administrative bottlenecks pushing the timeline back by several weeks or months.
 - *“Even after the funding comes through from the government, the internal procurement process takes time, and that delays getting the money out to providers.”* (Employability Lead, LA 07_Urban)
 - *“Once we get the funding, we need to allocate it internally, and this can be quite slow, especially with all the procurement hurdles we face.”* (Employability Lead, LA 05_Rural)
 - *“The procurement process can take up to 12 weeks, and by the time it’s done, we’re already behind schedule.”* (Employability Lead, LA 26_Island)
- **Bottleneck: Internal administrative and procurement delays** within the Local Authority slow down the flow of funding to third-sector providers. These bottlenecks are often due to **complex legal reviews** and the need to comply with public sector procurement requirements.
- **Implications:** Internal delays compound the initial funding delay, pushing back procurement and contracting timelines.

Stage 3: Disbursement to Third-sector Providers (June-July)

- **Expected Timeline:** Third-Sector providers expect to receive funding by **June or July**, after the local authority has completed its internal processes.
- **Actual Timeline:** However, due to delays at both the Scottish Government level and the Local Authority’s internal processes, the funding may not reach providers until **August** or even later, significantly compressing the time available for service delivery.
 - *“By the time we get the money to the providers, we’re already a couple of months into the year, and that leaves them with a very tight window to deliver their services.”* (Employability Lead, LA 13_Semi Urban)
 - *“By the time the third sector gets the funding, it’s already June or July, and they barely have time to implement their projects.”* (Employability Lead, LA 26_Island)
 - *“We’re already behind by the time the funding gets to the providers, and they’re expected to deliver the same outcomes in half the time.”* (Employability Lead, LA 29_Semi Urban)
- **Bottleneck: The delay in disbursing funds to Third-Sector providers** is the final bottleneck. This compressed timeline creates pressure on service providers to deliver results in a shorter period, which can affect the quality and effectiveness of their work.

- **Implications:** Delays in procurement not only push back the timeline for starting projects but also leave third-sector providers with insufficient time to deliver the required services, which impacts the overall effectiveness of employability programs.

- The delays in funding cause significant operational challenges for Third-Sector providers, who rely on timely disbursements to maintain staff, run programmes, and meet their targets. The **compressed delivery window** makes it harder for providers to deliver quality services.

Section 3.2: Timing and Disbursement of Employability Funding

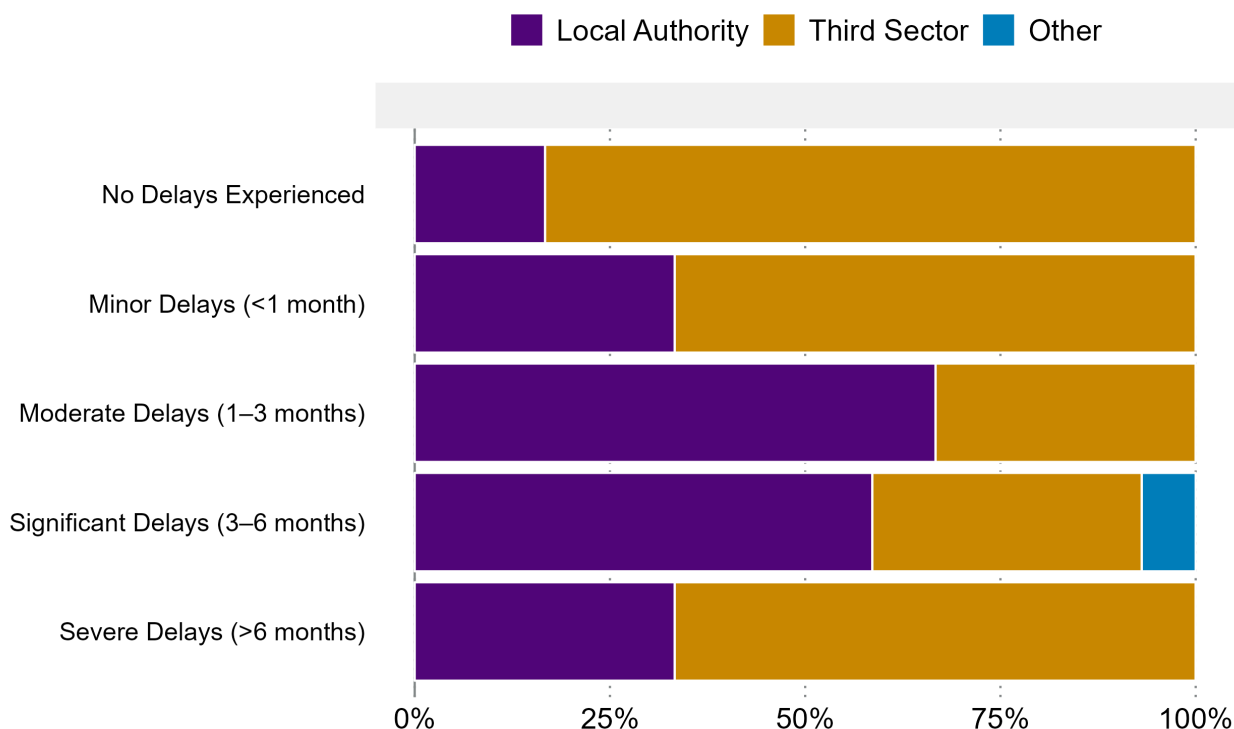
This section examines the timelines and processes involved in funding disbursement, focusing on delays and their operational implications. It identifies critical stages prone to disruptions such as funding announcements and disbursements to delivery partners and explores contributing factors like administrative inefficiencies, procedural challenges, and political decision-making. The findings highlight the prevalence and severity of delays across organisation types and their impact on service delivery.

Delays in Employability Funding: Types, Causes, and Implications

[Chart 3.2](#) presents the distribution of different types of funding delays across organisation types, illustrating how delays are experienced rather than the total proportion of organisations affected. The percentages reflect the share of each organisation type within each delay category rather than the overall percentage of organisations experiencing delays.

Chart 3.2

Funding Delay Experiences by organisation Type



Survey Data

Findings:

Chart 3.2 provides Funding Delay Experiences by organisation Type:

1. **No Delays Experienced:** According to survey findings ([Chart 3.2](#)), 83.3% of organisations that reported no delays were Third Sector providers, while 16.7% were Local Authorities. This suggests that Third Sector organisations were more likely to avoid delays, whereas Local Authorities were more likely to experience disruptions in funding timelines.
2. **Minor Delays (<1 Month):** Among organisations that experienced minor delays, 66.7% were from the Third Sector, while 33.3% were Local Authorities. This indicates that short-term delays were more common among Third Sector respondents.
3. **Moderate Delays (1-3 Months):** Of those that reported moderate delays, 66.7% were Local Authorities, compared to 33.3% from the Third Sector. This suggests that Local Authorities were more likely to face moderate delays than Third Sector organisations.
4. **Significant Delays (3-6 Months):** Among those experiencing significant delays, 58.6% were Local Authorities, 34.5% were Third Sector organisations, and 6.9% belonged to other categories. This reinforces the finding that Local Authorities were disproportionately affected by longer delays.
5. **Severe Delays (>6 Months):** Organisations reporting severe delays were primarily from the Third Sector (66.7%), with 33.3% from Local Authorities. This suggests that although Local Authorities faced delays, severe disruptions (over six months) were

more prevalent in the Third Sector.

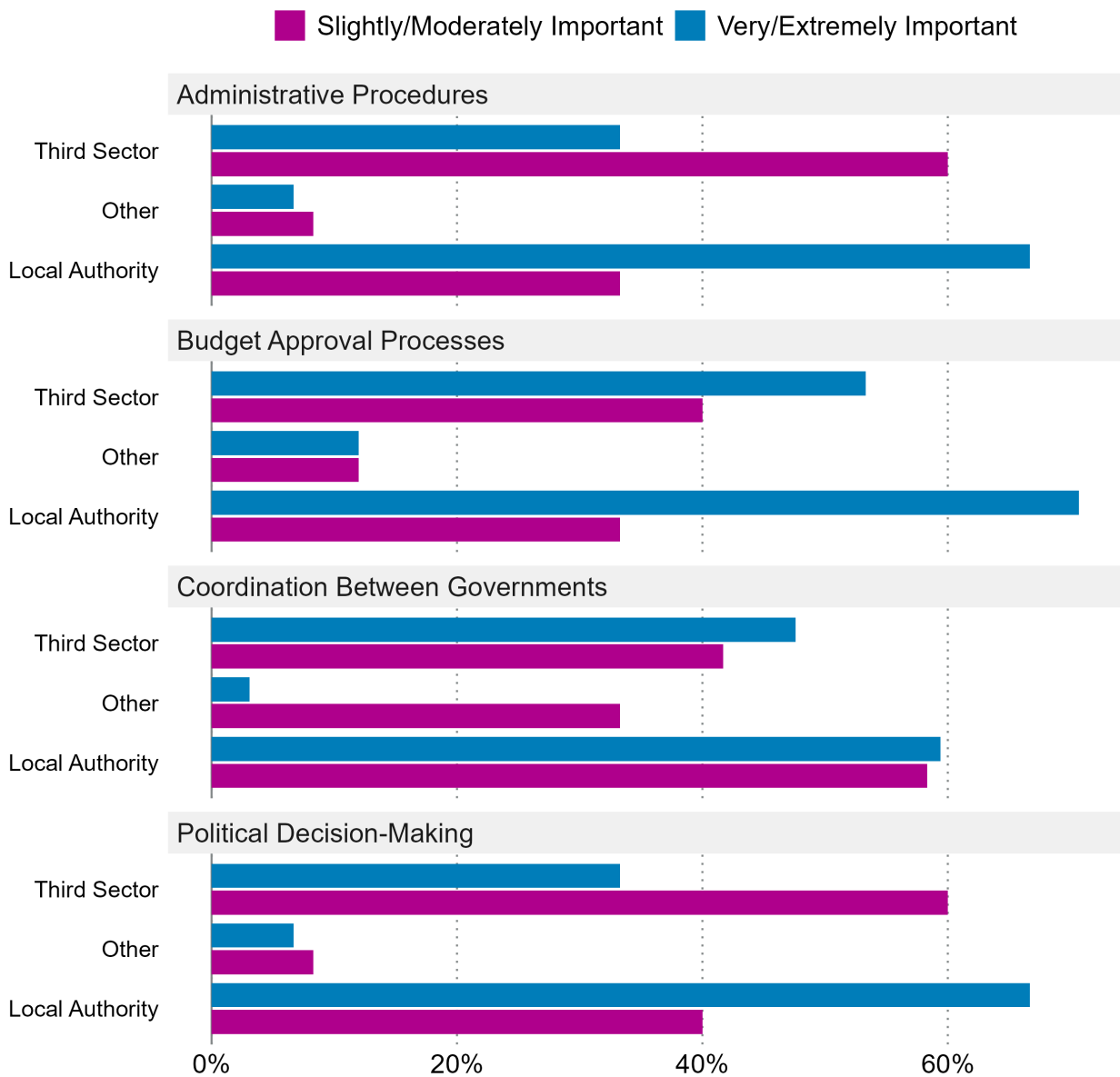
The findings reveal the widespread impact of funding delays on employability services, with significant variability across organisation types. While Third Sector organisations demonstrate resilience against minor delays, they are disproportionately affected by severe disruptions. Local Authorities, in contrast, face procedural delays that hinder programme timelines.

Factors Contributing to Delays in Funding Processes:

Survey respondents identified *key factors contributing to delays in funding processes*, highlighting *administrative inefficiencies, political decision-making, budget approvals, and coordination challenges*. The perceived significance of these factors varied by sector, reflecting differences in how funding is accessed and managed across *Local Authorities, Third Sector organisations, and other entities*. [Chart 3.3](#) presents the perceived importance of various factors contributing to delays in funding processes, as reported by Local Authorities, Third Sector organisations, and other entities. Respondents were asked to rate the significance of different factors in causing funding delays, with responses categorised as "*Slightly/Moderately Important*" or "*Very/Extremely Important*". For clarity in analysis, the "*Very Important*" and "*Extremely Important*" categories were *merged* into a single category to capture the factors that respondents considered as having a *major impact on funding delays*.

Chart 3.3:

Factors Contributing to Delays in Funding Processes



Survey Data

Key Findings:

As illustrated in [Chart 3.3](#) :

1. Administrative Procedures

- **66.7%** of Local Authorities rate administrative inefficiencies as very or extremely important in causing delays, compared to **33.3%** of the Third Sector.
- These delays stem from complex procurement, compliance, and reporting requirements.

2. Political Decision-Making

- Local Authorities (**66.7%**) face higher exposure to politically driven delays than

the Third Sector (**33.3%**), highlighting the impact of policy shifts and political agendas.

3. Budget Approval Processes

- Budget approvals are the most critical factor for Local Authorities (**70.7% very/extremely important**), compared to **53.3%** for the Third Sector.
- Lengthy approval cycles disrupt resource allocation, particularly for programs requiring prompt implementation.

4. Coordination Between Governments

- Coordination challenges are significant for Local Authorities (**59.4%**) and the Third Sector (**47.6%**), with misaligned timelines and processes between local and national governments creating inefficiencies.

Implications: Streamlining administrative processes, aligning budget approvals with program needs, and improving coordination between government levels can significantly reduce delays.

Timeline Analysis of Funding Stages in Employability Services

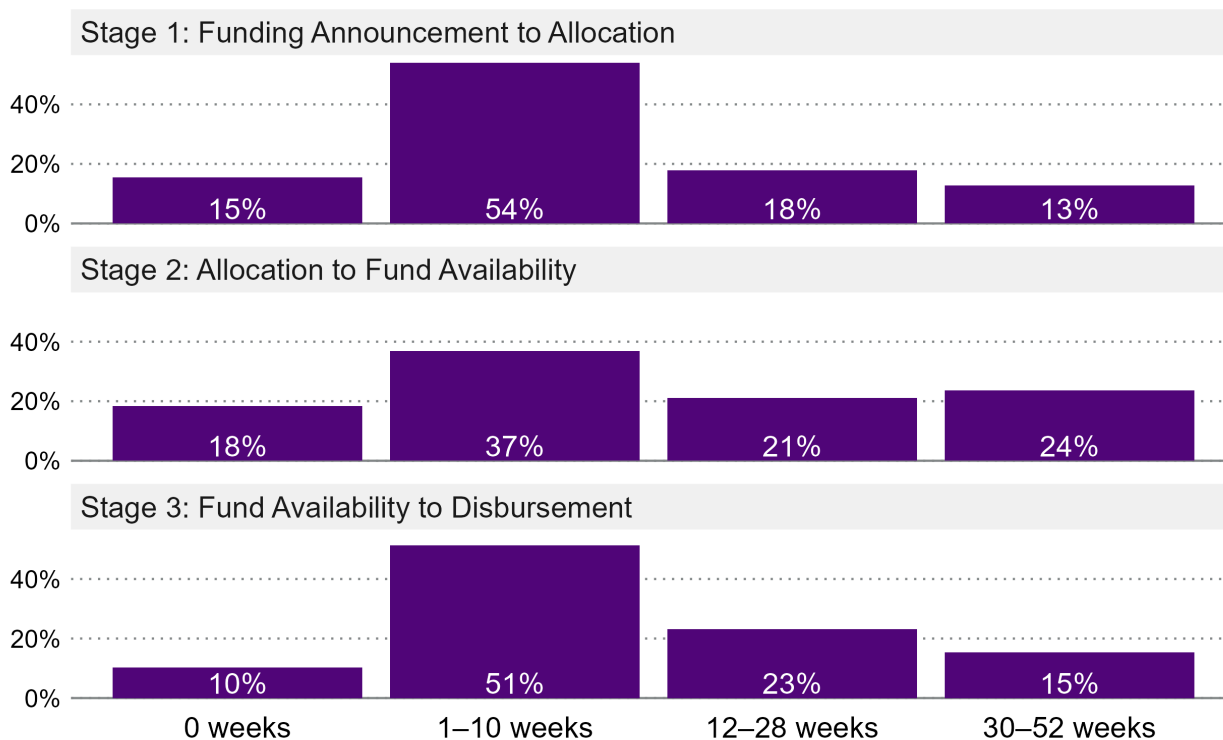
This subsection presents the duration data for the three critical stages of the funding process:

1. **Stage 1: From Announcement to Allocation,**
2. **Stage 2: From Allocation to Fund Availability, and**
3. **Stage 3: From Fund Availability to Disbursement**

The following table summarises the reported durations of delays across the three critical funding stages. Local Authorities and Third Sector organisations provided insights into the prevalence of delays, which range from minor (0–10 weeks) to severe (30+ weeks). [Chart 3.4](#) highlights significant variability, particularly in Stages 2 and 3, where extended delays disrupt fund availability and disbursement to delivery partners.

Chart 3.4:

Duration of Delays Across Funding Stages by organisation Type

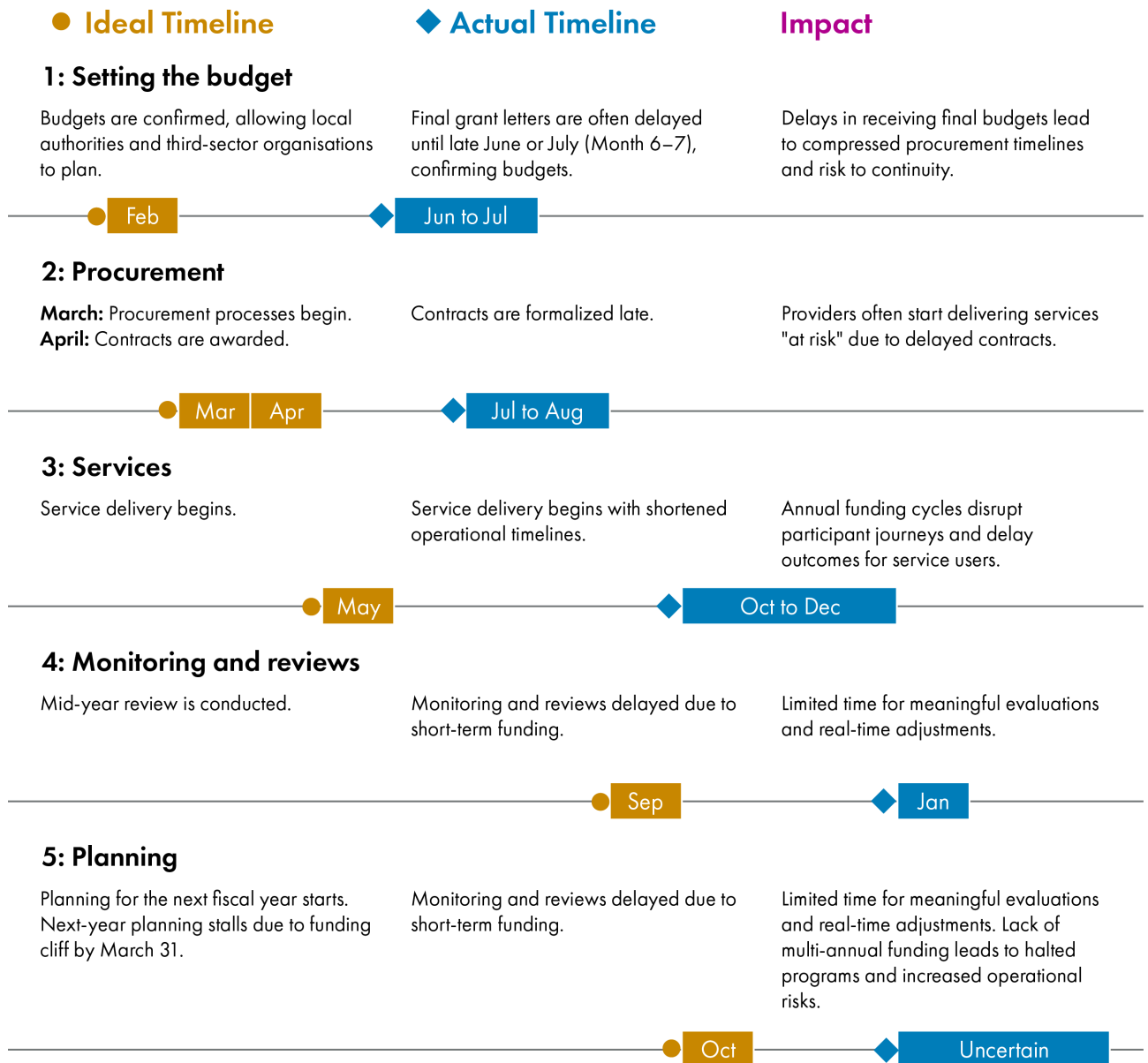


Survey Data

The timeline graphic ([Chart 3.5](#)) provides a consolidated view of delays experienced at each stage, illustrating the prevalence of shorter and extended delays across the funding process

Chart 3.5:

Timeline of Delays Across Funding Streams



Survey and Interview data

Key Survey Findings on Delays across the Funding Flow:

- **Stage 1 (Announcement to Allocation):**
 - The majority (53.9%) experience delays within **1–10 weeks**, but **12.8%** face significant delays of **30–52 weeks**, highlighting variability in approval processes.
- **Stage 2 (Allocation to Fund Availability):**
 - While **36.8%** access funds within **4–12 weeks**, a notable **23.7%** face delays exceeding **39 weeks**, showing inconsistencies in fund processing.
- **Stage 3 (Availability to Disbursement):**
 - **51.3%** receive funds within **1–8 weeks**, but **15.3%** encounter delays of **17+ weeks**, primarily due to procurement processes and quarterly disbursement cycles.

These delays across all stages have tangible operational impacts, as reflected in respondents' widespread dissatisfaction with fund disbursement timelines.

Implications:

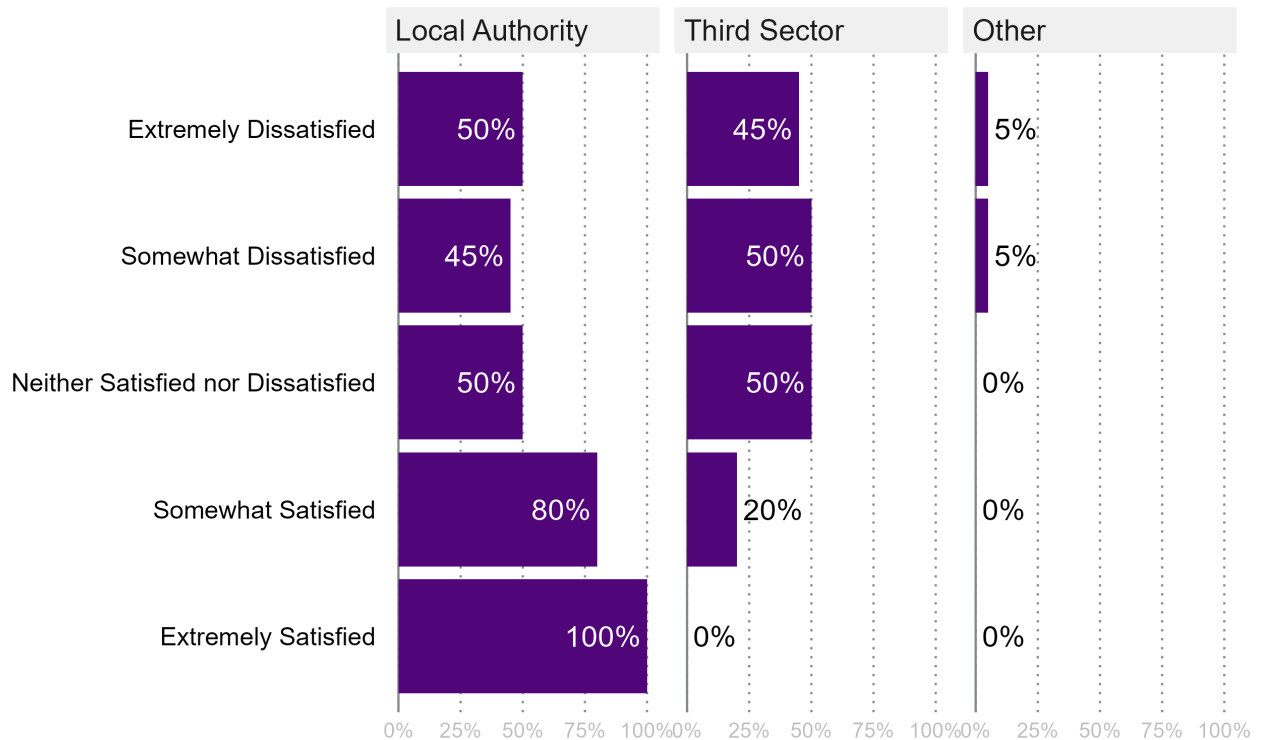
- Addressing inefficiencies in grant offer processing and approval mechanisms could reduce overall timelines across all stages.
- Improving communication between the Scottish Government and Local Authorities could mitigate delays in Stages 1 and 2.
- Streamlining procurement and disbursement practices across Local Authorities would enhance consistency and reduce Stage 3 delays.

Satisfaction with Fund Disbursement

The survey aimed to assess stakeholders' satisfaction with fund disbursement timelines and the reasons behind any dissatisfaction. Respondents were asked to rate their satisfaction with the average time it takes to disburse funds to delivery partners, followed by identifying the primary reasons for dissatisfaction among those who expressed concern. [Chart 3.6](#) outlines respondents' satisfaction, and [Chart 3.7](#) provides the primary reasons for dissatisfaction among those who expressed concern.

Chart 3.6:

Satisfaction with Fund Disbursement Timing by organisation Type



Survey Data

Table 3.2: Satisfaction with Fund Disbursement Timing

Satisfaction Level	Local Authority (%)	Third Sector (%)	Other (%)
Extremely Dissatisfied	30.8	27.8	33.3
Somewhat Dissatisfied	30.8	25.0	37.0
Neither Satisfied nor Dissatisfied	18.5	16.7	22.2
Somewhat Satisfied	15.4	22.2	7.4
Extremely Satisfied	4.6	8.3	0.0

Key Insights:

- A majority of respondents reported dissatisfaction, with over **60%** of both Local Authorities and Third-Sector organisations either "somewhat dissatisfied" or "extremely dissatisfied" with the disbursement process.
- Among other organisations, dissatisfaction is even higher, with **70.3%** expressing dissatisfaction.
- Only a small proportion of respondents expressed satisfaction. Among Local Authorities, **15.4%** were somewhat satisfied, and only **4.6%** were extremely satisfied. Similarly, in the Third Sector, **22.2%** were somewhat satisfied, while **8.3%** were extremely satisfied. Among other organisations, no respondents reported being "extremely satisfied," further underscoring concerns about fund disbursement reliability.
- A notable proportion of respondents (**18.5%** of local authorities, **16.7%** of ThirdSector organisations, and **22.2%** of others) indicated that they were neither satisfied nor

dissatisfied. This suggests that while some organisations may not face direct disruptions, they may still experience inconsistencies in fund allocation.

Statistical Summary Indicates Overall Negative Perception:

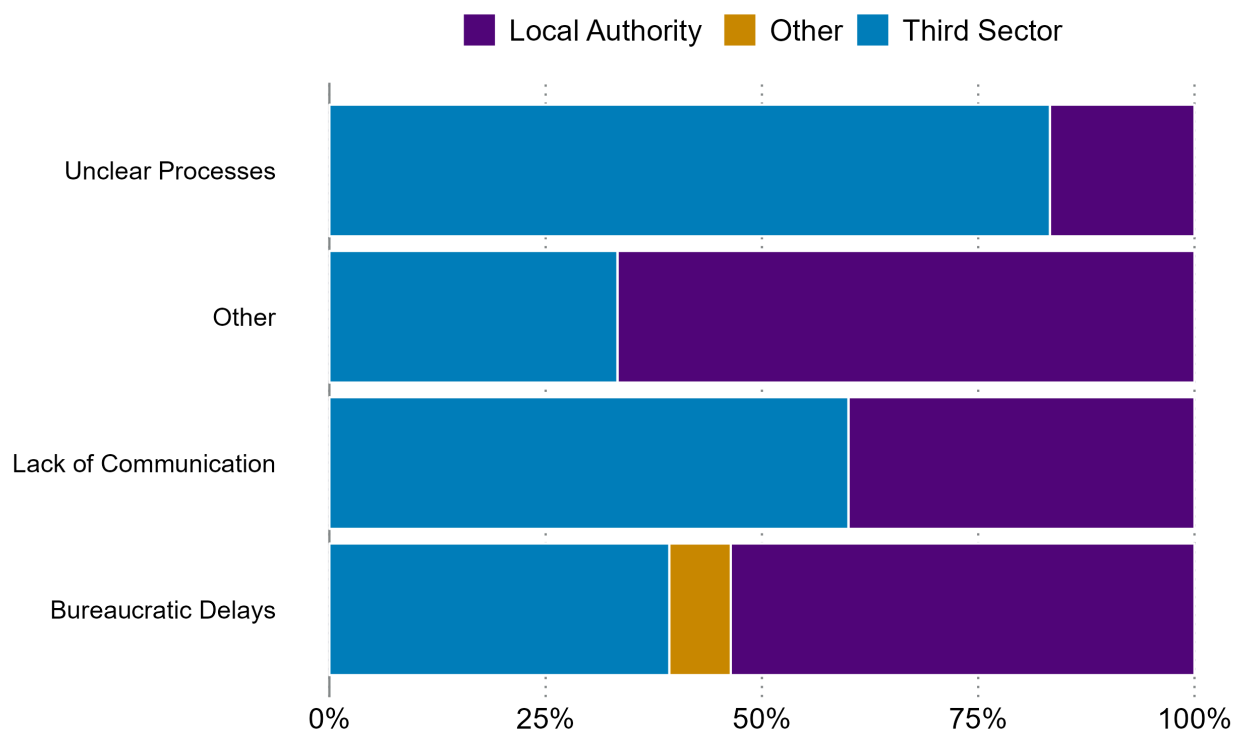
- The average satisfaction score (where a lower score indicates greater dissatisfaction) was below 4.0 across all organisation types, with Third Sector organisations reporting the lowest score at 3.4.
- The standard deviation is relatively high, especially for Local Authorities and the Third Sector, suggesting varied experiences among respondents.
- The median satisfaction score (4.0) suggests that neutral or dissatisfied responses were the most common, reinforcing the perception that fund disbursement timelines are inconsistent or problematic.

Causes of Delays in Funding Processes

Building on the insights from disbursement timelines and satisfaction levels, this section explores the specific factors contributing to dissatisfaction across organisation types. The findings, as provided in [Chart 3.7](#), highlight systemic issues, including bureaucratic delays, communication gaps, and unclear processes, which disproportionately affect certain sectors.

Chart 3.7:

Factors Contributing to Delays



Survey Data

Key Insights:

According to [Chart 3.7](#), among those who reported dissatisfaction, *bureaucratic delays*

were identified as the most significant issue, followed by unclear processes and lack of communication.

- *Bureaucratic Delays as the Primary Issue:*
 - More than half of respondents across all organisation types (54.9% in Local Authorities, 57.7% in Third Sector, and 52.8% in Other organisations) cited bureaucratic delays as the leading cause of dissatisfaction.
 - This suggests systemic inefficiencies in the approval and disbursement process that hinder timely allocation of resources.
- *Lack of Communication:*
 - Communication gaps were another notable issue, with 9.8% of Local Authorities, 7.7% of Third Sector organisations, and 13% of other organisations identifying poor communication as a barrier.
 - This indicates a need for greater transparency and engagement between funding bodies and delivery organisations.
- *Unclear Processes:*
 - A significant proportion of respondents also struggled with unclear processes (11.8% Local Authorities, 3.8% third sector, and 21.7% Other organisations).
 - The higher percentage among other organisations suggests that smaller or less established providers may lack guidance or clarity in navigating funding procedures.
- *Other Concerns:*
 - A notable share of respondents (23.5% of Local Authorities, 30.8% of Third Sector organisations, and 17.4% of Other organisations) identified additional reasons for dissatisfaction.
 - These could include inconsistencies in funding cycles, last-minute changes to allocations, or administrative burdens.

Conclusion

Delays across the funding process; from announcement to disbursement, significantly impact organisational operations, satisfaction, and program continuity. Administrative inefficiencies, political decision-making, and inconsistent approval processes are the primary causes of these delays. Addressing these issues through streamlined processes, improved communication, and structural improvements will ensure timely disbursement, enabling organisations to deliver stable and impactful employability services.

Qualitative Insights on factors contributing to Delays in Employability Funding

This section provided qualitative insights from the key stakeholders.

Types of Delays:

- **Grant Offer Letters and Budget Finalisations:** Interviews with the key stakeholders

and open ended survey questions highlighted persistent delays in the receipt of grant letters affect planning and operational timelines.

- *"We see indicative numbers in autumn, but they're just guesses.. By June, we finally received the formal letter, leaving little time to act."* (Employability Lead, LA 12_Urban).
- *"We didn't get the finalised grant offer letter until mid-June, which is almost the end of the first quarter."* (Employability Lead, LA 04_Rural).
- *"We received indicative allocations in January, but the formal letters were not sent until June, creating months of uncertainty."* (Employability Lead, LA 12_Urban)
- *"We only once in six years received our grant offer letter before the end of April; everything else has been delayed into June or beyond...this year, we received our first quarter allocation late June, followed by confirmation of the full year two weeks later."* (Employability Lead, LA 13_Semi Urban).

Uncertainty in provisional budgets forces local authorities to adopt a cautious approach to procurement and service planning. Planning processes are delayed, with many local authorities unable to finalise service agreements or staffing decisions.

- **Dependency on Ministerial Approvals:** Delays at the Scottish Government level affect every subsequent stage, from procurement to delivery.
 - *"We're reliant on ministerial sign-offs, which pushes everything further back."* (Employability Lead 1, LA 07_Urban).
 - *"Every year we repeat the process of uncertainty; it's almost a game of waiting and hoping for the bestCOSLA's allocations take time, and there's often limited communication about changes."* (Employability Lead, LA 10_Rural)
- **Uncertainty in Allocations:** Unpredictable changes in allocations hinder effective financial management.
 - *"In January, we thought the budget was stable, but by March, there was a risk of cuts, which thankfully didn't happen, but the panic was real."* (Employability Lead, LA 12_Urban)
 - *"Eligibility criteria shift annually, making it hard to plan stable provisions."* (Employability Lead, LA 29_Semi Urban)
- **Diverse Funding Sources with Unique Conditions:** Managing multiple streams, such as UK Shared Prosperity Fund and No One Left Behind, complicates coordination.
 - *"UKSPF and Scottish Government frameworks don't align, adding another layer of complexity."* (Employability Lead, LA 12_Urban)

Structural Barriers in Employability Funding

Systemic Challenges:

- **Interdependent Delays:** Delays at the national level cascade through Local Authorities to Third Sector providers, creating a systemic bottleneck.
 - *“The entire system feels stuck in a cycle of waiting, rushing, and reacting.”* (Employability Lead, LA 07_Urban).

Delayed grant letters restrict the ability to initiate procurement processes, creating a ripple effect on service delivery timelines.
- **Geographic Disparities:** Isolated regions face disproportionate challenges due to higher operational costs, yet receive lower proportional funding that highlight systemic inequities in national funding allocations.
 - *“It costs significantly more to deliver services here, but we're expected to work with the same budgets and reporting requirements as Glasgow.”* – (Employability Lead, LA 22_Island). *“We are miles away from the mainland, and the cost of living is somewhere between 20% to 80% more, but our funding isn't 20% to 80% more per capita. It's 14 hours to come to Island by boat. That's a struggle to get businesses to come here.”* (Employability Lead, LA 29_Island)
- **Fragmented Accountability:** The lack of alignment between Scottish Government priorities, council operations, and third-sector realities leads to inefficiencies and fragmented accountability.
 - *“Nobody seems to take responsibility for fixing the root issues.”* (Employability Lead, LA 05_Rural)

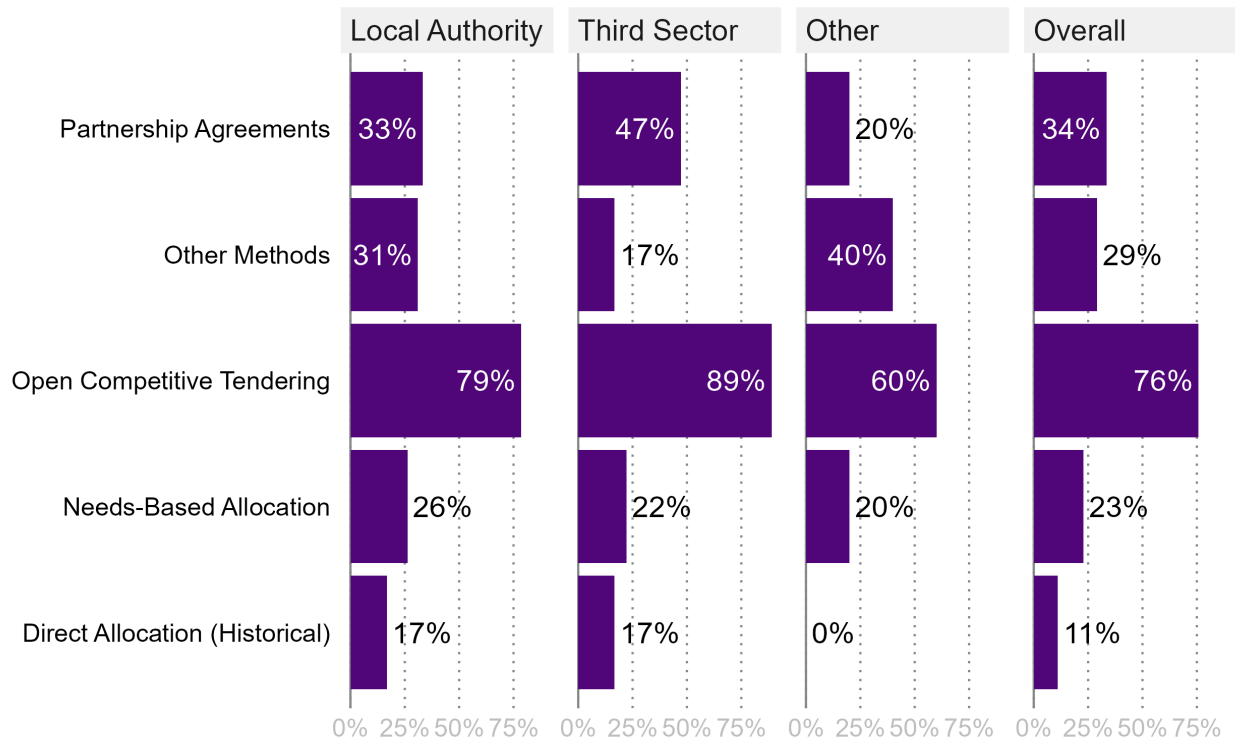
Section 4: Procurement and Commissioning in Employability Services: Processes, Challenges, and the Impact of Funding Delays

Effective procurement ensures employability funding is allocated efficiently, but delays disrupt planning, contracting, and service delivery. This section explores how *funding delays affect allocation, contract management, and procurement timelines*, creating challenges in maintaining service continuity.

By exploring key allocation methods, the role of formal agreements, and the operational constraints introduced by funding uncertainties, this analysis highlights how *organisational priorities, financial limitations, and administrative processes* shape procurement approaches, ultimately influencing the effectiveness of employability services.

4.1 Procurement Methods

Survey responses ([Chart 4.1 a](#)) illustrate the mechanisms by which organisations distribute funds, including open competitive tendering, direct allocations, needs-based methods, and partnership agreements. Respondents were able to select multiple responses, highlighting the complex and multi-layered nature of funding distribution. These methods reflect different approaches to balancing transparency, accessibility, and adaptability in procurement processes. These methods demonstrate varied approaches to balancing transparency, accessibility, and adaptability.

Chart 4.1 (a):**Procurement Methods used by organisation Type**

Survey Data

Key Findings:As illustrated in [Chart 4.1 \(a\)](#) :

1. **Open Competitive Tendering** is the most common method, particularly among Local Authorities (**78.6% of local authorities used this approach**) and Third Sector organisations (**88.9% using the approach**), though smaller organisations often face challenges navigating these processes.
2. **Direct Allocations** are rarely used, reflecting a shift toward outcome-based approaches over historical funding practices.
3. **Needs-Based Allocation** provides a mechanism to address regional disparities but is employed less frequently overall (**22.8%**).
4. **Partnership Agreements** are more common in the Third Sector (**47.2%**), reflecting their emphasis on collaboration in resource-constrained environments.

Implication: The reliance on competitive tendering underscores the need for capacity-building initiatives to support smaller organisations in accessing funding opportunities.

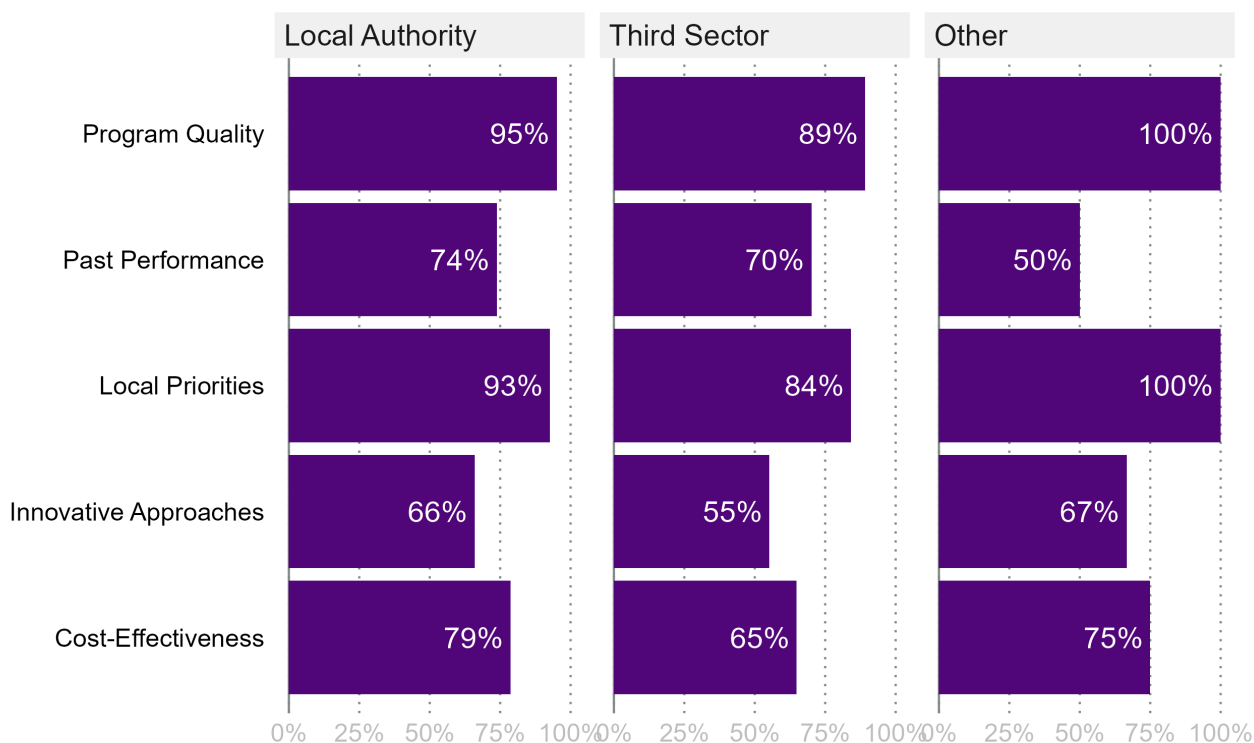
Stakeholder perception on Commissioning evaluative Criteria

Survey responses in ([Chart 4.1 \(a\)](#)) reflect *stakeholders' perceptions* of how *commissioning and contract criteria* are currently applied in practice when selecting and managing employability service providers. In addition, [Chart 4.1 \(b\)](#) presents the *percentage of*

organisations that rated different commissioning criteria (e.g., service quality, cost-effectiveness, innovation) as very or extremely important, providing insight into how Local Authorities and Third Sector organisations value key factors in commissioning decisions.

Chart 4.1 (b):

Importance of Funding Allocation Criteria by organisation Type



Survey Data

Key Findings:

As shown in [Chart 4.1\(b\)](#):

1. **Programme Quality** is a top priority, with 95.1% of Local Authorities and 89.2% of Third Sector organisations rating it as very or extremely important.
2. **Alignment with Local Priorities** is highly valued across all organisations, emphasising the need to address regional needs.
3. **Cost-Effectiveness** is rated as a major factor by 78.6% of Local Authorities, compared to 64.9% of Third Sector providers, highlighting a difference in perceived financial priorities.
4. **Innovation** is prioritised more by Local Authorities (65.9%) than by Third Sector organisations (55.2%).

Implication: Misalignment in cost-effectiveness and innovation priorities may impact funding bids and service structures, despite a shared commitment to quality and local alignment.

4.2 Core Components in Service Agreements

Building on the commissioning criteria analysis, this section examines how service delivery expectations are formalised through contractual arrangements (Chart 4.2). The survey explored *both the prevalence of formal agreements with delivery partners (Table 4.2) and the key elements included within these agreements (Chart 4.2)*. Respondents could select multiple elements to reflect the varied criteria used in formal agreements across organisation types.

Table 4.2: Use of Formal Agreements with Delivery Partners

Response	Total (%)	Local Authority (%)	Third Sector (%)	Other (%)
No	2.5	0.0	5.7	0.0
Yes, for some partners	30.9	20.9	42.9	33.3
Yes, for all partners	66.7	79.1	51.4	66.7

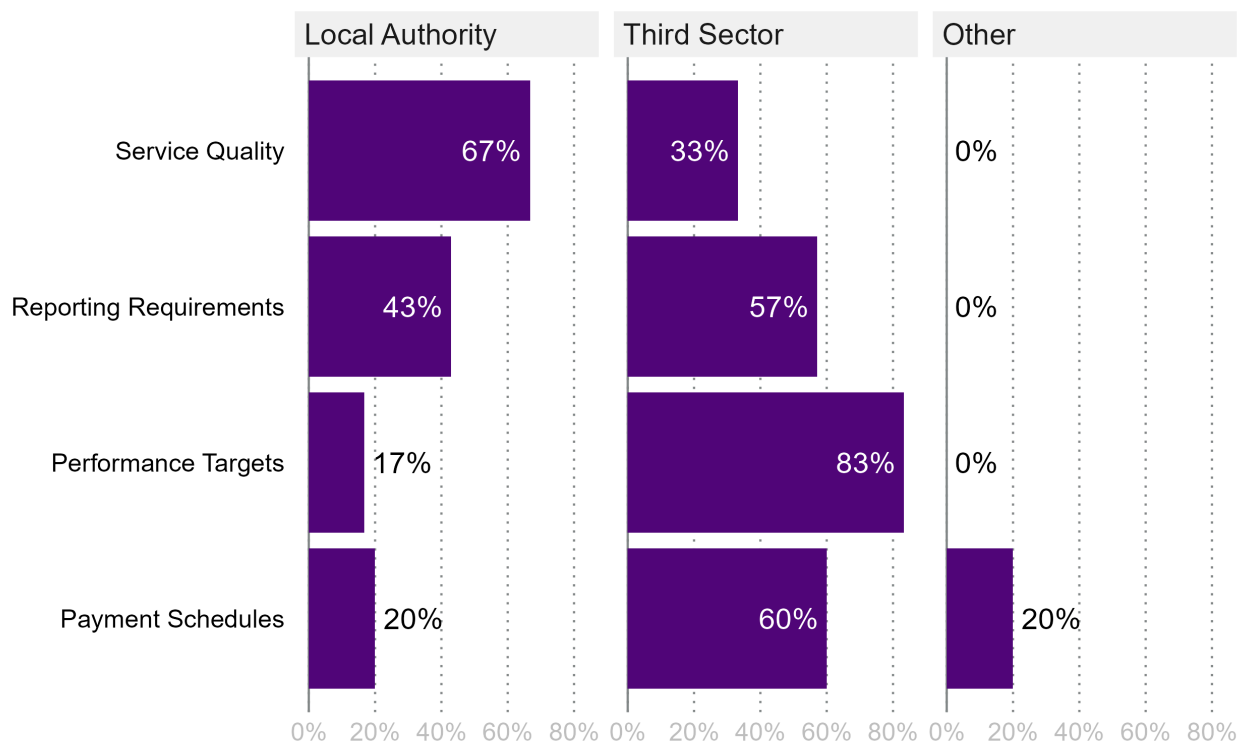
Key Findings:

As shown in Table 4.2 :

- Local Authorities are the most consistent in using formal agreements, with 79.1% reporting that all partners operate under formal contracts. This suggests a strong emphasis on standardised service delivery and accountability mechanisms.
- Third Sector organisations apply agreements more selectively, with 42.9% using them for some partners and 51.4% for all partners. This may reflect the sector's greater reliance on diverse funding streams and partnerships.

Chart 4.2:

Core Elements in Formal Agreements by organisation Type



Survey Data

Key Findings:

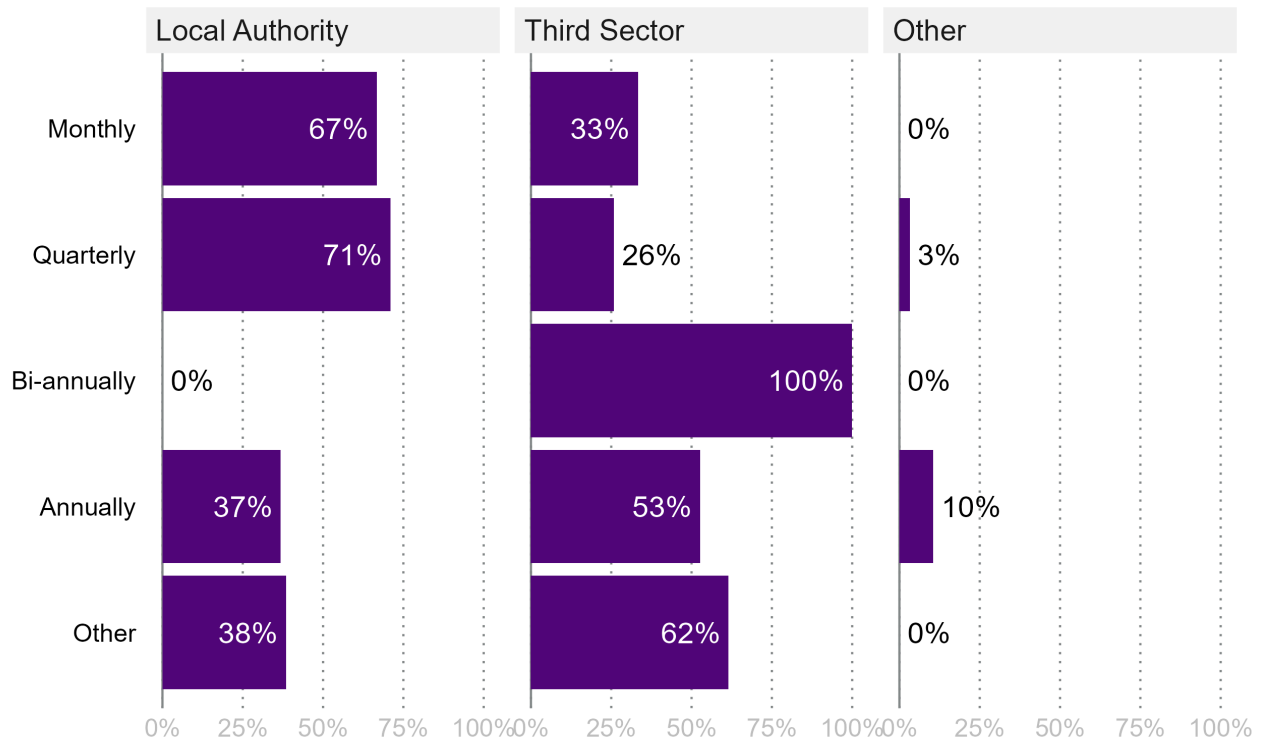
According to [Chart 4.2](#) survey responses highlight the common elements typically included in these contracts:

- **Performance Targets (15.0%)** : Third-sector organisations (28.6%) are far more likely to prefer including performance targets than Local Authorities (4.8%), reflecting their reliance on outcome-based contracts tied to funding.
- **Reporting Requirements (17.5%)** : 22.9% of Third Sector organisations emphasise reporting, aligning with increased administrative oversight and detailed service user tracking.
- **Payment Schedules (6.3%)** : More common among Third Sector providers (8.6%) than Local Authorities (2.4%), possibly due to uncertainties in funding disbursement timelines.
- **Service Quality Standards (7.5%)** : Cited more by Local Authorities (9.5%), reflecting their statutory responsibility, while Third Sector providers may face capacity constraints in compliance enforcement.
- **Other (53.8%)** : The largest category, particularly for Local Authorities (69.0%), suggesting broader contractual flexibility.

Implications: Organisations tailor *contract management approaches* to their *operational contexts and accountability requirements*, leading to *sector-wide variations*. Differences in *agreement content* reflect diverse interpretations of *effective service delivery and accountability* in employability services.

4.3 Performance Monitoring and Service Review Cycles

Performance monitoring and the how frequent organisations review employability service provision provides insight into how responsive organisations are to changing needs and insights into performance management practices and quality assurance approaches across different providers. [Chart 4.3](#) provides the key insights.

Chart 4.3:**Performance Monitoring and Service Review Cycles by organisation Type**

Survey Data

Key Findings:

According to [Chart 4.3](#) :

1. Local Authorities conduct frequent reviews, with **71% quarterly** and **66.7% monthly**, ensuring flexibility in resource allocation.
2. The Third Sector predominantly conducts **bi-annual (100%)** and **annual (52.6%)** reviews, reflecting resource constraints.
3. Other organisations report minimal review activity, consistent with their simpler funding structures.

Conclusion: The commissioning process for employability services varies in fund allocation, criteria, agreements, and oversight. Local Authorities focus on frequent monitoring and tailored agreements, while the Third Sector prioritises performance targets and structured payments. Addressing the unique challenges of each sector through capacity-building initiatives, and greater flexibility through strategic commissioning can improve the equity, transparency, and responsiveness of commissioning processes across Scotland.

4.4 Commissioning Processes: Key insights from the interviews with key stakeholders

The commissioning and procurement processes in Local Authorities highlight stark contrasts in their approaches to employability services. These differences are evident in their priorities, collaboration mechanisms, and the resulting impacts on providers and end-

users.

Key Challenges in Commissioning and Procurement

1. **Delays in Commissioning and Procurement:**

- Funding delays *compress procurement timelines*, disrupting service planning and delivery.
 - *"Delays in Scottish Government funding announcements cascade down, affecting commissioning and service delivery."* (Employability Lead, LA 12_Urban).
- Late grant offer letters often arrive *well into the fiscal year*, limiting providers' ability to mobilise:
 - *"So it was a very tight turnaround for everybody. That has been down to timing. Basically, we couldn't get anybody to bid for that funding because by the time the delayed offer came through..."* (Employability Lead, LA 05_Rural)
- Strict procurement regulations further slow the process, taking *3–4 months* for approvals, tendering, and contract negotiation:
 - *"We can't even start the procurement process until we get the grant offer letter, which often comes in June. By then, we've lost the first quarter."* (Employability Lead 1, LA 22_Island)
- To mitigate uncertainty, some councils *pre-score tenders*, but contracts remain on hold until full funding is confirmed:
 - *"We did the whole process, we scored them, we knew who would be awarded, but we had to wait for the full award letter before they could recruit staff, book venues, and start programs."* (Employability Lead, LA 05_Rural)
- **Impact on Third-Sector Providers:** Delayed contracts and payment-by-results models create financial strain:
 - *"We can't hire staff or set up services until contracts are secured. By then, the timeline is so short that quality suffers."* (Third-Sector -03 Rural)
 - *"We have seen providers scale back their services or delay start dates because the funding didn't come when expected."* (Third Sector, 01 Urban)

2. **Fragmentation and Administrative Burden**

- Local authorities struggle with overly complex procurement requirements and short-term funding cycles, which hinder long-term planning. Council's adherence to the Scottish Procurement framework extends the commissioning process, taking a minimum of six weeks, further limiting available time for service delivery.
 - *"Our process, and local authority follows the Scottish procurement framework. It's set out in law... And for us, it's anywhere in excess of six weeks, and that's if everything lines up."* (Employability Lead, LA 22_Island)
- Funding delays further compress tendering timelines:

- *"This year funding to LAs was delayed by Scottish Government, which in turn led our LA to delay the tendering process... These were then released all at once in summer with a two-week turnaround for submission."* (Employability Lead 1, LA 02_Rural)
- For third-sector providers, procurement remains burdensome, particularly for small contracts:
 - *"Every time they put something out, even if it's for £5K or £15K, you've got to go through a full procurement process... it's a huge administrative burden."* (Third Sector _12 Rural and Urban)
 - *"We get bits and pieces from different pots, all with their own focus... it's a jigsaw that we have to piece together."* (Third Sector, 05 Rural)

3. Transparency and Trust Deficits

- Limited engagement and inconsistent communication weaken trust between councils and providers:
 - *"We attend meetings, but these are presentations of what Council is doing rather than collaborative discussions... It feels more like a tick-box exercise than an actual partnership."* (Third Sector _08 Urban)
- Delayed contract awards further destabilise third-sector organisations:
 - *"Council's lack of transparency and delayed contract awards leave third-sector organisations in precarious positions, with staff unsure of job security."* (Third Sector _05 Rural)

4.5 Commissioning and Procurement Models in Scottish Local Authorities

Local authorities use varied commissioning models, ranging from *compliance-heavy transactional approaches* to *strategic, outcome-focused frameworks*. This analysis highlights key models, challenges, and innovations.

1. Transactional and Compliance-Heavy Models: Some councils rely on *rigid procurement processes*, prioritising compliance over outcomes, creating significant burdens for providers.

Key Challenges :

- **Administrative Burden:** Smaller providers struggle to navigate complex tendering processes, diverting resources from service delivery.
 - *"Every time they put something out, even if it's for £5K or £15K, you've got to go through a full procurement process. It's a huge administrative burden."* (Third Sector _12 Rural and Urban)
- **Short term focus and Erosion of Trust:** Competitive tendering fosters adversarial relationships.
 - *"If you're tendering for fifty people, you might only get ten. From a risk point of view, it's an absolute nightmare... There's not much trust between providers and the city."* (Third Sector _12 Urban)

2. Payment-by-Results (PbR) and Risk Transfer: PbR models place disproportionate financial risk on providers, *focusing on outputs rather than addressing complex client needs.*

Key Challenges:

- *Risk Burden:* PbR shifts risk onto service providers:
 - *“They decided on payment-by-results, which puts all the risk onto those delivering the services.”* (Third Sector _12 Rural and Urban)
 - *“..because it is payment by result, you know if it's taken five weeks rather than four weeks to get someone into work, you wont get paid.”*(Third Sector _07 Island)
- *Inadequate for Vulnerable Populations:* Outcome-based models *neglect the realities of working with disadvantaged populations*
 - *“Payment-by-outcome doesn’t suit the needs of people with learning disabilities... they are being left behind.”* (Third Sector _07 Island)

3. Strategic and Outcome-Focused Commissioning: Authorities like *Aberdeenshire* and *Glasgow* adopt *strategic commissioning*, emphasising outcomes, flexibility, and collaboration. These models aim to align services with long-term goals and adapt to diverse local needs.

Key Features:

- *Outcome-Oriented:*
 - *“Aberdeenshire does it on an annual basis. It’s more outcome-focused, allowing flexibility in geography and duration of support.”* (Third Sector _12 Rural and Urban)
- *Collaboration:*
 - *“We rebranded the LEP Board as Glasgow Futures Board... bringing a renewed focus and energy to employability in Glasgow.”* (Employability Lead, Glasgow)

4. Blended and Collaborative Regional Commissioning: Some councils use *regional frameworks* to pool resources and align priorities.

Key Features :

- *Pooling Resource:*
 - *“The joint framework enabled us to develop specialist employability support and region-wide services.”* (Employability Lead, LA 13_Semi Urban)
- *Integrated Collaboration:*
 - *“We host joint regional events to improve coordination and share best practices.”* (Employability Lead, LA 13_Semi Urban)

5. Mixed and Hybrid Commissioning: *Mixed and hybrid commissioning* models combine

in-house delivery with selective external partnerships, balancing strategic oversight with the flexibility to adapt to specialised needs.

Key Features:

- *Hybrid Flexibility:*
 - *"We use a mixed approach to commissioning of employability service provision. The council takes the lead in employability services. Around 60% of our NOLB funding goes into council services, employing six to eight key workers across different employability streams. We put out a grant round each year for third-sector and private sector providers to bid for funding, The third sector provides specialist support, particularly for people with disabilities and ethnic minorities."* (Employability Lead, LA 11 Semi-Urban)
- *Blended Integration:*
 - *"We commission our services through a single commissioning approach... this allows us to draw down any of the funds to deliver everything we've commissioned."* (Employability Lead, LA7 Urban)

Consortium approaches are becoming more common, particularly involving large organisations leading and sub-contracting to smaller provider.

6. Localised and In-House Models: Rural and island councils rely on *direct awards and in-house delivery* due to *small provider pools and higher costs*.

Key Features:

- *Simplified Procurement:*
 - *"We don't commission a lot; everything is in-house."* (Employability Lead, LA 29_Island)
- *Non-Competitive Awards:*
 - *"The funding we receive is so low that it falls beneath the threshold for a full commissioning process, leading us to use non-competitive approaches."*(Employability Lead, LA 29_Island)

7. Innovations in Commissioning: Councils are *piloting new approaches* to improve efficiency and provider stability.

- *Multi-Year Funding:*
 - *"By committing to multi-year funding, we're giving providers the stability they need to plan effectively and retain staff."* (Employability Lead, LA 22_Island)
- *Simplified Processes:*
 - *"We've started using a simplified scoring matrix for tenders, making the process faster and easier for smaller providers."* (Employability Lead, LA 10_Rural)
- *Unified Commissioning Models:*

- *“We funnel everything through our single commissioning approach, which improves efficiency and flexibility.”* (Employability Lead, Dundee)
- *“For smaller providers, working within a consortium means they don’t have to navigate the complex tendering process alone, which levels the playing field.”* (Third Sector _06 Urban)
- *Joint employability framework:*
 - *“We’re about to embark on an employability framework jointly with Clackmannanshire Council... The framework will go live for bidding from the week beginning 28th October.”* (Employability Lead Stirling and Clackmannanshire)
- *Capacity Building and Resource Support:*
 - *“Our capacity-building efforts include providing templates and guidance on procurement requirements, which smaller organisations have found invaluable.”* (Employability Lead 1, LA 07_Urban).
- *Joint Scoring Panel and data driven approaches:*
 - *“We have a joint scoring panel with third-sector and private sector representatives, along with the council, to assess grant applications and decide on funding allocations. ...identifying priority groups based on stats and community feedback.”* (Employability Lead, LA 11 Semi-Urban)

Conclusion:

- The *commissioning process for employability services* faces systemic challenges due to *annual funding cycles and delayed grant confirmations*, creating a *domino effect* that disrupts planning and service delivery. However, *innovative practices are emerging to mitigate these delays*.
- Commissioning approaches vary from *collaborative and flexible* to *fragmented and bureaucratic*. While *strategic models foster trust and innovation*, *rigid, procurement-heavy processes* create uncertainty, hinder service delivery, and strain stakeholder relationships.
- *Context matters*. Authorities that prioritise *collaboration and flexibility* achieve better outcomes, while overly *bureaucratic models risk undermining provider relationships and service effectiveness*.

Commissioning Challenges for Third-Sector Providers

1. Time Constraints:

- *“Compressed timelines leave us rushing to implement programs, and the reporting process doesn’t account for this.”* (Third Sector _05 Rural)
- *“There were nine tenders, and they gave us about a week to respond. But each one required the same full procurement process as a large contract.”* (Third Sector _12 Urban & Rural)

2. Inconsistent Administrative Requirements:

- *“The paperwork and reporting requirements vary greatly across local authorities, creating inefficiencies for organisations operating in multiple regions.”* (Third Sector _06 Urban)

3. Fragmented and Complex Funding Streams:

- *“We’ve got the funding streams all coming through separately... Each pot comes with its own rules and requirements... it’s like piecing together a jigsaw with missing pieces... there’s no strategic commissioning to bring it all together.”* (Third Sector _01 Urban)

4. Excessive Bureaucracy:

- *“The commissioning process is heavily bureaucratic, leaving service providers uncertain about their roles and responsibilities.”* (Third Sector _08 Urban)

5. Transparency and Job Insecurity:

- *“Council’s lack of transparency and delayed contract awards leave third-sector organisations in precarious positions, with staff unsure of job security.”* (Third Sector _05 Rural)

6. Risk and Short-Termism:

- *“Short contracts and uncertainty about allocations hinder providers’ ability to plan and deliver effective services.”* (Third Sector _12 Urban & Rural)

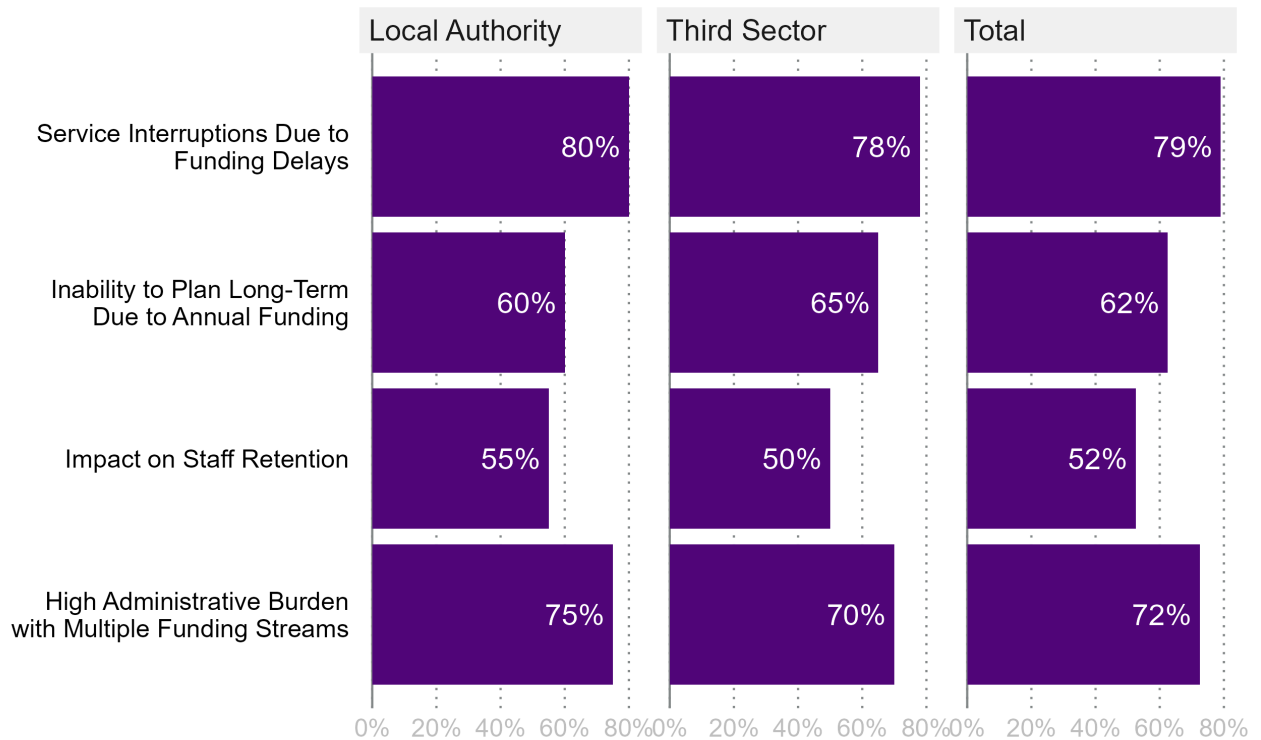
Section 5: Impact on Service Delivery

Funding structures and disbursement timelines play a crucial role in shaping the effectiveness of employability service delivery. This section examines the operational challenges faced by service providers due to funding delays, annualised budgets, and fragmented financial streams, all of which influence programme continuity and organisational stability. It is divided into three subsections: the first ([5.1: General Impact on Service Delivery](#)) assesses key challenges such as staff retention, programme continuity, and financial sustainability. The second ([5.2: Impact of Funding Delays on Disabled Individuals and Parents](#)) explores how funding uncertainties disproportionately affect vulnerable groups, including individuals with disabilities and parents seeking employment. The final subsection ([5.3: Parental Employability: Policy Perceptions, Opportunities, and Systemic Challenges](#)) evaluates how parental employability initiatives align with broader policy objectives while identifying the systemic challenges that impact their implementation. This structured analysis provides a comprehensive understanding of how funding mechanisms shape the accessibility, efficiency, and inclusivity of employability services across Scotland.

Section 5.1: Key Challenges in Employability Funding by Sector and impact on Service Delivery

To assess the primary challenges organisations face, survey respondents were asked to identify the key issues affecting funding and service delivery. The survey used a *multiple-choice format*, meaning respondents could select all applicable challenges rather than choosing a single response. The percentages in Chart 5.1 represent the proportion of respondents within each organisation type (Local Authorities and Third Sector organisations) who identified specific issues as significant. For example, 80% of Local Authority respondents and 78% of Third Sector respondents reported experiencing service interruptions due to funding delays. This does not mean that 80% of all Local Authorities or 78% of all Third Sector organisations were affected, but rather that this proportion of respondents from each sector highlighted service interruptions as a key challenge.

[Chart 5.1](#) summarises the most frequently reported challenges, highlighting how funding delays, administrative complexity, and short-term funding cycles impact service continuity, staff retention, and programme planning.

Chart 5.1:**Key Challenges in Employability Funding by Sector**

Survey Data

Key Findings: As illustrated in [Chart 5.1](#), the following challenges were identified:

- Inability to Plan Long-Term Due to Annual Funding:** 60% of Local Authorities and 65% of Third Sector organisations reported that short-term funding cycles hinder long-term planning, with 62.5% of all respondents identifying this as a significant issue. The inability to secure multi-annual funding creates uncertainty in programme design, workforce stability, and service continuity, making it difficult for organisations to develop sustainable employability interventions.
- High Administrative Burden with Multiple Funding Streams:** 75% of Local Authorities and 70% of Third Sector organisations cited administrative complexity as a challenge, leading to a total of 72.5% across all respondents. The management of multiple funding streams, compliance requirements, and reporting obligations places significant pressure on resources, often diverting capacity away from direct service delivery and frontline support.
- Impact on Staff Retention:** 55% of Local Authorities and 50% of Third Sector organisations indicated that funding uncertainty affects staff retention, with an overall 52.5% reporting this as a key challenge. Short-term contracts and inconsistent funding make it difficult to attract and retain experienced staff, affecting service quality, organisational expertise, and participant engagement.
- Service Interruptions Due to Funding Delays:** 80% of Local Authorities and 78% of Third Sector organisations identified service interruptions caused by funding delays, making this the most widely reported challenge (79% overall). Uncertainty around funding disbursement timelines disrupts service continuity, delays participant support,

and creates operational inefficiencies, particularly for programmes that rely on timely interventions to support individuals into employment.

These findings highlight shared challenges across both sectors, with annual funding cycles, administrative burdens, staff retention, and funding delays directly impacting the stability, efficiency, and long-term effectiveness of employability services. The multiple-choice format of the survey allowed respondents to identify multiple areas of concern, reinforcing the widespread nature of these challenges across different organisation types.

5.2 Service Delivery Challenges

While delays in funding disbursement are well documented, their impact on staffing, program delivery, and planning highlights the need for urgent reforms. Section 4 explores these operational challenges in greater detail

Challenges in Staffing, Planning, and Service Delivery

This subsection builds on the previous analysis, offering a detailed breakdown of challenges across organisation types. The findings illustrate the widespread operational disruptions caused by funding delays and short-term cycles, particularly in staffing, program continuity, and long-term strategic planning.

Funding constraints and administrative delays have a direct impact on the ability of organisations to deliver employability services effectively. To assess the extent of these challenges, survey respondents were asked to select all relevant issues affecting their operations.

The percentages in [Table 5.2](#) represent the proportion of respondents within each organisation type (Local Authorities, Third Sector, and Other) who identified specific challenges as significant. For example, 100% of Local Authority respondents reported challenges in long-term planning, meaning every Local Authority representative who answered this question highlighted this as a key issue. Similarly, 97.2% of Local Authority respondents and 93.1% of Third Sector respondents cited difficulties in staff retention and recruitment as a major challenge.

These figures reflect *stakeholder perceptions* rather than a strict organisational count, as multiple respondents from the same organisation may have contributed.

Table 5.2: Challenges Experienced Across organisation Types

Challenge	Local Authority (%)	Third Sector (%)	Other (%)
Difficulty in Staff Retention/Recruitment	97.2%	93.1%	100.0%
Delayed Program Start Dates	91.7%	82.8%	100.0%
Reduced Program Duration	83.3%	75.9%	100.0%
Challenges in Long-Term Planning	100.0%	93.1%	0.0%
Inability to Meet Funders' Expectations	86.1%	51.7%	50.0%
Other Challenges	8.3%	3.4%	0.0%

Key Findings:

As illustrated in [Table 5.2](#), the following challenges were identified:

1. Staff Retention and Recruitment Challenges:

- Nearly universal among all organisation types, with 97.2% of Local Authorities and 93.1% of Third Sector respondents noting this issue, while 100% of Other organisations also highlighted significant difficulties.

2. Delayed Program Start Dates:

- A common issue, especially among Other organisations (100%) and Local Authorities (91.7%), reflecting widespread challenges in aligning programme timelines with funding availability.

3. Reduced Program Duration:

- Frequently reported by Local Authorities (83.3%) and Third Sector organisations (75.9%), with all Other organisations citing this as a critical challenge.

4. Long-Term Planning Challenges:

- Local Authorities report the highest rate (100%), with Third Sector organisations following closely (93.1%). This highlights the pressing need for funding processes that enable sustainable planning.

5. Inability to Meet Funders' Expectations:

- **86.1%** of Local Authorities cited difficulties in meeting funders' expectations, compared to **51.7%** of Third Sector organisations.

Implications: These findings emphasise that the delays in receiving formal grant letters cause significant bottlenecks in the funding flow, leading to service delivery disruptions and compressed timelines, particularly acute impact on long-term strategic planning.

Qualitative insight on Key Service Delivery Challenges

1. Service Disruption and Operational Risks

- Funding delays disrupt service continuity and timely programme initiation:
 - *"Most local authorities are delivering at risk because, technically, without a grant offer, you have no funding, and by standing orders, you shouldn't be delivering anything."* (Employability Lead, LA 10_Rural)
 - *"By the time we get funding confirmed, we've already lost a significant part of the year. It disrupts participant journeys and service continuity, especially when the conditionality of funding changes yearly."* (Employability Lead, LA 13_Semi Urban)
- The *Scottish Government enforces a "hard stop" on funding*, preventing roll-overs into the next financial year, creating continuity challenges for *programmes extending beyond the contract period*:
 - *"Scottish Government have what's called a hard stop on their contract year. So there's no flexibility to, you know, to move funds into the following year..... We had to withdraw the offer, so the actual training, the three months training would have been completed within the time frame of the contract year....but exams and placements extended into the next year"* (Employability Lead 1, LA 18_Rural)

2. Provider and Participant Impacts

- Delayed contracts *shift financial risk* onto providers, limiting their ability to plan effectively:
 - *"Projects are funded retrospectively, which means the financial risk gets passed from us to providers".* (Employability Lead 1, LA 15_Urban)
 - *"Smaller organisations can't absorb the risk of planning without confirmed funding."* (Participant 1_SLEAD)
- Delays in funding lead to a cascading effect:
 - *"Delays in our allocations mean delays in payments to third-sector providers, who often operate at risk. This creates financial and operational strain on their end."* (Employability Lead, LA 13_Semi Urban)
- Delayed notifications and short tendering periods leave providers unprepared.
 - *"We had just two weeks to respond to a tender, which is impossible for smaller organisations."* (Third Sector _06 Urban).
- Unreliable timelines damage relationships between providers, Local Authorities, and communities:
 - *"Participants lose confidence in our programs when services stop and start unpredictably."* (Participant 1_SLEAD)
- Participants face inequitable access to programmes:
 - *"Participants don't have equitable access... Programs can't start right now; everything is paused until funding is confirmed."* (Employability Lead, LA 10_Rural)

3. Planning and Recruitment Challenges

- Uncertainty in *funding timelines* complicates *strategic planning and staffing*, leaving organisations in *precarious positions* each year.
 - *"Even if we give a grant offer letter by the end of March... they're never going to have a staff member in post to deliver".* (Employability Lead, LA 07_Urban)
 - *"We extended staff contracts for three months at risk because of delays in funding confirmation. It's a precarious situation for both staff and operations."* (Employability Lead, LA 21_Urban)
- Last-minute funding decisions create financial risks and redundancy concerns:
 - *"We're waiting to hear next month, but that's so close to issuing redundancy notices."* (Third Sector _7 Island)

4. Compressed Timelines for Service Delivery Funding delays *reduce the operational window*, forcing *programmes into shortened planning and delivery periods*, affecting service quality.

- Grant delays cut into delivery time:
 - *"It takes a full year to plan properly, but with delays, we're trying to squeeze everything into six months."* (Employability Lead, LA 12_ Urban)
- Programme planning is rushed:
 - *"The late arrival of grant letters means services lose up to a quarter of the delivery year."* (Employability Lead, LA 13_ Semi Urban).
- Rushed procurement leads to inadequate preparation:
 - *"By the time contracts are issued, providers have mere weeks to prepare."* (Employability Lead, LA 10_ Rural).
- And that means service delivery is compromised due to compressed timelines:
 - *"Compressing a year's work into six months compromises the depth of support we can offer."* (Employability Lead, LA 29_ Semi Urban).
- Additionally, misaligned timelines between funding sources further increase complexity:
 - *"We manage three full-time roles' worth of work due to fragmented funding streams."* (Employability Lead, LA 29_ Semi Urban).
- Delays also impact the equity outcomes:
 - *"Participants don't have equitable access to provision depending on when their journey starts or stops. Their journey isn't based on the financial year, but we have to operate that way."* (Employability Lead, LA 10_ Rural)

Conclusion:

- Survey data and interviews highlight pervasive operational challenges across Scotland's employability sector, with over 90% of organisations reporting issues in staff retention, delayed programme starts, and long-term planning due to funding uncertainties.
- Improving funding timelines and introducing predictable funding mechanisms could significantly enhance service delivery effectiveness.

5.3 Communication Challenges and Areas for Improvement

Effective communication between Local Authorities, Third Sector organisations, and the Scottish Government is critical for timely and efficient disbursement of employability funding. However, survey data reveals significant gaps in clarity, timeliness, and consistency of communication, which exacerbate operational challenges. Survey question asked respondents to rate the effectiveness of communication between Local authorities and the Scottish Government, categorising responses into *Effective, Neutral, and Ineffective*. [Table 5.3](#) presents the distribution of responses by organisation type, highlighting variations in communication experiences across sectors.

Table 5.3 Perceptions of Communication Effectiveness by organisation Type

Organisation Type	Very Effective (%)	Effective (%)	Neutral (%)	Ineffective (%)
Local Authority	3.1%	26.2%	40.0%	30.8%
Third Sector	2.8%	30.6%	41.7%	25.0%
Other	3.8%	19.2%	42.3%	34.6%

Key Findings:

- **According to Table 5.3, neutral responses dominate (40-42%)** indicating mixed perceptions of communication effectiveness across sectors.
- *Local Authorities (30.8%)* reported the highest dissatisfaction, citing *unclear guidelines and delayed responses from the Scottish Government*.
- *Third Sector organisations (30.6%)* had the most positive ratings, suggesting better engagement.
- *Other organisations (34.6%)* expressed greater dissatisfaction, likely due to *limited direct engagement mechanisms*.

Neutral responses suggest that *while communication structures exist, consistency and clarity vary based on organisational needs and engagement levels*. These findings align with [Chart 3.7](#), where *poor communication and unclear processes* were identified as key contributors to *funding delays*, especially for local authorities and third-sector organisations.

Implication: Stronger *structured communication channels* are needed to ensure *clear, timely, and effective funding information* across employability service providers.

Qualitative insights on Effectiveness of Communication with the Scottish Government

Communication between *local authorities and the Scottish Government* is widely seen as *inadequate*, with delays in *funding information* and *unclear policy priorities*. The Scottish Government's efforts to simplify funding streams under the No One Left Behind policy were acknowledged as positive steps:

"The Scottish Government absolutely delivered on a simplification of employability by reducing the number of funding streams, putting them into one or two" (Employability Lead, LA 07_ Urban)

Challenges:

- **Lack of Proactive Updates** : Stakeholders *need regular communication*, even when no new information is available:
 - *"Communication from the Scottish Government isn't always great... Even 'no update' is an update."* (Participant, SLEAD)
- **Delayed Grant Letters** : Late notifications *disrupt planning* and create uncertainty:
 - *"We're not given enough notice about funding levels or timelines. If we knew earlier, we could plan more effectively."* (Employability Lead, LA15_ Urban)

- **Limited Responsiveness to Feedback** : *Formal communication routes exist, but the application of evidence and feedback is slow:*
 - *"Communication is not the problem. It's what's done with the evidence that's the problem."*(Participant, SLEAD)
- **Misalignment Between Funding and Local Needs** : *Unclear terms, conditions, and funding values make it difficult to align services:*
 - *"We don't know if the terms, conditions, and value of funding align with what stakeholders told us the year before."* (Employability Lead, LA07_Urban)

Despite *structured communication channels, systemic delays, lack of transparency, and limited responsiveness* undermine their effectiveness, creating *uncertainty and planning challenges* for stakeholders.

Qualitative insights on the Effectiveness of Communications with the providers:

Interviews with the local authorities demonstrate varying levels of success in their communication with third-sector providers. While interviews reveal that strong relationships exist in some regions, funding uncertainties often strain these partnerships.

Challenges:

- **Retrospective Funding Shifts Financial Risk to Providers:**
 - *"Third-sector providers often deliver services at risk, without contracts during delays."* (Employability Lead, LA10_Rural)
 - *"Providers struggle with our grant process timelines. They expect us to manage the complexity for them."* (Employability Lead, LA13_Semi-Urban)
- **Delayed Confirmations Undermine Trust:**
 - *"Providers want to know if they'll get funding, but we can only give indicative commitments until it's formally confirmed."* (Employability Lead, LA07_Urban)
 - *"Third-sector providers operate at risk based on verbal agreements. While this works due to goodwill, it's not a sustainable or legally secure arrangement."* (Employability Lead, LA21_Urban)
 - *"We issue agreements with the caveat that if funding doesn't come through, budgets will change. This isn't ideal for maintaining trust."* (Employability Lead, LA15_Urban)

While communication between *local authorities and providers* remains *proactive, funding delays and uncertainties weaken trust*. Open dialogue is maintained, but *more structured, timely commitments* are needed for *sustainable partnerships*.

5.4 Mitigation Strategies adopted for Managing Recurring Funding Delays in Employability Services

Survey question asked respondents to identify the strategies their organisations have implemented to manage recurring funding delays, with multiple responses allowed. The findings highlight a range of adaptive approaches. organisations have adopted various strategies to manage recurring funding delays, as shown in [Table 5.4 \(a\)](#). The percentages

represent the proportion of respondents within each organisation type who reported using a particular strategy. This allows for a comparative understanding of how Local Authorities, third-sector organisations, and other entities respond to funding challenges, reflecting differences in sector priorities, resource availability, and operational needs.

Table 5.4 (a): Strategies for Managing Funding Challenges by organisation Type

Strategy	Local Authority (%)	Third Sector (%)	Other (%)
Delaying Programme Start Date	80.5%	59.5%	80.0%
Maintaining Financial Reserves	29.3%	59.5%	40.0%
Reducing Program Scope or Duration	70.7%	54.1%	80.0%
Seeking Alternative Funding Sources	34.1%	73.0%	40.0%
Other	7.3%	13.5%	20.0%
Prioritisation of Essential Services	70.7%	59.5%	60.0%
Proactive Communication	68.3%	56.8%	20.0%

Key Findings:

1. Delaying Program Start Dates:

- A common strategy across sectors, with **80.5% of Local Authorities** and **80.0% of Other organisations** delaying start dates.
- The Third Sector (59.5%) reported slightly lower adoption, likely due to shorter funding cycles.

2. Maintaining Financial Reserves:

- Third Sector organisations rely heavily on reserves (**59.5%**), exposing them to financial risks. Local Authorities report lower usage (**29.3%**), reflecting greater access to core budgets.

3. Reducing Program Scope or Duration:

- A significant approach for Local Authorities (**70.7%**) and Other organisations (**80.0%**), though Third Sector organisations adopt it less frequently (**54.1%**).

4. Seeking Alternative Funding:

- The **Third Sector (73.0%)** is the most proactive in seeking alternative funding sources, compared to Local Authorities (34.1%)

This section builds on Table 5.4 (a), which identified common strategies used to navigate funding disruptions, by assessing their perceived effectiveness and long-term viability. To provide a more comprehensive view of how organisations manage recurring funding delays, [Table 5.4 \(b\)](#) examines respondents' satisfaction with mitigation strategies and the broader operational impact of funding delays. Respondents were asked to rate their agreement with statements on mitigating funding delays, the impact of delays on service delivery, and whether the current funding timeline allows for long-term planning. For clarity in analysis, response categories were merged, with "Disagree" combining responses from 1 (Strongly Disagree) and 2 (Disagree), and "Agree" merging responses from 4 (Agree) and 5 (Strongly Agree).

Table 5.4 (b): Perceived Effectiveness of Funding Strategies and Impact on Service Delivery

Statement	Disagree (1+2)	Neutral (3)	Agree (4+5)
Effective strategies to mitigate funding delays			
Local Authority	70.0%	5.0%	25.0%
Third Sector	7.4%	10.6%	81.5%
Other	0.0%	0.0%	100.0%
Funding delays impact service delivery			
Local Authority	8.3%	5.6%	86.1%
Third Sector	7.4%	10.6%	81.5%
Other	0.0%	0.0%	100.0%
Funding timeline allows for long-term planning			
Local Authority	5.6%	5.6%	88.9%
Third Sector	10.6%	10.6%	77.8%
Other	0.0%	0.0%	100.0%

Key Findings:

- **Effectiveness of Strategies:**

- Local Authorities reported the lowest satisfaction (25.0%), reflecting limited confidence in their current approaches.
- The Third Sector (81.5%) and Other organisations (100%) were more positive.

- **Impact on Service Delivery:**

- Across all sectors, funding delays are widely recognised as disruptive to service provision, with 86.1% of Local Authorities and 81.5% of Third-Sector respondents agreeing that delays affect their ability to deliver programs.
- This aligns with earlier findings that highlight timeline uncertainties and inconsistent funding flows as persistent challenges.

- **Long-Term Planning Challenges:**

- 88.9% of Local Authorities and 77.8% of Third-Sector organisations indicated that funding timelines hinder their ability to plan long-term.
- These results reinforce concerns about the annualised nature of employability funding, which limits multi-year service planning and staff retention.

5.5 Qualitative insights on Local authorities' Mitigation Strategies**1. Operating at Financial Risk**

- Councils continue delivering core services despite formal funding delays:
 - *"We continue the delivery of services as much as possible... while trying to reduce the financial risk to the Council"*. (Employability Lead, LA 07_ Urban)
- **Implications:** This strategy minimises service disruption but exposes councils to financial vulnerabilities, particularly those with limited reserves.

2. Reducing Program Scope or Duration

- Some councils *scale back services* to balance resource constraints:
 - “*We suspended some areas of support, like financial incentives for employers, to mitigate risk while continuing core services*”. (Employability Lead, LA 07_ Urban)
 - **Implications:** Scaling back programs helps manage immediate challenges but may impact long-term outcomes and stakeholder satisfaction.

3. Prioritisation of Core Services

- Essential services are *protected*, while *non-critical programmes are delayed or reduced*:
 - “*We focus on maintaining internal key worker services and scale back or delay less critical procurements*”. (Employability Lead, LA 07_ Urban)
 - “*We held off promoting new programs like employer incentives until we had certainty about the funding. These programs are easier to delay compared to core services.*” (Employability Lead, LA 12_ Urban)
 - **Implications:** This ensures continuity for vulnerable populations but limits capacity for innovation and expansion.

3. Flexible Commissioning and Resource Allocation

- Single commissioning approaches enhance adaptability:
 - “*We funnel all funds—No One Left Behind, UK Shared Prosperity Fund, and Council funding—through a single commissioning approach.*” (Employability Lead, LA 07_ Urban)
 - “*We’ve commissioned projects for two years, despite having annual funding cycles*”. (Employability Lead 1, LA 15_ Urban)
- Others *front-load payments* to providers to ensure service continuity:
 - “*We pay providers even if we haven’t received funds from the government, to ensure continuity of services.*” (Employability Lead, LA 21_ Urban)
- **Implications:** Flexible commissioning improves adaptability, while multi-year frameworks stabilise service provision. Both approaches depend on systemic reforms to align funding cycles with service timelines.

3. Early Collaboration with Partners

- Authorities engage *Third Sector providers early* to help them *prepare for funding delays*:
 - “*We try to engage with providers early, even if the funding hasn’t been finalised yet, so they can plan for what’s coming.*” (Employability Lead, LA 11_ Semi Urban)
 - “*We work together with our providers to find solutions, sometimes that means scaling back a bit or finding alternative ways to deliver services until the funds*”

come through." (Employability Lead, LA 05_ Rural)

- **Implications:** Implications: Early communication helps mitigate the impact of delays on Third Sector providers, giving them more time to plan and adapt to the compressed delivery window.

4. Leveraging Alternative Funding Sources

- Authorities use discretionary funds and programmes like the UK Shared Prosperity Fund to bridge gaps:
 - *"We were able to use UK Shared Prosperity Fund to bridge gaps caused by delays in grant offer letters. It allowed us to extend contracts and run a grant program before the official letter came in ...The flexibility with SPF meant we could set aside funds as a contingency".* (Employability Lead, LA 01_ Urban)
- **Implications:** Alternative funding *enhances resilience*, but its *limited scope and uncertainty* under changing UK Government policy raise concerns about *long-term sustainability*..

Section 5.2 Impact of Funding Delays on Disabled Individuals and Parents

This section presents findings from semi-structured interviews conducted with local authority representatives and third-sector stakeholders. Their insights highlight how funding delays disproportionately affect vulnerable client groups, specifically individuals with disabilities and parents. The analysis below draws directly from their lived experiences and reflections.

Key Findings

Employability Services cater to groups such as mainstream unemployed individuals, low-income parents, disabled individuals and people with significant barriers to employment. Services range from key worker support to paid work placements, vocational training, and specialised programmes for individuals with disabilities or parents.

Funding delays in employability programs significantly affect service delivery, particularly for vulnerable groups like individuals with disabilities and parents. These delays create gaps in continuity, erode trust, and limit access to critical services, with distinct challenges for each group. This section analyses the impacts through key themes for clarity and focus.

Impact of Funding Delays on Individuals with Disabilities

Delays in funding result in interruptions to critical services, forcing disabled individuals to restart their journey with new providers or face prolonged waiting periods.

"When staff leave, disabled individuals face devastating disruptions in their journey—it's not just inconvenient; it can be emotionally devastating." (Third Sector _07 Island)

"Employability isn't one-size-fits-all; people need holistic, flexible support systems... but short-term programmes or fragmented procurement make it difficult to address complex needs." (Third Sector _ 12 Rural and Urban)

Erosion of Trust and Service Disruptions

Interview participants reported that short term nature of the funding and results in interventions being cut short, failing to address the complex and often lengthy support needs of disabled people, the trust built between clients and providers. This leads to a cycle of partial progress followed by setbacks, hindering their chances of sustained employment. This is particularly acute when local authorities rely on commissioning third sector providers to provide such services. Without timely grant agreements, these organisations can not operate, leaving disabled clients with limited or no support.

"Clients who are mid-intervention might have to be let go or held in limbo because we cannot fund third-sector organisations without timely grant offers." (Employability Lead, LA 10_ Rural)

Respondents highlighted:

"People with disabilities rely on consistent support, but funding delays mean services stop abruptly, eroding the trust we've worked so hard to build." (Employability Lead, LA 10_ Rural)

"Specialist services for disabled clients cannot be sustained during the funding gap, leaving many without necessary interventions." Third Sector_03 Rural)

The stop-start nature of short-term funding fosters significant anxiety and distrust among disabled individuals. Frequent changes in service providers disrupt the continuity of care, undermine progress, and deter individuals from re-engaging with employability support. As a Third Sector respondent noted:

"The knock-on effect is that advisers start leaving, or looking for jobs outside of supported employment. It's actually detrimental to the sector as a whole...Disabled people often have to start all over again with a new provider, which derails them completely, and it might be another two years before they see a service again." (Third Sector _07 Island)

Barriers to Long-Term Support

Participants highlighted that compressed timelines due to delays often result in programmes for individuals with disabilities being de-prioritised or shortened, negatively impacting outcomes.

"Short-term funding and delayed allocations make it difficult to build sustainable programs for individuals with disabilities." (Employability Lead, LA 12_ Urban)

"Our additional support needs program had to be condensed due to funding delays, which impacted outcomes for disabled clients." (Employability Lead, LA 05_ Rural)

Non-Linear Nature of Employability Journeys

Respondents also shared that the assumption that employability follows a *straightforward, linear trajectory* does not reflect the realities faced by many jobseekers. Instead,

employability journeys are often *complex and unpredictable*, with progress frequently interrupted by external factors such as *health issues, housing instability, or family crises*.

"It's not a straight pipeline. People don't just move from stage one to two to three. They disengage, return, pause, and re-engage at different points." (Employability Lead, LA 10_ Rural)

This unpredictability highlights the *need for flexible and adaptive support systems* that can accommodate *disruptions and non-linear progress*.

Geographical variability and inconsistency

Variability across Local Authorities exacerbates the inequity in access, leaving some disabled individuals in regions with fewer resources or less inclusive policies at a disadvantage.

"Third-Sector organisations have to dip into reserves to maintain services during delays, but that's not sustainable in the long term." (Employability Lead, LA 13_ Semi Urban)

"Every single local authority has chosen to do it differently. It really is a bit of a postcode lottery at the moment in terms of what's available, what you can access, and when you can access it." (Third Sector_12 Rural and Urban)

Formula-based distribution : The distribution formula used to allocate employability funding, decided jointly by the Scottish Government and Convention of Scottish Local Authorities (COSLA), reportedly disadvantages rural and island authorities, resulting in a proportionally larger funding cut compared to urban areas and impacting client outcomes. This disparity exacerbates the challenges of providing adequate support in areas with potentially higher service needs.

- *"Rural authorities and islands particularly are affected the most because if mainland authorities have a 10% cut other authorities Island particularly, they have a 20% cut in their employability funding, which is, I think, Because of the formula distribution formula decided at the COSLA." (Employability Lead, LA10_ Rural)*

Impact of Funding Delays on Parents:

Parents, particularly single parents, face unique challenges when funding delays disrupt critical employability and childcare services. Respondents emphasised the cascading effects of these delays, which undermine parental workforce participation and engagement.

Disruption to Childcare and Employability Services

Delays in funding impede the delivery of critical services, such as childcare and paid placements, that enable parental workforce participation.

"Parents effectively lose six months of engagement because by the time funding is allocated and services start, the year is already halfway through." (Employability Lead, LA 10_ Rural)

"Delays in funding mean parents often lose out on timely services like childminding initiatives or paid placements, which are critical to their employability journey."
(Employability Lead, LA 12_ Urban)

Another observed,

"Programs like paid work experience are meant to support parents, but without timely funding, we can't deliver them, leaving parents without the pathways they need."
(Employability Lead, LA 04_ Rural)

Engagement Drop-Off

The uncertainty caused by delays leads to disengagement, particularly for single parents juggling care giving responsibilities. Respondents highlighted how this disengagement creates gaps in support systems and undermines efforts to reduce child poverty.

"Short-term funding timelines make it challenging for parents, especially single parents, to balance childcare and program participation effectively The unpredictability of funding forces parents to disengage from employability programmes, creating gaps in support systems that directly impact child poverty goals." (Third Sector _07 Island)

Delays further leads to missed opportunities, as one respondent noted:

"By the time the funding comes, we're already six months into the year. Parents lose critical time to engage in services like childcare support and placements."
(Employability Lead, LA 10_ Rural)

Another observed:

"Programmes like paid work experience are meant to support parents, but without timely funding, we can't deliver them, leaving parents without the pathways they need." (Employability Lead, LA 01_ Rural)

The findings from semi-structured interviews reveal how funding delays have cascading effects on individuals with disabilities and parents. Disruptions in service delivery erode trust, hinder programme continuity, and reduce access to critical supports such as childcare and tailored employability programmes. These systemic challenges underscore the need for timely, multi-year funding models to ensure equitable and consistent service provision for Scotland's most vulnerable populations.

Intersectionality in Parental Employability and Disability Support

The interviews highlight how parental employability and disability intersect, creating unique challenges for individuals and service providers. The interviews emphasise that parents with disabilities face compounded barriers to employment. They experience the challenges associated with both parenthood (childcare costs, time constraints) and disability (discrimination, accessibility issues, health concerns). This intersectional disadvantage can lead to increased poverty, social exclusion, and reduced well-being for both parents and their children.

“ Disabled individuals face compounded barriers, particularly within the deaf and neurodivergent communities. Some even see disability support services as ‘mainstream’ and feel excluded. (Third Sector _12 Rural & Urban) ”

“ Parents who engage through parental organisations are often not keen on identifying with disability or long-term health conditions. We’ve had to try and find new language around that. (Third Sector_07 Island) ”

“ The number of young people accessing our service with complex needs and significant barriers to employment continues to increase... high levels of anxiety, along with multiple other barriers, and either diagnosed ADHD or those awaiting assessment, has led to much more in-depth assessment, longer-term support, and limited capability to gain and sustain employment. (Employability Lead, LA 10_ Rural) ”

Section 5.3: Parental Employability: Policy Perceptions, Opportunities, and Systemic Challenges

The Tackling Child Poverty Delivery Plan is a foundational commitment under the [Child Poverty \(Scotland\) Act 2017](#), positioning Scotland as a leader in addressing child poverty within the UK. The [Scottish Government's Child Poverty Action Plan \(2018-2022\)](#) recognises that poverty is primarily an issue of income and, as such, focuses on increasing family incomes and reducing living costs to improve children's immediate circumstances and long-term life chances. The Scottish Government has placed employability at the heart of this effort, integrating support for parents within broader economic and social initiatives. However, recent budget allocations and stakeholder perspectives highlight varied experiences regarding its implementation, particularly in relation to funding structures, service coordination, and childcare accessibility.

The Parental Employability Support Fund (PESF) has been a targeted initiative aimed at supporting parents facing employment barriers. In the [2023-24 Scottish Budget](#), PESF was listed as a distinct funding stream, reinforcing its role in local employability strategies. However, in the [2024-25 Budget](#)² and the [Autumn Budget Revision 2024-25](#)³, PESF was not explicitly identified as a separate allocation, with employability funding grouped under broader categories. This change reflects a shift in how funding is categorised and has led to discussions among stakeholders regarding the long-term sustainability and visibility of parental employability support.

3 Policy Perceptions

The overarching aim of **Parental Employability** to tackle child poverty through parental employment is acknowledged as a sound strategy ¹⁰. In practice, the initiative struggles to address the nuanced realities of parental challenges, such as childcare, transport, and long-term sustainability of employment.

"Parental employability funding is a good way to tackle child poverty because you are specifically targeting parents, helping them to upskill or improve their jobs, which directly impacts household income." (Employability Lead, LA 10_ Rural)

"The policy intent was that this is the best way to tackle child poverty... but parents turned us down because they were scared their child would really enjoy the childcare and they wouldn't be able to sustain the cost even if they did move into work." Third Sector _12 Rural and Urban)

While the policy intent is clear, however, several stakeholders critique the policy's simplistic assumptions about poverty alleviation. Employment alone is not sufficient to address the structural and social inequalities faced by many families.

"The expectation that a job alone will solve poverty doesn't consider wider social and structural inequalities." (Employability Lead, LA 22_ Island)

"The money comes with its own agenda... sometimes it doesn't match what we need on the ground." (Employability Lead 1, LA 15_ Urban)

"Policies often view disability or parenthood in isolation, failing to address multiple barriers to employability." (Third Sector _07 Island)

Opportunities

Parental employability funding has catalysed a range of innovative practices and collaborative initiatives that enhance service delivery for families.

1. Flexible Program Design

Local authorities have utilised funding to develop tailored programmes addressing both employability and childcare costs.

"Addressing childcare costs through employability initiatives has made a tangible impact, though scaling such solutions remains challenging." (Employability Lead, LA 22_ Island)

"Flexible use of funding allowed us to explore accredited learning pathways and specific programs for parents, although these are limited by short-term funding." (Employability Lead, LA 26_ Island)

In Stirling, flexible and term-time roles have proven successful in supporting parents into sustainable employment in some councils.

"All parents in the program have secured permanent roles within Stirling Council's early years services, with term-time roles proving ideal for balancing childcare responsibilities." (Local Employability Team)

2. Integration with broader services

Councils were adopting a more integrated approach embedding parental employability with a wide range of family - focused services. This allows them to address multifaceted needs of the parents, recognising factors like childcare, mental health and financial stability are crucial for successful employment outcomes. Integrating employability services with broader family support has improved outcomes, particularly for parents facing multiple barriers.

As some of the councils described the *value of an integrated approach*:

"For us, it's a bit of both. Because, I mean, we have a specific, targeted project that supports parents into employment... as well as sort of money advice, specific elements, well-being elements, digital inclusion elements, and family support, so parents who come to that can access that wider range quite directly to kind of build their skills and experiences." ((Employability Lead, LA 13_ Semi Urban)

"Programs like the Anchor Project allow for holistic family support, integrating employability with housing and social services." (Employability Lead, LA 26_ Island)

"Collaboration across agencies enables a whole-family approach, even with limited resources."(Third Sector _ 07 Island)

3. Employer Engagement

Employer recruitment incentives and paid work experiences have helped create new pathways for parental employment.

"Employer recruitment incentives and paid work experience are creating opportunities for parents to access employment." (Employability Lead, LA 10_ Rural)

Implementation Challenges

Despite the policy intent, and the opportunities, systemic barriers limit the effectiveness of parental employability initiatives.

1. Funding Instability:

Annualised funding cycles, with strict spending deadlines, create pressures to achieve quick job outcomes, often at the expense of providing the sustained support that many parents require to achieve long term stability. This leads to start-stop approach that disrupts trust.

This concern is highlighted as:

"The challenge is that, as much as there is a level of flexibility within the conditionality and how you can apply it, it is a significant pot of funding for a relatively small targeted group of individuals on the ground." (Employability Lead, LA 22_ Island)

Short-term funding cycles undermine service continuity:

"You know, the funding cycles are so short-term, it creates this constant instability... We've had to restart services multiple times due to gaps in funding, and that just damages trust." (Third Sector_07 Island)

The disconnect between long-term policy goals and short-term funding commitments limits strategic planning:

"The Child Poverty Action Plan goals are 2030-2035, yet we only have funding until 2025. The mismatch makes long-term planning impossible." (Employability Lead, LA 26_ Island)

2. Limited Flexibility and Strict Conditionality:

The strict conditionality attached to the funding streams limit the flexibility of local councils to tailor support to the individual needs and local circumstances. This can create a disconnect between policy intent and the realities on the ground, particularly in the regions facing unique economic challenges or serving diverse client groups.

This is expressed as:

"We've got stats and statistics all over the place to do with, you know, people's lives being changed for the better, increased income to family, the debt of individuals being decreased, the benefits that the people didn't realise that they could claim being increased because those services weren't necessarily being targeted through your mainstream kind of money advice services." (Employability Lead, LA 26_ Island)

However, strict funding conditions often prevent services from fully integrating holistic, long-term solutions:

"Sometimes what parents need is new windows in their house to reduce energy costs, not a qualification." (Employability Lead, LA 22_ Island)

3. Childcare Accessibility

Limited and inflexible childcare options remain a persistent challenge for parents, particularly, single parents, trying to engage with employability programmes. Despite offering free childcare as part of employability programmes, some parents declined opportunities due to fear of being unable to afford childcare post-programme.

"Parental commitments like childcare responsibilities make it challenging to access services or work flexible hours." (Employability Lead, LA 10_ Rural)

The logistical and financial burdens of childcare create additional barriers:

"Childcare is really piecemeal... parents need to get their kids to school, manage work logistics, and handle costs, which can be quite a challenge." Third Sector_12 Rural and Urban)

Funding structures often fail to integrate childcare with employability services, further limiting access for low-income families:

"The current funding structure makes it hard to align childcare services with employability programs, limiting access for single parents and low-income families." (Third Sector _06 Urban)

4. Equity of Access Issues

Delays in *grant approvals* prevent the timely launch of *critical services like paid work experience*, creating *unequal access* for parents entering the programme at different

times. Those who enrol later in the year benefit from *more available opportunities*, while early entrants *miss out due to funding constraints*.

"Until we receive the grant letter, we can't deliver paid work experience. Parents aren't getting the same offer depending on when they come in." (Employability Lead, LA 22_ Island)

This funding inconsistency undermines the policy's commitment to *fair access*, reinforcing disparities instead of addressing them.

5. Employer Reluctance

While *strong employer partnerships* exist in certain sectors, according to the local authorities, many industries still struggle to accommodate flexible work arrangements, particularly for parents and disabled individuals.

"Employers need to recognise that traditional 9-to-5 structures don't work for everyone. More flexibility is needed to support parents and those with additional needs." (Employability Lead, LA 13_ Semi Urban)

Employer reluctance to adjust work patterns, especially for roles requiring evening or weekend shifts, further limits opportunities.

"Employers face difficulties adapting their work patterns to meet parents' needs, such as evening or weekend shifts." (Employability Lead, LA 10_ Rural)

A regional approach to employer engagement, promoting flexible and inclusive work practices, could broaden employment opportunities across both areas.

Rigid Funding Structures and Holistic Support Needs

Stringent funding criteria and a lack of flexibility prevent family-centred and holistic service delivery. While the Scottish Government prioritises parental employability, Local Authorities might find this emphasis misaligned with the diverse needs of their specific communities.

"We're allowed to move 15% between funding streams, but I'd find it really hard to justify to the public. So we've stuck with the split allocation given by the Scottish Government." (Employability Lead, LA 11, Semi-Urban)

"The current funding model forces us to split families into separate services, which is inefficient and counterproductive." (Third Sector _12 Rural & Urban)

A majority of the councils who participated in this study, while acknowledging the policy's merit, emphasised the need for sustained support and holistic approach that goes beyond simply securing employment.

"I think it is one of the pillars. But I think there's a whole load of different sort of things that need to be taken into consideration... what the local community is, or what the economic landscape is within different areas as well." (Employability Lead, LA 22_ Island)

"It's not just about moving into work. People's lives are more complex than that—they need housing security, well-being support, and financial stability to make that transition sustainable." (Third Sector _12 Rural and Urban)

While the *Parental Employability Fund* aims to support *specific subgroups* (e.g., single parents or families with three or more children), the Local Authorities shared that they cannot effectively target specific subgroups of parents as prescribed by the national policy due to the small population size.

"We don't have enough people to target specific groups. I couldn't commission money just for parents of three children or more—it wouldn't be viable." (*Employability Lead, LA 26_ Island*)

A disconnect between national policy intent and local delivery arises from differing interpretations of the policy, varying levels of resourcing, and the challenges of translating broad goals into practical action. This disconnect can be exacerbated by communication gaps between the Scottish Government and Local Authorities, leading to confusion, frustration, and a lack of clarity regarding expectations and accountability.

This lack of transparency is captured in the following quote:

"So it means that it's very hard to actually create that level of transparency. In terms of, oh, this money is just for parental employability, this money is for this particular project. You know, it's very hard to track." (*Employability Lead, LA 26_ Island*)

There was shared concern across Local Authorities that the national employability framework often prioritises short-term outcomes and narrowly defined client groups, which do not fully align with the complex and evolving needs of the communities. Many individuals require long-term, flexible support that accounts for fluctuating mental health, economic instability, and housing insecurity.

"We see a national trend...people get into jobs, everything is great, and then something happens, and they need support again. But the system isn't designed for that reality." (*Employability Lead, LA 22_ Island*)

The Overemphasis on Data Reporting and Short-Term Outcomes

Third Sector and some of the councils raised their concerns that *quantitative, short-term metrics dominate reporting requirements*, often *failing to capture the nuanced progress* individuals make over time.

"I think we under-report as well... We're not allowed in the way the reporting happens. So a lot of the progress we make with people isn't really acknowledged in funding decisions." (*Third Sector_07 Island*)

As mentioned earlier, parental employability support is delivered through integrated service models, reflecting local needs and resource limitations. However, national reporting requirements demand segmented data and distinct outcome tracking, creating tensions between flexible service delivery and compliance. The complexity of reporting structures often fails to align with the realities of integrated support.

"We don't separate parental employability from other groups. We have a family approach where we tackle all ages and needs in one go. Delivery is broad, we support parents alongside others like people with disabilities. It's tricky because reporting asks for distinct outcomes for each group, but everything we do is interconnected. The way we report back to the Scottish Government doesn't always match how we deliver services locally. It's hard to separate parental employability from the broader community needs." (*Employability Lead, LA 26_ Island*)

Local Authorities echo this frustration, highlighting the administrative burden of disaggregating data for compliance:

“I spend hours breaking down reports by category, but in reality, parents and non-parents might be on the same course or accessing the same services.” (Employability Lead, LA 22_ Island)

These insights illustrate the tension between flexibility and accountability, particularly in smaller or rural local authorities, where resource constraints necessitate holistic service provision. While integrated models improve accessibility and efficiency, they also create challenges in demonstrating distinct funding outcomes, requiring additional administrative effort to meet national reporting expectations.

Summary Analysis: The Parental Employability Fund is seen as a promising initiative, but its effectiveness is hindered by:

- Implementation challenges at the local level.
- Insufficient recognition of the complex, interconnected needs of parents.
- Structural issues like funding delays and logistical barriers.

Emerging Recommendations: The following recommendations are derived from insights shared by local authorities and third-sector stakeholders in the semi-structured and follow up interviews.

- *Implement Multi-Year Funding* to ensure long-term program stability and alignment with Scotland's *Child Poverty Action Plan*.
- *Increase Funding Flexibility* to empower local authorities in delivering *integrated, family-focused services* tailored to diverse parental needs.
- *Expand Accessible Childcare* by investing in *flexible, affordable options* to remove a key employment barrier for parents.
- *Strengthen Employer Engagement* through *incentives and policy support* to foster family-friendly workplaces.
- *Integrate Support Services* by enhancing collaboration across *housing, health, and employability sectors* for a holistic approach.
- *Recognise Non-Linear Employability Pathways* by designing *adaptive, person-centered policies* that respond to evolving individual circumstances.

Section 6: Suggestions for Improvement

The challenges outlined in Section 4 point to systemic gaps in the funding process. Section 5 presents actionable recommendations to address these issues and ensure sustainable employability services across Scotland. This section presents key recommendations for improving the employability funding process, based on survey responses and stakeholder insights. Respondents were asked: *“In your opinion, what are the three most critical changes needed in the current funding process to improve the effectiveness of employability services in Scotland? (Rank from 5 = Most Important to 1 = Least Important).”*

Table 6.1 (a) summarises the most critical changes identified by respondents, highlighting areas requiring structural reform to enhance funding efficiency and sustainability. The findings emphasise the need for greater stability through multi-year funding models, improved coordination between government entities, and greater flexibility in fund usage to better align with local needs. Additionally, concerns around communication transparency and administrative processes indicate a need for streamlined engagement between local authorities, the Scottish Government, and third-sector partners.

Table 6.1 (a): Perceived Critical Changes in Employability Funding by organisation Type

Critical Change Needed	Local Authority (%)	Third Sector (%)	Other (%)
Enhanced communication and transparency	25.9%	26.7%	66.7%
Improved coordination between Scottish Government and Local Authorities	19.4%	29.0%	33.3%
Transition to multi-year funding	94.7%	78.4%	100.0%
Greater flexibility in how funds can be used	35.1%	50.0%	100.0%
Other (please specify)	63.6%	58.8%	50.0%

- **Transition to multi-year funding** remains the top priority, with 87.3% of respondents advocating for it, signalling widespread concerns over the instability of annual funding cycles.
- **Greater flexibility in fund usage** was highlighted by 44.7%, particularly in Third-Sector organisations and other providers who require adaptable financial models to meet local employability needs.
- **Enhanced communication and transparency in funding processes** were cited as a necessary improvement by 28.3%, suggesting a need for clearer guidelines, reporting mechanisms, and engagement strategies.
- **Improved coordination between Scottish Government and local Luthorities** was identified by 24.6%, reflecting concerns about policy alignment, bureaucratic inefficiencies, and funding governance.
- *Additional suggestions* accounted for 60.0%, illustrating a demand for further policy refinements beyond the primary areas highlighted.

The findings presented in this section underscore the complexity of Scotland’s employability funding landscape and the pressing need for reforms to enhance stability,

efficiency, and local adaptability. Moving forward, addressing these concerns will be essential to ensuring that employability services can effectively support individuals facing barriers to sustainable employment.

Importance of Multi-Year Funding:

The importance of multi-year funding has been consistently highlighted throughout the analysis, particularly in the context of funding stability, service continuity, and long-term planning. [Table 6.1\(b\)](#) presents the distribution of importance rankings across organisation types, showing a high level of agreement that multi-year funding is a key priority.

Table 6.1 (b): Percentage Distribution of Importance Rankings for Multi-Year Funding

Ranking (Importance of Multi-Year Funding)	Local Authority (%)	Third Sector (%)	Other (%)	Overall Average (%)
5 (Most Important)	94.7%	78.4%	100.0%	91.0%
4	2.6%	2.7%	0.0%	1.8%
3	0.0%	8.1%	0.0%	2.7%
2	0.0%	2.7%	0.0%	0.9%
1 (Least Important)	2.6%	8.1%	0.0%	3.6%

There is a statistically significant difference ($p = 0.039$) in how Local Authorities and Third-Sector organisations prioritise multi-year funding, with Local Authorities ranking it higher ($p = 0.04$, effect size $d = 0.50$). This reflects their distinct funding structures and long-term planning needs, whereas Third Sector organisations may rely more on short-term, project-based funding. Despite these differences, 91.0% of respondents ranked multi-year funding as highly important, indicating broad consensus across organisation types.

Emerging recommendations:

1. Preference for Multi-Year Funding

- **Broad Consensus:** Multi-year funding is overwhelmingly recognised as the most important change, with 91.0% of respondents ranking it as their top priority (rank 5).
- **Local Authorities and Other organisations:** Local Authorities (94.7%) and Other organisations (100.0%) show near-unanimous agreement, underscoring the critical role multi-year funding plays in ensuring stability and effective program planning.
- **Third Sector Variation:** While still highly prioritised, Third Sector organisations display slightly more variability, with 78.4% ranking it as rank 5 and some assigning lower importance.

Conclusion:

The findings in [Table 6.1\(a\)](#) and [Table 6.1\(b\)](#) reinforce previous insights that funding predictability is a critical factor in employability service provision. However, variations in importance rankings across organisation types indicate that multi-year funding alone may not fully address the complexities of funding challenges. As seen in [Section 3](#) (Timing and Disbursement of Employability Funding), the efficiency of financial processes and administrative structures also plays a key role in mitigating disruptions. Similarly, the

analysis of funding model effectiveness ([Section 2](#)) highlighted that Local Authorities operate within more rigid financial structures and require stable funding cycles to sustain large scale employability programmes. Therefore, a balanced approach that combines multi-year financial planning with improved flexibility and streamlined administration may offer the most effective solution for employability funding in Scotland.

Glossary of Terms

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A

- *Administrative Burden* : The excessive workload imposed on service providers due to compliance, reporting, and bureaucratic requirements in funding and commissioning processes.
- *Allocation Delays* : The time lag between when funding is expected and when it is actually disbursed, often leading to service disruptions.
- *Annualised Funding* : A funding model where financial support is provided on a year-by-year basis, making long-term planning difficult.

C

- *Cash-First Approach* : A funding principle that prioritises direct financial support over vouchers or in-kind benefits, aiming to give beneficiaries greater autonomy and dignity.
- *Commissioning* : The process by which public authorities procure services from third-sector organisations, private companies, or other agencies to deliver employability programs.
- *Competitive Tendering* : A procurement process where service providers bid for contracts based on predefined criteria such as cost, quality, and past performance.
- *Conditionality* : The specific requirements attached to funding allocations, often restricting how funds can be used and which client groups can be supported.
- *Core Budget* : The primary financial resources allocated by local authorities to fund ongoing employability services.

D

- *Direct Award* : A procurement method where funding is granted to a service provider without a competitive bidding process.
- *Disbursement* : The release of funds from the Scottish Government or local authorities to service providers.

E

- *Employability Fund* : A previous funding stream that supported skills development and job placement services, now largely replaced by *No One Left Behind (NOLB)*.
- *Employability Services* : Programs and initiatives designed to support individuals in gaining and sustaining employment, often targeting disadvantaged groups.
- *Evaluation Criteria* : The standards used to assess and score funding applications, including program quality, cost-effectiveness, and alignment with local priorities.

F

- *Fair Work Principles* : A Scottish Government framework promoting job security, fair pay, and inclusive working conditions, which is sometimes undermined by short-term employability funding.
- *Fragmented Procurement* : A situation where multiple funding streams have inconsistent rules and timelines, leading to inefficiencies in commissioning services.
- *Funding Cycle* : The period from the allocation of funds to the conclusion of service delivery, often limited by short-term government budgets.
- *Funding Disparities* : The uneven distribution of funding across urban, rural, and island communities, leading to inequalities in service provision.

G

- *Grant Offer Letter* : The official document from the Scottish Government confirming funding amounts, conditions, and disbursement schedules.

I

- *Inter-Authority Collaboration* : The practice of multiple local councils working together to share resources and improve service delivery.
- *Island Premium* – The additional costs associated with delivering employability services in Scotland's island communities, often not fully accounted for in funding models.

L

- *Local Employability Partnership (LEP)* : A collaborative structure involving local authorities, third-sector organisations, and other stakeholders to coordinate employability services and funding decisions.
- *Local Needs-Based Allocation*: A funding approach that allows local authorities some discretion to adjust resources according to regional priorities.
- *Logistical Constraints* : The geographic and operational barriers (e.g., transport costs, limited service providers) affecting service delivery in rural and island areas.

M

- *Misalignment Between National and Local Priorities*: A policy challenge where national funding conditions do not reflect the specific needs of local communities.
- *Multi-Year Funding Model*: A proposed funding approach that would provide financial support over multiple years, enhancing stability and planning for service providers.

N

- *Needs-Based Commissioning* : A procurement approach where funding is allocated according to the specific employability challenges of a community rather than predetermined client categories.

- *No One Left Behind (NOLB)*: A Scottish Government employability strategy aimed at simplifying funding streams and providing more localised, flexible employability services.

O

- *Outcome-Based Funding* : A financial model where service providers receive payments based on achieving specific employment or training results.
- *Overlapping Funding Streams* : A scenario where multiple funding sources operate simultaneously with different rules, creating inefficiencies.

P

- *Parental Employability Support Fund (PESF)*: A targeted funding stream aimed at helping parents, particularly those facing barriers to work.
- *Performance Targets*: Measurable goals set for employability service providers, such as the number of job placements achieved.
- *Postcode Lottery*: The variability in service quality and funding levels across different geographic areas due to decentralised decision-making.
- *Procurement Process*: The series of steps taken by local authorities to contract service providers, often involving competitive bidding.

R

- *Regional Disparities*: Differences in funding levels, service quality, and accessibility of employability programs across urban, rural, and island areas.
- *Reporting Requirements* : The documentation and compliance obligations that funding recipients must fulfill to demonstrate proper use of funds.
- *Resource Constraints*: The limitations in staff, infrastructure, and financial support that affect the ability of local authorities and third-sector providers to deliver services.

S

- *Shared Prosperity Fund (UKSPF)*: A UK Government funding stream that replaced the European Social Fund (ESF) post-Brexit, used to support employment and skills development.
- *Short-Term Funding*: Financial support allocated on an annual basis, often criticised for causing job insecurity and limiting long-term service planning.
- *Statutory vs. Non-Statutory Services*: *Statutory* services are legally required (e.g., education), whereas *non-statutory* services, like employability support, depend on discretionary funding.
- *Strategic Commissioning*: A structured approach to funding allocation that prioritises long-term impact and service coordination.

T

- *Tendering Process* : The formal procedure by which service providers bid for funding contracts, typically assessed based on quality, cost, and past performance.
- *Third-Sector organisations (TSOs)*: Non-governmental, non-profit entities that deliver employability services, often under public contracts.
- *Timeline Compression*: The reduction in available time for service providers to implement programs due to funding delays.

U

- *Urban-Rural Divide*: The structural differences in employability service delivery between city-based councils and those in sparsely populated regions.
- *Underfunded Local Authorities*: Councils that receive disproportionately low funding relative to their employability service demands.

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