

Forward Plan reference number: FP/994/02/21

<b>Report title: Kickstart Essex</b>	
<b>Report to:</b> Councillor Tony Ball – Cabinet Member for Economic Development	
<b>Report author:</b> Mark Doran – Director, Sustainable Growth	
<b>Date:</b> 4 March 2021	<b>For:</b> Decision
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<b>County Divisions affected:</b> All Essex	

## 1. Purpose of Report

- 1.1 Essex residents aged 16-24 continue to be impacted by the economic outcomes of Covid-19 and over 10,000 are currently unemployed. ECC are committed to putting in place a range of measures to help improve the long-term employment opportunities for these individuals which will support their health, wellbeing and prosperity, whilst enabling the wider economic recovery of the County. Similarly, Essex County Council (ECC) wish to support Essex businesses to access government funding to support their recruitment of new staff

ECC have been putting in place a range of measures to support economic recovery and to promote entry level employment through the central government Kickstart scheme

## 2. Recommendations

- 2.1 Agree to receive £2,450,585 from the Department of Work and Pensions (DWP) Kickstart Scheme to fund 259 placements for young people within Essex businesses and ECC of which
- 2.1.1 100 placements will be with ECC as an employer, and
  - 2.1.2 159 placements will be with Essex businesses
- 2.2 Agree to provide grant funding of £1,475,131 to Essex businesses for job placements for Essex young people in support of the Government Kickstart Scheme.
- 2.3 Agree to delegate to the Director, Sustainable Growth to:
- 2.3.1 Enter into supplementary Grant Letters with DWP as more placements are secured with Essex businesses for the duration of the government's Kickstart scheme provided that they are on the same terms as the existing Grant Letter.

- 2.3.2 Agree the terms of and enter into a form of agreement with Essex business which are grant recipients.

### **3. Summary of issue**

- 3.1 Essex is already seeing an unprecedented surge in unemployment, with the claimant count for December 2020 of 50,765 at its highest since the 1990s recession. People aged 16-24 are significantly more likely than any other group to have been furloughed and will be further impacted at the end of the furlough period in April 2021
- 3.2 Work experience and underpinning skills are the most significant barriers to young people gaining sustained and gainful employment. To that end, the Government has announced the Kickstart Scheme which will pay employers for creating new jobs for 16-24 year olds. The Kickstart placements have a 6-month duration and provides for a minimum of 25 hours per week on at least the national minimum wage by age of participant. The Kickstart Scheme funding enables young people to start work placements with employers up to December 2021 and will also cover some overheads
- 3.3 In support of the Kickstart Scheme, ECC has established a Kickstart Gateway (Gateway) in November 2020 within the Place and Public Health function to facilitate creation of employment opportunities for Essex residents aged 16-24 with Essex employers for the lifetime of the scheme
- 3.4 The Gateway provides:
- 3.4.1 A single point of contact for Essex employers to access and simplify onboarding to the Kickstart Scheme
- 3.4.2 Information, advice and guidance, support with paperwork required to access the scheme and ongoing support for the businesses and young people throughout the Kickstart placements; and
- 3.4.3 A selection of tailored training packages for businesses to support their Kickstart Scheme participants. This helps the businesses to fulfil their obligations to the DWP of providing development for their new employees
- 3.4.4 A mechanism for ECC to share lists of employers with DWP that have expressed an interest in participating in the Kickstart Scheme on a monthly basis
- 3.5 The DWP will screen the interested businesses shared by ECC. If a business meets DWP requirements, notification will be sent to ECC of successful businesses via a grant letter. While the grant letters will be sent regularly, it is understood that the terms will be identical in each. Provided that this is the case, it is proposed that ECC sign the grant letter with the DWP and post the relevant vacancies from successful businesses with DWP. DWP will upload the vacancies to its universal credit IT system
- 3.6 The Grant Letter sets out ECC's responsibilities to work with businesses to deliver gainful opportunities for participants and to ensure that payments are

made appropriately for which the Gateway has developed safeguards including a process to quickly add successful business details and sign off the payments in accordance with approval levels at ECC. The payment to the business will be made in 7 tranches the initial £1500 for employers which will be spent on the items listed in 6.1.3 in support of the placements to improve the employability of participants and tranches 2-7 will be for one -sixth of the employee wages. The first payment of £1500 is paid based on the job start. This can be used to purchase equipment, training or mentoring support to make placements successful. Payments 2-7 are each worth one sixth of the total wage costs of the participant and are paid in arrears. Any ineligible or inappropriate spend can be deducted by DWP in payments 2-7 to employers relating to participant wages. Employers must use their £1500 in support of the placements to improve the employability of participants. This is a fixed sum per placement. For every placement created within Essex businesses, DWP will pay ECC a placement fee of £300 per placement, which contributes to ECC's costs of delivering the Gateway service.

- 3.7 DWP Work Coaches will refer young people in receipt of universal credit and at risk of long-term unemployment to the vacancies. The businesses will select the best candidate and recruit them under their own employment contracts. The businesses will pay the wages of participants throughout the six-month placements. Based on the job start and the business' HMRC PAYE records of payment(s) to the Kickstart participant, DWP will issue a series of seven payments for participating businesses to ECC, which ECC must pass on to businesses within 5 working days as per the grant letter terms and conditions. If ECC fails to do so, it could be in breach of the terms of the DWP Grant Letter and this could mean that the grant payments anticipated by the businesses are reduced, suspended or stopped. It is important that ECC put place processes to ensure that the ECC Kickstart Scheme team report in a timely way to the ECC payments team so they can set up and make payments. A robust process to expedite these payments to avoid breach of the grant terms and to ensure that businesses are paid in a timely manner will be put in place
- 3.8 In addition to the above requirements of the DWP grant, there are provisions in the grant agreement to oblige ECC to provide information and reporting to the DWP in a timely way. There is also a review mechanism that allows the DWP to amend or terminate the grant at any time. These key provisions will be included in any grant agreement with recipient business and ECC
- 3.9 ECC will need to enter into a form of grant funding arrangements with businesses who will receive the Kickstart Scheme grants from ECC before any funding is transferred. These grant funding arrangements will mirror the obligations placed on ECC by DWP and allow for ECC to monitor and claw back money if required.
- 3.10 ECC will offer 100 placements under the Kickstart Scheme. ECC officers have engaged with all council services to identify opportunities to offer as part Kickstart Scheme These will be advertised from April 2021. ECC as an employer will be responsible for providing the employability support to its employees under the Kickstart scheme. ECC will receive Kickstart funding on the same terms as Essex businesses using the Gateway which will cover wage costs of Kickstart

participants (ECC employees) as well as the £1,500 placement fee available to all employers that support placements.

- 3.11 The DWP grant offer letter has to be signed and returned by 5 March - one calendar month after the date of the DWP offer letter, else the offer will lapse, meaning that the decision has to be taken urgently

#### 4. Options

- 4.1 **Option 1: Do nothing (Not recommended):** This is not recommended. Employment opportunities are a key priority area for ECC to promote economic recovery. If ECC does not support this scheme it will increase the significant detrimental impact in Essex. Investments have already been made in capacity to deliver the Kickstart Scheme which depend on this funding to deliver the service for which they were set up
- 4.2 **Option 2: (Recommended):** Agreement to the DWP Grant Letter and any subsequent DWP Grant Letters. This option enables ECC to process Kickstart funding from DWP and to transfer payments to Essex businesses (including ECC services) as directed by DWP. Initially this scheme will create 259 jobs and has potential to increase to up to 600 new job opportunities with Essex businesses and within ECC for unemployed young people in Essex

ECC has taken steps to ensure that payment will comply with the grant conditions.

#### 5. Financial Implications

- 5.1 The Kickstart Scheme is designed to improve employability and the chances of sustained employment for those at risk of long-term unemployment in the 16-24-year-old category. The scheme will provide grant funding to employers to support the creation of new jobs that would not otherwise exist
- 5.2 The role of ECC in this scheme is two-fold; firstly, as an employer who will create new roles for 100 placements across the Authority and secondly, as a gateway who will help to seek and source local businesses where a further 159 placements could be made. ECC will enter into a grant agreement with the DWP which will fully fund the cost of all placements
- 5.3 Payments in relation to both roles will be made in stages:
1. An initial payment of £1,500 will be made for administration, set-up costs support and training on confirmation that the participant has started employment. For those placements that are with businesses this amount will be £1,800, of which £1,500 will be passed to the employer.
  2. Six further payments of the remainder of the grant in relation to salary costs will be made. These will be paid in arrears and will be triggered by the payment to the employee being processed via the PAYE system.

It is anticipated that the funding will be received and allocated as follows:

**Funding received**

Organisation	Funding category	Number of placements	Funding per placement	Maximum funding to be received
Essex Business	Maximum Salary	159	£7,778	£1,236,630
	Placement Fee	159	£1,500	£238,500
	Admin Fee	159	£300	£47,700
ECC	Maximum Salary	100	£7,778	£777,755
	Placement Fee	100	£1,500	£150,000
			<b>TOTAL</b>	<b>£2,450,585</b>

**Funding allocation**

Organisation	Funding category	Number of placements	Funding per placement	Maximum funding to be allocated
Passported to Essex Businesses	Maximum Salary	159	£7,778	£1,236,630
	Placement Fee	159	£1,500	£238,500
	<b>Total Passported to Essex Businesses</b>			<b>£1,475,130</b>
Retained by ECC	Maximum Salary	100	£7,778	£777,755
	Placement Fee	100	£1,500	£150,000
	Admin Fee	159	£300	£47,700
			<b>Total retained by ECC</b>	<b>£975,455</b>
			<b>TOTAL</b>	<b>£2,450,585</b>

5.4 The key underlying assumptions for the funding above are as follows:

- The maximum unit cost of a placement is £7,778 which assumes that each placement would be in the 23+ age bracket. This will be paid monthly over the course of 6 months to ECC who then passport directly to the employee placed if in a position with ECC or to the businesses where the placement is external to ECC
- £7,778 also represents the maximum amount of funding ECC could achieve per placement therefore fully funding the maximum unit cost
- All placements are active for the full 6 months and are not terminated early
- All businesses that have applied for placements are accepted by DWP
- £1,500 will be received for each placement which is to be spent on providing the necessary equipment, materials and clothing for the role. This will be retained by ECC where the Authority is acting as an employer and passported to businesses where acting as a gateway
- £300 will only be received for those placements where ECC has acted as a gateway between Essex businesses and DWP. This can be used, as per the Terms and Conditions of the grant, to contribute towards administration and support costs associated with the sourcing of the placements
- Payments will only be made where funding has been received and signed grant agreements are in place

5.5 **Financial Risks**

- Impact of maximum age range on cost and funding – the unit cost of a placement will vary depending on the age of the person that is placed as payments are driven by the National Minimum/Living Wage criteria. ECC will be left in a “no better nor worse” position as DWP will flex the level of funding

awarded to reflect actual delivery, continuing to fully fund the cost of the placement

- The vetting of potential businesses – DWP carry out their own due diligence on businesses that are proposed as suitable candidates for placements. ECC will not make payments to any businesses that are not accepted on to the scheme nor in advance of DWP acceptance or signature of agreement by all parties
- Potential of clawback of funding – back to back grant agreements will be put in place with each business that is accepted onto the scheme minimising the risk for ECC
- 5-day payment turnaround – payments are required to be made quickly to ensure adherence to the grant terms and conditions. Processes are being put in place with ECC current systems to ensure that this can be achieved and therefore the risk is minimised

## **6. Legal Implications**

- 6.1 ECC will need to comply with the terms and conditions of the DWP grant Agreement, including monitoring and restrictions on spending
- 6.2 When grant funding businesses, ECC will need to ensure that it enters into agreements with all delivery partners which pass through the terms of the DWP grant funding terms and conditions

## **7. Equality and Diversity implications**

- 7.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:
  - (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc on the grounds of a protected characteristic unlawful
  - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not
  - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding
- 7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a)
- 7.3 The equality impact assessment indicates that the proposals outlined in this report will have a positive impact on Essex residents aged 16-24 and will not

have a disproportionately adverse impact on any people with a particular characteristic

## 8. List of appendices

### 8.1 EQIA

## 9. List of Background papers

None

<b>I approve the above recommendations set out above for the reasons set out in the report.</b>	<b>Date</b> 4 March 2021
<b>Councillor Tony Ball, Cabinet Member for Economic Development</b>	

### In consultation with:

<b>Role</b>	<b>Date</b>
<b>Mark Carroll</b>	25 February 2021
<b>Mark Carroll - Executive Director Place and Public Health</b>	
<b>Nicole Wood</b>	3 March 2021
<b>Nicole Wood - Executive Director for Finance and Technology (S151 Officer)</b>	
<b>Laura Edwards on behalf of Paul Turner - Director, Legal and Assurance (Monitoring Officer)</b>	26 February 2021
<b>Exemption From Call In</b>  I agree that it is in the best interests of the Council for this decision to be implemented urgently and therefore this decision is not subject to call in (paragraph 20.15(xix) of the constitution applies)  <b>Councillor Mike Mackrory – Chairman of the Corporate Policy and Scrutiny Committee</b>  <b>Date: 4 March 2021</b>	