

Cabinet – 9 December 2020

Kickstart Scheme

Portfolio: Councillor Adrian Andrew, Deputy Leader of the Council and Portfolio Holder for Regeneration

Related portfolios:

Service: Regeneration Housing and Economy

Wards: All wards

Key decision: Yes

Forward plan: Yes

1. Aim

1.1 Kickstart aims to reduce the scarring effect of long term youth unemployment by offering government grant funding to help employers to provide quality work placements for young unemployed persons aged 16-24 (the 'participant'). The placements will incentivise positive behaviours from these participants to make them more attractive to future employers and maximise their readiness to make a successful transition into long term employment, giving them the confidence and competence to succeed. This support to young people is part of our overall approach to address the economic impact of Covid-19 and ensure these young individuals are not further displaced.

2. Summary

2.1 On Wednesday 8 July 2020, the Chancellor of the Exchequer Rishi Sunak, announced 'A Plan for Jobs', building on the existing support offered by Jobcentre Plus, this included the announcement of the new Kickstart Scheme ('Kickstart' or the 'scheme').

2.2 Kickstart, a £2 billion fund scheme, was officially launched on 2 September 2020 by the Department for Work and Pensions ('DWP') to create hundreds of thousands of high quality 6-month work placements aimed at those aged 16 to 24 who are on a Universal Credit benefit and are deemed to be at risk of long term unemployment (6 months+).

2.3 The scheme is designed to improve employability and the chances of sustained employment for those at risk of long term unemployment and provides grant to employers to support the creation of new jobs that would otherwise not exist.

2.4 The scheme officially launched nationally in November 2020 and will end December 2021. Grant funding will be made available which will cover 100%

of the wage costs based on the calculations of the relevant national minimum wage for age of the young person, for up to 25 hours per week for each work placement, plus the associated employer national insurance and any pension contributions.

- 2.5 Each placement should support the participant to develop the skills and experience they need to find work. Additional grant funding for wrap around employability support will be available which could be delivered by either the gateway or the employer to achieve this intended outcome.
- 2.6 Any organisation, regardless of size, can apply for Kickstart funding. The job placements created must be new jobs and must not replace existing or planned vacancies, displace any commitments to create apprenticeship, cause existing employees or contractors to lose or reduce their employment.
- 2.7 This is a key decision because gateway organisations will be the intermediary between the DWP and the employer, and they manage all grant payments.

3. Recommendations

- 3.1 That Cabinet approve the Council's participation in the Department for Work and Pensions' Kickstart Scheme as a gateway organisation and approves acceptance of any grant from the Department for Work and Pensions for the purpose of creating paid work placements with private sector employers and within Walsall Council, if appropriate.
- 3.2 That Cabinet approves acceptance of the Kickstart Scheme grant from the Department for Work and Pensions, for the administration and set up, wrap around employability support and wage costs for young people whilst on work placement.
- 3.3 That Cabinet delegates authority to the Executive Director for Economy Environment and Communities in consultation with the Deputy Leader of the Council and Portfolio Holder for Regeneration to sign, amend and enter into the appropriate grant agreements with the Department for Work and Pensions together with any subsequent discussions as required to receive the grant funding.

4. Report detail - know

Context

- 4.1 The government is asking employers to come forward to pledge work placements for unemployed young people. Employers can apply directly for placements if they have 30 or more job placements on offer. Alternatively, employers with less than 30 placements can partner with other organisations to reach the minimum number of 30 placements and decide on one representative to submit the application to register their interest, named as the gateway organisation.

- 4.2 Gateway organisations may include Local Authorities, College, Chambers, Housing Associations, Training Providers, Trade Bodies or other such employer led consortia or networks. In late September 2020, the Council's Corporate Management Team supported the principles to implement and deliver on the Kickstart scheme and gave consent to commence a process to become a gateway organisation.
- 4.3 The Council, through the Employment and Skills Team, submitted an initial expression of interest to become a gateway organisation to DWP and have also scoped interest from private sector employers. To date there has been interest from 55 employers who have pledged to create 132 work placements. This number is sufficient for the Council to participate as a gateway organisation, but this does not commit the Council to the scheme in any way at this stage.
- 4.4 The Council will submit applications to DWP for consideration and approval for the creation of work placements. If applications meet the requirements of Kickstart, a grant agreement will be issued by DWP to the Council with an indication of how much grant funding would be received through the Kickstart scheme, to be based on the number of placements pledged made at the time of the application.
- 4.5 The role of the gateway is to use its expertise and knowledge to encourage employers to create good quality job placements. Gateways will create job adverts, collate job descriptions, confirm eligibility for the scheme, check locations and submit placement details to DWP. It is the responsibility of DWP Work Coaches to identify and match suitable young unemployed persons through the Universal Credit build system. Gateway organisations may also play a part in job matching suitable young people to roles through their own employability programmes like BC Impact and Walsall Works, providing they are unemployed benefit claimants.
- 4.6 A key role of the gateway is to manage grant payments received from DWP and to pass on relevant payments to employers to cover wage costs. A fundamental element of the scheme is to provide in work support directly to the participant which can be delivered by the gateway, the employer or both organisations.
- 4.7 To fulfil the role of a gateway organisation, the Council will receive:
- £300 per young person placed in a Kickstart job placement to cover the administrative and management of the scheme, to be retained by the Council.
 - £1500 per young person placement is available for wrap around employability support, equipment, mentoring and on the job training. The Council will agree with employers which proportion of this grant the Council will retain.
 - 100% of wage costs and associated costs based on national minimum rates of pay based on the age of the young person, to be passed onto

employers, through a grant agreement, with a robust claim evidence and audit process.

- 4.8 Subject to compliance with the terms of the grant agreement, DWP will make grant payments to the Council in accordance with the following payment schedule (Table A) for each young person employed as part of the Kickstart scheme. The grant funding per participant will be paid in the following instalments:

Table A

Instalments	Grant sum payable	Payment date/milestone
1 st payment	One £1800 payment per Participant for administration, set-up and support costs	On confirmation to DWP's satisfaction that the Participant has started employment with the Grant Recipient or Employer
2 nd payment	100% of the Relevant Wage for 25 hours a week of work by the Participant during the first month of the job, plus the associated employer National Insurance contributions and employer minimum automatic enrolment contributions.	This payment is expected to be in or around the 6th week of the placement.
3 rd to 7 th payments	100% of the Relevant Wage for 25 hours a week of work by the Participant during the subsequent second, third, fourth, fifth and sixth months of the job, plus the associated employer National Insurance contributions and employer minimum automatic enrolment contributions.	Paid in arrears – approximately every month after the 2nd payment on confirmation that Participant paid through PAYE for the previous month

- 4.9 A manageable gateway profile to ensure the Council provides a good quality work placement Kickstart scheme, assumes 150 placements which will be created offering the approximate grant income levels (Table B):

Table B

Kickstart Activity	Hours	Week	Placement Grant	No	Total Grant
Set up Fee for Administration	n/a	n/a	£300.00	15	£45,000.00
Wrap Around Fee for Employability	n/a	n/a	£1,500.00	15	£225,000.00
Wage Costs (under 18yrs @ £4.55 ph)	25	26	£2,957.50	5	£14,787.50
Wage Costs (18-20 yrs @ £6.45ph)	25	26	£4,192.50	72	£301,860.00
Wage Costs(21-24yrs @ £8.20ph)	25	26	£5,330.00	73	£389,090.00

NI Contributions (21-24 years)	25	26	£624.32	73	£45,575.36
					£1,021,312.86

- 4.10 The grant to be retained by the Council (by acting as gateway) will depend on the needs of each individual employer and participant. The setup fee for administration of each placement (£300) will be retained to cover the staffing costs for the co-ordination of the scheme. In addition and based on scoping with a number of employers, an assumption has been made that approximately 50% (or £750) of the wrap around support grant will be retained by the gateway (Table C):

Table C

Activity	Hours	Week	Grant Retained	No.	Grant Retained
Set up Fee for Administration	n/a	n/a	£300.00	150	£45,000.00
Wrap Around Fee for Employability	n/a	n/a	£750.00	150	£112,500.00
					£157,500.00

The Council will offer a comprehensive package of support, to include:

Pre-Kickstart

- Pre-screening suitable candidates
- Job matching to work placements
- Inductions including health and safety checks

Support in work

- Creation of an individual learning plan
- Mentoring and coaching by experienced and qualified employment advisors
- Holistic support for the participant to retain the Kickstart placement
- Provision of a work portfolio to be completed throughout their placement
- Support with identifying, setting and achieving personal goals
- Access to support services to address any personal barriers e.g. travel, childcare, housing, debt and health
- Monthly reviews with the Kickstart Participant and the Employer

Progression Support

- Careers advice and guidance and long-term goal setting
- Support with CV preparation, job search, application forms and interviews
- Assistance with marketing themselves to potential employers by sending CVs to employers and through social media and job websites
- Access to additional training to support the Kickstart Participants employability
- Priority invites to employment and skills events organised by Walsall Works
- Progression to full time education, employment or apprenticeships at the end of the six month placement.

4.11 The benefits of becoming a gateway organisation are extensive:

- Economic growth for the place, people and businesses in Walsall
- Build new and better employer links, gather intelligence, secure other jobs in their business, introduce new grants and funding, understand their future development plans to retain their business in the area
- Help for young people at risk of long term unemployment to get into work
- Bring jobs and funding to our area or to a sector at a difficult time, particularly those sectors significantly impacted by Covid19, as part of their recovery plans
- Support the Walsall business base which is predominantly small medium enterprises, who would not be able to participate or apply to Kickstart directly
- Partner with other gateway organisations such as Chambers, Colleges, Training Providers, Housing Associations, Trade Bodies to share ideas
- Work closely with the WM Combined Authority who will gather and share data and intelligence on the delivery of the Kickstart across the region
- Align adult skills budgets to bolt on and deliver accredited learning

4.12 The Council may also apply to participate Kickstart as an employer; at this stage Human Resources have confirmed they will not be applying because it would be extremely difficult to host work placements due to the majority of teams working remotely from home and it is suggested this particular client group would benefit from attending a 'natural working environment' with rigorous supervision in order for them to learn about the expectations employers have within the world of work.

4.13 This decision can be reviewed at a later date as there is no cut-off date to apply and there is an option for any new work placement opportunities within the Council to be added to our gateway at any time during delivery. This could offer opportunities to grow the interest of young people to apply for paid work placements with the additional support to apply for apprenticeships through the Endless Possibilities programme, and thereby also accessing the new apprenticeship incentive payment of £2000 as and when we recruit for new starts.

Council Corporate Plan priorities

4.14 Kickstart will contribute to the following Corporate Plan Priority:

Economic Growth for all people, communities and businesses. This contributes towards the outcomes of:

- Creating an environment where business invests and everyone who wants a job can access one.
- Education, training and skills enable people to fulfil their personal development.

People have increased independence, improved health and can positively contribute to their communities. This contributes to the outcomes of:

- People live a good quality of life and feel that they belong.
- People know what makes them healthy and they are encouraged to get support when they need it.

Risk management

- 4.15 There is a risk that the Council could be subject to claw back of Government funding if claims contain ineligible activity. This risk is low as we will only make grant payments to employers substantiated by actual evidence of employment and upon audit following each employer submitting claims for payments upon achieving agreed outcomes (such outcomes to be confirmed in the Council's written grant offers to employers).
- 4.16 There is a risk that the Council fails an independent audit, and as a result risks a loss of reputation. This will continue to be managed and mitigated through the financial and programme management systems to ensure that the Council enters into written grant agreements with employers and all claims are substantiated with robust evidence of expenditure and achieving agreed outcomes.
- 4.17 Further risks are mitigated through the experience of the Council's Employment and Skills Team, who have a proven track record of managing wage subsidy programmes, notwithstanding the Walsall Works grant programme. Internal audits were carried out of this programme successfully on the process and procedures adopted. To complement audits and to ensure we manage any risks, internal checks will be put in place including the introduction of internal monitoring.
- 4.18 There is a risk that we do not deliver against the profiles of work placements as part of the grant agreement with DWP. This is not a financial risk but will be managed and mitigated through our experienced delivery staff, who hold a track record of successful employer engagement activity in bringing forward jobs.

Financial implications

- 4.19 Grant payments to employers will not be paid in advance and will only be paid in arrears so there will not be a need to cash flow the programme. Payments will only be made to employers upon confirmation of a work placement start and continuous employment as set out in the payment schedule table at section 4.8.
- 4.20 Grant funding can only be claimed by employers against eligible activity through a robust claims process, and must be evidenced in accordance with the terms and conditions set out in the grant agreement between the Council (acting as the gateway) and the employer.
- 4.21 To ensure that we comply with these requirements, the Council's project lead will work with finance colleagues to carry out spotchecks to ensure that

all claims submitted are eligible, are correctly calculated and that the Council has received the required evidence from employers.

- 4.22 Kickstart will be self-financing and grant funding retained by the Council will recover any relevant / associated staff costs for the administration and delivery of the wrap around support services, managed by the Employment and Skills team.
- 4.23 Grant funding retained by the Council, will cover staffing costs and hence ease some financial pressures from the Economic Growth Programme and mainstream.

Legal implications

- 4.24 The Council will accept funding for Kickstart upon the DWP's 'Kickstart Scheme terms and conditions for employers and gateways' which is available on the Kickstart gov.uk webpage.
- 4.25 Legal Services have been consulted about the Employment and Skills Team's proposed terms and conditions of grant between the Council (acting as gateway) and employers, which will include all the DWP's requirements that are to be passed to employers.

Procurement Implications/Social Value

- 4.26 The Kickstart scheme is a grant funding programme to create placements and not for goods or services, and therefore there are no procurement implications.
- 4.27 The scheme contributes to the wider principles of social and economic value in all elements of the Council social value charter, particular in support of young people.

Property implications

- 4.28 None.

Health and wellbeing implications

- 4.29 The Council has a statutory duty to promote health and wellbeing. Colleagues from Public Health are actively involved in the economic regeneration programmes such as Impact and Walsall Works. Working together we will promote healthy lifestyle initiatives to support the health and wellbeing of the Kickstart participants.
- 4.30 Long term unemployment leads to poorer health outcomes, therefore actions that support and enhance employment chances have an important role in improving health for the participants and their families. The scheme will enhance the economic circumstance of young people who participate, thus improving health and wellbeing outcomes for the wider community

- 4.31 The Kickstart scheme will take into account and contribute towards the policy objectives from the Marmot review.

Staffing implications

- 4.32 The Council can retain some of the grant funding for the administration and management of each placement and the grant retained for the wrap around support could further enhance the delivery of the Walsall Works programme. In order to commence administration and management of the scheme, capacity from within the existing Employment and Skills team has already been identified.

Reducing Inequalities

- 4.33 An Equality Impact Assessment will be prepared for the Kickstart scheme, which will proactively support individuals who face economic, social and financial exclusion, by working with participants to address a range of issues which prevent an active and positive engagement in society. Participants will be supported to overcome key barriers including unemployment, health, housing and skills deficits through personalised support. The project also works with employers to address workplace barriers that could prevent an individual joining the workforce, including their status, personal circumstances, special education needs and disabilities.

Consultation

- 4.34 All relevant Council directorates have been consulted and involved in the development of the Council Kickstart scheme.
- 4.35 The governance for the Kickstart scheme programme will be managed through the Walsall Works Management Board, chaired by the Deputy Leader of the Council and Portfolio Holder for Regeneration and involving senior representatives from all directorates together with finance colleagues.
- 4.36 Corporate Management Team members have been briefed on the scheme and approved their support to participate with submitting applications to DWP.
- 4.37 Consultation with the West Midlands Combined Authority, Local Enterprise Partnerships and Local Authorities have been taking place since the scheme was announced. These organisations have been working closely to share progress, agree delivery models, processes and to share best practice. Black Country Local Authorities have also submitted their expressions of interest to DWP. Employers continue to be consulted in their interest to bring forward placements.
- 4.38 The Council has engaged other local organisations who have or are in the process of applying to become a gateway organisation, all whom will come together through a Kickstart working group to share best practice and troubleshoot issues.

5. Decide

- 5.1 If Cabinet approves the Council acting as a gateway then the Council will become an intermediary between DWP and local employers, managing financial payments in the form of grants to cover wage costs and wrap around employability support for young people on paid work placements. Based on indicative financial modelling the expected grant to be administered is approximately £1million although this could be more or less depending on employer interest to participate.
- 5.2 An indicative grant from the DWP of£1millionwill require administration by the Council but could generate £45,000 of grant income by the Council to offset such costs and a further £112,500 of grant income for wrap around support to be delivered by the existing team of three Walsall Works Employment Advisors.
- 5.3 If Cabinet approve the Council's participation in Kickstart this accept could create 150 work placements for local young people with in work support for progression into sustainable outcomes.

6. Respond

- 6.1 If approved by Cabinet Kickstart will allow the Council to apply to access grant funding and to proceed quickly with the implementation of the Kickstart scheme. This will be complemented by officers setting into place the necessary grant agreements, programme managementsystems, governance and operational arrangements to deliver the scheme.
- 6.2 The Employment and Skills Team will continue to seek interest from local employers who wish to be part of our gateway and to submit this interest in further applications to DWP.

7. Review

- 7.1 Progress with Kickstart will be reviewed by the Walsall Works Management Group through reports and dashboards, with meetings to be held every quarter either virtually or face to face, which has representation from each directorate.
- 7.2 Programme management reviews will be built into the scheme to capture and review how the programme is progressing and the quality of service provided for its participants. This process should help to shape future provision, ensuring that it delivers what participants require and is progressing their personal development.
- 7.3 The Employment and Skills Team will continue to review guidance and seek clarification from other partners who may also be applying to become a gateway organisation. At this stage the Black Country Chamber of Commerce, Steps to Work, whg (through Clarion Housing) and In-comm Training have all applied to become gateway organisations.

Background papers

The full government guidance for the scheme is on the Kickstart gov.uk webpage.

Author

Simon Tranter
Head of Regeneration Housing and Economy
Mobile: 07951 620333
simon.tranter@walsall.gov.uk

Jane Kaur-Gill
Employment and Skills Manager
Mobile: 07983 612618
jane.kaur-gill@walsall.gov.uk



Simon Neilson
Executive Director for Economy Environment
and Communities

04 December 2020



Councillor Adrian Andrew
Deputy Leader of the Council and
Portfolio Holder for Regeneration

04 December 2020