



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

17 November 2021

The Rt. Hon the Lord Forsyth of Drumlean
Chairman, Economic Affairs Committee
House of Lords
London
SW1A 0PW

Dear Lord Forsyth,

EMPLOYMENT SUPPORT FOR YOUNG PEOPLE

Thank you for the opportunity to speak at the Economic Affairs Committee session on 2 November. I noted the points raised regarding the Kickstart scheme and agreed to provide further detail on Kickstart eligibility criteria and wider employment support available to young people.

Throughout the pandemic, the Government's economic priority has been to protect jobs and livelihoods. Young people are usually amongst the worst hit by financial crises and unemployment can have longstanding implications for their future jobs and wages. That is why we launched a comprehensive, evidence-based package of active labour market policies and skills support for young people as part of our Plan for Jobs, including the Kickstart scheme.

The Kickstart scheme is targeted at 16-24-year-olds on Universal Credit at risk of long-term unemployment, as they are most at risk of long-term labour market scarring. There are no rigid Universal Credit criteria to access Kickstart; work coaches identify those young people who would benefit most from the scheme by using a flexible and tailored approach to assess an individual's needs. For example, young people on Universal Credit with a disability or health condition can access the Kickstart scheme and discuss any reasonable adjustments they may require with either a Work Coach, Youth Employability Coach or Disability Employment Adviser. Young people not in receipt of Universal Credit cannot be referred to the scheme. Expanding to those not on Universal Credit would weaken the ability of work coaches to direct support at those who would benefit most from Kickstart, as young people on Universal Credit are more likely to be at risk of long-term unemployment.

Further to Lord Skidelsky's letter of 3 November regarding public sector jobs creation for young people, evidence indicates that these programmes need to be designed carefully. They can have negative or no impact on employment outcomes due to the risk of low-quality provision and lock-in effects for participants. For example, an OECD overview of international evidence found that the creation of *Environmental Task Force* jobs as part of the UK's New Deal for Young People, introduced in 1998, were less effective at supporting young people into work.

We've prioritised designing a scheme that builds on the evidence for what works in influencing long-term employment outcomes. As part of the application process, Kickstart jobs must show how they will provide young people with meaningful experience that will improve their chances on going on to find long-term sustainable work. In addition, Kickstart helps young people gain experience and develop their skills across a broader range of different sectors, including the private, public, and voluntary sectors – allowing them to develop knowledge and skills that will be valued by future employers.

The Kickstart scheme is just one element of a comprehensive package of support available for young people, including those not in receipt of Universal Credit. This includes the expansion of traineeships for 16–24-year-olds and £3,000 apprenticeship incentives for employers who hire a new apprentice, which we have extended to 31 January 2022.

It is clear that the Plan for Jobs is working. As set out in the Plan for Jobs Progress Update, the Kickstart scheme, alongside other policies announced as part of our Plan for Jobs, have contributed to the strong labour market recovery we have seen amongst young people. Youth unemployment has fallen rapidly, down 2.6 percentage points from its peak to 12.2% in the three months to August 2021, and employee numbers have recovered strongly, with over 480,000 more employees aged under 25 in September 2021 than in November 2020.

I am copying this letter to Lord Skidelsky.

Best wishes,



RISHI SUNAK