

Five reasons to extend 'Kickstart'

February 2021

Summary

- 1. Youth unemployment is likely to remain stubbornly high throughout this year and next year, particularly among young people with few or no qualifications. The deadline of December 2021 for Kickstart jobs will bring an end to this scheme when young people need it the most.**
- 2. Extending Kickstart for at least six months will help secure Kickstart's legacy by ensuring that robust evidence on its effectiveness for different groups of young people is collected. Without this evidence, we will miss a crucial opportunity to learn 'what works' in tackling youth unemployment both now and in future.**
- 3. Employers need to make up for the placements that they were unable to deliver in recent months due to the lockdown restrictions brought in at the end of 2020. Unless Kickstart continues beyond this year, it is likely that these potential placements will be permanently lost.**
- 4. Extending the period over which employers can deliver multiple 'cycles' of placements will increase the total number of opportunities as well as allowing employers to improve the quality of their placements for each subsequent cohort.**
- 5. Kickstart will only reach its full potential if it can become a 'pipeline' for disadvantaged young people to start an apprenticeship or higher-level training course. Closing Kickstart at the end of 2021 will prevent providers from creating these crucial links between education / employment programmes.**

When Kickstart was first announced in July 2020, the Chancellor stated that the aim of the £2 billion scheme was “to create hundreds of thousands of new, fully subsidised jobs for young people across the country”.¹ This important intervention was widely welcomed by the five organisations that form the Youth Employment Group (YEG) secretariat – Impetus, the Youth Futures Foundation, Youth Employment UK, the Institute for Employment Studies and The Prince's Trust – as well as the wider youth sector.

The original intention was that this scheme would be open for employers to apply for new job placements until December 2021, yet the YEG secretariat now believes that there is a compelling case to extend the Kickstart scheme beyond this date. This policy paper sets out five reasons why an extension to Kickstart would be the right decision for young people around the country.

1. Youth unemployment will not be fixed by December 2021

Even in an optimistic scenario of job creation after the lockdown restrictions are hopefully eased over the course of 2021, it is unlikely that the recent increases in youth unemployment will be reversed anytime soon – particularly for the most marginalised young people, many of whom were struggling to find sustainable jobs before the emergence of COVID-19.

Analysis of the ONS labour market statistics from January 2021 painted a concerning picture, as young people are still faring worse than other age groups. Since the COVID crisis began, nearly half (46%) of the total fall in employment across the economy has been among those aged 16 to 24.² Meanwhile, the number of 16 to 24-year-olds who have been unemployed for at least six months has jumped by almost 50,000 in the three months to November 2020 compared to the same period a year earlier,³ suggesting that young people are already finding it much harder to secure sustainable work. There is some evidence to suggest that young people saw more job opportunities appear when lockdown restrictions were eased towards the end of last year, but the long-term effects of last year's lockdown plus the on-going restrictions in place at the start of 2021 will undoubtedly be felt for many years to come.

Furthermore, young people facing the greatest barriers to employment are likely to need considerable support over several years, even as the economy begins to expand:

- Research by the London School of Economics in August 2020 found that in all the previous recessions covered by their analysis, those with the lowest level of qualifications and ethnic minorities were disproportionately affected by the economic downturns.⁴
- A study published in the aftermath of the 2008-2009 financial crisis noted that many young people who leave school during a recession with few or no qualifications “ended up shuttling between labour market programmes, inactivity and unemployment, without finding regular employment and in the process accumulating long spells of stigmatising joblessness.”⁵
- Recent analysis by the Resolution Foundation of those who left education after the financial crisis showed that “while employment scarring effects for graduates reduce after one year and end after four; they persist far longer for non-graduates.”⁶
- Research to be published this spring by The Prince's Trust and Learning and Work Institute finds that the sectors and occupations most likely to see jobs growth as the economy recovers are those where young people are significantly under-represented.⁷

Following the 2008-2009 financial crisis, youth unemployment did not peak until the period December 2011 to February 2012.⁸ Meanwhile, long-term youth unemployment (spending 12 months or more unemployed) was falling in the early stages of 2011 but the end of the Youth Jobs Guarantee saw this trend go into reverse, meaning that long-term unemployment among young people only reached its peak in the summer of 2013⁹ – five years after the crisis began. This strongly suggests that long-term unemployment for young people is likely to rise for longer and to peak later than the overall unemployment rate for this age group.

These time lags suggest that the deadline of receiving bids for Kickstart jobs by December 2021 will close this scheme when young people need it the most. While the YEG secretariat and the whole youth sector want to see youth unemployment fall this year, it is possible that long-term youth unemployment may not begin to decrease in the foreseeable future. Irrespective of precisely when the unemployment rate among young people starts to decrease, those at the back of the queue will still be facing an uphill struggle to find a sustainable job. Kickstart should therefore continue to play a central role in the government's efforts to reduce long-term youth unemployment in 2022 and beyond.

2. We need to secure Kickstart's legacy

It is essential to continually build our understanding of 'what works' in helping young people – particularly those from disadvantaged backgrounds – find high-quality sustainable employment, especially in challenging economic times. The commitment from the DWP to evaluate the impact of Kickstart and adapt the policy over its lifetime provides a golden opportunity to not only alleviate the impact of the current economic crisis, but to develop a stronger evidence base for labour market interventions that could inform a government's response to future labour market crises.

Continuous improvement in any labour market intervention such as Kickstart relies on having enough time to utilise the data on young people's outcomes and experiences, including a detailed analysis of its impact on various demographic subgroups. Should Kickstart conclude in December 2021, only 15 months of new placements will have been delivered over its duration. Furthermore, due to lockdown, a large majority of these placements will be starting within a 9-month window (April to December 2021). This contrasts with many other labour market programmes aimed at supporting young people into private sector jobs. For example, the Youth Contract, which provided wage incentives of up to £2,275 to employers when they recruited an unemployed 18 to 24-year-old, lasted for three years from 2012 to 2015. In addition, the New Deal for Young People, which included an offer of subsidised employment to those who had been unemployed for ten months, ran for thirteen years from 1998 to 2011. Over these longer timescales, the quality and robustness of the data on outcomes and employment levels is far greater than for short-term interventions, which becomes even more pertinent if we want to understand how different groups of young people have fared over time.

To secure Kickstart's legacy, there must be a concerted effort to learn as much as possible from the scheme over an extended period of delivering placements, and the DWP's original plans for Kickstart's evaluation are testament to that. However, these efforts must be given an appropriate amount of time to produce the data needed for policymakers to identify the valuable learning points. While we welcome DWP's plan to 'test and learn' as Kickstart is rolled out, any changes to the Kickstart policy environment will take time to filter through to young people in different parts of the country – making it even harder to draw firm conclusions about Kickstart's true impact within a 15-month timeframe. On that basis, Kickstart should be extended beyond December 2021, even if it is necessary to operate the scheme at a smaller scale, because the learning gained from Kickstart can potentially be transformational for young people's prospects when the next economic crisis arrives.

3. Employers need the chance to make up for lost (lockdown) time

In January this year, the DWP reported that more than 120,000 jobs had been approved through Kickstart since it began operation in September 2020.¹⁰ This was an encouraging sign that employers are willing to engage with this scheme. However, many employers have reported to YEG members that they've had no choice but to delay their Kickstart placements due to the economic conditions. For example, some employers have lost key members of staff involved in recruitment and training (either permanently or temporarily through the furlough scheme), which inevitably makes it more problematic to organise and provide placements to young people while also offering the necessary support and mentoring. Some placements have just not proved feasible in lockdown conditions. The feedback we have received suggests that delays of 6-8 weeks are now commonplace.

These delays will make it logistically very challenging for employers to 'make up for lost time' by arranging the same number of total placements over a shorter time period in the run-up to December 2021. It is far more likely that these delays will simply result in 'lost placements' that are not delivered before the end of this year. Given the on-going economic challenges posed by the extended lockdown period, we cannot assume that these existing delays will be addressed soon despite employers' best efforts. In short, employers should be afforded more time to create Kickstart jobs, given that the original timeframe was envisioned last summer when it appeared that the lockdown restrictions were easing.

4. Employers need space to deliver placements in 'cycles'

Following on from the previous point, the feedback that YEG members have received from employers suggests that some are keen to plan their placements in six-month 'cycles'. This would mean that they need at least an 18-month window in which to plan consecutive placements that allow them to fully engage with Kickstart rather than simply offering a single Kickstart placement and then withdrawing.

When Kickstart was first announced, employers had an opportunity to plan for at least three six-month cycles of placements, spanning the 18 months from mid-late 2020 through to late 2021. If employers were quick off the mark and were large enough to meet the requirement to deliver at least 30 Kickstart jobs themselves, three cycles might have been possible. However, the delays caused by lockdown for many employers have subsequently made it much less likely that this aspiration for multiple placements can be met. Furthermore, smaller employers who, since January, are now able to engage directly with Kickstart without going through an intermediary might wish to follow the same cycle-based approach, but this will not be possible if Kickstart placements are brought to an end in December. By extending Kickstart into 2022, the Government will be creating a more stable policy environment for employers. This will promote significantly higher employer engagement with the scheme – particularly among SMEs – which will in turn allow Kickstart to support more young people

5. Embedding Kickstart as a route into apprenticeships

Although Kickstart is a DWP scheme, it has enormous potential to contribute to the work of other departments who are seeking to support young people in these uncertain times. For example, employers have reported to us that they are keen to offer Kickstart placements as soon as possible so that the young people they recruit are ready and able to begin an apprenticeship in September 2021.

Using Kickstart to build a pipeline of talent for future apprenticeships could become a year-round exercise in which young people who require some extra support before embarking on a high-quality apprenticeship are put forward for Kickstart placements to improve their employability and workplace skills. This is particularly important for opening apprenticeship opportunities to those from more disadvantaged backgrounds. Research by the Institute for Employment Studies found that “the majority of employers (76 per cent) do not target the training or work opportunities that they offer young people towards disadvantaged groups”, yet “despite having limited provision for disadvantaged young people across the board, a significant minority (42 per cent) of the companies surveyed agreed that they would like to increase the number of targeted positions they offer.”¹¹ In addition, the same research noted that disadvantaged young people who want to enter employment may “be unaware of the expectations of employers, for instance, with regards to how they present themselves, attendance, and punctuality”.¹² A Kickstart placement would be an ideal time to address these issues by providing young people with a high-quality paid placement that not only improves their employability skills but also gives them the opportunity to make a genuine

contribution to their employer by taking on important duties and responsibilities in the workplace over several months.

By extending Kickstart, young people from more disadvantaged backgrounds could therefore increase their chances of gaining enough skills to start an apprenticeship in 2021 and 2022 that would otherwise have been out-of-reach for them. Even if a young person does not move directly into an apprenticeship, the training and experience that they will receive on a Kickstart placement will still be enormously valuable as they search for

Further areas for reform

Should the Kickstart scheme be extended beyond December 2021, there are several issues that warrant further attention in order to increase the likelihood that Kickstart jobs will lead to positive outcomes for young people, particularly those from more deprived backgrounds:

- **Broadening eligibility:** given the benefits of a Kickstart placement outlined in this paper, there is a strong case to expand the eligibility for Kickstart so that the young people who would benefit most from this scheme are able to access it. For example, UC claimants who are not in the 'Searching for Work' group (e.g. lone parents) as well as young people aged 18 to 24 who do not currently claim UC may miss out on Kickstart even though this scheme could improve their chances of securing sustainable employment.
- **Quality of support and job placements:** without clear expectations and guidance on job quality, Kickstart placements may not give young people the support, skills and experience that they need – or worse still, the jobs may simply be unsuitable. The guidance to employers and gateway organisations could usefully cover: (i) the support that young people should receive from their employer (e.g. mentoring and skills development); (ii) the requirements that employers must meet during the placement (e.g. providing young people with a named line manager, an induction and regular performance reviews); and (iii) how to make sure that meaningful and fulfilling work is offered to each young person over the course of their placement.
- **Targeting – sector and regions:** At present, the £2 billion for Kickstart is a single national pot of funding. This means that local areas with the strongest economies are likely to draw down more money than weaker areas as we emerge from the national lockdown, even though Kickstart will have a greater impact in areas struggling with the highest levels of long-term youth unemployment. The Government should therefore consider 'ringfencing' funding for each region to ensure that it is allocated evenly and fairly across England. Moreover, the sectors most affected by the economic downturn (which may struggle to return to full capacity in the coming months and years) are generally those that attract a large proportion of younger workers in a typical year. As the country begins to emerge from lockdown this year and next, Kickstart could therefore provide a strong platform to upskill and reskill young people to work in new and growing industry sectors such as logistics, healthcare and the 'green economy'.

References

1. HM Treasury (2020), Chancellor's Plan for Jobs to help the UK's recovery, 8th July.
2. Institute for Employment Studies (2021), Labour Market Statistics, 26th January, p4.
3. Office for National Statistics (2021), Unemployment by age and duration (seasonally adjusted), 26th January.
4. LSE Centre for Economic Performance (2020), What can previous recessions tell us about the Covid-19 downturn?.
5. Romesh Vaitilingam (2009), Recession Britain: Findings from economic and social research, ESRC, p20.
6. Resolution Foundation (2020), Class of 2020: Education leavers in the current crisis, p15.
7. The Prince's Trust and Learning and Work Institute (2021). For more information about this upcoming publication, please email richard.rigby@princes-trust.org.uk.
8. House of Commons Work and Pensions Committee (2012), Youth Unemployment and the Youth Contract, HMSO, p12.
9. Office for National Statistics (2021), Labour Market Statistics times series (combined figures for 16 to 17-year-olds and 18 to 24-year-olds).
10. Department for Work and Pensions (2021), Kickstart moves up a gear with over 120,000 jobs created so far and government making it even simpler for employers to join, press release, 25th January.
11. Institute for Employment Studies (2016), Tackling unemployment among disadvantaged young people, p19.
12. Ibid p13.

YOUTH EMPLOYMENT GROUP

CONTACT

Jason Arthur

Director of Strategy and Innovation
Youth Futures Foundation

jason.arthur@youthfuturesfoundation.org