

Scotland's Employer Recruitment Incentive

Operating Rules for Local Authorities

2018/19

Introduction

This document sets out The Skills Development Scotland Co. Ltd. (“SDS”) Guidance for the Scotland’s Employer Recruitment Incentive for the period from 1 April 2018 to 31 January 2019. Should be read in conjunction with Q&A.

SDS, after due consultation with SLAED/COSLA may at any time give written notice to the Local Authorities specifying the nature of any amendment of this Guidance and the date by which the necessary amendment must be implemented by the Local Authority.

1. Programme Aims

Scotland’s Employer Recruitment Incentive is an employer recruitment incentive which continues to deliver the Scottish Government’s (SGs) commitment to target support at unemployed young people aged 16-29 with the greatest barriers to employment, to enable them to obtain and remain in sustainable employment (including Modern Apprenticeships). The Incentive has been developed to integrate and link fully with the SG’s existing employability and skills programmes.

The Incentive will be available to use as a contribution to the additional costs of recruiting and sustaining a young person in employment, including an MA, for up to 52 weeks. The incentive could be utilised in a number of ways such as for additional supervisory costs, training, initial travel to work costs or wages. No single use is prescribed.

The funding could be used by the Employer to pay for specialist support that is person-centred, dependent on what the young person and Employer needs and is designed to help the young person sustain the post past 52 weeks.

The incentive is available for job starts from 1st April 2018 and the last date for job starts will be 31st January 2019. All applications for jobs starting within the Incentive period must be completed and approved by 31st January 2019.

The incentive will be funded by the Scottish Government and managed and administered by Skills Development Scotland and Local Authorities.

2. Public Funding Model

Where an Employer commits to a new job or new Modern Apprenticeship for up to 52 weeks, it will receive up to £4000. If the Employer pays the young person the living wage there will be an additional payment of £500. The payment schedule will involve:

- 2.1 15% at 4 weeks (£600) – No payment for less than 4 weeks.
- 2.2 35% at 13 weeks (£1,400) – No pro-rata payment between 4-13 weeks.
- 2.3 50% at 52 weeks (£2,000) – No pro-rata payment between 13-52 weeks

- 2.4 Additional payment of £500 will be awarded to the employer if participant is paid the living wage. This will be paid on completion at the end of the 52 weeks.

Conditions attaching to this model are set out in this Guidance.

Local Authorities can supplement or enhance the funding available through this incentive at their own discretion but only in accordance with the restrictions outlined in section 3.2. SDS will however only manage and audit the SG funded element. It will be for each Local Authority to ensure that they have effective risk management and good internal control framework for the SG funded element of the programme. If, for example, the Local Authority decided to use ESF funding to supplement the support they will be required to adhere to the relevant EU programme rules and this is not a matter for SDS or the SG Fair Work Directorate.

Recruitment incentives funded through the programme will be available to Employers at the same time as the SDS Modern Apprenticeship public funding contribution, i.e. the young person can have started a MA at the same time as the Employer benefiting from this programme. This will include those who are aged 25 to 29 (inclusive) following a MA framework which is not eligible to receive a MA funding contribution.

Those following the MA route should note that the MA contribution rate would only be applied where the framework followed is approved for funding within the MA programme. The following link takes you to the MA programme specifications which should be adhered to.

<https://www.skillsdevelopmentscotland.co.uk/media/44145/ntp-ma-spec-2018-19.pdf>

A young person who is recruited and supported by the incentive can move into an MA at any stage however they will not be able to claim for the incentive twice.

3. Eligibility

- 3.1 A person is eligible to become a participant if, immediately prior to their commencement on the Programme they satisfy the following criteria:

The person:

- 3.1.1 Falls within one or more of the eligible groups (Annex A)
- 3.1.2 Are day 1 unemployed up to entry to the work programme and work programme completers.
- 3.1.3 Are aged between 16-29 years.

- 3.2 Without prejudice to paragraph 3 above, the following groups are **not** eligible for the Programme:

Young people who are, in day one of employment but meet one or more of the following:

- are of compulsory school age;
- Are young people currently supported through Adopt an Apprentice or Adopt an Intern
- if they fall within an eligible group (Annex A) but are aged 30 or over;
- are attending school or college full-time as a learner or student ;
- are in full-time higher education;
- have an existing contract of employment (including as a Modern Apprentice) ;
- are an ineligible overseas national;
- are in custody or on remand in custody;
- are in receipt of an Education Maintenance Allowance;
- are in receipt of any other SG/SDS/DWP ERI;
- are not domiciled in Scotland;
- are participating in the Work Programme or any other mandated DWP initiative.

Local Authorities are responsible for ensuring eligibility of participants. The eligibility of the participant must be established before the start of his/her job and it is crucial that discussions take place with the relevant organisations at the earliest possible stage in relation to referrals, eligibility checks, etc.

Local Authorities will not be entitled to claim funding from SDS for any ineligible young person, and will be liable to meet paid costs if an ineligible young person participates in the programme.

Local Authorities will not be entitled to claim funding from SDS for any participants who are additional to their approved allocation of places, and will be liable to meet paid costs if an additional young person participates in the programme.

Local Authorities are responsible for ensuring eligibility of participants. Participants will be required to sign the application form which contains a self-declaration section. Local Authorities must retain this evidence of the participant's eligibility and may be asked to produce this for audit and compliance purposes.

3.3 The Programme is not funded by the European Social Fund.

The Programme may be used to fund employment after a publicly funded programme has ceased but must not be used along with another publically funded programme.

3.4 Eligible Employers

- 3.4.1 A private business or a third sector organisation of any size can recruit a young person aged 16-29, who falls within one or more of the eligible groups (Annex A)
- 3.4.2 Small and micro businesses, employing not more than 50 people will not be able to recruit more than 2 participants through this programme; However, on a case by case basis, the Local Authority can decide to waive this rule if the business can demonstrate that it can support more than 2 participants.

- 3.4.3 There is no restriction on the number of participants an Employer, employing over 50 people can support through the incentive if capacity to do so is demonstrated.
- 3.4.4 Public Sector employers are not eligible to apply
- 3.4.5 Employers are only eligible to apply for this ERI once per participant through this programme.

4. Application Process

- 4.1 The Local Authority shall ensure that only eligible persons shall enter the Programme. The Local Authority should complete Part 1 and Part 2 of the SERI Application Form in agreement with both the Employer and the participant. The Application Form Part 1 must be signed and dated by Employer, the participant and the Local Authority. The eligibility category must be completed. The Application Form Part 2 must be signed and dated by the participant and the Local Authority.
- 4.2 The Local Authority will retain a copy of the SERI Application Form Part 1 for audit purposes. The SERI Application Form Part 2 should be destroyed once all details have been entered, and eligibility details recorded, onto The SDS Funding Information and Processing System (FIPS). Please note, secondary eligibilities should also be recorded on FIPS.
- 4.3 The Local Authority must upload the signed application form to FIPS when registering the participant on the system.
- 4.4 SDS shall be entitled to contact the Participant (using the email address provided), requesting the Participant to validate/confirm their registration as a SERI participant, made by the Local Authority. Participants must validate their start within 27 days of their assignment being approved on FIPS. There will be two reminder emails sent at 15 and 20 days should the participant not respond to the initial validation email. Without prejudice to SDS' other rights and obligations, failure by the Participant and/or the Participant's employer to validate all required information to SDS within such timeframe as SDS shall specify, shall entitle SDS to suspend the registration of the Participant as a Start until such time as confirmation is received (within such extended timescales as SDS may specify), failing which the registration may be cancelled by SDS.
- 4.5 Without prejudice to SDS's other rights and remedies, SDS reserves the right to recover funds from the Local Authority if the above eligibility criteria are not met and adhered to.

5. Claim Procedures

- 5.1 The Local Authority will process all payments through the SDS FIPS system for all starts beginning 1st April 2018. For all existing participants from SERI 2017/18, payment claims will be made on the SDS Corporate Training System (CTS).

- 5.2. SDS shall be entitled to contact the Participant (using the email address provided), requesting the Participant to validate/confirm the 13 and 52 week milestone claims as a SERI participant, made by the Local Authority (see 5.6.2 and 5.7.2)
- 5.3 An Information Exchange Statement (now incorporated into the SERI Application Form Part 1) must be completed, agreed, signed and dated by both the participant and Local Authority for each participant and this must be confirmed using FIPS. Payments cannot be processed prior to the Information Exchange Statement being agreed and confirmation being entered onto FIPS by the Local Authority. A copy of this signed statement must be retained for audit purposes. Please note a separate signature is required within the SERI Application Form Part 1 in relation to the Information Exchange Statement.

By confirming the declaration on FIPS, which indicates an Information Exchange Statement has been completed, the Local Authority also affirms that a Training Agreement has been generated. It is not a requirement of this Programme that Local Authorities produce a Training Agreement.

5.3 Employment is defined as follows:

- The participant must receive a written contract of employment (it is a legislative requirement that an employee receives a contract of employment within 2 months of starting). The employment contract should be a permanent contract; a fixed term contract for 52 weeks or more; or a fixed term contract for the duration of the Modern Apprenticeship. Companies who employ young people on zero hour contracts will not be eligible.
- The participant must work 16 hours or more per week and will be in line with the young person's working time regulations; supported for up to 52 weeks. [There is flexibility within the programme for young people with particular individual needs to allow hours to be accumulated over a monthly period – this will be under Local Authority discretion].

The post must be with an Employer with an ongoing business. "Employer" means (i) an employer who employs a person meeting the eligibility criteria set out in this Guidance who has been recruited to the Programme. (If the participant is also an apprentice on the Modern Apprenticeship Programme, the definition of an employer as published in the "MA Specification" applies).

<https://www.skillsdevelopmentscotland.co.uk/media/44145/ntp-ma-spec-2018-19.pdf>

Without prejudice to the above, the definition of employment excludes:

- Unpaid voluntary work
- Registration with a recruitment agency or other 3rd party.
- Employment fully or part financed by additional public sector funding including intermediate labour market (ILM) or European Social Funded (ESF) projects.
- taking part in voluntary work, other work that is not subject to a contract of employment nor registration with an employment agency unless being employed solely for the agency and no other party.

5.4 Recording Eligibility

- 5.4.1 When a participant enters the programme and the SERI Application Forms Parts 1 and 2 have been completed, a new assignment should be created on FIPS by the Local Authority ensuring all relevant details have been captured. Primary Eligibility should also be input to FIPS to indicate the participant's eligibility for SERI. Some participants may fall under more than one eligibility category and therefore the Secondary Eligibility should also be recorded.

5.5 Stage 1 4 Week Payment

- 5.5.1 A Stage 1 payment can be claimed by the Local Authority on behalf of the Employer for an eligible participant once they have entered a job or Modern Apprenticeship and have been in continuous employment with the same employer for 4 weeks.

5.6 Stage 2 13 week Payment

- 5.6.1 A Stage 2 payment can be claimed by the Local Authority on behalf of the Employer for the same participant if the participant has been in continuous employment with this same Employer for 13 consecutive weeks since commencing the employment. The Stage 2 payment can be claimed from the first day after the 13 weeks have been worked by the participant and once the Local Authority is satisfied that the payment can be made.

- 5.6.2 Participants must validate the 13-week sustainment milestone within 30 days of the claim being made on FIPS. There will be two reminder emails set at 15 and 25 days. Without prejudice to SDS' other rights and obligations, failure by the Participant and/or the Participant's employer to validate all required information to SDS within such timeframe as SDS shall specify, shall entitle SDS to suspend the claim until such time as confirmation is received (within such extended timescales as SDS may specify), failing which the claim may be cancelled by SDS.

5.7 Stage 3 52 week Payment

- 5.7.1 A Stage 3 payment can be claimed by the Local Authority on behalf of the Employer for the same participant if the participant has been in continuous employment with this same Employer for 52 consecutive weeks since commencing the employment. The Stage 3 payment can be claimed from the first day after the 52 weeks have been worked by the participant and once the Programme Review Record has been signed. SDS will not award pro rata payment for 13-52 weeks.

- 5.7.2 Participants must validate the 52-week sustainment milestone within 30 days of the claim being made on FIPS. There will be two reminder emails set at 15 and 25 days. Without prejudice to SDS' other rights and obligations, failure by the Participant and/or the Participant's employer to validate all required information to SDS within such timeframe as SDS shall specify, shall entitle SDS to suspend the claim until such time as confirmation is received (within such extended timescales as SDS may specify), failing which the claim may be cancelled by SDS.

5.8 Living Wage Payment

- 5.8.1 A Living Wage payment can be claimed by the Local Authority on behalf of the Employer for the same participant if the participant has been paid the Living Wage. Employers should follow the rate relevant under legislation at the time of awarding the living wage to the participant. Information on LW rates can be found [here](#). The Living Wage payment can be claimed from the first day after the 52 weeks have been worked by the participant and once the confirmation statements have been signed by the participant, Employer and Local Authority.

5.9 Compliance

- 5.9.1 The Local Authority must retain documentary evidence from Employers to support all payments. Details of the types of documentary evidence required for audit purposes is included in the Q & A.
- 5.9.2 SDS will claw back payments based on claims that do not meet the requirements of this Guidance.
- 5.9.3 SDS may, as part of any evaluation contact the Employer .
- 5.9.4 It is a condition of claiming in any payment that the Local Authority has entered all the details requested in CTS and FIPS about each Employer with which the Local Authority has placed any participant, and kept these records up to date. The details must be entered in full within the first month of employment of the participant. This timescale shall only be waived if SDS requires to enter a new employer onto CTS or if an extension to this period has been agreed with the SERI Project Executive.
- 5.9.5 SDS shall conduct in-year audits of Local Authority claims from a random sample chosen.

6. Payment to Employers

- 6.1 LAs will make their own arrangements with regards to making payments to employers however these should comply with individual LA finance regulations. The Local Authority must have a process in place for paying the Employer no later 18 days after receiving the payment from SDS. SDS will monitor this as part of the Local Authority system checks.
- 6.2 The Local Authority must retain evidence that the incentive funding has been paid to the Employer e.g. a copy cheque or bank statement. Details of the types of suitable evidence are listed in the Q & A.
- 6.3.1 The Local Authority must ensure Employers have the current contact details and must keep the Employer advised at all times of the status of the applications for funding.
- 6.3.2 Under European Commission Regulation (EU) No 1407/2013 of 18 December 2013 (the Regulation), the incentive funding is a de minimis aid. There is a ceiling of €200,000 for all de minimis aid provided to any Single undertaking (as defined in the Regulation) over a 3-year period. The incentive funding awarded to the Employer will be relevant if the Employer wishes to apply, or has applied, for any other de minimis

aid. For the purposes of the de minimis regulation, the Employer must retain all documentation relevant to the incentive payment for 3 years from the date of the final payment to the Employer of the incentive payment and produce it on any request by the UK public authorities or the European Commission. (The Employer may need to keep this offer for longer than three years for other purposes).

Local Authorities should ensure that the above is notified to employers in the SERI Grant Letter that they receive when successful in securing funding for a participant.

- 6.3.2 The SERI/SDS Privacy Notice (digital copy) will be sent to all Local Authorities with their offer of grant letters. Any Local Authorities who would like a hard copy of the Privacy Notice should contact seri@sds.co.uk.

Annex A

From 1 April 2018, SERI will have a sharper focus of supporting young people with the greatest barriers to employment. Young people aged 16-29 years (inclusive) who fall within one or more of the following groups will be eligible for SERI support:-

- person with a disability¹ or long-term health condition;
- care experienced young people;
- carer²;
- person with a conviction (including CPO's);
- early leavers from the armed forces, veterans and ex-forces personnel
- long-term unemployed (6 months or over) who are not on the Work Programme or Community Work Placements;
- person who has failed their ESA Work Capability Assessment;
- Work Programme completers who remain unemployed;
- ethnic minority groups;
- Gypsy/travelling community;
- partner of current or ex-Armed Forces personnel;
- person requiring support with language, literacy or numeracy, including those for whom English is an additional language;
- lone parent;
- person with lower than SCQF Level 5 qualification;
- a young person who was receiving additional support for learning in school³;
- refugee or other granted leave to stay in the UK;
- homeless person (including temporary or unstable accommodation);
- person affected by substance misuse.

Eligibility list for employers:

- A private business or third sector organisation **of any size** can recruit a young person **aged 16-29**, who meets one or more of the eligibility groups above (Annex A). This can include recruitment into a MA (in line with existing MA programme rules);
- Small and micro businesses, employing not more than 50 people will not be able to recruit more than 2 participants through this programme; However, on a case by case basis, the Local Authority can decide to waive this rule if the business can demonstrate that it can support more than 2 participants.
- There is no restriction on the number of young people an employer, employing more than 50 people can support through the incentive if capacity to do so has been demonstrated.
- **Public Sector employers are not eligible to apply.**

¹ The Equality Act 2010 defines a disabled person as a person with a disability. A person has a disability for the purposes of the Act if he or she has a physical or mental impairment and the impairment has a substantial and long-term adverse effect on his or her ability to carry out normal day-to-day activities (S6(1)). A young person with ASN can also be included where a careers adviser or related professional believes this is a significant and on-going barrier to employment. Such a person shall be referred to as a 'disabled person'.

² has a significant role in looking after someone else who is experiencing illness or disability. Or a young parent. Such a person shall be referred to as a 'carer'

³ due to one or more of the following factors which presented a barrier to their learning; environment; family circumstances; disability or health need; social or emotional factors; and which may also present barriers to entering the workplace