



Oldham
Council

Report to CABINET

Kickstart Scheme

Portfolio Holder:

Cllr S Fielding, Leader and Cabinet Member for Economy and Skills

Officer Contact: Rebekah Sutcliffe, Strategic Director of Communities and Reform

Report Author: Andrea Dickinson, Learning and Development Delivery Manager, HR.

Rohema Khan, Regeneration Officer, Get Oldham Working.

15 January 2021

Reason for Decision

To deliver the Kickstart Scheme as an employer and a gateway provider

Executive Summary

The government's £2 billion Kickstart jobs creation scheme for young people opened to business on 2 September 2020 for employers and gateway providers to make an application online.

Young people aged 16-24 years on Universal Credit will be referred to the scheme by their Job Centre Plus work coach. The scheme will initially be open until December 2021.

Kickstart jobs must be new jobs offering a minimum of 25 hours per week for 6 months and should not require people to undertake extensive training before they begin the job placement.

Recommendations

Option 1: Only act as a Gateway provider and pool 30 placements from employers that are unable to provide 30 jobs.

Option 2: Register as an employer in our own right and offer 30 or more placements within the council.

Option 3 (Recommended): Act as a Gateway provider and an employer in our own right.

Kickstart Scheme

1 Background

- 1.1 The Kickstart scheme has been launched in response to Covid-19 and the impact it is having on unemployment across England.
- 1.2 Within the borough, we have seen youth unemployment increase by 1.6%. As of September 2020, there were 3,100 young people (aged 18-24) in Oldham unemployed. This represents a youth unemployment rate of 15.6%, the highest rate across Greater Manchester and higher than the national rate of 9.4%.¹
- 1.3 2,871 of the 3,100 are claiming Universal Credit.
- 1.4 This scheme provides a six-month paid placement, fully funded by the government, and is available to 16-24-year-olds claiming Universal Credit.
- 1.5 The Team Oldham workforce strategy sets out our ambitions to:
- create a workforce that is more representative of our population, improving our age profile and diversity and supporting development through career pathways
 - develop strategies to attract local, younger people and support people back into the workplace
 - attract and retain a new generation of staff through innovative recruitment strategies and, in turn, support Community Wealth building.
- 1.6 The Kickstart Scheme is fully aligned to and will help us make headway on all these ambitions.

Application process

- 1.7 A Kickstart Scheme grant application must be for a minimum of 30 jobs. An employer who can provide 30 jobs (or more) can apply directly to the DWP for a grant. If an employer does not have 30 jobs, an application for a grant can be submitted to the DWP via a gateway provider for a group of employers.
- 1.8 Gateway providers must have experience of managing partnership arrangements with third parties and have robust financial and governance arrangements. The suitability of a gateway provider will be assessed during the application process.
- 1.9 The DWP will aim to respond to applications within 1 month.
- 1.10 If an application is successful, the employer or gateway for a group of employers must sign an agreement before the jobs begin.
- 1.11 This initiative is very similar to the Future Jobs Fund initiative introduced in 2009 which aimed to help long term unemployed people back into employment. The council supported 500 placements as part of that scheme and offered wrap-around

¹ Monthly Labour Market Report, October 2020, Muhammed Ali, Strategy & Performance

and exit support to trainees. This was a large volume of placements accompanied by several concerns such as capacity, quality and support.

- 1.12 The FJF scheme, on average, supported 50% of the cohort to progress onto sustained employment. The Get Oldham Working Team have finessed this, and with wraparound support is achieving c. 80% progression into sustained employment. HM Government has not set out any expectations regarding progression into sustained employment.
- 1.13 For the Kickstart initiative, reasonable volumes have been considered to offer both employers and young people the right support which leads to progression. Under the FJF programme the public sector were the only eligible employer and the Council delivered over 500 placements. Under this scheme the Council has a very different financial position and operating model and we are therefore looking to create a minimum of 50 placement opportunities within Team Oldham, as supported by the Leader and Cllr M Ali, and develop a programme which offers a high standard of support and development, enabling successful candidates to gain experience, knowledge and skills, and create a CV that will demonstrate their ability to succeed in future employment.
- 1.14 Furthermore, Greater Manchester is aiming to support 16,500 young people. We estimate gateways across Oldham to contribute to 10% of this target, equating to 1,650 people supported into a workplace.

Programme Support

- 1.15 The Get Oldham Working team have developed a support package which will be utilised by Team Oldham and can be accessed by external employers (Appendix A)
- 1.16 Internally for Team Oldham, there will also be a programme of support and development for the line manager to ensure a high- quality placement experience for all candidates. This support will include workshops, peer-peer networking, a delegated contact for the scheme and additional resources and support for anyone managing a care leaver or someone with additional needs.

Funding and Finance

- 1.17 Funding for each job will cover 100% of the relevant National Minimum Wage for 25 hours a week, plus the associated employer National Insurance contributions and employer minimum automatic pension enrolment contributions.
- 1.18 Funding will only be given if a young person is hired using the Kickstart Scheme process, via referral from DWP.
- 1.19 The jobs can pay a higher wage and for more hours, but the funding will not cover this. If a Council service chooses to employ a young person for more than 25 hours a week, the additional cost must be paid from their service budgets
- 1.20 The Council employer pension rate is 20.6%, which is higher than the minimum requirement. It is estimated that each placement through the Council could cost around £1000 in pension contributions depending on the age. Individuals may opt out of the pension, but we cannot assume this and mustn't encourage it

- 1.21 Additional funding of £1,500 per placement is available to pay for additional costs, such as training, support and set-up and will be used to fund the gap on any pension contributions that are not eligible through the scheme.
- 1.22 Gateway providers also receive £300 of funding per job to support with the associated administrative costs of bringing together the employers.
- 1.23 We are not able to meet the salary payments for the Living Wage for employees on the Kickstart Programme. Trade Union Members are supportive of us continuing with the scheme, recognising that we are providing a positive opportunity to residents and that services would not be able to engage with this if they had to find the top-up shortfall from their budgets.
- 1.24 The Living Wage Foundation states that it is an expectation (not a mandatory requirement) to top up the wage to Living Wage. Furthermore, by offering high quality wraparound support through Get Oldham Working, we are assimilating the Kickstart Scheme to a Traineeship, which are exempt from Living Wage payments.
- 1.25 The table below demonstrates potential funding for a cohort of 30 job placements:

Funding	Amount	Comments	Cost based on one cohort of 30 placements
Salary related	Age appropriate National Minimum Wage	Employer / representatives will be responsible for administering payment of both the £1,500 and the wages etc to each employer covered under each of their grant agreement(s).	(based 21-24 year old NMW and 26 weeks) £159,900
Setup, support and training	£1500		£45,000
Administration costs	£300	Representatives get £300 of funding per job to support with the associated administrative costs of bringing together these employers.	£9,000
Total			£213,900

- 1.26 Initial set up costs will be paid when it is confirmed that the young person has started work. The grant will be paid in arrears via a series of payments (for wage, NI and automatic enrolment contributions).

2 **Current Position**

- 2.1 To date there has been an expression of interest for 27 jobs within the Council and at least 2 across Team Oldham. We have created and applied for 31 jobs as a Gateway which are within the education and care sectors.
- 2.2 To further engage the workforce, we will begin a campaign of communications to explain the benefits of the scheme and invite more applications. We are continuing to work closely with our 250+ partner colleagues to ensure that Oldham's young people are aware of the positions and receive support to apply for them. This will enable us to support vulnerable young people, such as care leavers.
- 2.3 As there is still work to do to reach our Kickstart target, this is a regular agenda item on the Oldham Public Sector Early Careers Working Group.
- 2.4 The group will continue to focus on:
- **Quality assurance** – it is vital young people are offered good quality, meaningful jobs as part of the scheme. Focus on growth and priority sectors in Oldham.
 - **Compliance** – strict assessment of new job placements will be needed, to ensure these are additional jobs and not displacing existing roles.
 - **Access to appropriate training** – high quality training should be made available to young people to ensure placements are sustained and progression from the programme is maximised. This can be carried out by utilising existing programmes, such as; National Careers Service, Adult Education Budget, etc.
 - **Wraparound support** – sufficient, wraparound support will be vital for many young people. This includes the provision of high-quality careers information, advice and guidance, wider wellbeing support and end of placement activity (e.g. job search).
 - **Equality and diversity** – a clear commitment to equality and diversity from the outset will be vital. The group to work with JCP to support and encourage the recruitment of young people from disadvantaged backgrounds and/or with known barriers to the labour market (e.g. disabled young people, Care Leavers, young people from black or minority ethnic backgrounds and young people with additional needs)

3 **Options/Alternatives**

- 3.1 Option 1: Only act as a Gateway provider and pool 30 placements from employers that are unable to provide 30 jobs.
- 3.2 Option 2: Register as an employer in our own right and offer 30 or more placements within the council.
- 3.3 Option 3: Act as a Gateway provider and an employer in our own right.

4 **Preferred Option**

- 4.1 Option 3: Act as a Gateway provider and an employer in our own right.

5 **Consultation**

- 5.1 Consultation has included Cllr M Ali, who has relayed information to Cllr S Fielding. Both have been supportive of the initiative and have helped to shape the direction and targets outlined. Senior officers have also been consulted, and the paper was recently approved at the Leadership meeting in December 2020.

6 **Financial Implications**

- 6.1 This briefing note outlines the Kickstart Scheme and the plans outlined to create 50 placements across Team Oldham through the scheme. Most of the support for the scheme will be coming from the Get Oldham Working Team through the wraparound support and administration of the Scheme. The Kickstart scheme is 100% funded by the Department for Work and Pensions and is dependent on the application and criteria.

The funding for the placements will come from DWP and will cover 100% of the salary and on-costs based on National Minimum Wage (or the National Living Wage depending on the age of the participant) for 25 hours per week for 6 months. If there any additional costs e.g. if the trainee is in a placement of more than 25 hours per week then the additional cost will have to be paid by the service in which the trainee is working. The service will be expected to finance any extra cost from within existing resources so that no adverse variances are created.

For each placement there will be an additional £1,500 of funding to cover any set up costs for each young person and to develop their employability skills either via additional support and/or training. The Get Oldham Working team has calculated that it will cost around £750 for set up costs. However, trainees will be eligible to join the Local Government Pension Scheme and given auto enrolment arrangements, will have to actively opt out. If trainees remain in the scheme, it will require the Council to pay employer's pension costs estimated at around £1,000 which is in excess of the £750 available. As a consequence, any excess costs will have to be financed from service budgets.

It is important to note that where service budgets are already overspending in-year, any additional costs are unlikely to be absorbed without impacting on projected expenditure levels. It will therefore be important that services have regard to the requirement to manage within existing budgets when planning expenditure and traineeship commitments in this and future years.

(Catherine Dunkerley, Accountant)

7 **Legal Services Comments**

- 7.1 There are no immediate legal implications save that the Council must comply with all appropriate employment legislation concerning the recruitment, retention and cessation of employment of staff within the scheme including that relating to health and safety, equalities and so forth
(Colin Brittain)

8. **Co-operative Agenda**

- 8.1 This is the government's £2 billion Kickstart jobs creation scheme to support young people into employment due to COVID-19. It will support Oldham's work and skills strategy as well as the inclusive economy agenda by creating opportunities for young people in Oldham. To ensure Fairness, additional support

will be given to BAME communities, children leaving care and disabled residents through the services provided by some of our partners, and the Get Oldham Working team. Partnership working is key to the success of this, ensuring we are Working Together to make the opportunities transparent and fair for all. In addition, linking to the GM Strategy called Our People, Our Place, aligning to the third priority which states 'Good jobs for people to progress and develop'.

9 **Human Resources Comments**

9.1 HR/OD are supportive of this scheme and it complements the workforce strategy regarding youth employment and diversity. The scheme will utilise support services at the pre-recruitment stage to ensure BAME residents and children leaving care are given the best chance of a successful application. Work will also be done to help support Neurodiversity through the scheme, ensuring OD and Children's services colleagues work closely together to remove barriers wherever possible and increase support where needed.

The individuals will become Oldham Council employees for the length of their time on the programme. They will be paid through the Council's payroll system, and the individuals will automatically be enrolled into the Local Government Pension Scheme.

Additional funding of £1,500 per job placement is also paid once the young person is set up so will be used for setup costs, including any pension contributions, and the wraparound support through Get Oldham Working to develop their employability skills.

We are not able to meet the salary payments for the Living Wage for employees on the Kickstart Programme. Trade Union Members are informed of this and are supportive, recognising that we are providing a positive opportunity to residents. Checks have been made against our commitment as a Living Wage employer, and there is no mandatory requirement to top up the salaries.

We will need to ensure the right messages are translated so that this is seen as a positive initiative to future-proof the workforce and support employment across the Borough.

(Andrea Dickinson. Learning and Development Delivery Manager)

Funding does not cover the full employer's pension contributions, as the grant includes the minimum employer's contributions payable, and the Council employer pension rate is 20.6%. It is estimated that each placement through the Council could cost around £1000 in pension contributions depending on the age. Individuals may opt out of the pension, but we cannot assume this and must not encourage it.

(Emma Parsons, Service Development and Compliance Manager)

10 **Risk Assessments**

10.1 N/A

11 **IT Implications**

11.1 None

12 **Property Implications**

12.1 None

13 **Procurement Implications**

13.1 None

14 **Environmental and Health & Safety Implications**

14.1 Necessary DBS checks will take place to satisfy role requirements and the nature of the work being carried out. A H&S qualification will be offered to all placements through the Get Oldham Working team as part of the wraparound support and all individuals will have access to Me Learning to complete mandatory H&S modules. Any additional mandatory training for service requirements will be carried out as part of the service induction

15 **Equality, community cohesion and crime implications**

15.1 To ensure Fairness, additional support will be given to BAME communities, children leaving care and disabled residents through the services provided by some of our partners, and the Get Oldham Working team. Partnership working is key to the success of this, ensuring we are Working Together to make the opportunities transparent and fair for all

This programme is fully aligned to the TeamOldham workforce strategy, which sets out our ambitions to:

- create a workforce that is more representative of our population, improving our age profile and diversity and supporting development through career pathways
- develop strategies to attract local, younger people and support people back into the workplace
- attract and retain a new generation of staff through innovative recruitment strategies and, in turn, support Community Wealth building.

16 **Implications for Children and Young People**

16.1 This programme is crucial to tackling youth unemployment across the borough and directly supports our apprenticeship approach, helping to increase employability skills of young residents and prepare them for future employment, such as apprenticeships. If successful, this programme will identify suitable apprenticeship candidates

17 **Equality Impact Assessment Completed?**

17.1 No (Not required - this adds to the Get Oldham Working service)

18	Key Decision
18.1	No
19	Key Decision Reference
19.1	N/A
20	Background Papers
20.1	None
21	Appendices
21.1	A: IWS Support Package