

To: Economy & Jobs Policy Board

On: 1st February 2017

Report by: Director, Development & Housing Services

Heading: Invest in Renfrewshire Employer Recruitment Incentive (RERI)

1. Summary

- 1.1 This report seeks approval for a revised Invest in Renfrewshire Recruitment Incentive (RERI) to be implemented from February 2017 which will replace the current incentive and the national incentive; Scotland's Employers Recruitment Incentive (SERI).
 - 1.2 SERI, launched by the Scottish Government in July 2015 as a replacement for the Youth Employment Scotland Fund will conclude on 31st January 2017 and there are no further funds available through a national incentive beyond this date.
 - 1.3 Future incentives will be funded by Renfrewshire Council and the European and Structural Investment Funds (ESIF) through the European Social Fund (ESF) programmes; Youth Employment Initiative (YEI) for 16-29 years olds and Employability Pipeline for 50+ year olds.
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2. Recommendations

- 2.1 It is recommended that the Board:
 - i. Agree to continue RERI with a revised offer from 1st February 2017 to support 50% of the National Minimum Wage or Living wage costs for up to 26 weeks
 - ii. Note the conclusion of the current SERI Programme on 31 January 2017
 - iii. Agree that further updates on employer recruitment incentives will be reported to the Economy and Jobs Policy Board
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3. Background

- 3.1. Since its launch in 2012, Invest in Renfrewshire has provided a range of wage incentives to local employers to create jobs for young, unemployed people. These programmes have been funded by Renfrewshire Council, the Scottish Government and European Social Funds and have contributed to significantly reducing youth unemployment in Renfrewshire from 9.5% (1430 individuals) to the current rate of 3.8% (575 individuals).
 - 3.2. The success of various localised wage incentive programmes in 2012-2013 influenced the Scottish Government to launch a national programme; Youth Employment Scotland Fund (YESF) offering employers 50% of the National Minimum Wage for 26 weeks to create a sustainable job for unemployed 16-24 year olds, this was extended in August 2014 to include 25- 29 year olds. In July 2015 this was replaced with Scotland's Employer Recruitment Incentive (SERI) offering up to £3963 to support 52 weeks of employment which was then increased to £4,000 from 1 April 2016. These programmes both included additional payments for employers who paid the Living Wage.
 - 3.3. SERI will conclude on 31 January 2017 and there will be no national replacement. The Youth Employment Initiative (YEI) ESF aims to deliver sustainable results for young people and will co finance the delivery of the continuing Renfrewshire Employer Recruitment Incentive (RERI).
 - 3.4. The Youth Employment Initiative (YEI), available only to Local Authorities in the South West of Scotland, has awarded ESF support to Renfrewshire Council for an ESF programme with total costs of £7,505,840; £980,000 from this total amount is to specifically fund wage subsidies for young people aged 16-29 years old who are currently not in employment, education or training. This will support the future delivery of RERI until June 2018, which will support new job starts until December 2017.
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4. Renfrewshire Employer Recruitment Incentive (RERI) – Revised Model

- 4.1. The current RERI programme is aligned to the national wage incentive programme to ensure simplicity for businesses and a non-competitive programme of support. As the national programme has now stopped it provides an opportunity to progress with a more streamlined service with a simplified payment structure.
- 4.2. RERI will offer 50% of the National Minimum Wage or the Living Wage for 26 weeks to create an additional job, offering a minimum contract of 25 hours each week, which must be sustained beyond the initial 26 week period. Aftercare support will be provided by the Invest Job Creation & Progressions Team to support employers and young people to sustain employment.
- 4.3. The reduction to a 26 week subsidy benefits the Council in terms of the targets required through the YEI programme. This records job entry at 4 weeks and sustained employment at 26 weeks. By completing the subsidy at

26 weeks (rather than 52) we effectively allow an additional 6 months of ESF support and can claim outputs more quickly.

- 4.4. The Financial offer to employers will reduce from a maximum of £4,000 over 52 weeks to the following (indicative costs based on a 35 hour week x 6 months):

Scottish Living Wage employers (£8.45/hr),	£3,844.75
Nat min wage employers for over 25 year olds (£7.20/hr)	£3,276.00
Nat min wage employers for 21-24 year olds (£6.95/hr),	£3,126.25
Nat min wage employers for 18-20 year olds (£5.55/hr),	£2,525.25
Nat min wage employers for under 18 years olds (£4.00/hr)	£1,820.00
Nat Min wage for Modern Apprenticeships (£3.40)	£1,547.00

The actual grant figures will depend on the rates being paid and the number of hours worked.

- 4.5. The previous Programme had three separate payments to employers over 52 weeks totalling £4000 (if the job had sustained 12 months) and a bonus payment of £500 at week 52 if the Living Wage has been paid. The new programme provides support over the first 6 months only. See table below for comparison.

	Week 4	Week 12/13	Week 26	Week 52	Living Wage Bonus	Total
Previous Renfrewshire Recruitment Incentive <i>(paying at national minimum wage rate and above. Matching the SERI payment structure with an additional Living Wage payment in line with previous Renfrewshire programmes).</i>	£600	£1400	-	£2000	£1000	£4000 £5000
New Renfrewshire Employment Recruitment Incentive	50% salary payment	50% salary payment	50% salary payment	£0	Built into payment model	Varies
Previous Apprenticeship Incentive: <i>(for apprenticeships paying below the minimum wage rate)</i>	-	£500	£750	£750	NA	£2000
New RERI for Apprenticeships	50% salary payment	50% salary payment	50% salary payment	£0	NA	Varies

- 4.6. The YEI RERI Programme (as previously reported to Board) aims to support a total of 260 young people from February 2015 – June 2018. To date a total of 158 young people have been supported into employment through this wage subsidy initiative. This provides a target until June 2018 to support 102 young people to access a YEI RERI and progress to sustainable employment.
 - 4.7. The revised offer will be delivered by the existing Invest in Renfrewshire (Job Creation and Progressions) Team. This will be monitored to ensure targets are delivered and adapted to meet the needs of the participants and the local labour market.
 - 4.8. RERI will be extended to participants who are 50+ year olds which will be co-financed by the ESF Employability Pipeline programme. A pre-employment programme with vocational training will prepare these participants to progress to work experience where a wage subsidy will be offered to broker sustainable employment. This incentive will also offer 50% of the National Minimum Wage or the Living Wage for up to 26 weeks.
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Implications of the Report

1. **Financial** – This will be co-financed by ESF and the revision in duration of payment will contribute to utilising the grant awarded to support sustainable job outcomes for young people. The 50+ wage subsidy proposal will utilise the approved budget of £80,000. This will be funded within the approved ESF confirmed offers of grant and approved matching funding so there is no additional financial implication.
 2. **HR & Organisational Development** – Invest in Renfrewshire have an existing Job Creation and Progression Team and this team will support these initiatives.
 3. **Community Planning – Jobs & The Economy** – This proposal will contribute to the approved application to create 260 jobs which will support 260 young people to progress to employment. To date 152 young people have been supported through this initiative.
 4. **Legal** – This is in accordance with the European Structural & Investment Fund (ESIF) National Rules in accordance with the Offer of Grant accepted
 5. **Property/Assets** – None
 6. **Information Technology** – None
 7. **Equality & Human Rights** - The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report.
 8. **Health & Safety** – None
 9. **Procurement** – None
 10. **Risk** – None
 11. **Privacy Impact** – None
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Author: Laura Neill, ext 7786, laura.neill@renfrewshire.gov.uk