



## BRIEFING PAPER

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# Coronavirus: Getting people back into work

By Andrew Powell

## 1. Plan for Jobs

The coronavirus pandemic has had, and will continue to have, a substantial impact on the UK labour market. The evolving impact is tracked in the library paper [Coronavirus: Impact on the labour market](#).

In the July Fiscal sustainability report, the OBR forecast that the unemployment rate would peak at a level between 9.7% and 13.2%, compared to a rate of 3.9% in the first quarter of 2020.<sup>1</sup>

In response the Government published the [Plan for Jobs](#) document which highlights the measures that will be put in place to help get people back into employment, keep people in their jobs and to create new jobs.

This includes the following employment support measures:<sup>2</sup>

- A **Job Retention Bonus** that will pay employers £1,000 if they re-employ furloughed workers.
- The **Kickstart scheme** that will provide funding towards the wages of 16-24 year olds on Universal Credit.
- Incentives for employers to take on **apprentices** and **trainees**.
- Various other measures to support young people to find work, such as extra funding for the **National Careers Service** and for **Jobcentre employment support programmes**.

Other measures that aim to keep people in their jobs and create new jobs are outlined in the *Plan for Jobs* document.

The library paper [Coronavirus: Support for businesses](#) provides information on the support that is currently available to businesses.

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<sup>1</sup> OBR, [Coronavirus analysis](#), 14 July 2020

<sup>2</sup> HMT, [Plan for Jobs](#), 8 July 2020, p7

## 2. Support for Young People

The Government has reported that young people are two and a half times more likely to be in a sector that has closed and are particularly vulnerable to becoming unemployed due to their lack of experience in work.<sup>3 4</sup>

Various measures were announced in the *Plan for Jobs* to provide employment support to young people.

### 2.1 Kickstart Scheme

The Kickstart scheme was initially announced as part of the Plan for Jobs, and further information on the scheme was published on the 2 September. Employers have been able to apply for the scheme from this date.<sup>5 6 7</sup>

The scheme intends to create “hundreds of thousands” of 6-month work placements. It is aimed at 16-24 year olds in Great Britain who are on Universal Credit and are deemed at risk of long-term unemployment.<sup>8</sup>

The scheme will pay employers to create new jobs for these young people, and funding will be conditional on the employer proving that these jobs are new, and are not replacing jobs held by staff who have recently been made redundant. The jobs created must provide a minimum of 25 hours per week, for 6 months.

The employers will also be expected to provide training and support to the *Kickstarter* to find a permanent job, although they should not need to undertake extensive training before they can begin the work placement.

The Government will provide funding to cover the National Minimum Wage for 25 hours a week for six months if employers meet these conditions. It will also provide up to £1,500 per job placement to cover setup costs, support and training.

Jobcentre Plus work coaches will support Universal Credit claimants “who are ready for an opportunity” to enrol in the scheme. Employers will then interview applicants and select the best candidate for their role.<sup>9</sup>

Applications for Kickstart grants must be for a minimum of 30 job placements. If an organisation is not able to offer this many placements, then they would need to partner with another organisation to reach this number.

Where this is the case, a representative needs to be put in place to submit the application. The Department for Work and Pensions will assess the suitability of representatives and will not accept applications from representatives who do not have experience of managing partnership agreements with third parties.<sup>10</sup>

A representative applying on behalf of a group can get up to £300 of funding to support them with the administrative costs involved in the process.

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<sup>3</sup> HM Treasury, [A Plan for Jobs speech](#), 8 July 2020

<sup>4</sup> HM Treasury, [Plan for Jobs](#), 8 July 2020, p8

<sup>5</sup> Ibid

<sup>6</sup> DWP, [Check if you can apply for a grant through the Kickstart Scheme](#), 2 September 2020

<sup>7</sup> [PO 82595](#), 3 September 2020

<sup>8</sup> HM Treasury, [A Plan for Jobs speech](#), 8 July 2020

<sup>9</sup> DWP, [Kickstart scheme: A guide for employers](#), 2 September 2020

<sup>10</sup> DWP, [Check if you can apply for a grant as a representative of a group of employers through the Kickstart Scheme](#), 3 September 2020

Once a job placement is created, a different person can take over the role at the end of the six month period.

An initial £2 billion has been provided for this scheme, and there will not be a cap on the number of places available. The Government has reported that, for a 24 year old, the grant will be worth around £6,500. This is based on the National Minimum Wage for those aged 21 to 24. The grant would be worth less for those aged below 21 as the minimum wage is less for these workers.<sup>11</sup>

[Kickstart scheme employer contacts](#) have been put in place to provide support to employers.

The Shadow Secretary of State for Work and Pensions, Jonathan Reynolds, welcomed the scheme “in principle”, but called for assurances that the scheme “will be delivered in a way that maximises its impact”. He put forward three “key tests” of the scheme:<sup>12</sup>

whether the jobs it provides are real, quality jobs; whether it is available to support smaller businesses as well as larger ones; and whether it provides opportunities for long-term employment beyond the initial subsidised placement.

## 2.2 Traineeships

A traineeship is an education and training programme with work experience whose focus is on helping young people become ready for work or for an apprenticeship. They can last from 6 weeks up to 6 months.<sup>13</sup>

They were previously only available to people aged 16-24 who were qualified below level three level, but eligibility is going to be expanded to also include those with level three qualifications.<sup>14</sup>

The Government has announced that it will pay employers £1,000 for every new trainee they take on.

An additional £111 million will be provided to fund this, which will provide funding to triple the number of trainees.

14,900 traineeships were started in 2018/19, 2,800 less than a year previously. The number of traineeships that have been started has been gradually decreasing since 2015/16. There were over 9,000 fewer starts in 2018/19 than in 2015/16.<sup>15</sup>

Further information on traineeships is provided in the library briefing [Traineeships](#) (July 2020).

## 2.3 Other measures<sup>16</sup>

The Government will provide additional funding of £32 million to the **National Careers Service** to support 269,000 more people in England over the next two years.

The Government will provide £101 million for the 2020-21 academic year to provide **level 2 and 3 courses** to 18 and 19 year olds “when there are not employment opportunities available to them”.

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<sup>11</sup> Gov.uk, [National Minimum Wage and National Living Wage rates](#)

<sup>12</sup> HC Deb, [Kick-start scheme](#), 3 September 2020, Col 294

<sup>13</sup> Gov.uk, [Find a traineeship](#)

<sup>14</sup> HM Treasury, [Plan for Jobs](#), 8 July 2020, p9

<sup>15</sup> DfE, [Further education and skills: March 2020](#), 26 March 2020

<sup>16</sup> HM Treasury, [Plan for Jobs](#), 8 July 2020, p9

## 3. Apprenticeships

In the *Plan for Jobs*, the Government has announced that it will pay employers in England £2,000 for every new apprentice they hire who is aged under 25, and £1,500 for every apprentice they hire who is aged 25 and over. These payments will be provided for any apprenticed employed from the start of August 2020 to the end of January 2021.<sup>17</sup>

The Government currently provides £1,000 to employers for every apprentice they take on who is either aged between 16 and 18, or aged between 19 and 24 and has previously been in care or who have a Local Authority Education, Health and Care plan. The new payment will be in addition to this.

The number of apprenticeship starts has fallen since the start of the coronavirus pandemic. There were 9,000 starts in April 2020, compared to almost 21,000 in March and over 26,000 in April 2019.<sup>18</sup>

Further information on apprenticeships are provided in the library briefings [Apprenticeships and skills policy in England](#) (June 2020) and [Apprenticeship statistics for England](#) (April 2020).

## 4. Jobcentre Support

### 4.1 Sector-based work academies

The sector-based work academy scheme is in place in England and Wales and provides employment placements for people receiving benefits, but who are ready for work. These placements can last up to 6 weeks and provide pre-employment training, a work experience placement and a guaranteed job interview. Although the scheme is open to jobseekers of all ages, they are primarily aimed at young people.<sup>19</sup>

The Government will also provide £17 million to triple the number of sector-based work academy placements in England.<sup>20</sup>

### 4.2 Work and Health Programme

The Work and Health Programme provides support to help people find and keep a job. It is available, on a voluntary basis, to those with health conditions or disabilities, and to various groups of vulnerable people. It also provides support to those who have been unemployed for over two years, and is compulsory for this group.<sup>21</sup>

Up to November 2019, there had been almost 150,000 referrals to the programme, with the majority of these being people with disabilities.<sup>22</sup>

As part of the *Plan for Jobs*, this programme will be expanded in Great Britain to provide additional voluntary support for those on benefits that have been unemployed for more than 3 months.<sup>23</sup>

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<sup>17</sup> Ibid

<sup>18</sup> DfE, [Apprenticeships and traineeships: June 2020](#), 25 June 2020

<sup>19</sup> DWP, [Sector-based work academies: employer guide](#), March 2017

<sup>20</sup> HM Treasury, [Plan for Jobs](#), 8 July 2020, p10

<sup>21</sup> DWP, [Work and Health Programme statistics](#), February 2020

<sup>22</sup> DWP, [Work and Health Programme statistics to November 2019](#), February 2020

<sup>23</sup> HM Treasury, [Plan for Jobs](#), 8 July 2020, p9

This expansion will have no impact on the existing provision for those with illnesses or disabilities in England and Wales.

Up to £95 million will be provided to fund this expansion.

Further information on this programme is provided in the library briefing [Work and Health Programme](#) (June 2020).

### 4.3 Flexible Support Fund

The Flexible Support Fund gives Jobcentre Plus Districts greater freedom to tailor back-to-work support to individual and local need. Working within local guidelines and priorities, Jobcentre Plus advisers have discretion to decide how to help individuals move closer to or into work.<sup>24</sup>

The Government has announced that it will increase the funding for the Flexible Support Fund by £150 million in Great Britain. This funding will also increase the capacity of the [Jobcentre Plus Rapid Response Service](#).<sup>25</sup>

### 4.4 Other measures

The *Plan for Jobs* also sets out the following measures:<sup>26</sup>

- The **intensive support** offered in Great Britain to young jobseekers will be expanded to include all those aged 18-24 in the [Intensive Work Search](#) group in Universal Credit.
- The number of **work coaches** across Great Britain in Jobcentre Plus will be doubled by the end of the financial year. Funding of £895 million has been provided for this.
- A **job finding support service** will be introduced offering online, one-to-one support to those who have been unemployed for less than three months.

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<sup>24</sup> DWP/DoH, [Improving lives: the future of work, health and disability](#), p55

<sup>25</sup> HM Treasury, [Plan for Jobs](#), 8 July 2020, p10

<sup>26</sup> *Ibid*, p9

## 5. Job Retention Bonus

Over 9 million jobs have been furloughed on the Coronavirus Job Retention Scheme, with over 1 million employers furloughing their employees. The scheme will end at the end of October 2020, meaning that employers have had to consider whether they can retain some or all of their employees after the Scheme ends.

To support employers to keep on their employees, the Government has announced the Jobs Retention Bonus. A one-off payment of £1,000 will be paid to UK employers for every furloughed employee who remains continuously employed through to the end of January 2021. The average earnings of these employees must be above the Lower Earnings Limit (£520 per month). This payment will be paid to employers from February 2021.<sup>27</sup>

The Permanent Secretary of HMRC, Jim Harra, set out his assessment of the bonus scheme in a letter to the Chancellor of the Exchequer. Although he pointed out that there was sound policy rationale for the scheme, he also concluded that he was unable to conclude that the scheme represents value for money.<sup>28</sup>

Further details on this scheme will be announced by the government by the end of July.

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<sup>27</sup> HM Treasury, Plan for Jobs, 8 July 2020, p7

<sup>28</sup> HMRC, [Job Retention Bonus: ministerial direction](#), 9 July 2020

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