

# Housing, Homelessness and Fair Work Committee

10.00am, Thursday, 9 March 2023

## Employer Recruitment Incentives – Targeted Additional Funds for Young People living in poverty

Executive/routine Wards Council Commitments	Executive All
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### 1. Recommendations

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- 1.1 It is recommended that Committee:
  - 1.1.1 Notes the content of the report and evidence gathered to show the impact of the targeted additional Employer Recruitment Incentive funds for young people;
  - 1.1.2 Agree to not continue the pilot; and
  - 1.1.3 Agree to extend and expand the current Promising Young People programme to provide paid placements in private, public or third sector, for young people who are:
    - 1.1.3.1 Care Experienced;
    - 1.1.3.2 From a jobless household; or
    - 1.1.3.3 Reside in Scottish Index of Multiple Deprivation decile area 1 or 2.

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## Employer Recruitment Incentives – Targeted Additional Funds for Young People living in poverty

### 2. Executive Summary

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- 2.1 This report provides an overview of how additional funding support to employers through Edinburgh's Employer Recruitment Incentive (ERI) has been used to enable young people who are care experienced and/or living in poverty to access a Modern Apprenticeship (MA) opportunity by ensuring the MA is paid at the Real Living Wage (RLW) rate.

### 3. Background

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- 3.1 Edinburgh currently offers Employer Recruitment Incentives (ERI) using Scottish Government No One Left Behind (NOLB) and Young Person's Guarantee (YPG) funding. Awards range from £2,000 to £6,000 in staged payments over 52 weeks based on age range, contracted hours and wage rates.
- 3.2 It is recognised that some young people may be unable to apply for, and take up, Modern Apprenticeships (MAs), due to their low paid nature. This has been further strengthened by anecdotal evidence from employability providers.
- 3.3 Housing, Homelessness and Fair Work Committee therefore agreed on [24 March 2022](#) to allocate £100,000 from the Scottish Government's YPG funding to a pilot of 10 enhanced funding awards, to fund an uplift in wages for young people who are most disadvantaged to take up MA opportunities and the eligibility criteria for the enhanced funding to be young people (up to the age of 25):
- 3.3.1 Living in a Scottish Index of Multiple Deprivation (SIMD) decile area 1 or 2,
  - 3.3.2 Living in a jobless household or
  - 3.3.3 Care experienced
- 3.4 It was further agreed that a report, reviewing the trial and setting out recommendations for the future, would be brought back to Committee in Spring 2023.
- 3.5 Using YPG funding, a Promising Young People (PYP) programme is currently being delivered to provide 6-month paid placements for care experienced young people. This provides placements within the City of Edinburgh Council, paid at Real Living Wage (RLW) rates.

- 3.6 While all YPG funding awarded in 2022/2023 has been spent, an underspend in employability funding awarded by Scottish Government in 2021/2022 was permitted to be carried forward for a further financial year and has been permitted for carry forward again.

## 4. Main report

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- 4.1 The enhanced funding opportunity was implemented from 1 April 2022 and promoted throughout the employability network in Edinburgh to make providers working with young people within the target groups aware of the offer. Officers also informed employers who applied for the main ERI funding aware of the enhanced offer when an eligible application was received.
- 4.2 To date, only two employers have taken advantage of the enhanced offer and only one of the two young people remains in employment.
- 4.3 Both employers are in the third sector, one charity and one social enterprise, and both would otherwise would have paid the employees £4.81 per hour.
- 4.4 Both employers were made aware of the funding via council officers.
- 4.5 Feedback from employers when declining to claim the enhanced offer, echoes the reasonings for not paying the RLW rates of pay; they could not sustain this beyond the funded period to enable them to offer an apprenticeship, or the apprentice would be earning more than employees with lengthy service and the employer could not justify this or afford to adjust the wages of the other employees.
- 4.6 Feedback from young people is that they felt unsure what career route to take and reluctant to commit fully, both timewise and emotionally, to an MA without knowing this is the right route for them. Anecdotal evidence suggests that they prefer to undertake a paid work experience to get an understanding of what the job will be like before exploring their next steps.
- 4.7 Experience from the PYP programme supports this – to date, we have had 8 care experienced young people taking up paid placements through this programme and feedback has been very positive, with all participants expressing that it has been a helpful experience which has allowed them to ‘trial’ jobs which they have considered and make an informed decision on how they wish to progress with their career plans.
- 4.8 It is therefore suggested that paid placements (at RLW rates) are a better suited intervention for this target group, and something that employers are able to support. These paid placements can be a pathway into apprenticeships or an appropriate progression for participants.
- 4.9 It is recommended not to extend the ERI pilot but instead that the PYP programme is continued in 2023/24 and extended to encompass young people from jobless households and/or who reside in a SIMD decile area 1 or 2. It is also recommended that it is expanded to provide placements with private sector employers, as well as public and third sector.

## **5. Next Steps**

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- 5.1 Should committee approve, officers will ensure that programmes are in place to deliver paid placements for this target client group in 2023/24.
- 5.2 Employers will be supported to offer fair work paid placement opportunities at RLW rates and encouraged to provide apprenticeships where possible, in order to offer structured progression pathways for young people when completing placements.

## **6. Financial impact**

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- 6.1 It is recommended to continue the PYP programme with a £100,000 budget in 2023/24.
- 6.2 The Council was awarded YPG funding from Scottish Government for delivery of activity in 2022/23. This funding will not be renewed in 2023/24 so it is recommended that underspent employability funding from Scottish Government in 2020/21 which has been carried forward, is utilised.

## **7. Stakeholder/Community Impact**

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- 7.1 ERI funding is available to businesses who have committed to offering employment to a person with barriers to securing and sustaining employment. It can be used for a variety of purposes, from equipment, travel costs, training, additional support and wage costs.
- 7.2 PYP has successfully supported care experienced young people, a group which is traditionally particularly difficult to engage with, in 2022/23. Continuing the programme and expanding it to young people living in SIMD decile areas 1 and 2 or coming from jobless households, as well as going into third or private sector placements, will enable more young people to benefit from the programme.

## **8. Background reading/external references**

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- 8.1 None.

## **9. Appendices**

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- 9.1 None.