

To: **Secretary of State**
Minister for Employment

From: Marcia King, Kickstart Policy

SCS Clearance: Katie Farrington, Director of Universal Credit
and Employment Policy

Date: 19 February 2021



Department
for Work &
Pensions

Kickstart Scheme: Access for young people on legacy benefits and Personal Independence Payment claimants

Summary

You have asked for advice on expanding the eligibility of the Kickstart Scheme to claimants on Employment and Support Allowance (ESA). This submission also provides advice on access to the Kickstart Scheme for claimants in receipt of Jobseekers Allowance (JSA) and Personal Independence Payment.

The Minister for Disabled People would also like to consider what more can be done to ensure Plan for Jobs is inclusive for those with disabilities and health conditions, including within Kickstart.

Further advice will follow on options for Kickstart eligibility **beyond December 2021** (current date for last job starts), including how any extension might cover those with health conditions or disabilities.

Timing

Routine

Recommendations

That we continue to focus Kickstart on the current target group of young people aged 16-24 on Universal Credit (UC) – especially as the link between Kickstart and UC is perceived as a potential incentive to encourage legacy claimants to transfer to Universal Credit.

The option to expand to further groups of claimants with disabilities and health conditions is considered for a potential further phase of Kickstart to run beyond the life of the current Scheme.

Key Information

Background

Current Scheme design and delivery

1. Kickstart eligibility (and its Business Case) is currently focused on those aged 16-24 on UC who are at risk of long term unemployment. There are large and growing numbers of young people in this group.
2. It has always been an option to explore expanding the Kickstart Scheme to other cohorts as the scheme scales up, at the point of being delivered safely at scale.
3. We encourage organisations that work with disadvantaged young people to take part in the Kickstart scheme, acting as gateway organisations for their networks of small and medium employers, to help ensure that there is nothing to exclude young people from disadvantaged groups, including those who have disabilities or health conditions, from accessing the Kickstart Scheme.
4. DWP also offers a range of support programmes including Access to Work and Disability Confident to advise and support employers looking to take on disabled jobseekers. Reasonable adjustments are considered for Kickstart jobs, in line with the Equality Act 2010, including for those with health conditions or disabilities. For example, employers may offer a Kickstart job of less than 25 hours if appropriate.
5. We understand there is significant Stakeholder interest in how we can support disadvantaged young people, specifically those with health conditions and disabilities who are in receipt of legacy benefits. We know that young disabled people (aged 16 to 24) are less likely to:
 - be in employment (37% compared to 57% for young non-disabled people).
 - move into employment over the course of a year (18% compared to 35% for young non-disabled people).
6. This should be considered in the context of other initiatives which are available to support young people to move into or closer to work, including those with disabilities and health conditions. Through 'Plan for Jobs', as well as the Kickstart Scheme, a range of government programmes are available for employers who are considering hiring employees or offering work experience.

7. Further advice is being developed on the options for Kickstart beyond the current scheme. This includes consideration of potential expansion to other target groups including wider groups of those with health conditions and disabilities.

ESA claimants

8. The latest quarterly data released December 2020 shows around 71K young people aged 16 – 24 claiming ESA. Around 56K of these are in the Support Group, of which around 39K have been claiming ESA for 2 years or more. These are people with the most severe disabilities or health conditions who are not required to engage, on a mandatory basis, to undertake any Work Related Activity (WRA) as a condition for receiving ESA, and therefore unlikely to be candidates for Kickstart jobs. There are approximately 11k who may be potentially eligible for referral to Kickstart Scheme jobs; those who are awaiting a first medical assessment, or are in the Work Related Activity Group (WRAG), however based on current take up of permitted work, it is likely to only be a small sub set of these claimants who would be likely to be at a stage where Kickstart would be appropriate.

A full breakdown of volumes of claimants aged 16 – 24 on ESA by duration and group can be found at ANNEX 1.

Personal Independence Payment (PIP)

9. Recipients can currently work and still claim PIP as it is not a means tested benefit – the policy intent would need to be clear re the scope of any programme and eligibility criteria. It is likely that those PIP claimants who would be eligible for Kickstart would also be claiming UC or a legacy benefit. Opening Kickstart up to this group would not bring in large volumes of additional young people.

JSA claimants

10. The latest data released November 2020 shows around 22K young people aged 16 – 24 are claiming JSA.
11. This figure includes claimants in receipt of new style JSA (contributory based) who are not our target Kickstart cohort as their recent work experience means that they don't need a 6-month Kickstart job to improve their employability.
12. New style JSA is available for up to 182 days and the latest data shows around 17,000 young people with claims of less than 6 months duration. This means that around 5,000 young people on JSA could be the primary target audience for Kickstart Scheme jobs.

A full breakdown of volumes of claimants aged 16 – 24 on JSA by duration can be found at ANNEX 2.

Key considerations for expansion to ESA / JSA claimants to Universal Credit

13. We are keen to encourage claimants on legacy benefits to consider the advantages of UC and make the move to UC voluntarily. A good proportion of legacy claimants will be financially better off on UC, combining that with other positives – for example, access to the Kickstart Scheme - may encourage more claimants to make the move.

Key challenges which would need to be overcome to extend Kickstart eligibility to ESA/JSA claimants

14. **Service Design and Technology** – the Kickstart service has been designed and built with Universal Credit work coaches at its heart. Any move away from Universal Credit claimants in the near or medium term would require a significant restructure of the supporting services. This would also be highly resource intensive and would put current work to prepare the service, with existing Kickstart policy scope, at risk, given that we are yet to reach the point where the Kickstart Scheme is being safely delivered at scale. There is also likely to be an impact on the wider Universal Credit backlog as a result.

15. **Jobcentre Plus capacity** - Jobcentres currently have minimal (if any) engagement with ESA claimants so processes/interventions to determine eligibility/matching to suitable jobs would need to be developed. Consideration would need to be given based on Jobcentre plus capacity to deliver – resource and estates.

16. Existing work rules

- ESA claimants, whether in the WRAG, or Support Group, are able to undertake Permitted Work for less than 16 hours each week, earning up to £140 every week after tax without affecting their benefits. Whilst we do not have current data, data from 2019, before any potential impact of Covid-19, shows around 104k of claimants were undertaking Permitted Work, although this spans all claimant age ranges. Whilst reasonable adjustments are currently considered as part of the Kickstart Scheme, a formal process would need to be put in place should we considered aligning Kickstart Scheme jobs to the rules of Permitted Work. We would also need to review the definition of meaningful work for the Kickstart Scheme.
- JSA rules mean any person working over 16 hours per week is classed as being in full time remunerative work and therefore no longer entitled to JSA.
- Legal advice would need to be sought regarding any changes to existing work rules for both ESA and JSA, including the impact on legacy benefit entitlement when a Kickstart job ends.

17. Approval of any additions to target groups - Any move away from UC claimants would need a separate outline Business Case to determine the benefits (actual monetary expenditure), benefits to society and the individual plus associated delivery costs, which would need to be outside of the current monetary envelope. A decision to expand to other groups will need to be based on the outcome of a Value for Money assessment. This would also need to be agreed with the Chancellor, as would any new Full Business Case approval.

Conclusion

18. In light of these considerations, in particular the relatively low numbers of potentially eligible claimants and the high cost / resource requirement of developing a solution, we recommend that:

- We continue to focus Kickstart on the current target group of young people aged 16-24 on Universal Credit (UC) – especially as the link between Kickstart and UC is perceived as a potential incentive to encourage legacy claimants to transfer to Universal Credit.
- And the option to expand to further groups of claimants with disabilities and health conditions is considered for a potential further phase of Kickstart to run beyond the life of the current Scheme.

Annex 1 – ESA claimant data

18-24	Assessment Phase	Work Related Activity Group	Support Group	Unknown	Total
Up to 3 months	826	8	46	1597	2474
3 months up to 6 months	319	12	71	245	655
6 months up to 1 year	116	75	264	80	539
1 year and up to 2 years	111	993	3827	202	5127
2 years and up to 5 years	553	6740	39360	1092	47744
5 years and over	42	1339	12922	313	14613
Unknown duration
Total	1969	9173	56482	3522	71149

NB: Under 18s would account for a total of 205 additional claims

Annex 2 JSA claimant data

Jobseekers Allowance claimants	Under 18	18-24	Total
Duration of Current Claim			
Up to 3 months	20	16155	16177
3 months up to 6 months	..	1171	1169
6 months up to 1 year	..	550	550
1 year and up to 2 years	..	1641	1641
2 years and up to 5 years	..	2532	2530
5 years and over	..	158	158
Total	23	22215	22238