

## **Report for: Cabinet**

---

<b>Date of Meeting:</b>	21 <sup>st</sup> January 2021
<b>Subject:</b>	<b>DWP Contract – Kick Start Scheme Gateway</b>
<b>Key Decision:</b>	Yes - revenue grant in excess of £500,000
<b>Responsible Officer:</b>	Paul Walker, Corporate Director Communities Directorate
<b>Portfolio Holder:</b>	Cllr Keith Ferry, Portfolio Holder Planning, Regeneration and Employment.
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	No (The decision is urgent because the DWP requires the Grant Offer Letter to be signed by 7 <sup>th</sup> February 2021)
<b>Wards affected:</b>	All
<b>Enclosures:</b>	Kickstart Scheme Grant Offer Letter;  Equalities Impact Assessment

## **Section 1 – Summary and Recommendations**

This report sets out the rationale for Harrow Council entering into an Agreement with the DWP for a Grant to become a Gateway for the Kickstart Scheme

Recommendations:

1. Cabinet is requested to agree that the Corporate Director for Community following consultations with the Portfolio Holder for Planning, Regeneration and Employment be authorised to enter into a Grant Agreement with the Department for Work and Pensions (DWP) for Harrow Council to become a Kickstart Scheme Gateway on behalf of a group of employers to help them create jobs for young people at risk of long-term unemployment; With operational management delegated to Head of Service Economic Development and Manager Economic Development.

### **Reason: (For recommendations)**

The number of young people unemployed in Harrow has risen 349% between November 2019 & November 2020 (1,885 in November 2020) as a result of the Covid 19 pandemic. The Grant from the DWP will provide funding to support Young People claiming universal credits into 6 month paid placements. It will provide funding up to £7648.80 per eligible person.

## **Section 2 – Report**

### **Introduction**

The Coronavirus pandemic and the necessary measures taken to decrease the rate of infection have resulted in a 349% increase in unemployment of 18-24-year olds between November 2019 and November 2020. The Grant from the DWP will enable the council to place eligible young people into paid work placements (25 hours a week for 6 months) and provide funding for employability support. The DWP Grant will provide £7648.80 per person for 80 young people to fund salary costs and employability support. Entering into the Grant Agreement will provide funds to address worklessness for a key group affected by the pandemic and support the Council's vision of a Thriving Economy

### **Options**

Option 1 Do nothing, wait for market forces to shape economic recovery and hope young people will be offered employment.

Option 2. Enter into a Grant Agreement with the DWP to become a Kickstart Scheme Gateway on behalf of a group of employers to help them access financial support to create jobs for young people at risk of long-term unemployment.

Option 2 is recommended. This is because the paid work experience that has been secured, linked to employability support & job brokerage, will provide young people the skills, experience and knowledge to secure sustainable long-term employment. Failure to act and just wait for economic recovery increases the risk of long-term unemployment for a generation of young people.

## **Background**

The Kickstart programme was launched to address the threat of long-term unemployment to 16-24-year olds. Young people are traditionally insecure in the labour market. Opportunities for new entrants leaving school, Further Education and University are reduced as businesses focus on business survival and protecting existing jobs. Whilst those young people who were in employment are often the first to be made redundant. Either because there are no redundancy costs (if they have worked less than 2 years) or their redundancy costs are less than other workers because of their age.

Under the Kickstart programme the DWP will pay the minimum wage to organisations employing young people. The payment will be the minimum wage for 25 hours a week for 6 months. The paid placements must be new supernumerary posts and not replace existing jobs.

Harrow Council submitted an application to DWP to become an Gateway Organisation in September 2020. The DWP offered a Grant (subject to contract) to the council on the 7<sup>th</sup> January and expect the council to enter into an agreement in January 2021.

Harrow's scheme developed by its Xcite employment initiative was developed with the Voluntary sector and council departments. The Young Harrow Foundation will be part of the steering group, along with Jobcentreplus (JCP) and the careers service/ YHF will host monthly virtual peer group meetings that will allow young people to discuss the work related issues they are enjoying or finding a challenge and reduce feelings of isolation

The organisations offering paid placements provided Xcite with job descriptions (JDs). Jobcentreplus, the Council and Young Harrow Foundation will also advertise local posts and Xcite will offer pre application support to improve the quality of CVs and interview technique and refer applicants back through the JCP portals.

The Gateway role includes the processing of payments for the partner organisations. Payments come into the council and will be forwarded onto the partner in the voluntary sector and private businesses. HMRC check the young person is on payroll and will release additional payment monthly in arrears.

Each Young Person and organisation will be allocated an employment adviser from Xcite who will be their point of contact for all support. An employability programme will be delivered throughout the 6 months placement, to support the young person either stay with their current employer, which could include

securing an apprenticeship. Or progressing into apprenticeships and employment elsewhere. All successful completers will receive a certificate of attendance and a reference

The council will pay its placements the London Living Wage, the difference between the minimum wage and LLW will be met from resources secured by Economic Development. These include the start up fee from DWP, of which the full sum will be retained by the council for the 22 council kickstart placements and £300 will be retained for the external placements. In addition, Section 106 funding (for site specific placements) and carry forward from underspend DWP grants in 2019/20.

### **Performance issues**

The Grant will help the council meet its targets to support young people into employment.

### **Environmental Impact**

The Grant will help develop a skilled local labour market reducing commuting and journeys to work and in turn reducing carbon emissions

### **Data Protection Implications**

DWP will refer their clients to Xcite via a secure e mail system. The records on those clients are then stored in accordance with council procedure. Records are destroyed after 7 years in accordance with funding body guidelines.

### **Risk Management Implications**

Risks included on corporate or directorate risk register? **No**

Separate risk register in place? **No**

The relevant risks contained in the register are summarised below. **N/A**

The following key risks should be taken into account when agreeing the recommendations in this report:

<b>Risk Description</b>	<b>Mitigations</b>	<b>RAG Status</b>
Fraud – employers claiming to have employed young people but paying them less than the minimum wage.	The salary payments by DWP will be made in arrears on evidence bank statement or pay slip. This reduces any risk to the council of external organisations claiming grant payments for young people they have not employed or are not paying the London Living Wage.	Green
Clawback of salary costs	Under contractual	Green

<b>Risk Description</b>	<b>Mitigations</b>	<b>RAG Status</b>
from Harrow Council if young people do not complete their placement.	arrangements with the DWP there will be no clawback.	
Insufficient funds to provide support to young people during their paid placement.	The start payment will cover the admin and training costs of Xcite for delivering Management and Administration and training.	Green
Insufficient demand for places	There are over 10 eligible applicants for each placement. Vacancies will be advertised through Jobcentreplus, Young Harrow Foundation, Prospects, Xcite and with services in People's Directorate working with Young People	Green
There are insufficient placement opportunities to meet demand.	Economic Development is engaging employers and a second application for additional places can be made	Green
Risk of long-term unemployment for a generation of young people.	Entering into a Grant Agreement with the DWP to become a Kickstart Scheme Gateway on behalf of a group of employers to help them access financial support to create jobs for young people	Green
External resources secured by Economic Development are insufficient to cover the gap between minimum wage and the London Living Wage.	The gap will be met from the start payment Xcite will retain and underspend from grant carried forward from 2019/20 (please see finance comments	Green
Failure to comply with the terms and conditions of the Grant Agreement may result in Grant payments being suspended, reduced, reclaimed or withheld, and/or the Grant being withdrawn	Economic Development and the Xcite team have a track record of complying with the financial requirements of DWP & GLA bids including claims and administration.	Green

## Procurement Implications

There are no procurement implications, employability training will be delivered in house. Other training, for example ESOL, literacy, maths, digital skills will be provided through the council's Adult Community Service (Learn Harrow). Set out detailed procurement implications of the proposed decision. Liaise with the relevant procurement officer and ensure that their clearances are obtained.

## **Legal Implications**

Section 1 of the Localism Act 2011 gives the Council the general power of competence, the Council has the power to receive funding and enter into the grant agreement.

The Council will, on entering the Grant agreement, commit to perform and discharge all the obligations in the Grant agreement. The terms and conditions should be reviewed by Legal to ensure there are no detrimental provisions for the Council. The fact that there are no clawback provisions removes the most significant risk usually associated with grant agreements.

The Council will also be required to enter into an agreement with each participating employer in the form attached to the Grant agreement.

In addition, on entering the Grant agreement, the Council will be required to provide a warranty that the Council has the authority to enter into, observe the obligations under the Grant agreement and has obtained all the relevant consents and approval to authorise the execution and delivery of the performance and validity of the obligations under it.

## **Financial Implications**

The funding award under this Kickstart scheme is for a maximum of £7,648.80 per eligible work placement. DWP provides the funding to help employers to provide 6 months of paid employment for young people, including employability support to develop their work skills and to help them find future employment. DWP has agreed to fund up to 80 placements under this funding agreement. This equates to a maximum funding of £611,904.

Out of the 80 placements, 22 are anticipated to be provided by the Council on the basis of paying London Living Wage (LLW). The estimated cost of each 6-month placement (at 25 hours per week) including on-costs, is £7,420 (not in pension scheme) or £9,174 (in pension scheme). If employer's pension contribution is taken into account, an additional funding of £1,524 will be required for each placement, or £34k in total for all 22 placements.

The funding agreement allows the Council to retain £300 for each placement provided by other organisations as a contribution towards administrative costs. If all the remaining 58 placements are successfully filled, this will provide £17k funding to the Council and will be used to help fund the cost of paying LLW set out above. The remaining additional cost of £17k can be met from other grant funding (Raising Ambition Harrow grant) already set aside by Economic Development team.

The grant claim and administration process will be managed by existing resource within Economic Development team. The employability support for the 22 placements will also be provided by existing resource in Learn Harrow team and Economic Development team.

For the 22 Council placements, there is a small cost of £50 each for setting up the employee through Pertemps. This cost will be met from within the funding above. In terms of IT access, existing equipment will be recycled at no additional costs to the scheme.

## **Equalities implications / Public Sector Equality Duty**

The Kickstart programme was launched to address the threat of long-term unemployment to 16-24-year olds. Young people are traditionally insecure in the labour market. Opportunities for new entrants leaving school, Further Education and University are scrapped as businesses focus on business survival and protecting existing jobs. Whilst those young people who were in employment are often the first to be made redundant. Either because there are no redundancy costs (if they have worked less than 2 years) or their redundancy costs are less than other workers because of their age. The Grant will enable the council to advance the opportunities of young people that have been impacted more by the economic downturn than any other group. Entering into a Grant for the Kickstart Gateway Contract will enable the council to advance equality of opportunity between young people and other groups. Young people in each of the protected characteristics on universal credits will be eligible for this programme. Those people outside of the eligible group will be referred to alternate provision that has been designed to support their needs. This will include Work and Health Programme for long-term unemployed residents and the JET programme for recently unemployed residents.

## **Council Priorities**

Please identify how the decision sought delivers these priorities.

- 1. Improving the environment and addressing climate change**
- 2. Tackling poverty and inequality**
- 3. Building homes and infrastructure**
- 4. Addressing health and social care inequality**
- 5. Thriving economy**

The decision will meet the council's objective for a Thriving Economy by developing the skills, knowledge and experience of young people through paid work.

## **Section 3 - Statutory Officer Clearance**

**Statutory Officer:** Jessie Mann  
Signed on behalf of the Chief Financial Officer  
**Date:** 13 January 2021

**Statutory Officer:** Patricia Davilla  
Signed on behalf of the Monitoring Officer  
**Date:** 12 January 2021

**Statutory Officer:** Nimesh Mehta  
Signed by the Head of Procurement  
**Date:** 13 January 2021

**Statutory Officer:** Paul Walker  
Signed by the Corporate Director Paul Walker  
**Date:** 13 January 2021

**Statutory Officer:** Susan Dixson  
Signed by the Head of Internal Audit  
**Date:** 13 January 2021

## **Mandatory Checks**

**Ward Councillors notified:** NO as it impacts on all Wards

**EqlA carried out:** YES

**EqlA cleared by:** Dave Corby

## **Section 4 - Contact Details and Background Papers**

**Contact:** Mark Billington, tel. 0208 736 6533,  
[Mark.billington@Harrow.gov.uk](mailto:Mark.billington@Harrow.gov.uk)

**Background Papers:** None

**Call-in waived by the Chair of Overview and Scrutiny Committee - YES**