

**REPORT TO:** Executive Board

**DATE:** 15 October 2020

**REPORTING OFFICER:** Strategic Director Enterprise, Community & Resources

**PORTFOLIO:** Economic Development

**SUBJECT:** DWP Kickstart Programme

**WARDS:** Borough wide

## 1.0 PURPOSE OF THE REPORT

The purpose of the report is to:

- provide information to MT/Executive Board regarding the introduction of the Government's Kickstart job creation scheme;
- Seek approval to apply to the Department for Work and Pensions (DWP) for Halton Borough Council's Employment, Learning & Skills Division to become an 'Intermediary' for the programme, thereby supporting local businesses and young people;
- Request authority to accept Kickstart funding into the Council.

## 2.0 RECOMMENDATION: That

- 1) the report be noted;
- 2) approval is given for the ELS Division to act as a Kickstart Programme Intermediary; and
- 3) authority be delegated to the Strategic Director Enterprise, Community and Resources to enter into a contract with the Department for Work and Pensions (DWP) relating to the role of being an Intermediary.

## 3.0 SUPPORTING INFORMATION

### Scale of programme

- 3.1 The Government has recently launched its job creation scheme for young people aged 16 – 24. The new scheme, called Kickstart, aims to provide wage subsidies to employers that create new 6-month work experience placements.
- 3.2 If approval is agreed for the ELS Division to act as an Intermediary for the programme, the forecast number of 6-month placements estimated to be administered between November 2020 and December 2021 is 100. The programme is scheduled to end in Dec 2021, with final placements that will run for 6 months to June 2022.

- 3.3 Processing this number of placements would result in c. £719,367 being administered through the Division (dependent on the age of the participants), with £80,000 being retained as income to staff the delivery of the programme

### **Introduction to Kickstart**

- 3.4 Launched on 2 September 2020, the Kickstart Scheme provides funding to employers to create new 6-month job placements for young people, aged 16-24, who are currently on Universal Credit and at risk of long-term unemployment.
- 3.5 Kickstart forms part of the wider Government Plan for Jobs, in response to the economic impact of the Covid 19 pandemic. The first placements are likely to be available from October/November 2020 and the scheme will run to December 2021. Young people will be referred to the opportunities via their Jobcentre Plus (JCP) Work Coach.
- 3.6 Funding will cover, for each job placement:
- 100% of the relevant National Minimum Wage for 25 hours employment a week
  - the associated employer National Insurance contributions
  - employer minimum automatic enrolment contributions
- 3.7 There will also be extra funding to support Kickstart young people in building their experience and helping them move into sustained employment after they have completed their Kickstart funded job. This is up to £1500 and could be used e.g. to fund training or provide “wrap around support” to help with pre-employment activity and interview arrangements.
- 3.8 Employers need to have 30 new job opportunities to be able to apply directly to DWP for funding. For those employers with less than 30 Kickstart placements, they will need to work with an “Intermediary” organisation to make an application for funding (once 30 opportunities are arrived at). The intermediary will need to act on behalf of the organisations, liaising with DWP/JCP, and processing wage payments. The Intermediary will receive £300 per Kickstart placement for administration costs.

### **Local approach**

- 3.9 DWP has opened up the possibility to become Intermediaries to local and national organisations. The ELS Division and the other local authority employment and skills teams across the Liverpool City Region area, wish to become Intermediaries to support local businesses (particularly smaller businesses) in accessing the scheme, using their well-established employer networks and services to local unemployed residents.
- 3.10 The intention is for the Division to offer the “wraparound support” required for the young people participating in the programme. This would include e.g.

careers advice and guidance, support with CVs, application forms and interviews, help with job search, and appropriate training. As part of the offer, the employers would also be supported by the Intermediary with all relevant recruitment and on-programme processes, as well as the administration of the programme e.g. initial application, liaison with JCP, processing of wage payments, support with claim documentation and the like.

- 3.11 The ELS Division will also engage with HBC's Learning and Development and HR Teams to ensure that any HBC job roles that are being created during the period of the programme could benefit from the Kickstart funding, as appropriate, and would be coordinated through the Intermediary arrangement.

### **Becoming an Intermediary**

- 3.12 In order to become an Intermediary, the ELS Division would need to make an online application to DWP, including details of the businesses that have signed up and the specific placements on offer (minimum of 30). The first placements are due to start October/November 2020. Approval is sought to undertake this application process at the earliest opportunity.

### **Resources**

- 3.13 As an Intermediary, the ELS Division would receive £300 per placement to cover activities such as processing employer applications, liaison with DWP as the approving body, liaison with JCP to receive referrals of applicants and the processing of the wage payments to each of the successful businesses providing placements.
- 3.14 In order to process the wage subsidy payments, the Division would also receive all of the wages into Council finances (before being reimbursed to the employers, including NI and auto enrolment contributions), plus the additional £1500 towards set up costs per placement. In summary, each Kickstart placement will generate £1800 plus the national minimum wage amount.
- 3.15 It is the intention to pass on £1000 per placement to the employer, and retain £500 for the provision of the "wraparound support". The Intermediary would also receive the £300 admin fee per placement.
- 3.16 Approval is sought to accept these monies into Council finances.
- 3.17 Staffing to deliver the programme will come from within the existing ELS Division. The retained £300 per placement will fund staffing costs.

## **4.0 POLICY IMPLICATIONS**

- 4.1 Employment, Learning & Skills is one of Halton Borough Council's key strategic priorities. The ELS Division ensures its activities align with key Combined Authority and national DWP/government strategies and policies.

- 4.2 A number of other key policies are embedded in the work of the Division including supporting people on Universal Credit to gain employment, ensuring adults achieve level two qualifications and that employability provision meets the needs of employers. The Division works closely with many employers already on similar schemes such as the Intermediate Labour Market scheme (ILMs) so acting as an Intermediary for local businesses aligns very well with existing arrangements and reputation.

## 5.0 FINANCIAL IMPLICATIONS

- 5.1 The agreement with DWP would result in wage subsidies, on costs, additional set up costs and an administration fee, for each placement that is approved, being channelled through the ELS Division.
- 5.2 Wages will be paid at National Minimum Wage for the age of the participant for 25 hours employment per week for 26 weeks. £800 of each payment would be retained by the Division to cover admin costs and provision of wraparound support.
- 5.3 The maximum amount (based on participants aged 21-24) that could be provided per placement would be £8,196.

	<b>From DWP</b>	<b>Retained by HBC</b>	<b>Paid to employer</b>
NMW age 21-24 p/h	£8.20		
On costs: Pension and National Insurance contributions at 20%	£1.64		
Per hour total	£9.84		
X 25 hours per week	£246		
X 26 weeks	£6396		
+ set up costs	£1500	£500	
+ admin fee	£300	£300	
<b>Total</b>	<b>£8,196</b>	<b>£800</b>	<b>£7,396</b>

- 5.4 The Team forecasts processing 100 placements over the period of the programme, which are likely to comprise participants from a range of ages 16-24. However, we do expect there to be a big take up from employers and a further application for additional placements may be required at a later date. An indicative table is shown here for the initial 100:

<b>Age (NMW)</b>	<b>%split</b>	<b>Nos</b>	<b>From DWP</b>	<b>Retained by HBC</b>	<b>Paid to employer</b>
16-17	20	20	£109,928.40	£16,000	£93,928.40
18-20	40	40	£281,599.20	£32,000	£249,599.20
21-24	40	40	£327,840	£32,000	£295,840
	100%	100	£719,367.60	<b>£80,000</b>	£639,637.60

- 5.5 Based on the forecasted number of placements, the maximum amount that would be received from DWP, if all participants were aged 21-24, would be £719,367.60 (with £800 of each payment being retained (£80,000) to cover costs of staffing to deliver the programme).

## **6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES ([click here for list of priorities](#))**

### **6.1 Children and Young People in Halton**

The Kickstart programme would support Halton unemployed young people aged 16-18 in gaining paid employment locally.

### **6.2 Employment, Learning and Skills in Halton**

The Kickstart programme aligns very well with the wide range of employment, learning and skills programmes already being delivered through the Division. The excellent existing links with local employers would place the Division in a strong position to act as an Intermediary in Halton and our reputation would ensure that those individuals placed on the programme are well prepared and supported prior to commencement.

### **6.3 A Healthy Halton**

In Halton high levels of unemployment and poor skills continue to be a negative factor, which acts as a drag on the potential of the local economy. 7.4% of residents are on Universal CreditThe economic activity rate in Halton (higher than the NW and England figures). Halton has a high proportion of residents with no qualifications. 71% of residents have a Level 2 qualification compared to a UK average of 74.6%. The impact of Covid 19 and the subsequent job losses will further contribute to this negative picture.

- 6.4 There is clearly a need to support residents to improve their skills and support them into employment. The Kickstart programme delivered through the ELS Division will offer individualised support to local young unemployed people to help them maximise the potential of the work experience placement, and achieve transferable skills, as well as supporting them to seek a sustainable job. The overall aim will be to help reduce worklessness, poverty and deprivation in Halton's most deprived communities and wards.

### **6.5 A Safer Halton**

**None**

### **6.6 Halton's Urban Renewal**

**None**

## **7.0 RISK ANALYSIS**

- 7.1 The scheme is based upon employers paying the National Minimum Wage. HBC however, supports the Liverpool City Region Fair Employment Charter and the payment of the Real Living Wage. The difference here is £1.10 per hour for those aged 21-24, and £2.85 per hour for those aged 18-20. The Division will work with employers to encourage adoption of the Real Living

Wage, where possible, and will encourage employers to use the additional £1000 set up costs to support the young person to reduce any barriers such as travel, work clothes, training etc.

- 7.2 ELS Divisional staff have contributed towards the development of a set of Good Practice measures ('What Good Looks Like' - Appendix 1 ) that aim to support local and national discussions on the design, commissioning and delivery of Kickstart. This work has been produced by the Labour Market, Employment and Skills Task and Finish Group, which is part of the Local Economic Recovery Working Group (ERWG). The Division will adopt, support and implement the good practice measures, and this is being supported via the Liverpool City Region Combined Authority Employment and Skills Team.
- 7.3 The Team already operates a wage subsidy programme, Intermediate Labour Market (ILM), and has employer processes, audit systems, and compliance measures in place. Staff are in place to operate the scheme as soon as approval is received.

## **8.0 EQUALITY AND DIVERSITY ISSUES**

- 8.1 The impact of Covid on job losses has been huge, and another 450,000 redundancies in the UK are forecast in the next quarter, according to recent research (*Institute of Employment Studies*). Young people are expected to be disproportionately affected due to the types of jobs and sectors they tend to work in (retail, hospitality etc.) and their general lack of experience, due to age.
- 8.2 The Kickstart programme targets young people aged 16-24, claiming Universal Credit, and at risk of becoming long term unemployed. Creation of these roles will go some way to supporting young people and contributing to reducing NEET figures.
- 8.3 The Team will use its CRM system and links with communities, as well as good working relationships with JCP colleagues, to target priority groups including BAME, care leavers, ex-offenders, people with disabilities and health conditions.

## **9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

None under the meaning of the Act.