

Framework for Employer Recruitment Incentive

BACKGROUND

This document sets out the minimum standards for a public funded Employer Recruitment Incentive (ERI) to help stimulate demand in the labour market while also protecting, supporting, and creating good quality jobs that support a greener, fairer, and stronger labour market. ERIs also play an important role in supporting those with the greatest barriers to employment, to enable them to obtain and remain in sustainable employment.

The ERI has been developed to integrate and link fully with existing employability and skills programmes and is available to use as a contribution to the additional costs of recruiting and sustaining eligible individuals in employment. The ERI can be utilised in several ways such as for additional supervisory costs, training, initial travel to work costs, specialist in work support, or wages. No single use is prescribed. This framework supports the commitment to deliver the No One Left Behind (NOLB) approach to employment support in Scotland including the delivery of Young Person's Guarantee.

The framework is based on principles which underpin the approach contained within the [Partnership Agreement](#) for employability [Local Employability Partnership Framework](#) agreed by Scottish and Local Government.

This framework will help to provide consistency across partners to effectively implement the policy intent for a better aligned and integrated approach to national and local employability support in Scotland, reflecting the need to deliver a more coherent employability provision locally, in line with the Local Outcome Improvement Plan and aligned to the National Performance Framework.

ERIs will build on the strengths of existing employment support services, to better align funding to improve outcomes for individuals and employers.

OBJECTIVES

The **objectives of the Framework** are to provide consistency across Scotland with flexibility to adapt to local circumstances enabling a responsive approach which meets the needs of individuals and employers. The Framework provides clarification on core minimum standards, consistency in processes and practice in a way that builds trust, achieves improved outcomes, and helps to ensure that there are no unintended consequences such as causing labour market displacement. The specific objectives are:

- To prioritise an inclusive approach to ensure that no one is left behind, including those who were already further from the labour market prior to the impact of Covid-19 and Brexit.
- To align as appropriate with regional and national actions to support recovery and growth.
- To ensure easy access to support with simplified processes.
- To align with emerging future labour market opportunities, including green jobs.
- To tackle inequalities within the labour market, including employment gaps and occupational segregation.
- To ensure the right support is available in the right way at the right time and it equitably provided, specifically to the target groups.
- To support high quality and fair work for all.

The **objectives of the ERI** are to positively contribute to a fairer more inclusive economy and to help address many of the deep-seated challenges of inequality and disadvantage within the Scottish labour market. The specific objectives are:

- To reduce the number of people unemployed.
- To create a person centred, more joined up, flexible and responsive form of support.
- Provide a seamless set of interventions that complement each other.

- To ensure resources are co-ordinated to improve opportunities and outcomes.
- Prevent and reduce the number of people long term unemployed.
- Support more people into sustainable, greener, and fairer employment, and have due regard to tackling inequality in all its forms including occupational segregation.
- Increase the number of people in employment who are engaged in learning and skills development.
- Increase the number of people achieving qualifications.
- To reduce levels of in work poverty by providing security of pay and contract.
- Support career progression.
- Increase the number of people accessing apprenticeships with a specific focus on equalities groups.
- To stimulate demand for employment within the labour market.

ELIGIBILITY

Individuals, including Graduates, are eligible for ERI support if they are unemployed (or on a paid work experience programme such as Kickstart and Community Jobs Scotland) and if they meet **one or more** of the following criteria:

- Disabled and or D/deaf person (includes those experiencing mental health issues and those who have an impairment or long-term health condition)
- Care experienced young people
- Primary Carer
- Person with a conviction (including CPO's)
- Person aged over 50 years
- no or limited work experience
- Early leavers from the armed forces, veterans, and ex-forces personnel
- Long-term unemployed (6 months or over) who are not on Community Work Placements
- Person who has failed their ESA Work Capability Assessment
- People from Ethnic Minority backgrounds and racial groups, with a targeted approach informed by local population data.
- 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
- Low skilled¹
- A young person who was receiving additional support for learning in school
- Refugee or other granted leave to stay in the UK
- Homeless person (including temporary or unstable accommodation)
- Person affected by substance misuse.
- Living in a household with children in poverty
- Person living in the 15% most employment deprived SIMD geographies (see ESF Scottish Local Authority Employment Deprived Area Postcodes list).
- Person living in an area defined as "rural area"² or "very remote rural"³.
- Living in a jobless household

Specific priority should be given to those with multiple barriers to gaining sustainable employment.

¹ Individual's highest level of qualification is at SCQF Level 4 or below. .

² a person residing in thinly populated areas according to the Degree of urbanisation (DEGURBA category 3) classification. Thinly-populated areas means that more than 50 % of the population lives in rural grid cells

³ in the Scottish Government 8 Fold Urban Rural Classification (see 'Rural Area Rating' column on ESF Scottish Local Authority Rural Area Postcodes list

EMPLOYMENT

Participants 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 or a fixed term contract for up to 18 months or more.

Employers who employ individuals on precarious or flexible contracts inappropriately⁴ for example zero hour contracts will not be eligible. Participants must work a minimum of 16 hours per week and a maximum of 40 hours per week in line with working time regulations. *(If the post is for an apprentice then the hours per week must be sufficient to enable attainment of the qualification).* **Exceptions can be applied at local discretion, with the agreement of participants, where it is clear that: i) the participant feels this offers greater flexibility in recognition of their personal circumstances (e.g. due to the nature of the participant's health or disability, caring responsibilities, etc); and ii) participants understand the implications for their employment rights.** The delivery partner must ensure that participants are informed of their employment rights and levels of pay (including National Minimum Wage/other negotiated industry rates), before commencing employment.

EMPLOYERS

Employers from all sectors are eligible for ERI and there is no restriction on the size of employer, but an emphasis should be given to private SMEs⁵ and third sector organisations (including social enterprises).

The number of individuals an employer can recruit and appropriately support using ERI will be determined on a case by case basis and determined by the local delivery partner. All employers in receipt of an ERI should promote and embed fair work in line with the Fair Work First Guidance, [available here](#). The ERI is a beneficiary employment support measure and relates to the resident's post code but the employer can be located throughout Scotland. Employers should use ERI to fill vacancies and create new and additional jobs.

It is also expected that the Employers:

- Ensure that the participant receives formal training as part of their job and as part of their investment in workforce development
- Ensure that quarterly reviews are undertaken to ensure a quality experience for both participant and employer.
- Be proactive in their collection and use of data to address specific equality issues. For example, public sector employers publish their ethnicity pay gap and produce an action plan to deliver identified outcomes.
- Will take action to create a more diverse and inclusive workplace⁶.
- Will provide a commitment to consider payment of the real Living Wage during or at the end of the ERI *(the salary must be greater than funding received)*.
- Ensure a safe and healthy working environment.
- Make a commitment to retain the participant beyond the period of the ERI support

Employers cannot use ERI funding to:

- Create a job to cover sickness or maternity leave.
- Replace a redundant post.

⁴ [Fair Work First: guidance to support implementation - gov.scot \(www.gov.scot\)](#)

⁵ Micro business and small to medium sized companies or organisations from the Private and Third sectors with up to 250 employees

⁶ This could include for example sign up to the Business Pledge; publishing an action plan to tackle pay gaps; publishing an inclusive recruitment and retention plan; providing appropriate flexible working opportunities.

PAYMENT

Local partnerships will have the flexibility to decide what level and duration of ERI should be allocated, based on the needs of the individual, for example support can last up to 18 months. However the minimum ERI available, if supported by Scottish Government funding, will be:

- A part-time job on minimum wage 16-25 contracted hours per week, paid at an hourly rate between National Minimum Wage and real Living Wage rates - £2,000
- A part-time job on real Living Wage - 16-25 hours at real Living Wage rates or above - £4,000
- A full-time job on minimum wage - 25 hours or above between National Minimum Wage and real Living Wage rates - £4,000
- A full-time job on real living wage - 25 hours or above at real Living Wage rates or above - £6,000

If paid as a wage incentive, then the minimum would be 50% of the National Minimum Wage for 12 months; a £500 supplement will be paid to the employer if they paid the participant the real Living Wage by the end of the period of support.⁷

Local partnerships can decide to use other sources of funding to supplement the ERI. The payment arrangements and financial compliance will be agreed between the funding partner/delivery partner and the employer reflecting public sector financial regulations and procedures.

Payment should not:

- Duplicate costs that will be paid for other programmes such as [Job Start Payment and Access to Work](#). It can be used to pay for support for a period prior to Access to Work funding being established, in order to ensure the job is retained, but it does not replace an employer's duty under the Equality Act to make reasonable adjustments. This is particularly relevant to Public Sector employers, who have a duty to provide reasonable adjustments which must be funded directly.

The ERI can be aligned to other employability programmes where appropriate to support the sustainability of employment, however they can't be used at the same time.

Further information on the application process, terms, and conditions on ERIs for your area is available from your [local employability lead](#)

⁷ Payment of the real living wage will be encouraged and 50% support for 12 months is available as an option.