

Employment Subsidy Scheme (Temporary) – Second Call

1. Objective

To provide an employment subsidy to vulnerable but viable enterprises which employ at least 10 full time employees, to maintain their workforce.

This will help the economy retain its productive capacity and help employers which are under particular pressure as a result of the global economic crisis retain the labour, knowledge and skills of the workforce, thereby supporting a faster return to sustainable growth.

The scheme seeks to sustain the retention in employment of both full time and part time workers. A full time worker is defined as an employee working an average of 35 or more hours per week. A part time worker is defined as an employee working an average of 21 or more but less than 35 hours per week. Persons not directly employed by an applicant (such as Agency or contract workers) shall not be considered as employees of that applicant for the purposes of the Scheme.

2. Legal Basis

The scheme will operate under Section 7 (1) (i) of the Industrial Development (Enterprise Ireland) Act 1998 on the authorisation of the Minister (for Enterprise Trade and Employment) with the concurrence of the Minister for Finance.

3. State Aid Basis

The scheme will be operated in accordance with the approval from the European Commission to Ireland to operate a scheme under the EU Temporary Aid Framework - State Aid Number 186/2009 – Ireland; Irish Framework; Limited Amounts of Compatible Aid.

4. Eligible Enterprises:

The employment subsidy scheme is open to enterprises who:

- Must not have been a firm in difficulty on 1st July 2008¹, but are now facing significant difficulties as a result of the global and financial economic crisis;
- Are now considering redundancies;
- Must have already taken significant restructuring measures to improve their competitive position through full engagement at enterprise level on measures to sustain jobs. This could include strategies to reduce costs and improve productivity;
- Employ 10 or more full time employees (working an average of 35 hours or more per week) in Ireland at the 2nd November 2009;
- Can demonstrate that the enterprise has sufficient cash taking into account this employment subsidy to trade up to 31/12/2010 and beyond;

¹ A “firm in difficulty” means:

- For large companies, a firm in difficulty as defined in point 2.1 of the Community Guidelines on State Aid for rescuing and restructuring firms in difficulty (2004/C 244/02).
- For SME’s a firm in difficulty as defined in Article 1 (7) of Commission Regulation (EC) No. 800/2008.

- Have committed to maintain a number of jobs until 30/11/2010 (see assessment criteria);
- Must be judged to have sound, robust and sustainable business models and business plans that are financially viable in the medium term (see assessment criteria);
- Must be capable of growth in the global upturn;
- Have not received any payment under the Employment Subsidy Scheme (Temporary), which closed on the 4th September 2009. Where an applicant has received an offer of support under that Scheme, the applicant must have formally withdrawn from any contract entered into under that Scheme before applying under this Scheme;
- Are not active in the fisheries sector
- Are not active in the primary production of agriculture products². An enterprise active in the processing and marketing of agriculture products is eligible.

5. Assessment criteria

The three assessment criteria are as follows:

- (1) Ratio of Supported Jobs to Additional Committed Jobs [Max score=55points]

“Supported Jobs” means the number of jobs (both full time and part time, as defined above in 1) in respect of which the applicant is seeking a subsidy.

“Additional Committed Jobs” means the number of jobs (both full time and part time, as defined above in 1) that the applicant will maintain up to and until the end of November 2010 in addition to the Supported Jobs.

A higher ratio of Supported Jobs to Additional Committed Jobs will result in a higher score being awarded to the applicant.

Ratio of Supported Jobs to Additional Committed Jobs	Score
1:10 or greater	55
1:8 or greater	45
1:6 or greater	35
1:4 or greater	25
1:2 or greater	15
1:1 or greater	5
Less than 1:1	Zero

Examples

- a ratio of 1:2 means that for every one subsidised job the applicant will be required to commit to retaining two other jobs for the duration of the subsidy.
- If a company employs 30 people, and it requests 10 job subsidies, then the maximum number of Additional Committed Jobs it can have is 20, which gives it a ratio of 1:2, a score of 15 points.

² As defined in article 2(2) of Commission Regulation (EC) No. 1857/2006 of 15th December. Jobs in such enterprises relating to the primary production of agricultural products may not be included in the committed jobs figure and no subsidy may be claimed for such jobs.

An enterprise may not be granted a subsidy for a number of jobs greater than the number of jobs at risk in that enterprise (which is the number of jobs at risk stated on its application form).

- (2) Credibility of the enterprise's restructuring plan [Max score = 35 points].

The credibility of the enterprise's restructuring plan to improve their competitive position and emerge from the current economic crisis with the agreed number of employees. The restructuring plan must include strategies to improve the enterprise's competitiveness and productivity levels, and to position them for future growth.

- Factors that may be taken into account in assessing this restructuring plan could include plans to reduce costs and introduce new work processes, restructuring of the business functions and so on, and should demonstrate a clear commitment to sustained competitiveness.
- Factors that may be taken into account in assessing the positioning of the enterprise for future growth could include the historic growth track record of the enterprise, the innovative and competitive nature of the offer, the introduction of new marketing plans, the development of new products and services, and the specific plans to enter new markets with potential for sustainable sales growth.
- Such factors also include the long term future of the enterprise and the prospects for growth in the specific markets that the company is servicing

- (3) The viability of the enterprise in the medium term/potential for growth. [Max score = 10 points]

An enterprise's ability to continue to fund its operations up to the end of 2010 and beyond will be assessed. This assessment will also take into account the credibility of the enterprise's growth plan and its capacity for growth over the next two years.

- Factors that may be taken into account in assessing the viability of the enterprise in the medium term include the credibility of the cash flow projections, the adequacy of the financing of the enterprise based on the financial information received, its financial track record to date, the cash flow available to the company, the facilities available to fund the company, and the alignment with the plan outlined in addressing criterion (2) above.
- Factors that may be taken into account include whether the applicant shows need for money, in the context of his or her existing and/or projected resources and of the scale of the plan outlined at (2) above.

Limited Funding - ranking of enterprises

The funding for the Scheme is limited. The available funds will be used to pay the subsidy to the enterprise with the highest score, and thereafter to the enterprise with the next highest score and so on until the funding runs out.

There may be insufficient funds to pay the subsidy to all enterprises on the same score after assessment. In such cases, the available funds will be used

to pay the subsidy to the enterprise(s) with the higher/highest score under criterion 1 above and thereafter to the enterprise with the next highest score under that criterion and so on until the funding runs out.

If there are enterprises with the same overall score and the same score under criterion 1 above, such enterprises shall be ranked according to their score under criterion 2 above, with the available funding being paid to the higher/highest ranking and thereafter to the enterprise with the next highest ranking and so on until the funding runs out.

If there are enterprises with the same overall score and the same score under criterion 1, criterion 2 and criterion 3 above, such enterprises shall be ranked according to the total number of jobs the enterprise is committed to maintaining (i.e. Supported Jobs together with Additional Committed Jobs), with the available funding being paid to the higher/highest ranking and thereafter to the enterprise with the next highest ranking and so on until the funding runs out.

If after applying all of the above methods of ranking enterprises, there are still enterprises with the same score and ranking, the ranking shall be determined by lottery or some equivalent method, the form of such lottery or method to be decided by Enterprise Ireland. The available funding shall then be paid to the higher/highest ranking and thereafter to the enterprise with the next highest ranking and so on until the funding runs out.

6. Funding available

Enterprises can apply for funding for full time and part time jobs (as defined above) at risk in the enterprise.

This is a cash limited scheme.

Funding is based on the following limits:

- The maximum employment subsidy per full time worker is €200 per week with 100% of the subsidy being approved for the first 26 weeks and 75% for each of the following 13-week periods. Based on this breakdown, the maximum cost to subsidise one employee would be €9,100 over 52 weeks to the 31/10/2010. ("Full Time Subsidy")
- The maximum employment subsidy per part time worker is 70% of the Full Time Subsidy ie €140 per week with 100% of the subsidy being approved for the first 26 weeks and 75% for each of the following 13-week periods. Based on this breakdown, the maximum cost to subsidise one employee would be €6,370 over 52 weeks to the 31/10/2010 ("Part Time Subsidy")
- The maximum funding available per enterprise/group is €500,000³. This maximum amount may be reduced where companies have been approved other funding under the Temporary Aid Framework or have been approved De Minimis aid.
- "Total Committed Jobs" means the Supported Jobs together with the Additional Committed Jobs.

³ Where an enterprise forms part of a group the limit applies to the group as a whole.

- The proportion of part time jobs as a % of the Total Committed Jobs will determine the proportion of part time jobs as a % of the Subsidised Jobs. Where a successful applicant has included part time workers in the Total Committed Jobs, the number of Part Time Subsidies to be offered shall be such that the number of Part Time Subsidies expressed as a percentage of the overall number of subsidies being offered to that enterprise shall be the same or greater than the number of part time workers expressed as a percentage of the Total Committed Jobs of that enterprise. Enterprise Ireland shall round up the number of Part Time Subsidies (and round down the number of Full Time Subsidies) being offered to ensure compliance with this provision.
- A successful applicant will be offered subsidies in accordance with the figures set out in its application, which cannot be changed subsequent to the application date. For example, if an enterprise subsequently increases the number of its full time workers no change will be made in the number or type of subsidies being offered to it.
- As an example, an enterprise with 100 total committed jobs (with 80 full time and 20 part time) and who is successful in having 10 jobs subsidies approved, will only be entitled to 8 full time subsidies and 2 part time. If the enterprise subsequently brings all 100 workers up to full time, the number and type of subsidies it will receive will remain the same i.e. the enterprise will still only get 10 subsidies with 8 full time and 2 part time.

7. Form of the aid

Funding will be in the form of an employment subsidy grant.

8. Application Process

There will be a public call in the national media inviting applicants to log onto a dedicated website www.employmentsubsidy.ie for more information and the application form.

A dedicated phone help desk is available. The website also has a dedicated email box (ess@enterprise-ireland.com) to assist enterprises with their queries. Client companies of development agencies other than Enterprise Ireland should contact the relevant Project Officer in that agency in relation to the scheme.

There will be a call for applications to award the available monies to successful applicants.

There will be an online application process, which will require enterprises to complete an online application form and to submit the following three documents:

1. audited accounts for the last financial year end (where such audited accounts do not exist, management accounts for the same financial year end, to include a detailed balance sheet and a detailed profit & loss account, must be submitted instead)
2. management accounts (to include a detailed balance sheet and a detailed profit & loss account) in respect of the period from the last financial year end to the 30th September 2009
3. quarterly cash flow statements from the 1st October 2009 to the 31st December 2010 taking into account the anticipated employment subsidy.

The cash flow statement must outline the additional funding facilities that are in place or proposed to meet any cash deficit.

The complete application (which includes the online application and the three financial documents listed above) must be submitted to Enterprise Ireland on or before the Call Close Date. In the event of technical or other issues arising which cause the website to be unavailable (as determined by Enterprise Ireland) for use for a period of time, the call close date will be extended by that amount of time.

Applicants are responsible for ensuring that the complete application is received by Enterprise Ireland on or before the Call Close Date. An application which is incomplete at the Call Close Date (e.g. missing one or more of the three financial documents listed above) shall be ineligible for support.

9. Assessment Process

Assessors from the development agencies, including Enterprise Ireland, IDA Ireland, Shannon Development, Údarás na Gaeltachta and Fáilte Ireland will assess the projects. The applications will be scored based on the assessment criteria set out in Section 5. Alternatively, the assessment process may be outsourced in whole or in part.

The results of these assessments will be submitted for the decision of a Committee established by Enterprise Ireland consisting of the Development agencies, and other persons to be appointed by Enterprise Ireland in consultation with the Department of Enterprise, Trade and Employment.

10. Post Approval

Successful applicants will be notified and must return the signed letter of offer within two weeks. Failure to return the signed letter of offer within this time period will result in the funding being cancelled and allocated to the next highest scoring applicant.

11. Start Date

Claims can be made in respect of subsidised employees and committed jobs retained from 2nd November 2009

12. Payment Process

The subsidy shall be payable in arrears in four tranches as set out in the table below, each tranche payable after the relevant Claim Date provided that the enterprise has maintained for the relevant Qualifying Period both:

- (a) the Committed Jobs.
- (b) The number of full time workers included in the Committed Jobs as set out in its application

Before the first Claim Date an enterprise must submit an auditor's certificate confirming that:

- (a) the enterprise at the 2nd November 2009 employed the number of full time workers included in the Committed Jobs figure in its application form.
- (b) the enterprise at the 2nd November 2009 employed the number of part time workers included in the Committed Jobs figure in its application form.

A failure to submit such a certificate by the First Claim Date shall render the enterprise ineligible under the Scheme.

To receive payment, an enterprise shall submit the following documents (and such other documents as Enterprise Ireland may require) in hard copy:

1. Directors statement duly signed
2. Valid Tax Clearance Certificate

In addition, the enterprise's auditor will independently submit the following document:

3. an Auditors Certificate certifying the number of full time and part-time employees during the Qualifying Period to which the claim relates.

Should all of the above documents not be received by the relevant Claim Date as set out in the table below, the tranche of the subsidy payable in respect of that Qualifying Period shall not be paid.

Enterprise Ireland in administering the Scheme shall have discretion to provide that workers on paid leave, unpaid statutory leave, maternity leave or sick leave may be deemed for the purposes of this Scheme to have worked a certain number of hours/days in respect of time spent on such leave, subject to such limits as Enterprise Ireland shall consider reasonable. Enterprise Ireland shall also have discretion to provide that where there is a short delay in replacing an eligible worker who has resigned, the replacement worker may be deemed to have worked a certain number of additional hours/days, subject to such limits as Enterprise Ireland shall consider reasonable.

Payment Schedule

There shall be no more than four claims per enterprise as detailed in the schedule below.

Max amount per fulltime employment subsidy per week*	Number of Weeks	Claim	Max amount of subsidy per job (rounded)	Qualifying Period	Claim Date
€200	13	First claim period	€2600	Mon 2/11/2009 to Sun 31/01/2010	End of March
€200	13	Second claim period	€2600	Mon 1/02/2010 to 02/05/2010	23 rd May 2010
€150	13	Third claim period	€1950	Mon 3/05/2010 to Sun 1/08/2010	22 nd Sept 2010
€150	13	Final claim period	€1950	Mon 02/08/2010 to Sun 31/10/2010	21 st Nov 2010
	52		€9,100		

*** Employment Subsidies for part time workers are 70% of those for full time workers**