



To: *Jobs and the Economy Thematic Board*

On: 1st June 2016

Report by:

Director of Development and Housing Services

TITLE:

Renfrewshire Recruitment Incentive 2016-2018

1. Summary

- 1.1 This report provides information on the new Invest in Renfrewshire Recruitment Incentive Programme from 1st May 2016. It is anticipated that this programme will run until 30 June 2018 however further amendments may be necessary in light of any new national programmes of support.
- 1.2 The new programme builds on the offer of grant to Renfrewshire Council for the new Scottish Government SERI (Scotland's Employer Recruitment Incentive) Programme. The previous programme was suspended from 4th December 2015, and the new offer of grant is available until January 2017.

2. Recommendations

- 2.1 Note the changes to the new Renfrewshire Recruitment Incentive Programme.

3. Background

- 3.1 Invest in Renfrewshire has provided a range of Recruitment Incentives to Employers since 2012. Over 600 additional posts have been created over this time for unemployed young people, making a significant impact on the areas youth employment levels.
- 3.2 A key priority has always been to simplify any subsidies to employers and as such the recruitment incentives have always developed around any national programme to add value, and increase places locally.
- 3.3 The most recent National Programme, Scotland's Employer Recruitment Incentive (SERI), was launched in July 2015 and "paused" on 4 December resulting in a loss of 35 places in Renfrewshire. This was reported to board in February 2016.
- 3.4 Invest in Renfrewshire continued to offer incentives to employers based on the previous SERI model and a new offer of SERI support has now been received.

- 3.5 The new SERI model was available from 1st April but notification of the new scheme was only received a week or so prior to this. As such the decision was made to start the new programme on 16th May to allow companies sufficient notice of the changes.

4. **New SERI Programme**

- 4.1 The new Scottish Government SERI Programme is much reduced with a total of 550 places across Scotland. Places have been allocated across Local Authorities using the same methodology as the Employability Fund.
- 4.2 Renfrewshire has been awarded 21 places for the duration of the Programme with a maximum contract value of £94,500.
- 4.3 The new Programme has a simpler cost model based on a total of three separate payments to employers over 52 weeks totalling £4000 and a bonus payment of £500 at week 52 if the Living Wage has been paid. This is slightly higher than the previous Programme (£3963), however, there are fewer payments with employers not receiving any grant until the young person has been in work for 4 weeks; a further payment is made at week 12 then nothing until the young person completes 52 weeks with no pro-rata payments allowable, see table below for comparison

	On Start £350	Week 4	Week 12/13	Week 26	Week 52	Living Wage Bonus	Total
Old SERI and existing RRI	£350	-	£903.25 (wk 12)	£903.25	£1806.50	£1000	£3963/ £4963
New SERI	-	£600	£1400 (wk 13)	-	£2000	£500	£4000/ £4500

- 4.4 In addition, the new programme has a sharper focus on young people (16 – 29 years) with the greatest barriers to employment.
- 4.5 To be eligible all young people must satisfy one or more of 18 barriers which include, disability or long term health condition, care experienced, carer, lone parent, low qualifications, offenders and military early leavers. No exception is made for age or for entering a Modern Apprenticeship.
- 4.6 Other features of the Programme remain unchanged, employment of at least 16 hours per week for a minimum of 52 weeks.

5. **Proposed Renfrewshire Recruitment Incentive from 16th May 2016**

- 5.1 Invest in Renfrewshire has operated a single offer to employers for a number of years. This avoids employers selecting the most lucrative grant offer and creating a competition between grant programmes.
- 5.2 To continue this approach it is intended that the Renfrewshire Recruitment Incentive will broadly mirror the SERI programme and payment points, but will continue paying the Living Wage Incentive at the current Renfrewshire Council level of £1000.

- 5.3 SERI will be matched into our ESF funded Youth Employment Initiative (YEI) programme which allows us more flexibility in terms of eligibility and allows us to offer an increased number of places over a longer period.
- 5.4 YEI funding of over £5M is confirmed from February 2015 to 30 June 2018 at an intervention rate of 67% to cover the full range of youth employability programmes delivered by Renfrewshire Council. The full value of the YEI programmes (ESF and Council contributions) is £7,507,840. Within that budget £900,000 is allocated for Employer Recruitment Incentives. In addition, a small programme for over 50s is also included in the EU pipeline application at a total value of £80,000.
- 5.5 The Renfrewshire Recruitment incentive will continue to support employers from Renfrewshire recruiting young unemployed people from Renfrewshire at a minimum of 30 hours per week. If the young person (through personal circumstances or health reasons) is unable to work 30 hours per week then this can be reduced.
- 5.6 The employer must pay (as a minimum) the national minimum wage rate for the age of the young person and the recruitment incentive will not exceed 50% of the recruitment costs of the new employee. The Living Wage payment would only be claimable if the **Scottish Living Wage** of £8.25 (reviewed annually) is paid throughout the 52 weeks of the grant period.
- 5.7 The Renfrewshire Recruitment Incentive will be funded through SERI, Renfrewshire Council/ Invest in Renfrewshire and ESF (Pipeline) or ESF (YEI) support. Matching to ESF enables an increase in the number of place funded and extends the duration of the programme.
- 5.9 The level of Renfrewshire Recruitment Incentives (full rate) available for the 1st July 2015 – 30th June 18 period is anticipated to support the creation of around 260 jobs with combined funding of around £980,000 available. Around 120 posts have already been created from 1st July 2015 until May 2016.
- 5.10 The proposed programme for the Renfrewshire Recruitment Incentive is set out below on the basis of a full subsidy.

	Week 4	Week 12/13	Week 26	Week 52	Living Wage Bonus	Total	Total Budget available
New Renfrewshire Recruitment Incentive <i>(Matching the SERI payment structure, supporting no more than 50% of the wage costs and with an additional Living Wage payment in line with previous Renfrewshire programmes).</i>	£600	£1400	-	£2000	£1000	£4000/ £5000	£980,000

- 5.11 Further reports on progress, or changes, will be brought back to board.