

**TITLE OF REPORT:** Kickstart Youth Employment Scheme

**REPORT OF:** Peter Udall, Strategic Director, Economy Innovation and Growth

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### **Purpose of the Report**

1. To recommend that Gateshead Council registers as a Gateway for Government's Kickstart youth employment scheme and submits applications on behalf of Gateshead based employers.

### **Background**

2. Kickstart is a £2bn Department for Work and Pensions (DWP) youth employment scheme launched in September 2020 with the aim to create in the region of 250,000 job placements across England, Scotland and Wales for young people.
3. The scheme forms part of the Government's COVID-19 pandemic 'Plan for Jobs' and aims to help young people at risk of long-term unemployment.
4. The scheme provides funding to employers to create new job placements for 16 to 24 year olds receiving Universal Credit (UC). Placements must be for 6-months, a minimum of 25 hours per week and pay at least the National Minimum Wage (NMW). Employers can pay a higher wage but the funding will not cover this.
5. An employer must be able to create a minimum of 30 placements to make an application for Kickstart funding however if a single employer cannot create 30 jobs they can find a Kickstart Gateway organisation. A Gateway applies for the funding on behalf of a group of employers and is responsible for managing the grant and passing on payments from DWP.
6. In addition to the funding to cover wage costs, £1500 per placement will be paid by DWP to provide wraparound employability support for the young person to help them develop skills and gain work after the placement. Gateway organisations will receive £300 per placement to administer the scheme.
7. Each Kickstart Gateway application will attract around £200,000 investment in Gateshead for each cohort of 30 placements filled by eligible young people. DWP Work Coaches will match young people to the placements and send employers their details.
8. There are currently 2,045 16 to 24 year olds receiving UC in Gateshead which is an increase of 77% since March 2020.

## Proposal

9. A delegated decision has been made that the Council registers as a Gateway to both encourage and enable local small and medium-sized employers to create job placements. This will provide the Council with a means to maximise the number of placements to young people locally and to ensure these are in key sectors and of a high quality.
10. The Council would offer or require that employers take up Council run employability support where they lack the capacity and capability to provide this to a high standard to ensure the young person sustains the placement and progresses into employment. As a Gateway the Council could also provide access to other funding, such as European Social Fund to complement the core funding from Government as part of an enhanced wraparound offer.
11. The Council has expressed an interest to DWP to become a Gateway but this does not commit the Council to an application. Registration as a Gateway will enable the Council to submit applications, to promote its role, begin engagement with employers and be listed in the national DWP directory of Gateway organisations. Promotion of Kickstart and the active engagement of SMEs will help the Council support employers to access the scheme as it will be possible to identify any barriers to doing so and provide advice. Furthermore, a number of local businesses and organisations have already made enquiries to the Council as they are looking for a Gateway to apply for placements.
12. Subject to the terms and conditions of the DWP grant agreement the proposal is for applications to be submitted by the Council as and when the threshold of 30 job placements is reached. As such, there may be multiple applications submitted by the Council over the lifetime of the scheme.
13. To maximise opportunities for young people living on the borders of the borough it may be necessary to work with employers outside of Gateshead to create accessible placements within the young person's travel to work area.

## Recommendations

14. It is recommended that Cabinet note the delegated decision to register as a Gateway taken under Part 3, Schedule 5, Part 2 4 (e) as set out in Appendix 2.

For the following reasons:

- (i) To meet the requirements of the Council's Constitution
- (ii) To ensure openness and transparency with the decisions made by officers.

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### Policy Context

1. The proposals are consistent with the Council's strategic approach 'Making Gateshead a Place Where Everyone Thrives' and supports the pledges to:
  - Put people and families at the heart of everything we do
  - Tackle inequality so people have a fair chance
  - Support our communities to support themselves and each other
  - Invest in our economy to provide opportunities for employment, innovation and growth
  - Work together and fight for a better future for Gateshead

### Background

2. The Kickstart Scheme is part of the Government's 'Plan for Jobs' and builds on the initial response to the COVID-19 pandemic which saw the introduction of the Coronavirus Job Retention Scheme (CJRS) and a £20 per week increase in Universal Credit to help deal with the immediate impact on people's working lives.
3. The Universal Credit claimant count in Gateshead for September was 9,805 or 7.7% of the working age population. After an initial surge between March and April 2020 the claimant count has stabilised in the run up to the CJRS ending and the introduction of the Job Support Scheme.
4. The number of employments furloughed in Gateshead through the CJRS is 29,700 and at 34% of eligible employments this is above the national take-up rate of 32% and is joint highest in the North East.
5. Sectors traditionally employing young people such as accommodation and food sectors have been impacted severely by the pandemic with a CJRS take-up rate of 77%. This is the highest take-up rate across all sectors nationally.
6. Evidence from previous recessions is that young people are the most badly affected and for COVID-19 this is likely to be even worse given the added issue of an interrupted education. The claimant count in Gateshead for 18-24 year olds in September was 12.2% or 2030 young people with an additional 15 aged 16-17.
7. The Kickstart scheme has been designed to address this and can be used to create new six-month job placements for young people aged 16-24 who are currently on Universal Credit and at risk of long-term unemployment. The placements must be new jobs and must not replace existing or planned vacancies or cause existing employees to lose or reduce their employments.
8. The roles must be for 6 months and a minimum of 25 hours per week, paying at least the National Minimum Wage, with 100% of the relevant costs being covered. Employers can spread the start dates of the placements from November 2020 to December 2021. Hourly NMW rates for 16-24 year olds are currently:

- 16-17 year olds      £4.55
  - 18-20 year olds      £6.45
  - 21-24 year olds      £8.20
9. DWP Work Coaches in Jobcentre Plus will identify young people for the placements and match them directly with the employer. This will be the only route a young person will be able to apply through.
  10. Each placement must include support for the young person to progress into long-term work which could include coaching, mentoring, CV and interview preparation as well as embedding in-work basics such as good attendance and time-keeping. An additional £1500 per placement is available to help provide this and cover set up costs.
  11. Any organisation, regardless of size, can apply for funding from Kickstart but each application must be for a minimum of 30 job placements. If a single employer cannot provide this amount of job placements, they have the option to join collectively with other likeminded employers or apply via a recognised Kickstart Gateway which will submit the application on behalf of a group of employers.

### **Gateways**

12. Gateways will undertake a diverse role but importantly will reach out to local employers and certain sectors to encourage participation in the scheme, especially from SMEs. The Gateway will review and ensure any proposed job placements are eligible for the scheme and submit the application for funding on the employers' behalf and will send the funding from DWP to the employer. The Gateway can also provide administrative and wraparound supports for SMEs who do not have established HR functions.
13. Gateways applying on behalf of a group of employers will receive £300 of funding for each job placement to support with the associated costs of administering the process. They could also receive a share of the £1,500 per job for employability support if the employer accepts this.
14. As Kickstart is demand-led, the willingness of employers to offer job placements and young people to take these up is unknown at this stage.
15. Initial placement and set-up costs will be received when it is confirmed that the young person has commenced work, is enrolled on payroll and is being paid through PAYE. DWP will use information from HMRC to check that the young person is still employed and will pay the grant in arrears.
16. To register as a Gateway, the organisation must have: experience of managing partnership agreements with third parties and robust financial and governance processes to manage the application.
17. There is no requirement for any prior commitment from an employer before registering as a Gateway and no obligation on Gateways to submit an application for funding.

18. Before applying for funding the Gateway organisation must obtain detailed information about the employer and the placements
19. DWP has an open-ended request for organisations to express an interest in acting as a Gateway which could include local authorities, LEPs and private sector employment and skills providers.
20. Details of the management and administration of the scheme are under development and will be informed by DWP guidance which is currently incomplete. The DWP has indicated that decisions on applications will be made within one month of submission so it is anticipated that more detailed guidance will be forthcoming soon.

### **Consultation**

21. The Leader and Cabinet members for Economy have been consulted.

### **Alternative Options**

22. An alternative option would be the Council promotes the Kickstart Scheme to Gateshead businesses but does not act as a Gateway for those proposing to create fewer than 30 job placements. The Council would signpost Gateshead employers to the national DWP list of registered Gateways.

### **Implications of Recommended Option**

23. **Resources:**

- a) **Financial Implications** – The Strategic Director, Resources and Digital confirms that the resources required to act as a Gateway are funded by the administration payments accompanying each placement. Confirmation as to whether this is sufficient to cover costs will become evident once further details are known.
- b) **Human Resources Implications** – There are no direct HR implications arising from registering as a Gateway, but ongoing management and administration of the scheme will require the allocation of human resources, at present the scale of this is unknown.
- c) **Property Implications** - There are no direct property implications arising from this report.

24. **Risk Management Implication** - There are a number of risks associated with the operation of the scheme. This includes uncertainty over the level of demand from employers and candidates, financial risks associated with managing the payments to employers and reputational risks if the Council withdraws or does not manage the scheme effectively.

25. **Equality and Diversity Implications** - The scheme will only benefit young people receiving Universal Credit so will make a positive contribution to addressing inequalities in employment, income and health.

26. **Crime and Disorder Implications** – There are no crime and disorder implications arising from this report.
27. **Health Implications** – A positive outcome in terms of future employment for young people on this scheme will have a beneficial impact on health and wellbeing through the life course.
28. **Climate Emergency and Sustainability Implications** - There are no implications arising directly from this report.
29. **Human Rights Implications** - There are no human rights implications arising from this report.
30. **Ward Implications** - All

**Background Information**

31. None