

<b>Report to:</b>	Cabinet	<b>Date of Meeting:</b>	7 January 2021
<b>Subject:</b>	Kickstart Jobs Scheme for Young People		
<b>Report of:</b>	Head of Economic Growth & Housing	<b>Wards Affected:</b>	All Wards
<b>Cabinet Portfolio:</b>	Regeneration and Skills		
<b>Is this a Key Decision:</b>	Yes	<b>Included in Forward Plan:</b>	Yes
<b>Exempt Confidential Report:</b>	/ No		

## Summary:

This report is to:

- Provide information to Cabinet regarding the introduction of the Government's Kickstart job creation scheme for young benefit claimants
- Seek approval to host Kickstart places to meet the demand expressed by local employers wishing to work with the Council, thereby supporting local businesses and young people
- Request authority to accept Kickstart funding into the Council to host Kickstart jobs within Council departments which will be additional to the existing workforce

The Government has announced its job creation scheme for workless young people aged 16 – 24 during the summer of 2020, as part of the Plan for Jobs. The new scheme, called Kickstart, will provide wage subsidies to employers that create new work experience placements and forms a key part of the wider response to economic downturn and job losses resulting from the impact of COVID-19.

Cabinet Member Regeneration and Skills has already granted authorisation to apply to Department for Work and Pension (DWP) to become part of this scheme as an “Intermediary” to offer up to 60 places with small employers in Sefton. This application has been made and awaits appraisal by DWP. DWP has experienced significant delays in carrying out appraisal of Kickstart Intermediary applications from across the country.

However, the Council has identified significant interest from employers which indicates there is scope to provide many more places under the scheme, both within external employers and within various departments within the Council. Given the dramatic increase the Council has seen in Sefton's rate of unemployment within the Scheme's target group of 18 – 24 year olds during 2020, this approval will allow the Council to be well placed to respond to local demand and have a more meaningful impact for our communities.

In line with the Council's commitments to promote economic recovery and the strong alignment with the existing work carried out by Sefton@work the expanded delivery of Kickstart jobs scheme offers an effective strategic fit for the Council as it will benefit employers and younger residents alike. Sefton@work has the necessary expertise, systems and delivery track record to undertake the work required by this Scheme, as

Kickstart job offers will sit alongside and enhance the suite of employability support already provided to young people. Kickstart jobs will be offered as a progression opportunity for clients already case-loaded for assistance with Sefton@work.

DWP is placing considerable onus on Kickstart employers and intermediaries to demonstrate that the jobs taken by the young people do not displace or place at risk any existing employment within the businesses. This would of course be the case for any opportunities to be offered within Council departments and consultation with Trade Unions will be undertaken to ensure this applies in all cases across Sefton Council.

The Kickstart scheme will operate throughout 2021 and is due to close for new opportunities in Dec 2021, with final placements in place for 6 months to June 2022

**Recommendation(s):**

That Cabinet:

(1) Delegate authority to the Head of Service Economic Growth and Housing in consultation with Executive Director of Corporate Resources and Customer Services to enter into a contract with Department for Work and Pensions to act as a Kickstart Jobs Scheme Intermediary body on behalf of local employers, in order to best respond to local demand and maximise opportunities for local residents; and

(2) Endorse the Head of Service Economic Growth & Housing to undertake further work to allow the Council to optimise future opportunities presented by the Scheme as a direct employer of Kickstart jobs, in consultation with the Executive Director of Corporate Resources and Customer Services.

**Reasons for the Recommendation(s):**

Sefton@Work is the Council's well-known and trusted job brokerage service which has provided quality employment programmes in Sefton for many years. Involvement in the Kickstart Scheme will enable the Council to have assurance that the jobs created for Sefton residents are of good quality and offer possibilities to improve longer term sustainable progression and complementarity with other aspects of the service provision.

There is considerable demand from local companies seeking to enter the scheme who are not large enough to apply themselves directly. Many of these employers have already contacted the Sefton@Work service to request support to be able to create jobs for young people who are unemployed and claiming benefits, primarily Universal Credit. Given the corporate objectives on economic recovery, tackling worklessness and stimulating inclusive growth, this allows the Council to provide a very significant support to our employer base and our young people during very difficult times.

Sefton@Work funds its operations with a combination of external grants and contracts, with some additional Council revenue from the Growth budget. Acting as an intermediary for Kickstart offers the opportunity to generate an element of financial surplus which can potentially reduce the level of future funding requirements from Council budgets. The level of financial surplus for the Council will be a direct correlation with the number of places offered within each employer and each Council department, with £800 being retained for each external place and £500 for each internal place within the Council.

## Alternative Options Considered and Rejected:

**The alternative option would be for the Council not to be involved in this scheme.**

This option was discounted for several reasons - .

- Commitment to a job creation / wage subsidy scheme was proposed within the LCR CA Economic Recovery proposals recently submitted to Government and endorsed by Sefton Council. To avoid involvement in the Kickstart scheme, which is the national youth unemployment job creation scheme would be at odds with this endorsement.
- There are clear expectations of the Council to act as a broker in this scheme and an arbiter of quality. To opt not to play this role could potentially expose our young people to low quality provision.
- Youth unemployment in Sefton has climbed to unprecedented levels during the pandemic and the Council and local employers can act on this important issue through this Scheme. In March 2020 there were 1,190 16 -24 claimants looking for work. By August 2020 this number had increased to 2,410, a rise of just over 102%. The current claimant rate for young people is 12.7%, this is more than double the 6.2% rate in March 2020, higher than the north west average and the national average.

## What will it cost and how will it be financed?

### (A) Revenue Costs

The costs of the Scheme will be fully funded by Department for Work and Pensions. This programme also offers the potential to create an income stream to the Council and it is proposed that this should be used to reduce existing match funding requirements in the Sefton@Work service and thereby release resources in the Council's Growth budget. The amount of income depends on the number of places provided. Based on an initial cohort of 60, followed by a further 120 to 300 this would equate to a range between a minimum of £30,000 and a maximum of £240,000 by quarter 3 of 2022.

### (B) Capital Costs

**There are no Capital costs associated with this Scheme.**

## Implications of the Proposals:

### **Resource Implications (Financial, IT, Staffing and Assets):**

The proposal can be operated utilising existing resources within Sefton@Work due to the close alignment with existing workstreams and employability programmes

**Legal Implications:** DWP will issue a grant funding agreement to Sefton Council as an intermediary related to the payment of funds to the employers. The individuals participating in the Scheme will be the employees of the host employers, subject to the employer's terms and conditions of employment and there will be no employment relationship with the Council for these places.

**Equality Implications:** The equality implications of this Scheme are positive. This

proposal will improve the lives of young people from across Sefton who have been affected by COVID-19 and have lost their employment. This scheme targets people under the age of 25, and it is evident that the impact of COVID-19 has disproportionately affected the employment retention of this group, so the Scheme seeks to redress this economic and social imbalance.

### **Contribution to the Council's Core Purpose:**

#### **Protect the most vulnerable:**

This scheme allows the Council to provide real employment opportunities for younger people whose education, training and employment have been interrupted by COVID-19 and who have found themselves workless and claiming welfare benefits.

#### **Facilitate confident and resilient communities:**

Employment is a key indicator in improving resilience within our communities, as young people will be more able to make a positive and confident contribution

#### **Commission, broker and provide core services:**

This Scheme allows the Council to work pro-actively with employers who would not otherwise be able to take advantage of this funding opportunity.

#### **Place – leadership and influencer:**

This scheme will underline the Council's economic leadership role, particularly in relation to promoting our base of smaller businesses in recovery from COVID-19 and in terms of providing a range of high-quality employment opportunities for workless young people

#### **Drivers of change and reform:**

The Council will help bring about real structural change for young people coping with unemployment through the provision of attractive and high-quality jobs available in the local area. The Council will furthermore be able to model good practice in youth employment with participating employers, reducing the number of young people reliant on unpredictable and precarious work contracts.

#### **Facilitate sustainable economic prosperity:**

Many of the positions which will commence with subsidy from the Kickstart scheme are intended to provide sustainable, longer term employment. The scheme therefore has a direct impact on sustainable economic prosperity both in terms of the individuals continuing to earn a salary rather than claim benefits and for the employers selecting young people able to add real value to their businesses.

#### **Greater income for social investment:**

The scheme can be accessed by any type of employer. As a local intermediary, the Council will seek out opportunities to support social investment and community-based employment.

#### **Cleaner Greener**

There are numerous opportunities for Kickstart jobs to be created in sectors which have a direct and measurable impact on our environmental sustainability agenda and these jobs will be prioritised. All job opportunities will be fully analysed, and discussions held with businesses to identify how they can contribute to this agenda in terms of carbon reduction targets, reducing plastics etc.

### **What consultations have taken place on the proposals and when?**

**(A) Internal Consultations**

The Executive Director Corporate Resources and Customer Services (FD.6226/20) and the Chief Legal and Democratic Officer (LD.4418/20.) have been consulted and any comments have been incorporated into the report.

**(B) External Consultations**

Extensive Consultations with the Employment & Learning teams of all the Liverpool City Region Councils have been undertaken and these have resulted in a consistent Kickstart Offer and Service Menu for local employers who work with their local Councils as Kickstart intermediaries.

Further consultation have also been held with Department for Work and Pensions ( Jobcentre Plus) and the Liverpool City Region Combined Authority Employment & Skills Teams. The Scheme has also been discussed by the LCR Employment & Skills Portfolio Holders Group.

**Implementation Date for the Decision**

Following the expiry of the “call-in” period for the Minutes of the Cabinet Meeting

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**Appendices:**

**There are no appendices to this report**

## 1. BACKGROUND

### Introduction to Kickstart:

1.1 Launched in September 2020 as part of the government's Plan for Jobs, the Kickstart Scheme provides funding to employers to create new 6-month job placements for young people, aged 16-24, who are receiving Universal Credit and are at risk of long-term unemployment.

1.2. The first placements were scheduled to be available from November 2020, and the scheme will run to June 2022, with final starts commencing in December 2021. Young people will be referred to the opportunities via their Jobcentre Plus (JCP) Work Coach and through referrals from Sefton@Work. There is no compulsion for young people to take part in the Scheme and employers are free to select the candidate they feel best meets their requirements.

1.3 For each job placement the funding available from Department for Work and Pensions (DWP) will include

- 100% of the relevant National Minimum Wage for age for 25 hours a week
- the associated sum to cover employer National Insurance contributions
- employer minimum automatic enrolment contributions

1.4. There will also be additional start-up funding to support young people to build their experience and help them move into sustained employment after they have completed their Kickstart Scheme funded job. This is for a sum of **£1500** per person and can be used to fund training, licenses, travel and provide necessary "wrap around support" to help young people with improving their employability and job search, etc.

1.5. The scheme is targeted at employers intending to create new, additional jobs in their own workforces who are invited to apply to DWP to commence the scheme. However, the threshold to become a Kickstart employer has been set at a minimum of 30 new job opportunities which is not feasible for many smaller and medium sized enterprises.

### 2. The role of a Kickstart Intermediary

2.1 For those employers with fewer than 30 placements, they will need to group together or work with an "Intermediary" organisation such as a Local Authority to make an application for funding on their behalf. The intermediary will need to act on behalf of all the employers, liaising with DWP / JCP, processing wage payments and providing the necessary checks and balances to ensure that jobs created are truly additional, that the companies offering the employment are legally trading and registered for PAYE and that high quality "wraparound support" for the young person is offered. Intermediaries will receive an additional £300 payment per placement for these administration costs. The administration of payments will be in line with similar existing arrangements Sefton@Work has in place for payment to employers through previous wage subsidy initiatives.

2.2 An ongoing programme of "Wraparound" support activities has been designed to support the young people entering the Kickstart jobs to enable them to adopt positive workplace behaviours, optimise their jobsearch activity and maintain contact with an

advisor. These activities which will be reinforced and extended as the young people progress through the six month period. The aim will be to build resilience and improve employability in the longer term, with specific guidance and practical support available for securing next steps at the end of the Kickstart jobs. These support arrangements will form a key element of the Intermediary agreement with employers.

### **3.The Sefton Council approach:**

3.1 The proposal is that Sefton@Work will offer a complete service as an intermediary to employers and young people accessing the scheme. These functions include:

- Providing the Primary link with DWP (JobcentrePlus)
- Working with employers to promote the Scheme to identify suitable new opportunities which do not displace existing staff and carry out necessary quality and viability checks on the companies
- Assist employers to design appropriate recruitment materials such as job descriptions for Kickstart jobs
- Submit the bundle of Kickstart jobs opportunities for due diligence checks by DWP
- Support the recruitment process to encourage eligible young people to make applications for the Kickstart jobs
- Support employers with interviews and selection processes as necessary
- Deal with recruitment administration as requested by the employer
- Maintain contact with the appointed young people throughout the six months employment
- Provide personalised employability support to match the young person's needs and aspirations
- Undertake rapid response advocacy and other interventions to avoid early leavers
- Make necessary payments to the employers, ensuring the payments are made in a timely and accurate way once the Council receives funding from DWP.
- Make appropriate introductions to other Council services such as Sefton Community Learning and Invest Sefton to promote the resilience of local business and improve productivity in the workforce.

3.2 These functions fit well with the track record and expertise of Sefton@Work and there is a high level of confidence that the level of additional work required for the introductory phase of the scheme can be accommodated by the Service without additional resource. The offer of a Kickstart job running alongside the intensive employability support provided by the Ways to Work programme via Sefton@Work will provide a holistic local pathway for our young people to progress into employment and avoid the scarring effects of falling into longer term worklessness.

3.3 DWP will make £1500 available per person to the Council for start-up and wraparound costs and there is an expectation that employers will provide a range of support services funded by this payment. Employers wishing to access the Sefton@Work Intermediary Offer will be asked to sign an Intermediary agreement that confirms their understanding that these services will be provided and that payment for these will be retained by the Council from the DWP "start-up and wraparound" payment. As Sefton@Work will be delivering the necessary wraparound services on behalf of the employers, £500 will be retained to cover costs and the remaining £1000 will be passed on to the employer taking on the young person. This offer will be mirrored by all the participating LAs in the LCR and the existing co-operation and partnership working in

place between the LA services delivering the Ways to Work Employment project will underpin the Kickstart Scheme

3.4 Sefton@Work is well placed to deliver this service to employers and has trained and experienced staff in place to undertake the employer engagement and individual employability support that is required. The service’s track record of delivering externally funded programmes is strong and provides assurance that the delivery will be operated to the highest standards of probity and effectiveness.

3.5 The Council has developed this local proposal to provide a quality offer for young people that is fair and transparent for employers and is undertaken freely by those employers who wish to work with us on this basis. It is important to note that Kickstart jobs will be additional to the workforce and cannot be used to displace staff or replace any planned general recruitment.

3.6 The Council’s local offer will be delivered in line with the set of principles for the Scheme which have been developed through the Liverpool City Region Combined Authority in a protocol document called “Kickstart – What Good Looks Like in Liverpool City Region”. This has been endorsed by the LCR Employment & Skills Portfolio Holders group

#### 4.Financial Implications

4.1 The financial structure of the programme is as follows:

**Table 1**

Start up and Wrap Around payment	£1500 paid by DWP to Sefton Council on commencement of each starter into an approved DWP Kickstart job.	£1000 paid to the employer by Sefton Council  £500 retained by Sefton@Work to cover costs for the provision of agreed services
Intermediary Payment made by DWP	£300 per starter paid to Sefton Council where the job is offered with a local employer  Note: this £300 payment will not apply to any Kickstart jobs offered within Council departments	£300 retained by Sefton@Work for the provision of agreed services
Salary/NI/Minimum Auto Enrolment pension contributions	Salary confirmed via HMRC Real Time data based on National Minimum Wage for age at 25 hours per week. Paid by DWP to Sefton Council at end of month 3	Employers costs reimbursed to employer only after the Council receives payment from DWP.
Salary/NI/Minimum Auto Enrolment pension	Salary confirmed via HMRC Real Time data	Employers costs reimbursed to employer only after the

contributions	based on National Minimum Wage for age at 25 hours per week. Paid by DWP to Sefton Council at end of month 6	Council receives payment from DWP.
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4.2 The precise costs will vary according to the age of each young person entering a Kickstart job, to reflect the two bands of pay within the National Minimum Wage. The other potential variable factor will be the retention of all the young people on the scheme. DWP will only reimburse the employer with the actual costs they have paid out in salary, NI and pensions for the period when the young person has remained in employment. In all cases, employers will only be reimbursed for salaries etc once DWP has released the payment to Sefton, thereby mitigating any financial risk for the Council.

4.3 The following tables outline the potential payments into the Council and payments out to Employers based on the example cohort of 60 within the Initial phase.

**Table 2** Payment flow based on an example cohort of 60 places

		<b>Total DWP Funding for 60 starters</b>	<b>Start Up fee paid to Employers at £1000 per start</b>	<b>Salary/NI/Pensions costs paid out to employers once Council paid by DWP</b>
<b>Minimum Unit Cost Age 18-20</b>	£6,831	£ 409,860	£ 60,000	£ 301,860
<b>Maximum Unit Cost Age 21-24</b>	£8,196	£491,760	60,000	£ 383,760

4.4 Employers will be informed throughout the process that funding will only be paid to them once DWP has paid the appropriate sums to the Council. We do not envisage any instances where the Council will be required to “ front-load “ this Scheme.

4.5 The sum of £1000 for start-up costs will be paid to the employer after confirmation has been received that an eligible young person has commenced employment. This is expected to be within the first month of employment. An employer agreement will be signed by each employer to confirm they are aware of the items they will need to cover through this funding ( e.g. Staff uniforms , DBS clearance etc)

## **5.Estimating demand for the Kickstart Scheme in Sefton**

5.1 The introductory phase of Kickstart is due to commence once DWP has approved the Council’s initial application. This will be to provide 60 places. However Sefton@Work has to date received expressions of interest from more than 100 local employers, many with multiple jobs to create for unemployed young people. In addition, a number of Council departments have also requested to be included in the Kickstart scheme to enable them to carry out additional work above and beyond the scope of the current workforce. These include, but are not limited to, Green Sefton, Economic Growth and Housing, Cleansing and Active Sefton.

5.2 The estimated demand for places in Sefton, both within the Council and with external employers could be between 120 and 300 places over the lifetime of the Scheme. This would provide the Council with an income source of between £30,000 and £240,00 which will release existing match funding from the Growth budget for the Sefton@work. Whilst additional numbers will be welcomed, these will be subject to due process and authorised and validated by the DWP (just like the initial application for 60 places).

**Table 3** Illustration of Funding Flow reflecting Expected Demand for the Scheme

	Per Person based on age band	Total DWP Funding for 60 starters	Total DWP Funding for 120 starters	Total DWP Funding for 300 starters
<b>Minimum Unit Cost Age 18-20</b>	£6,831	£ 409,860	£819,720	£ £2,049,300
<b>Maximum Unit Cost Age 21-24</b>	£8,196	£491,760	£983,520	£ £2,458,800

**Table 4** Illustration of the Range of Potential surplus generated by the Scheme based on Expected Demand

Number of Places	60 Places	120 Places	300 Places
Minimum ( based on younger cohort up to 20 based in the Council where unit rate is £500)	<b>£30, 000</b>	£60,000	£150,000
Maximum( based on older cohort up to 24 in external employers where unit rate is £800	£48,000	£96,000	<b>£240,000</b>

5.3 The maximum surplus which could be generated, if the Council responds to expected demand, allowing other Council resources to be freed up within the Growth Programme could be £240,000.

## 6. Potential Financial Risks and Mitigations

6.1 Table 5 below identifies the main risks and mitigations.

Table 5

Risk	Mitigating Actions Taken
	Lack of take-up would not place the Council open to financial risk in itself, as

<p>Too few employers wish to participate in the Scheme</p>	<p>the DWP would only make payments in line with the number of employers accepted onto the Scheme.</p> <p>However, Sefton@Work has already been contacted by numerous small employers wishing to access the Scheme, indicating that local demand will be strong.</p>
<p>Up-Front Payments may be made to employers which place the Council at risk</p>	<p>The Council will not receive any up-front funding from the DWP. In designing the documentation to be sent to employers, it has been made very clear that payments will only be made to them once the funding has been received into the council from DWP. No exceptions will be made to this.</p>
<p>Employers do not actually employ any young people and attempt to use the funding for other purposes</p>	<p>The funding made available will be verified by DWP using the Real Time Data systems available through HMRC. The payments will therefore accurately reflect the salaries, NI contributions and minimum auto-enrolments received by the young people.</p>
<p>Employers do not sign up to the Intermediary agreement from the Council outlining roles and responsibilities</p>	<p>This is an absolute criteria. Any employers not willing to sign up to the Council's Kickstart agreement will not be accepted into the Council's intermediary. This agreement has been consulted on with Legal and is based on previous similar programmes with employers such as the Intermediary Labour Market wage subsidy agreement, Future Jobs Fund and the AGE Apprenticeship grant run through Sefton@Work.</p>
<p>Incorrect payments are made to Employers</p>	<p>Payments will be made to employers accurately reflecting the remittances we have received into the Council for each employer.</p>
<p>Any Kickstart employee commits gross misconduct, does not attend or is dismissed</p>	<p>The Kickstart employees are not employees of the Council, so the HR responsibilities lie with the employer, but the Council will work with employees and employers in these situations as part of the ongoing relationship management. As the intermediary, the Council's relationship with the employer is as described in the report and no employment rights or</p>

	liabilities are entered into.
A Kickstart employee within a Council department commits gross misconduct, does not attend or is dismissed	In this instance the employee would be subject to all the HR policies and procedures of the Council and would also have access to support in the same way as any other employee.