

Section 1: Context of the Kickstart Scheme

Political

In the early summer of 2020, DWP was considering a range of options to help minimize the labour market impact of COVID-19. This included the consideration of a job creation scheme based on the Future Jobs Fund (FJF), which had been introduced in response to the economic downturn in 2009.

Initially the DWP Secretary of State (SoS) was hesitant about the benefits of job creation schemes, HMT colleagues indicated the Chancellor was keen to explore further, with a twofold objective to:

- a. reduce the long-term impact of youth unemployment, and
- b. to support employers to create jobs.

From the outset, it was clear that Ministers regarded private sector involvement as essential.

Economic

In spring 2020, the economic situation was unprecedented, with large numbers of people on the Coronavirus Job Retention Scheme (CJRS – colloquially known as “furlough”). There were estimates of high numbers likely to claim UC at the end of the CJRS (estimated unemployment rate of 12%). At that time, the CJRS was expected to end in October 2020, with the Kickstart Scheme becoming operational to coincide with this date. The worst-case economic scenario predictions were never realised however, and the Scheme was subsequently reduced in scale to reflect the smaller demand.

At the start of the pandemic, young people were very severely impacted as they were over-represented in employment in sectors most affected by lock downs – particularly retail, catering and hospitality. This, combined with the known long-term scarring effect of youth unemployment, led to the targeting of the Kickstart Scheme on young people.

Purpose of the Scheme

The Scheme focused on young people at risk of long-term unemployment (because of the evidence of scarring). The business case benefits are based on:

- a. Increased participation in the labour market by participants compared to comparator groups, and
- b. A level of additional jobs in the labour market.

Eligibility was restricted to young people aged 16-24 who were not working or in education. The age limit was based on available evidence (including the New Deal for Young People and the Future Jobs Fund). Although there was an aspiration to look at wider groups of young people, initially eligibility was focused on those on UC for practical purposes (the identification, referral and payment processes were based on the UC build).