

Manchester City Council Report for Information

Report to: Personnel Committee – 20 January 2021

Subject: Kickstart Scheme

Report of: Director of Human Resources and Organisation Development

Summary

Manchester City Council plans to have a workforce that fully reflects the diversity of the city at all levels. One way this will be achieved is by recruiting Manchester residents directly. The government has recently launched a scheme called Kickstart which is aimed at those aged 16- 24 who are on universal credit and risk of long-term unemployment. This report sets out how it is intended to leverage the funding associated with Kickstart to create pathways into employment in the City Council for this group of young people. The report also details how HR and OD and Work and Skills will work collaboratively with partners such as DWP and The Growth Company to implement the scheme.

Recommendations

1. Members are requested to endorse Manchester City Council's approach to implementing the Kickstart scheme across the organisation.
 2. As a National Living Wage Employer, Manchester City Council is committed to paying our employees the Manchester Living Wage and lead by example in this respect and Members are requested to note that we will be funding each Kickstart placement to this level.
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Wards Affected – All

Environmental Impact Assessment - the impact of the decisions proposed in this report on achieving the zero-carbon target for the city

None

Our Manchester Strategy outcomes	Contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The Kickstart scheme will be used to ensure placement opportunities are created for young people in our city from a diverse background to support with diversifying our workforce.
A highly skilled city: world class and home-grown talent sustaining the city's economic success	The Kickstart scheme will be used to ensure placement opportunities are created for young people in our city from a diverse background to support with diversifying our workforce.

<p>A progressive and equitable city: making a positive contribution by unlocking the potential of our communities</p>	<p>COVID-19 has impacted greatly on employment with young people particularly affected. The Kickstart scheme will give young people the opportunity to build their skills and experience in the workplace with the aim of improving their chances of finding long-term employment in the future.</p> <p>In addition, offering our local young people paid employment will benefit their mental and physical health. It will boost self-esteem and give them day to day purpose (particularly for those who have been unemployed for a period of time). It will also give them a clear and direct way to contribute to something bigger than just themselves (business, economy or society). Employment will also help structure their time, give them opportunities to meet new people and with the right support, leave them feeling a sense of satisfaction.</p>
<p>A liveable and low carbon city: a destination of choice to live, visit, work</p>	
<p>A connected city: world class infrastructure and connectivity to drive growth</p>	

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1.0 Background

- 1.1 In September 2020, the government introduced a new Kickstart Scheme to create thousands of high quality 6-month work placements aimed at those aged 16 to 24 who are on Universal Credit and are deemed to be at risk of long-term unemployment.
- 1.2 The intention for Manchester City Council (MCC) is to create placements under this scheme that will give young people the opportunity to build their skills and experience in the workplace with the aim of improving their chances of finding long-term employment.
- 1.3 The organisational context for this report is the work that the City Council has done over the latter part of 2019 and through 2020, to identify issues relating to race equality in the city council and more recently workforce equality generally.
The outcome of this work is a renewed commitment to a City Council workforce which reflects the rich diversity of the city of Manchester.
- 1.4 One of the ways in which we will achieve this commitment is to create pathways into employment with the City Council for local people. We know that our younger population is more ethnically diverse than the older population so a scheme for younger people will also address under representation of different ethnic groups.
- 1.5 This is only one strand of a set of actions that are being taken to address workforce equality issues which are set out in a Workforce Equality Strategy which will be reported to Executive early in 2021.

2.0 Kickstart Scheme

- 2.1 In September 2020, the government introduced a new Kickstart Scheme in Great Britain, a £2 billion fund to create thousands of high quality 6-month work placements aimed at those aged 16 to 24 who are on Universal Credit and are deemed to be at risk of long-term unemployment. The placements created will give young people the opportunity to build their skills and experience in the workplace with the aim of improving their chances of finding long-term employment.
- 2.2 Employers can use the Kickstart Scheme to create new 6-month job placements. The placements must not replace existing or planned vacancies or cause existing employees or contractors to lose or reduce their employment.
- 2.3 Funding available for each placement covers:
 - 100% of the relevant National Minimum Wage for 25 hours a week
 - The associated employer National Insurance contributions
 - Employer minimum automatic enrolment contributions.

The government will also pay employers £1500 for each young person taken on as a Kickstart placement.

- 2.4 The scheme, which will be delivered by the Department for Work and Pensions will initially be open until December 2021, with the option of being extended.

3.0 Manchester City Council's commitment to the scheme

- 3.1 Work has been underway to work with directorates to identify potential opportunities within their respective services and to date, 28 placements have been identified.

- 3.2 MCC will offer 28 entry level placements (25 hours per week) to our city's young people across the organisation. **Table 1** in the appendix provides details of placements broken down into individual directorates and service areas.

- 3.3 Rather than all 28 placements commencing simultaneously, a cohort of 7 will start in February 2021. We had hoped to have young people in placements by the end of January 2021 but following the recent introduction of a third national lockdown, this has had to be revised as some of the placements we were offering were office based/on site.

- 3.4 The cohort approach will give us an element of control on managing any issues that may arise and provides us with the opportunity to reflect for the next cohort. We aim to start a second, potentially larger cohort in April 2021 with the third and final cohort starting in July 2021.

- 3.5 MCC will be entering into partnership with the Growth Company who will support with the application process for each placement and liaise with DWP to advertise these placements.

- 3.6 Once placements are advertised, young people will be able to apply for roles they are interested in. They will be supported by their Job Centre Plus work coach. Once a young person has been identified as a potential placement, interviews will be arranged allowing for MCC to ensure the young person is aligned to a placement/service suitable for their development. Each young person who is successful will have a mentor who will be someone from the Senior Leadership Group (SLG).

- 3.7 Given the priorities in unemployment following Covid include young people and BAME members of our communities, we will be working closely with our networks within Neighbourhoods, Education and the Voluntary, Community sector to encourage young people in our city from an ethnically diverse background to engage with the scheme. Additionally, we will work with the Work and Skills team, DWP and the Growth Company to ensure opportunities are created for young people who are care leavers from Pupil Referral Units and Youth Justice. We will also focus on opportunities for young people with disabilities.

3.8 It is the intention of MCC to pay all young people who are offered a placement, the Manchester Living Wage.

4.0 **Support for young people while on placement with MCC**

4.1 Once a young person has been offered a placement, the service hosting the placement will be supported by Learning and Development to ensure that both the young person and the Placement Manager have access to support and development opportunities. This will continue throughout the placement ensuring the young person has the access to a range of opportunities to learn and develop their skills and knowledge, maximising their experience and chances for employment beyond the placement. Ongoing support will also be offered to the young people from the Growth Company throughout the placement.

4.2 In addition to regular one to ones, each placement manager will be required to meet with the young person at the beginning, middle and end of the placement and complete a form which captures their learning and voice at each stage.

4.3 A steering group will also be set up to ensure regular updates on progress are provided and issues/obstacles identified. Feedback from placement managers will feed into this group. This will be led by the Senior Project Manager (Haider Javed).

4.4 When a placement is approaching its conclusion, an assessment will be completed by the placement manager which highlights the journey of the young person throughout the placement. This will be reviewed, and if there is an offer of employment available, consideration will be given to an apprenticeship.

4.5 If MCC are unable to offer further opportunities to young people following the placement, we will utilise our partnership network (inc The Growth Company) and some of the contractors to explore opportunities citywide, particularly as part of their social value commitment.

5.0 **Estimated cost to Manchester City Council:**

5.1 As highlighted in 2.3, Government Funding for each job placement will cover:

- 100% of the relevant National Minimum Wage (NMW) for 25 hours a week
- the associated employer National Insurance contributions
- employer minimum automatic enrolment contributions

In addition to the above, the government will pay £1,500 for each young person we take on.

5.2 Manchester City Council is one of the biggest employers in the city. We are committed to paying our employees the Manchester Living Wage (currently £9.30 per hour) and lead by example in this respect allowing them the opportunity to live a comfortable and happy life. We are proud to be

accredited as a National Living Wage Employer by the National Living Wage Foundation and have always promoted the paying of a fair and decent wage to every individual and business in our city - not only by paying our own employees the necessary amount but by promoting the National Living Wage to all our contractors and suppliers.

- 5.3 For all young people who are offered a Kickstart placement, we will pay the Manchester Living Wage (MLW) and use the £1,500 to bridge the gap between the NMW and the MLW. However, if the young people are enrolled into our pension scheme then there would still be a gap even after taking the start-up cost of £1,500 into account as follows:

In 2020/21 (current financial year) the Manchester Living Wage is £9.30 per hour and the hourly wage differentials are as follows:

Age	Statutory Wage (per hour)	Manchester Living Wage (per hour)	Difference (per hour)	Estimated Additional Funding required per placement (£)*
Under 18	£4.55	£9.30	£4.75	£2,400
18 to 20	£6.45	£9.30	£2.85	£1,400
21 to 24	£8.20	£9.30	£1.10	£250

*Based on 25 hours per week at 6 months per placement

The overall additional cost is dependent on the age profile of those taking up placements. The maximum estimated cost for the 28 placements would be £67,200 with the minimum being £7,000. This assumes all 28 placements are offered to young people from one age group which is highly unlikely:

- All 28 placements offered to young people Under 18 years of age: **£67,200**
- All 28 placements offered to young people 18 to 20 years of age **£39,200**
- All 28 placements offered to young people 21 to 24 years of age: **£7,000**

- 5.4 From 1 April 2021 (financial year 2021/22) the Manchester Living Wage will increase to £9.50 per hour and the hourly wage differentials would be as follows:

Age	Statutory Wage (per hour)	Manchester Living Wage (per hour)	Difference (per hour)	Estimated Additional Funding required per placement (£)*
Under 18	£4.62	£9.50	£4.88	£2,500
18 to 20	£6.56	£9.50	£2.94	£1,500
21 to 22	£8.36	£9.50	£1.14	£300
23 to 24	£8.91	£9.50	£0.59	£0

*Based on 25 hours per week at 6 months per placement

Based on this, the maximum estimated cost for the 28 placements would rise to £70,000 with the minimum cost rising to £8,400. Again, this assumes that all 28 placements are offered to young people from one age group:

- All 28 placements offered to young people Under 18 years of age: **£70,000**

- All 28 placements offered to young people 18 to 20 years of age **£42,000**
- All 28 placements offered to young people 21 to 24 years of age: **£8,400**

6.0 Next Steps

6.1 The first cohort of seven young people will be starting placements in February 2021. We aim to start a second, potentially larger cohort in April 2021 with the third and final cohort starting in July 2021.

7.0 Recommendations

7.1 Members are requested to endorse Manchester City Council's approach to implementing the Kickstart scheme across the organisation.

7.2 As a National Living Wage Employer, Manchester City Council is committed to paying our employees the Manchester Living Wage and lead by example in this respect allowing them the opportunity to live a comfortable and happy life and Members are requested to note that we will be funding each Kickstart placement to this level.