

**Report To:** Environment & Regeneration Committee  
**Date:** 2 May 2013

**Report By:** Corporate Director – Environment, Regeneration & Resources  
**Report No:** E\_R/13/05/08/SJ/SL

**Contact Officer:** Stuart Jamieson  
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**Subject:** Youth Employment Scotland Fund

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to approve an application and acceptance of award if appropriate from the Youth Employment Scotland Fund.

## 2.0 SUMMARY

- 2.1 Youth Employment Scotland (YES) is a £25m bid fund consisting of ESF and Scottish Government funding.
- 2.2 The purpose of YES is to support company growth through creating jobs for young people (16-25) and is a one off fund for 2013/14. Employers are to be offered a wage incentive package that will not exceed 50% of the national minimum wage for a maximum of 6 months. It is hoped that following the six month period the jobs will become sustainable.
- 2.3 Applications are invited in two stages and Inverclyde Council as Accountable Body will submit a stage 1 bid by 12<sup>th</sup> April, requesting funding of £456,685 to deliver 170 wage incentive packages to local SME's (Appendix 1).
- 2.4 Scottish Government have yet to finalise award details, but if successful it is anticipated that delivery will commence from 1<sup>st</sup> May. The activity will be managed through existing employability support and employer engagement, therefore, there is no additional financial burden on Inverclyde Council.

## 3.0 RECOMMENDATIONS

- 3.1 That Committee approve application to YES and delegate authority to the Corporate Director Environment, Regeneration and Resources to accept any award made by Scottish Government.

Aubrey Fawcett  
Corporate Director – Environment, Regeneration & Resources

## 4.0 BACKGROUND

- 4.1 Youth Employment Scotland (YES) is a £25m bid fund consisting of ESF and Scottish Government funding.
- 4.2 The funding is targeted at support to employers for the recruitment of young people on a 6 month wage incentive programme. Inverclyde is an area with significant levels of benefit dependency and at March 2013 there is a total of 597 eligible young people for the YES activity.
- 4.3 Inverclyde Council will submit a bid to provide 170 wage incentive packages, which is slightly more than the indicative allocation suggested by COSLA. Sourcing appropriate good quality jobs with local SME's will be challenging, particularly given the focus on sustainability. However, employability partners will work together with the Employer Engagement Team to secure the participation of employers.
- 4.4 The employer is required to find the remaining 50% of the wage and the criteria are very specific that these have to be new, additional posts – not displacement of existing jobs.
- 4.5 Inverclyde Council's bid is for the value of £456,685. If approved, the funding is paid in arrears and subsequent to job confirmation, however, there are no additional costs for Inverclyde Council and no matched funding requirement.

## 5.0 FINANCE

### 5.1 Financial Implications – One off Costs

Cost Centre	Budget Heading	Budget Year	Proposed Spend this Report	Virement From	Other Comments
N/A	N/A	N/A	N/A	N/A	N/A

### Financial Implications – Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
N/A	N/A	N/A	N/A	N/A	N/A

## 6.0 CONSULTATIONS

- 6.1 Partners on Strategic Employability Group.  
Finance.

### Summary

Inverclyde's Youth Employment Scotland (YES) activity will commence **1<sup>st</sup> May 2013**, with Scottish Government funding spent by 31<sup>st</sup> March 2014, and European funding spent by October 2014.

170 18-24 year olds, less than 6 months unwaged/unemployed, will find employment of at least 6 months duration within private sector SME's and micro-businesses within the area. Paid the National Minimum wage for their age, the wage subsidy will be 50% of the gross wage for 6 months (26 weeks), paid directly to the employer on receipt of payroll documentation evidencing payment (defrayal) of the wage.

### Evidence of Demand

Inverclyde is an area with significant levels of benefit dependency and a claimant count above the national average. Labour Market Information indicates we currently have 597 eligible young people, aged 18-24 yrs and < 6 months unemployed (local Jobcentre Plus figures at 18 March 2013). The existing local employability pipeline services provide advice, training and specialist support for 1,200 clients pa, and approximately 25% are eligible for YES. As we currently operate only a small wage subsidy programme for the private sector (around 20 jobs pa), we want to provide as many opportunities as possible via YES funding. However, as the timescale will be challenging we will restrict the number to 170, given that sourcing appropriate good quality jobs, which have the possibility of sustainability beyond the wage subsidy period, is a key focus of YES.

### Methodology

We will target individuals progressing through the stages of the Employability Pipeline and the wage incentive package will assist their transition to employment opportunities. We will not provide specific support for 16-17 year olds as we feel there are more opportunities for this cohort within National Programmes, Activity Agreements and Further/Higher Education. In addition, we would suggest that the slightly older age group are more likely to be job ready and it is the wage incentive that will be crucial in the employer decision to recruit. However, we will ensure there is a continuum of support for clients progressing through SDS Employability Fund provision and MA's.

As accountable body Inverclyde Council will be responsible for monitoring finance and performance, ensuring compliance with Scottish Government/European and State Aid regulations. Building on the partnership model of the successful Future Jobs Programme (funded wholly by the Council), we will work with Inverclyde Community Development Trust's Employer Engagement Unit (P3 ERDF funded) to source and secure 170 jobs within the private sector. The approach adopted will assist the cash flow process for employers, ensuring that they receive the wage subsidy regularly and timeously. As per the guidance, all of the funding requested is for wage subsidy costs, there are no management or support costs, however support for clients will be provided through existing employability services (some of which are funded by the current P5 ESF application) including engagement, assessment, barrier removal and specialist support if required with literacy and numeracy. All participants will be registered within the End-to-End Employability Pipeline and will therefore have access to additional training funding, for example, where the employer is keen to recruit but the candidate requires additional training or certification to secure the post. (All 18 year olds will be given appropriate training, either general or specific to the sector they are working in). Clients will also have access to financial inclusion advice that will support the individuals with budgeting and managing finances. Every individual securing employment will be provided with ongoing aftercare, with a key-worker available should any difficulties arise in the employment relationship.

### Complementarity

Inverclyde Council and partners deliver a very successful Future Jobs programme, targeted at employers predominantly in the public and voluntary/third sector, with every job having to have a community benefit. As the YES activity will work only with private sector employers

this provides clients with a range of options as they progress through the employability pipeline.

Inverclyde Council will ensure there is no duplication with any existing ERI programmes (eg Work Programme, DWP, SDS). We will ensure linkage with the emerging P2 ERDF Business Growth programme, ensuring that as many of the businesses assisted via that funding are also supported by YES where possible.

#### Partnership

Inverclyde Council and the ERDF funded Employer Engagement Unit is currently supporting 420 SME's and will look to include additional companies. The Chamber of Commerce, Discover Inverclyde, Business Gateway and Princes Youth Trust are existing partners within our employability activity and we will continue to work with the FSB. We will target all sectors, including the tourism and hospitality sector, linking with our Coastal Communities funding. We will also target support at start up companies for whom an additional worker may be significant in determining their sustainability but for whom 100% of the wage costs are not achievable in the early trading period. The partnership will deliver information sessions and local PR to target the involvement of companies we do not currently engage, with the specific input of colleagues in Business Development to ensure that targeted recruitment support for companies is part of a package of development.

For the future, we will look at neighbouring LA's YES programmes to share best practice and also to develop travel to work opportunities.

As with the CPP ESF and ERDF activity, reporting of the YES programme will be through the Strategic Employability group incorporating partners from the Public, Private and Third sectors.

#### Project Costs

Local labour market information suggests a 50% split of 18 – 20 year olds and 21 – 24 year olds would be an appropriate ratio:-

18 – 20 yrs - 85 beneficiaries x £4.98 ph x 37 hrs pw x 26 weeks x 50% = £203,607 (£2,395 per beneficiary)

21 – 24 yrs – 85 beneficiaries x £6.19 ph x 37 hrs pw x 26 weeks x 50% = £253,078 (£2,977 per beneficiary)

**Total Eligible Costs £456,685**