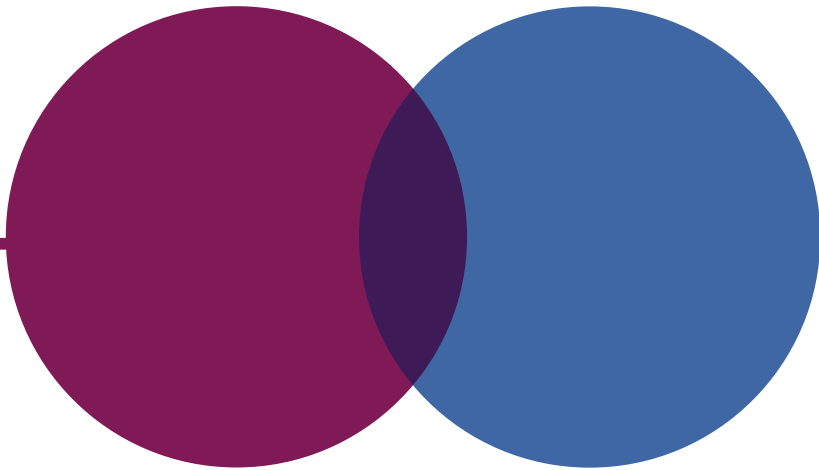




National Audit Office




Employment support: The Kickstart Scheme

Department for Work & Pensions

REPORT

**by the Comptroller
and Auditor General**

**SESSION 2021-22
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HC 801**



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National Audit Office

Employment support: The Kickstart Scheme

Department for Work & Pensions

Report by the Comptroller and Auditor General

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Gareth Davies
Comptroller and Auditor General
National Audit Office

22 November 2021

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Key facts

£1.9bn

budget for Kickstart, of which the Department expects to spend £1.26 billion

250,000

number of budgeted Kickstart job placements. The number of Kickstart participants is an important performance metric for the Department

96,700

number of Kickstart job placement starts as at 1 November 2021

£7,000

approximate cost of each Kickstart job placement

£1.65:£1

Department's current estimate of the economic returns for society, for every £1 of public money invested in Kickstart

14.8%

unemployment rate among young people aged 16 to 24, July to September 2020 (seasonally adjusted), around the time of Kickstart's launch

195%

rise in the level of unemployed 16- to 24-year-olds claiming Universal Credit for over 12 months and searching for work, from 48,800 in February 2020 to 144,000 in September 2021

26%

fall in the level of unemployed 16- to 24-year-olds claiming Universal Credit for under 6 months and searching for work, from 94,500 in February 2020 to 69,600 in September 2021

1.2 million

job vacancies in the economy, August to October 2021: seasonally adjusted, the highest number of job vacancies since records began in 2001

Summary

1 The Department for Work & Pensions (the Department) is responsible for the delivery of welfare, pensions and child maintenance policy. The Department launched the Kickstart Scheme (Kickstart) in September 2020 in response to a significant forecast rise in youth unemployment as a result of the COVID-19 pandemic. Kickstart forms part of the government’s overall Plan for Jobs, announced in July 2020. As initially announced, Kickstart aims to “create hundreds of thousands of high-quality six-month work placements aimed at those aged 16–24 who are on Universal Credit and are deemed to be at risk of long-term unemployment.”¹

2 Kickstart funds employers to create jobs for young people. Each job must provide a minimum of 25 hours work per week at the relevant minimum wage. Kickstart has a budget of up to £1.9 billion and the Department aimed to support up to 250,000 participants to start jobs by December 2021, when the scheme was originally scheduled to close. It is the Department’s flagship employment support programme for young people, and its most expensive intervention, on a per-person basis, across the full range of employment support schemes it currently offers. In October 2021, the Chancellor of the Exchequer announced that Kickstart would be extended so that new job placements could start up to the end of March 2022, with the scheme finally closing in September 2022.

Scope of our report

3 Our June 2021 report, *Employment support*, presented an overview of both the impacts of the COVID-19 pandemic on employment, and the Department’s response.² In this report we examine Kickstart in greater depth, covering the Department’s:

- business case for Kickstart (Part One);
- implementation of Kickstart (Part Two); and
- management of the two key aspects of Kickstart’s value for money: how well it targeted Kickstart at the young people most likely to benefit, and the quality and additionality of the jobs and employability support funded (Part Three).

¹ HM Treasury, Plan for Jobs, CP 261, July 2020, www.gov.uk/government/publications/a-plan-for-jobs-documents/a-plan-for-jobs-2020.

² Comptroller and Auditor General, *Employment support*, Session 2021-22, HC 291, National Audit Office, 9 June 2021.

4 We considered Kickstart in the context of the government's response to the COVID-19 pandemic and the information available to the Department at the time it took key decisions. We also referred to good practice identified in our past reports and HM Treasury's Green Book. Our audit approach is set out in Appendix One, and the evidence we drew on is set out in Appendix Two.

Key findings

Kickstart's rationale and business case

5 There was a clear rationale for Kickstart in the summer of 2020.

The Department developed Kickstart in summer 2020, in the context of the ongoing pandemic, the planned end of furlough in October 2020 and an expected rise in youth unemployment. The size and focus of the scheme reflected the Department's aim to make a significant impact for a significant number of young people. The Department aimed to support around 250,000 participants, which was then more than half the total number of unemployed 16- to 24-year-olds who were claiming Universal Credit and searching for work. It wanted to set up something quickly and at scale. It expected that demand for Kickstart places would outstrip its funding and that finding people suitable to support would be straightforward (paragraphs 1.3 to 1.5).

6 The Department based Kickstart on a previous scheme but also made changes it was unable to test before implementation. It based Kickstart on the Future Jobs Fund, which ran from 2009 to 2011, and which had been positively evaluated. However, it did not have time to develop a business case for Kickstart before the government announced its intention to set up the scheme. It designed Kickstart with some significant changes compared with the Future Jobs Fund. This included encouraging more involvement from private-sector employers, as well as public and voluntary sector employers. It expected this would both increase the number of job placements available and mean they more closely resembled 'real' jobs that would help young people find sustained employment after the scheme. The Department recognised this created the risk that some funding might go to businesses that would have created jobs anyway. In addition, whereas the Future Jobs Fund was largely administered by local authorities, the Department decided to administer much of the Kickstart Scheme itself. It therefore had to build its own relationships with employers and develop brand new systems to administer Kickstart, which it was unable to test prior to the launch of the programme because of the limited time available (paragraphs 1.14 to 1.16).

7 Kickstart costs more than the Department's other employment support programmes, but the Department believes the scheme's economic benefits will outweigh the £7,000 per person cost if the scheme achieves two key assumptions.

Kickstart is different from the Department's other current employment support programmes because it aims to create jobs directly and funds participants' wages. As a result, per participant, it costs more than twice the Department's next most expensive employment support scheme. It does, however, have a lower cost per participant than the Future Jobs Fund as it provides employers with less funding for their upfront costs and employability support. The Department's cost-benefit analysis, produced shortly after Kickstart launched, showed that it would likely result in a net loss to the taxpayer. The Department estimates that, taking account of a wider range of benefits, it would generate a return for society of up to £1.65 for every £1 invested if:

- Kickstart participants spend, on average, 52 more days in work (and 80 fewer days on benefits) in the five years after their Kickstart job placement, compared with non-participants – a forecast based on results from the Future Jobs Fund; and
- Kickstart jobs create real economic value, with at least 50% of the economic output of the subsidised jobs being 'additional', meaning they would not have been created otherwise (paragraphs 1.11, 1.12, 1.21, 1.22 and Figures 2 and 3).

8 The Department has plans to evaluate whether Kickstart participants spend more time in work in the longer term. The Department has plans to evaluate Kickstart's impact on participants' employment outcomes over the five years after they complete the programme, using its administrative data to compare Kickstart participants' ongoing employment and time on benefits, to similar non-participants. The Department also plans to assess participants' wider experience of the scheme as part of its evaluation but does not expect to start receiving results from its user survey until December 2021, with Kickstart due to close in March 2022 (paragraphs 1.24 to 1.26).

9 The Department will not be able to say how much of the economic value of Kickstart jobs is additional. In a scheme such as Kickstart there is an intrinsic risk that a proportion of the jobs funded would be created anyway (an effect known as deadweight) or will result in other negative effects in the wider economy, such as ‘substitution’ and ‘displacement’ where Kickstart jobs and hiring result in losses elsewhere. The Department recognised this risk in its business case, assuming that only 50% of the economic output of Kickstart jobs would be additional. It also calculated it could be as low as 30% and the scheme still have a positive social return, if the scheme also has the intended employment impact. The Department considers this to have been a conservative assumption at the time given low demand in the economy and the controls it has in place, but also recognised the risk that non-additionality could increase as the economy recovered. Assessing the additionality of jobs can be difficult, and the Department does not expect its evaluation to achieve a robust estimate of Kickstart’s impact on the wider economy. This means that the Department’s final assessment of value for money will depend on an untested assumption about additionality (paragraphs 1.27 and 1.28).

Implementing Kickstart

10 The Department launched an initial version of Kickstart rapidly, despite disruption caused by the pandemic, and developed it further once in operation.

The Department launched Kickstart on 2 September 2020, after around six weeks of detailed development, and in time for the then expected end of furlough in October 2020. To meet this timetable, the Department adopted an ‘agile approach’, first launching Kickstart as a ‘minimum viable product’. This means it focused on processes that allowed it to open the scheme to applications from employers, even though not all of the supporting systems and processes were ready. As a result, it experienced a number of problems, leading to some criticism from stakeholders about unclear rules, a lack of published data on progress and short notice about changes. The Department made changes in response, continuing to develop its rules, systems, and management information over time. By summer 2021 it was satisfied it had a working product that it could use through to the scheme’s end (which was then expected to be June 2022 but was subsequently extended to September 2022) (paragraphs 1.2, 1.17 to 1.19, 2.3 to 2.5 and Figure 4).

11 Almost immediately after Kickstart launched, the economic situation changed significantly, lowering immediate demand for the scheme. The extension of the furlough scheme from October 2020 reduced the expected surge in youth unemployment. The second and third lockdowns that followed meant that businesses were not able to operate normally and suppressed demand from employers for Kickstart participants. In addition, during lockdown, the Department’s work coaches found it harder to communicate the opportunities available through the scheme and to encourage young people to apply for them. The Department told us that it was only from April 2021, when it more fully reopened job centres and face-to-face interviews with claimants resumed, that its work coaches were able to explain the value of Kickstart to potential participants in person (paragraph 2.11).

12 The number of Kickstart starts is now expected to be significantly lower than 250,000 by December 2021. By 1 November 2021, 96,700 people had started Kickstart jobs. The Department successfully attracted employers to apply for Kickstart grants and offer jobs through the programme. By the end of July 2021 the Department had uploaded around 180,000 job vacancies for people to be referred to. However, the number of young people actually starting those jobs quickly fell a long way behind the Department's planned profile. The Department subsequently extended the deadline for starts under the scheme to March 2022, with the objective of maximising starts under the scheme and is now planning on the basis of achieving 168,000 starts (paragraphs 2.7 to 2.9 and Figure 6).

13 It has generally taken several months to fill the vacancies that have been filled. The Department has focused on monitoring the time taken from the point it receives an application to the point it advertises the associated roles in a jobcentre. The Department's systems and data do not allow it to track how long it has taken from the point an application is made to when each job is filled. The Department's data indicate that it takes on average 62 days to complete administrative checks on each application and advertise jobs in a jobcentre, though this has slowed more recently due to employers taking longer to provide necessary information. The Department's data shows that its processing times for assessing applications, issuing grant agreements and advertising jobs have got quicker over the life of the scheme. The Department's data also suggests that where jobs have been filled it has generally taken several months to fill the job once it has been advertised, although some have been filled much faster. Stakeholders told us that in some cases their vacancies had not received any referrals, or had been removed from the system without prior warning or communication (paragraphs 2.4 and 2.12 to 2.14 and Figure 7).

14 As the Department only pays for each start under the scheme as it happens, lower take-up means it will spend less than it budgeted for. The Department expects to spend £1.26 billion of its £1.9 billion budget by the end of September 2022. As at the end of September 2021, it had spent £356 million, of which £51 million related to administration costs and £305 million was in grants to employers. Of this £305 million, £139 million was start-up payments to cover employers' set-up costs and the costs of providing employability support to participants, while £166 million covered participants' wages (paragraphs 2.6, 2.15 and Figures 5 and 8).

15 The reopening of the economy in the second half of 2021 increased the risk to Kickstart's value for money because more participants might have found jobs anyway and employers might have funded some of the jobs themselves.

The Department recognised that the economic case for Kickstart would be weaker in a situation where employers were creating jobs, and young people were relatively able to find jobs without Kickstart. In summer 2021, as the economic backdrop changed, the Department reviewed the value for money case for Kickstart. Forecasts of UK unemployment had reduced significantly, and the economy showed record vacancies – around 950,000 in the quarter to July 2021. It acknowledged that the case for subsidising employment had diminished but decided that Kickstart was still necessary. This decision was based on: the ongoing economic uncertainty; the fact that the vacancies in the economy were not necessarily suited to some of the young people on Universal Credit; and the need to tackle the scarring effect on the growing number of 16- to 24-year-olds who had been on Universal Credit for over a year. The Department's subsequent advice to ministers proposed extending the deadline for starts under the scheme to March 2022 with the objective of maximising starts. It told us that in its view the value for money of the scheme was protected because: the scheme was demand-led; it directs work coaches to refer only people who would benefit from the scheme and to encourage those capable of securing employment in the open market to do so; and it could adapt the scheme to the changing economic circumstances. It also said it had not detected any evidence that Kickstart was “crowding out” or substituting employers' ability to advertise other jobs (paragraphs 2.18 to 2.22).

Targeting Kickstart at individuals most likely to benefit

16 The Department asks its work coaches to target Kickstart at those most likely to benefit, but it does not know how effective this has been. To be eligible for Kickstart, young people must be aged 16 to 24, claiming Universal Credit, and seeking work. The Department did not set formal eligibility criteria beyond this. For example, its guidance states that Kickstart participants are likely to have been unemployed for at least six months and searching for work, but other groups are still eligible. Overall, 62% of those who started Kickstart up to mid-July 2021 had been on Universal Credit for six months or longer. In line with its wider approach to delivering employment support under Universal Credit, the Department tasked its front-line work coaches with identifying individual claimants who would benefit most. It provides training and guidance to work coaches to help them judge who would be most suitable for the scheme. The Department's reliance on work coaches' discretion rather than fixed eligibility criteria may mean that it is better able to tailor support to individuals' needs, but it could also make greater use of objective indicators to assess how well the scheme has been targeted. (paragraphs 3.4 to 3.9 and Figures 10 and 11).

17 Despite Kickstart, the number of unemployed young people on Universal Credit for more than a year has trebled since the pandemic began. The pandemic saw a sharp rise in 16- to 24-year-olds claiming Universal Credit and searching for work, from 188,000 in February 2020 to a peak of 428,000 in July 2020. This number decreased as the economy began to reopen in May 2021, and by September 2021 the numbers of unemployed young people searching for work and claiming Universal Credit for under six months (69,600) had fallen by 26% on pre-pandemic levels (94,500 in February 2020). However, the number of young people claiming Universal Credit and searching for work for more than a year (the long-term unemployed) has continued to increase from 48,800 in February 2020 to 144,000 in September 2021 (a 195% increase). This reflects a group of new claimants at the start of the pandemic who have remained unemployed since. It remains unclear how quickly this number will fall now the economy has reopened (paragraphs 2.18 and 2.19 and Figure 9).

18 Kickstart was not designed to tackle the disadvantages faced by particular groups of young people on Universal Credit. The Department did not set any targets for participation in Kickstart by particular groups. Instead it relied on work coaches to target the scheme at those most likely to benefit, which the Department expected to include young people with protected characteristics, who often experience labour market disadvantage. A higher proportion of Kickstart participants are from an ethnic minority group (28%) compared with the wider group of Universal Credit participants aged 16 to 24 seeking work (23%). Meanwhile, a lower proportion of Kickstart participants claim disability benefits (1%) than the wider eligible population (3.3%). Some people with disabilities who claim Universal Credit are not able to work, may need additional support before they are ready to take on a job, or may not wish to work (paragraphs 3.10 to 3.16 and Figure 12).

Assuring quality and additionality of Kickstart jobs

19 The Department does pre-award checks to provide assurance over the additionality of Kickstart jobs but does not routinely monitor whether employers deliver on their commitments. The Department requires employers to explain why the jobs for which they want Kickstart funding are additional, as part of the funding application process. It asks employers a series of questions about this aspect of their bid and considers their responses. In July 2021 a review by the Government Internal Audit Agency found that employers understood the requirements around additionality, and that there was a consistent approach to assessing additionality. However, the Department only investigates where concerns have been raised and does not routinely monitor whether employers deliver on these commitments after it has awarded the funding. As set out in paragraph 9 above, the Department does not plan to evaluate the additionality of Kickstart jobs (paragraphs 3.19 to 3.21).

20 The Department does not routinely monitor what employability support and training employers provide to those on Kickstart jobs. The Department requires employers to provide employability support and pays them £1,500 per Kickstart employee to cover the costs. It asks employers questions at the application stage about what employability support they will provide. The Department does not specify what employability support or training employers must provide and does not routinely collect data on what they actually provide. The Department does investigate any specific, potentially serious concerns that its staff or young people raise, including concerns around employability support, non-payment of wages or issues such as health and safety. The Department also plans to collect information on employability support as part of its evaluation of Kickstart (paragraphs 3.24 to 3.28).

21 The Department has less visibility over funding distributed through third party organisations. The Department initially asked employers bidding for fewer than 30 Kickstart jobs to apply via a third-party provider, known as a Gateway. Seventy per cent of Kickstart jobs filled so far have been offered through these Gateways. As part of a review of Gateways in January 2021, the Department acknowledged that it had no visibility of how Gateways were distributing the £1,500 payments for employability support, or how Gateways were applying checks on employability support. It also flagged a lack of visibility over Gateways' checks on the additionality of jobs, although a subsequent review by the Government Internal Audit Agency in July 2021 of 25 Gateways did not identify any concerns about how Gateways apply additionality checks. The Department also introduced more Kickstart District Account Managers who discuss additionality and the quality of jobs with employers and Gateways, but the Department does not collate this information centrally. In February 2021, following lobbying by small businesses to speed up their access to Kickstart grants, the Department stopped appointing new Gateways and allowed smaller employers to apply to the Department directly (paragraphs 1.10, 3.29 to 3.31 and Figure 1).

Conclusion on value for money

22 The Department developed and launched Kickstart quickly in the summer of 2020 to prevent the pandemic causing a significant rise in long-term youth unemployment and a scarring effect on young people's opportunities later in life. In the event, the labour market conditions have developed in ways that were not then expected. Repeated lockdowns meant many of the young people who started to claim Universal Credit at the start of the pandemic were on Universal Credit for over a year before the scheme could get going at scale. As the programme did begin to scale up, the economy was reopening, which increased the risk of government subsidising jobs that would have been created anyway. The Department decided to continue the scheme on the basis that it could have a positive impact for the large number of young unemployed.

23 The overall impact of the scheme depends on the additionality of the jobs funded, the quality of the participant experience, and the targeting of the scheme on those people most likely to benefit. This will not be fully clear until the Department completes its planned evaluation of participants' future employment prospects, several years from now. It is important in the meantime that the Department monitors whether it is on course to achieve its assumptions and can adjust the programme accordingly. The Department relies heavily on its work coaches to target the right young people for the scheme, and on pre-award checks to make sure the jobs created are additional and include an appropriate level of training and support. However, it conducts relatively little monitoring of these aspects after it has funded each job. This means it has limited assurance that Kickstart is actually having the positive impact intended.

Recommendations

24 Our recommendations focus on the key elements that drive the overall value for money of the scheme to help the Department assure itself that it remains on track and so that it can learn from this experience the next time such a scheme is needed.

25 To help ensure the scheme is best targeted, the Department should monitor whether work coaches refer the right people to the scheme by:

- a reviewing and setting out the likely characteristics of the participants most likely to benefit given the changing economy** (for instance, should it focus more strictly on those who have already been on Universal Credit for six months or more?);
- b analysing the population of young people on Universal Credit by these characteristics to assess the numbers likely to be suitable for Kickstart** (including whether these young people are searching for work);
- c publishing statistics on whether support goes to those groups** with the characteristics of participants the Department believes will most benefit from the scheme; and
- d investigating variations from its expectation to ensure it is satisfied that work coaches are using their discretion to appropriately target the scheme at those at risk of scarring** and provide further guidance as necessary.

26 To help ensure the scheme is accessed by those most likely to benefit, the Department should assess why there are many people who are eligible for the scheme in principle but that are not taking up the outstanding vacancies, by:

- e** **collecting information through work coaches as to why young people on their caseload who are eligible for Kickstart are not applying for the outstanding Kickstart vacancies** or failing to get a Kickstart job;
- f** **assessing what it can do to address any barriers identified**, including whether providing additional employability support would give more young people the confidence to take on a Kickstart job (for instance, through its other programmes); and
- g** **reporting the findings to Parliament** so that lessons can be learnt for future schemes.

27 To help ensure that the jobs created additional economic output, the Department should monitor indicators that a job is additional where it can, by:

- h** **conducting routine monitoring and inspection of employers** to establish whether organisations participating in Kickstart fulfil the conditions around additionality they set out in their applications;
- i** **setting out the logical steps and criteria of jobs most likely to create additional economic output** (for instance, the organisation is not hiring for similar unsubsidised jobs) and monitoring as many of those criteria as possible while the programme is live to ascertain whether it is on course to deliver additional economic output; and
- j** **providing in its planned evaluation a quantitative and qualitative assessment of Kickstart's economic impact on participating organisations**, such as changes or increases in output, or changes in business practices.

28 To help ensure Kickstart participants receive high-quality support alongside their jobs, the Department should monitor the support provided, by:

- k** **establishing standards to benchmark the quality and quantity of employability support it expects Kickstart participants to receive**;
- l** **conducting proactive routine monitoring of what employment support organisations participating in Kickstart are providing**; and
- m** **establishing (and on a proportionate basis using) rights to recover funding** if employers provide inadequate employment support.

- 29** To support public and Parliamentary accountability, and long-term value for money the Department should ensure it is transparent by:
- n** **publishing regular, timely statistics on Kickstart’s progress**, including participation rates nationally and locally, early outcomes and data on diversity;
 - o** **monitoring Kickstart’s impact over at least the five years on which its original business case assumptions are based**;
 - p** **publishing the results of its planned evaluation promptly**, when available; and
 - q** **in future schemes, setting out in both the Outline and Final Business Case the management data required to manage the programme** and the scope and schedule of the routine statistics that will be published about the programme.
- 30** To ensure that it is able to implement schemes similar to Kickstart quickly and effectively in the future, the Department should:
- r** **identify what Kickstart design elements, infrastructure, capability and functions it can retain after the scheme is finished** (for example, functionality for work coaches to refer claimants to jobs offered by employers); and
 - s** **conduct a full lessons-learned exercise on how to expand such a programme rapidly**.

Part One

Kickstart's objectives and business case

1.1 This part of the report sets out how the Kickstart Scheme (Kickstart) was designed and evaluates its business case. It sets out:

- the Department for Work & Pensions' (the Department's) rationale and objectives for Kickstart;
- how Kickstart works;
- how the Department went about designing Kickstart;
- the business case for Kickstart; and
- the Department's plans for evaluating Kickstart.

The Department's rationale and objectives for Kickstart

1.2 Kickstart is a job-subsidy programme, operating across Great Britain, aimed at young people on Universal Credit. The Government first announced the Kickstart Scheme on 8 July 2020 as a major element of the Chancellor's Plan for Jobs, which set out its response to rising unemployment during the COVID-19 pandemic.³ The Department is responsible for operating Kickstart and launched it on 2 September 2020.

1.3 Government expected that unemployment would rise following the scheduled end of the Coronavirus Job Retention Scheme (the furlough scheme) in October 2020. In July 2020 the Office for Budget Responsibility's central forecast was that unemployment (of all ages) would peak at nearly 12% by the end of 2020, up from 3.8% in the same period in 2019.⁴

³ HM Treasury, "Chancellor's Plan for Jobs", CP 261, 8 July 2020.

⁴ Office for Budget Responsibility, Fiscal Sustainability Report, July 2020, paragraph 2.43, Chart 2.9.

1.4 The Department was particularly concerned about young people at risk of being unemployed for more than 12 months (the definition of long-term youth unemployment). Long-term unemployment can lead to 'scarring' in later life in terms of lower pay, higher unemployment and reduced life chances compared with others of a similar age. Previous recessions had seen a pronounced increase in this 'scarring' effect which lasted long after the recession. Young people were already more likely to be unemployed before the pandemic than other age groups, and youth unemployment increased at the start of the pandemic. In the early months of the pandemic, unemployment rates among people aged 16–24 increased, from 12.3% in February 2020 to 14.8% in August 2020, compared with 4% to 4.8% for the population as a whole.

1.5 In this context, the Department wanted Kickstart to be a large scale and rapid response to prevent the imminent threat of widespread youth unemployment, and set it up expecting demand for the job placements would easily outstrip supply. It set four key objectives for Kickstart. Kickstart aims to:

- improve employability and the chances of sustained employment for those at risk of long-term unemployment in the 16- to 24-year-olds age group;
- support the creation of jobs that might not otherwise exist;
- provide a quality experience in each job placement; and
- incentivise positive behaviours from job placement holders, making them more attractive to future employers to reduce the scarring effect of unemployment.

1.6 Kickstart has been a central element of the Department's corporate strategy over the pandemic. During the COVID-19 pandemic the Department has prioritised minimising unemployment, particularly among young people, and preventing long-term unemployment.⁵ The Department's July 2021 Outcome Delivery Plan identifies the number of Kickstart participants as one of the Department's key performance measures.⁶ In addition to the Kickstart Scheme, the Department offers numerous other types of employment support, including the £2.9 billion Restart Scheme, which aims to support long-term unemployed people into sustained employment. Our June 2021 report *Employment support* details the different types of employment support provided by the Department.

5 Comptroller and Auditor General, *Employment support*, Session 2021-22, HC 291, National Audit Office, June 2021, p. 19.

6 Department for Work & Pensions, Outcome Delivery Plan: 2021 to 2022, July 2021.

How Kickstart works

1.7 Kickstart is a job-subsidy grant programme, where the Department pays employers around £7,000 per employee to create six-month jobs for young people at risk of long-term unemployment. Eligibility is restricted to Universal Credit claimants, aged between 16 and 24.

1.8 Kickstart was launched with a budget of up to £1.9 billion. The Department aimed to support 250,000 participants to start job placements by the end of December 2021. This was extended in October 2021 to March 2022. This means the last cohort are due to complete their six-month job placements by 30 September 2022.

1.9 Under Kickstart:

- **employers** apply for the grant with details of the jobs they wish to create. They have to explain how these jobs will be additional – jobs they would not otherwise have funded without the Kickstart grant – but useful, adding value to the economy;⁷
- **the Department's Kickstart team** assesses and approves grant applications; and
- **the Department's work coaches**, who support Universal Credit claimants, can review all the available Kickstart jobs and are charged with identifying suitable candidates who are 'opportunity ready' and – in agreement with the claimant – refer them to be interviewed by the employer.

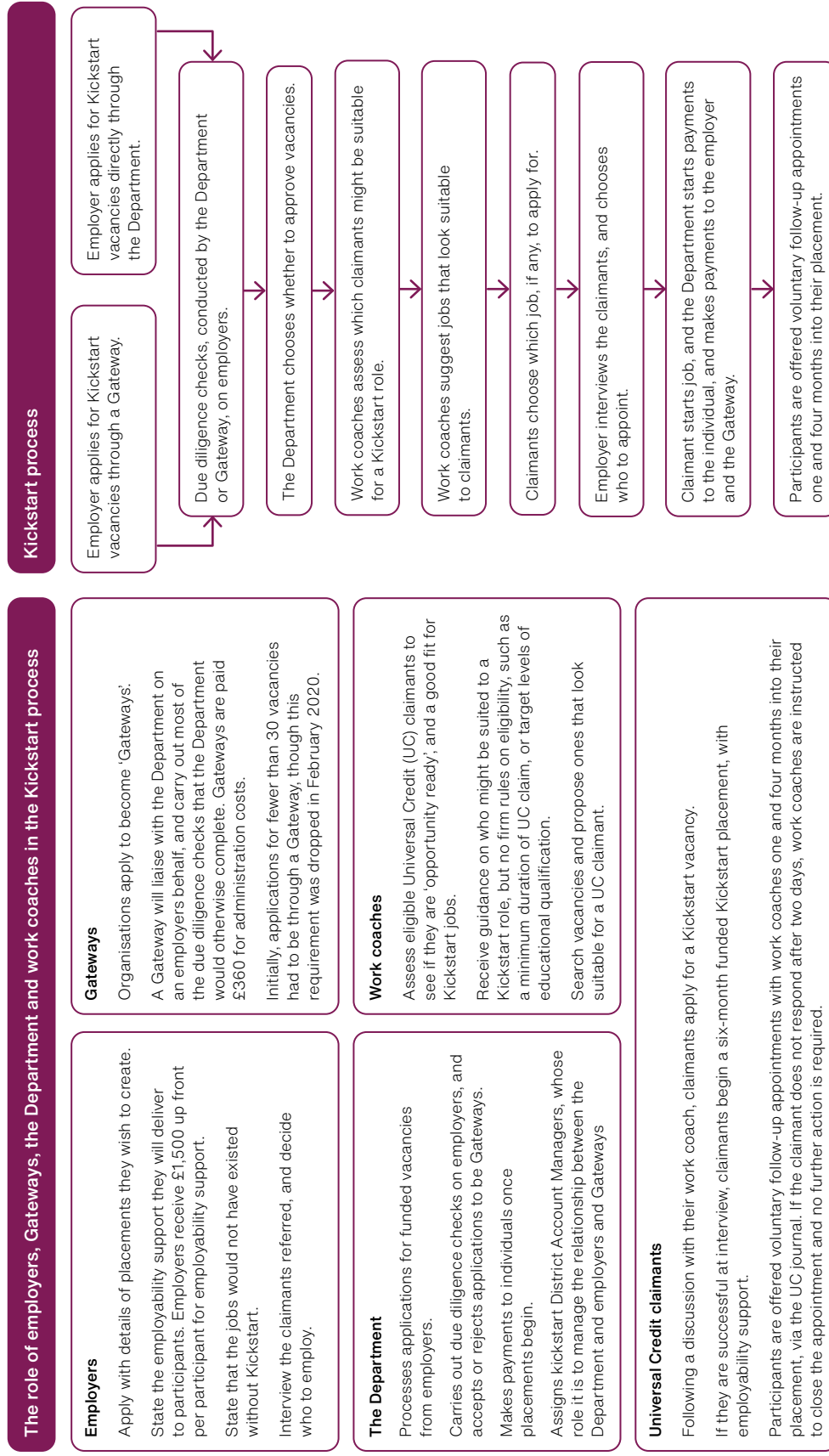
Figure 1 shows how these different elements of the scheme fit together.

1.10 Until February 2021, employers wishing to participate were required to offer 30 jobs or more. However, organisations could also apply to be a Gateway. Gateways were responsible for grouping smaller offers of Kickstart jobs and assessing them on behalf of the Department. We discuss Gateways further in Part Three.

⁷ This "may include on-the-job training, work search support, skills development, mentoring, careers advice and other related support to help the participants find sustained employment after they have completed the Kickstart Scheme". Department for Work & Pensions, Kickstart Scheme Terms and Conditions for Gateways and Employers, August 2021.

Figure 1
The Kickstart administrative process

Kickstart jobs are advertised in jobcentres after the Department for Work & Pensions (the Department) completes a range of due diligence checks on employers' applications for funding



Notes

- 1 This presentation is simplified and does not set out all the administrative steps in between the stages shown.
- 2 Employers must sign and return a grant agreement which sets out the terms of Kickstart funding, before vacancy details can be approved to be sent to work coaches.

1.11 Per person, Kickstart is the most expensive employment support intervention the Department currently offers (**Figure 2** on pages 21 and 22).⁸ This is because, unlike the Department's other schemes, Kickstart aims to directly create jobs. Through Kickstart, the Department pays 100% in arrears of the National Minimum Wage (or the National Living Wage depending on the participant's age) for 25 hours per week, for six months, in instalments.⁹ It also pays employers £1,500 up-front per Kickstart employee, at the start of each job placement, to cover set-up costs and employability training. Gateways receive an additional £360 per Kickstart employee they help place to cover their administration costs. Figure 2 sets out a breakdown of Kickstart funding, which the Department expects on average to work out at around £7,000 per job placement. However, the actual average will depend on factors such as the ages of participants.

1.12 Kickstart is demand-led, which means the number of young people that can access it, and how long the budget will last, depends on the number of people that actually take up Kickstart jobs. Each job placement costs the Department a similar, fixed amount, varying only with the relevant minimum wage for each individual, which simplifies the scheme and means the Department has a reasonably good level of control over the scheme's unit cost.¹⁰ A fixed-cost model does mean, however, that there is no scope to use market forces, such as competition between providers, to increase Kickstart's efficiency.

Designing Kickstart

1.13 The Department began to consider the idea for Kickstart in June 2020, amidst what it recognised was an uncertain labour market. In line with good practice, when designing Kickstart, the Department reviewed past schemes, to incorporate relevant lessons. It identified three principles for maximising benefits:

- **Schemes should be targeted at people who would otherwise face significant disadvantage in the labour market.** The Department partly reflected this in its guidance to work coaches, which set out the types of claimants who would most benefit from Kickstart. However, it did not set hard eligibility rules to target the most disadvantaged – see paragraph 3.4.
- **There should be support for individuals during their job placement, aimed at building their skills and confidence to help them find long-term employment afterwards.** In its scheme design it reflected this principle by providing in its funding for the costs of employability support (although we explain in paragraphs 3.26 to 3.30 that it does not have oversight of how this was spent).
- **Placements should be real jobs that give people useful skills.** The Department reflected this by orientating Kickstart towards creating private sector jobs – see paragraph 1.15.

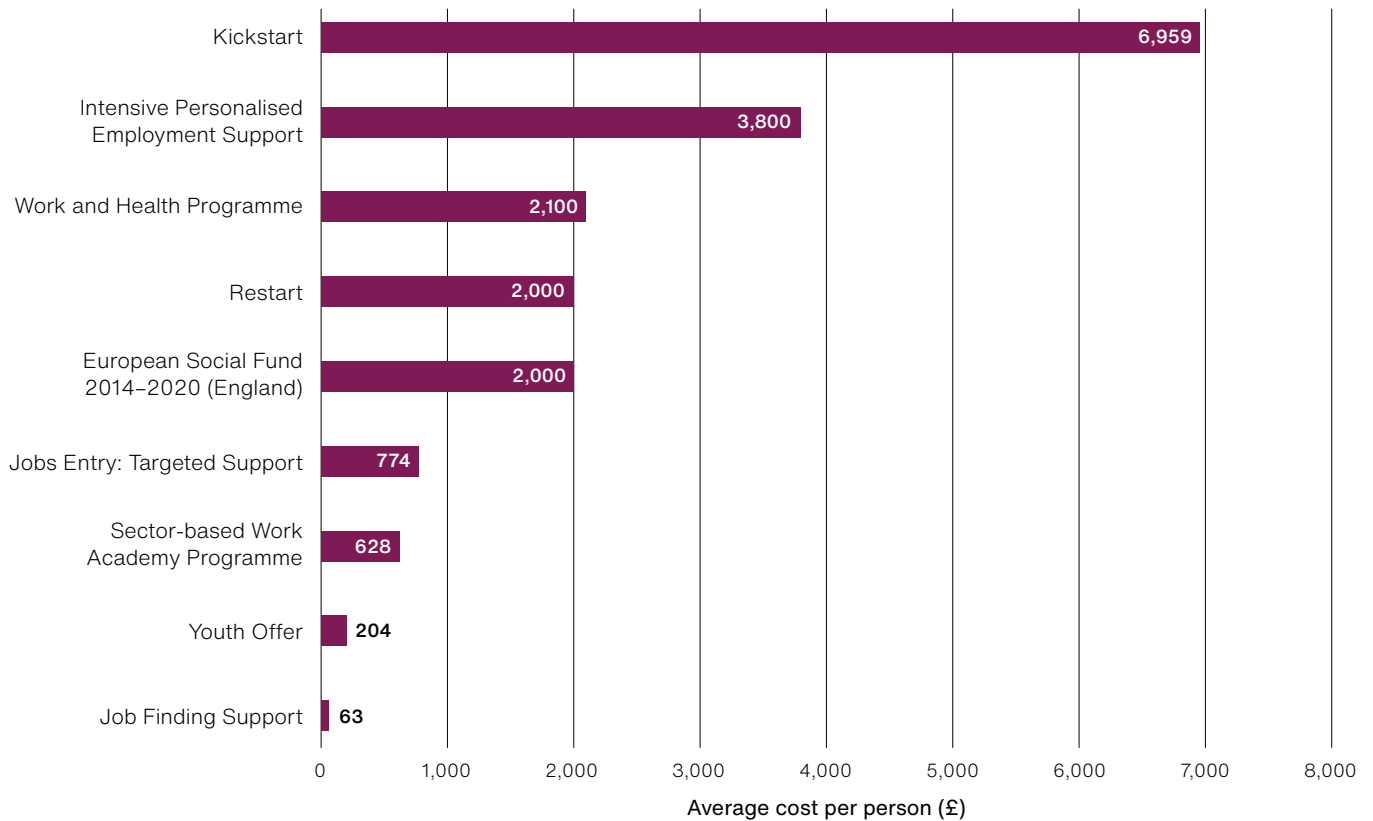
⁸ Comptroller and Auditor General, *Employment support*, Session 2021-22, HC 291, National Audit Office, June 2021, p. 27.

⁹ Private sector employers may top up these wages and provide more paid hours out of their own funds if they choose. Public sector employers accessing the scheme are not allowed to do this.

¹⁰ Additionally, one employer has chosen to take part in the Kickstart Scheme without receiving funding from the Department, and some have decided to voluntarily receive less than the full grant.

Figure 2

Cost of different employment support interventions in 2021-22, on a per-person basis

Kickstart is the most expensive employment support intervention the Department for Work & Pensions currently funds, on a per-person basis


Kickstart Unit costs	Age group					Weighted average (£)
	16-17 (£)	18-20 (£)	21-22 (£)	23-24 (£)	25 (£)	
Average Wages	2,987.85	4,240.19	5,399.37	5,637.82	5,750.37	5,036.82
Pension	-	33.61	68.38	75.53	78.91	57.90
National Insurance contribution	-	-	138.74	171.65	187.18	112.51
Support	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00
Gateway costs	252	252	252	252	252	252
Total	4,739.85	6,025.80	7,358.49	7,637.00	7,768.46	6,959.23

Figure 2 *continued*

Cost of different employment support interventions in 2021-22, on a per-person basis

Notes

- 1 The table shows the estimate of the weighted unit cost across for the Kickstart Scheme using the minimum wage rates for each age group, and assumptions about the share of Kickstart job starts for each age group. This is an updated version of the amounts present in the full business case for the Kickstart Scheme, with amounts changing to reflect the increase in minimum wage from April 2021 and to include Gateway costs. The increase in the minimum wage from April 2022 has not been included in this figure.
- 2 The stated unit costs for Kickstart assume that all Kickstart placements last the full six months, and do not consider any savings the Department may make by not paying Universal Credit to the individual while they are in a Kickstart job.
- 3 As at 1 November 2021, there had also been 1,016 Kickstart job starts at Tesco, for which Tesco opted not to receive grant funding.
- 4 The Gateway cost of £252 is calculated by multiplying the £360 Gateways receive to cover administration costs by the proportion of Kickstart job starts that have come through Gateways (70% as at 9 November 2021). This amount was not included in the unit costings that the Department included as part of its business case.
- 5 Costs for schemes in both the column chart, and table, are illustrative and based on information supplied by the Department for Work & Pensions, and business cases for some of the schemes.
- 6 Each Sector-based Work Academy Programme placement costs the Department £228 in delivery costs and costs the Department for Education £400 in training costs, on average. The Department for Education costs come from: Department for Work & Pensions, *Sector-based work academies: A quantitative impact assessment*, March 2016.
- 7 Youth Offer covers the Youth Employment Programme, Youth Hub and Youth Employability Coaches.
- 8 Jobs Entry: Targeted Support unit cost stated is for England and Wales. The unit cost for Scotland is £986.

Source: National Audit Office analysis of Department for Work & Pensions business cases and stated unit costs

Learning from the Future Jobs Fund

1.14 In particular, the Department drew on its previous job subsidy scheme aimed at young people, the Future Jobs Fund (FJF), which it ran between 2009 and 2011. Like Kickstart, the FJF also provided the costs of a 25-hour week minimum wage job for six months, although it paid a higher amount to cover initial set-up costs (£2,600) compared with Kickstart's employability support payment (£1,500) and was therefore more expensive.¹¹ Although the FJF was cancelled by the then Coalition government as not representing value for money,¹² the Department subsequently published a positive evaluation of the FJF, which found that:

- in the two years after the FJF (excluding the subsidised job placement itself) participants spent eight days less receiving benefits; and 12 days more in unsubsidised employment, than similar non-participants; and
- the FJF produced a net-positive economic return for participants, employers and society as a whole (although still at a net cost to the Exchequer).¹³

11 Adjusted for inflation, the FJF had a unit cost equivalent to £8,334 per participant.

12 House of Commons Debate on 23 May 2011.

13 Department for Work & Pensions, *Impacts and Costs and Benefits of the Future Jobs Fund*, November 2012.

1.15 While the Future Jobs Fund was reviewed positively overall, the evaluations also recorded several criticisms which the Department attempted to address in the way it set up Kickstart:

- **Private sector involvement and the community benefit test**

The FJF had very little private sector involvement. For example, of the 2,500 jobs created in partnership with Birmingham City Council, only 2% were with private employers.¹⁴ Several observers felt that private sector jobs would be more likely to resemble ‘real’ jobs and lead to better employment afterwards. One of the main reasons for the lack of private sector involvement was the condition that FJF jobs had to provide ‘community benefit’. The Department wanted the Kickstart Scheme to encompass private sector employers, and dropped the community benefit condition. The Department says it was seeking a more level playing field for private sector employers as many had been hardest hit by COVID-19, and it was felt private sector work experience would help more young people move into work in these sectors. The Department recognised that this increased the risk that Kickstart would subsidise private sector jobs that would have been created anyway (additionality risk see paragraph 1.27).

- **Pace and scale**

The Department’s aim for 250,000 Kickstart starts between November 2020 and December 2021 (13 months) was more than double the scale achieved by the FJF, which achieved around 105,000 starts between October 2009 and March 2011 (18 months).¹⁵ The Department acknowledged a risk of failure to achieve this target but was confident that increased private sector involvement would boost vacancies.

- **Scheme administration**

The Department decided to take on much of the scheme administration itself, with some through Gateways (paragraph 1.10), whereas the FJF was largely administered by local authorities and other public and voluntary sector bodies. The Department wanted to improve its oversight and increase efficiency, and was concerned that local authorities’ capacity was stretched by their “reduced funding picture” and demands of the pandemic.¹⁶ These changes highlighted two related risks: First, the Department needed to build up its systems from scratch, liaise with employers from all over the country, assure itself of the quality of the jobs those employers offered, and process large volumes at pace. Second, it would need to establish systems to ensure Gateways operated to the standards required of public sector grant-awarding bodies. We examine how the Department managed these risks further in Parts Two and Three of this report.

14 HC Work and Pensions Committee, *Youth Unemployment and the Future Jobs Fund*, First Report of Session 2010-11, HC 472, 2010, paragraph 69.

15 Originally, the Department was aiming for 275,000 starts under Kickstart. This was revised down to 250,000 after the uprating of the National Minimum Wage announced at Spending Review 2020, which increased the per-person costs of the scheme.

16 Local authorities were still able to apply to become a Gateway under Kickstart.

1.16 The speed at which the Department developed Kickstart, in time for the expected end of furlough in October 2020, meant it was not practical to trial these changes to the FJF blueprint, before implementing Kickstart. This goes against suggested good practice but was necessary given the timescales involved.

Consultation with stakeholders on scheme design

1.17 The Department engaged with a wide range of stakeholders to inform the design and delivery of the scheme, including the Employment Related Services Association (ERSA), Youth Employment Group, British Chambers of Commerce, Federation of Small Businesses, Confederation of British Industry (CBI), Movement to Work, and Business in The Community. It also liaised with a network of 240 national employers with whom it had established a relationship over time.

1.18 The Department worked with the Department for Education to ensure that the government's employment support and skills offers complemented each other. Notably, the departments agreed that an employer could employ someone in a Kickstart role, and then at the end of their job placement take them on as an apprentice, and still claim an incentive payment (worth £2,000) for taking on a new employee as an apprentice. Some Gateways and training providers we spoke to complained that, in practice, Kickstart competed with apprenticeships and traineeships, leading to reduced participation in these programmes. However, we saw little evidence of this in national data: while apprenticeships among 16- to 24-year-olds fell by 15% in 2020-21, this was in line with a long-running downward trend; meanwhile traineeships in the same age group rose by 24%.¹⁷

1.19 The Department has also liaised with the devolved governments of Scotland and Wales, which are implementing their own wider youth employment offers.¹⁸ We found some repeated themes in the experiences of both devolved nations. In each case, we heard of close working relationships between officials at the Department and those in the devolved governments. At the same time, officials in the governments of both Scotland and Wales reported being given limited opportunities to input into the Kickstart Scheme's design and little notice of changes made to scheme rules. It was not until November 2021 that the Department provided local data on numbers and locations of Kickstart employers and participants by local authority and constituency, through a Parliamentary Question.¹⁹ Some of these experiences were echoed by English local authorities we spoke to.

¹⁷ National Audit Office analysis of Department for Education, Apprenticeships and traineeships data, accessed 3 September 2021. The figures used are provisional in-year figures for the period August 2020 through to April 2021, compared with the previous year. We reported on the downward trend in 16- to 24-year-old apprenticeship starts in Comptroller and Auditor General, *The apprenticeships programme*, HC 1987 Session 2017-2019 National Audit Office, 6 March 2019, paragraph 2.14.

¹⁸ Scottish Government, "Delivering the Youth Guarantee", press release, 2 September 2021; Welsh Government, "Young Person's Guarantee will help ensure there's no lost generation in Wales", press release, 21 June 2021.

¹⁹ The Department published data on starts at a local authority level (within England, Scotland, and Wales) in November 2021, in response to a Parliamentary Question: Hansard HC, PQ 58900, 5 November 2021. Previously it had been periodically publishing data on starts at a regional level within England, and at a national level for Scotland and Wales, in answers to Parliamentary Questions, for example Hansard HC, PQ 186286, 27 April 2021.

The Department's business case for Kickstart

Developing the business case

1.20 HM Treasury guidance advises departments to undertake an options appraisal for policy interventions before making an investment decision, setting this appraisal out in a business case. The Department produced an outline business case for Kickstart on 20 August, more than a month after the Chancellor announced Kickstart on 8 July 2020. The Department also produced a full business case in October 2020, which HM Treasury approved on 27 October 2020, eight weeks after the scheme had launched. Its approval was on the condition that it and the Department periodically review the quality of job placements, distribution among different regions and sectors, volume of starts, and longer-term outcomes for participants. The Department and HM Treasury began holding joint progress stocktakes, roughly every two months, in February 2021. In addition, the weekly Kickstart Delivery Executive meetings include officials from the Department and HM Treasury. HM Treasury told us it considered Kickstart alongside other options as part of putting together a broader package of support for jobs.

Assessing Kickstart's potential costs and benefits

1.21 The Department did not set out a formal options appraisal but did set out an assessment of Kickstart's costs and benefits in its Final Business Case (**Figure 3** on pages 26 and 27). This concluded that Kickstart could demonstrate positive value for money, generating a wider economic return of £1.25 per £1 invested, a net gain of 25p per £1, in its central estimate. It told us that it currently estimates that this return would rise to £1.65 per £1 invested, a net gain of 65p, once it includes the potential savings from not paying Universal Credit to participants while they are in Kickstart jobs.

Figure 3

The Department's assessment of Kickstart's benefits under different scenarios

The Department for Work & Pensions (the Department) calculated that Kickstart would provide a positive economic return on investment of up to £1.65 per £1 spent but only if key assumptions about its sustained employment impact and the additionality of jobs are met

Scenario	Key scenario features	Return per £1 invested	
		Social (economic) return	Impact on Exchequer
1	Impact on individuals lasts 2 years post-intervention (similar to that measured by the Future Jobs Fund evaluation). Jobs are not additional	£0.11 (an 89p loss)	£0.03 (a 97p loss)
2	Impact on individuals is sustained over a 5 year period, including departmental operational savings	£0.74 (a 26p loss)	£0.19 (an 81p loss)
3 – the Department's central scenario in its business case	As scenario 2, but 50% economic output of Kickstart jobs is counted as being additional, creating wider economic benefits	£1.25	£0.19 (an 81p loss)
4	As scenario 3 but 100% economic output of Kickstart jobs being additional	£1.76	£0.19 (an 81p loss)
5	As scenario 3 but also counting savings in Universal Credit because the Department is not paying participants' benefits while they are receiving wages from their Kickstart job	£1.92	£0.69 (a 31p loss)
6 – revised current estimate	As scenario 5 but using new numbers on the Universal Credit savings calculated as part of the 2021 Spending Review	£1.65	£0.60 (a 40p loss)
Key assumptions in scenarios 3 to 6		Commentary	
Kickstart will positively impact participants' employment prospects, increasing the amount of time they spend in work by 52 days and reducing the amount of time they spend on benefits by 80 days in the five years following the Kickstart job placement. This would lead to savings from reduced welfare spend, reduced operational costs and higher tax revenue.		The Department based this assumption on findings on the impacts of the Future Jobs Fund after two years. In projecting Kickstart's positive impact over five years, the Department was assuming that this influence would be maintained for a longer period (5 years) but would diminish over that time. It did not have any way of assessing the accuracy of this forecast.	
Kickstart jobs create real economic value, with at least 50% of jobs being additional, meaning they would not otherwise have been created, but were economically and socially useful.		While the Department used 50% additionality as a central assumption, it acknowledged it was difficult to judge how realistic this was.	

Figure 3 *continued*

The Department's assessment of Kickstart's benefits under different scenarios

Notes

- 1 Scenario 5 illustrates a scenario the Department developed, as part of its business case, to consider the fact that Kickstart participants will not receive Universal Credit while they are also receiving subsidised wages from their Kickstart job. It did not include this saving in its central scenario because such transfers of resources between people (such as gifts, taxes, grants, subsidies or social security payments) are not normally included in overall calculations of programmes' benefits to society under HM Treasury's Green Book, but in our view the savings represent a real factor in reducing the programme's costs and the revised Scenario 5 is thus the best estimate of the schemes benefits and costs if its key assumptions are achieved.
- 2 The Department has updated its estimates for Scenario 5 (here set out as a new Scenario 6) since producing its business case. It now believes that it overstated the benefits and costs of scenario 5 because it overestimated the amount of Universal Credit participants were receiving (more Kickstart participants receive only the standard allowance and not elements such as childcare or housing); and it overestimated the additional economic output created during the Kickstart placement because more of the jobs are part-time than it expected.
- 3 The Department also made a range of other assumptions, such as the Universal Credit savings from each extra day a participant spent in work and off benefits, which will vary according to the actual characteristics of participants and the outcomes Kickstart achieves. Its full business case assumed 275,000 participants, and a slightly lower unit cost than the Department now expects; therefore, the costs may be slightly higher, relative to the programme benefits, than the Department assumed. The Department's social cost benefit analysis also excludes some wider social benefits that might be achieved from participation in Kickstart which it could not monetise such as reduction in crime (potential benefit to society), the economic multiplier effect (potential benefit to society), and improvements to health and quality of life (potential benefit to individual and society).
- 4 The Department's analysis showed that Kickstart (like the Future Jobs Fund before it) would produce a negative return to the Exchequer under all the scenarios. However, this narrower definition of return on investment is not used to assess value for money and is given for information on the impact on government expenditure only.

Source: Department for Work & Pensions Kickstart Scheme Full Business Case and revised workings

1.22 The Department's projection of a positive economic return from Kickstart rests on two key assumptions:

- **Sustained employment impact:** the Department's central assumption is that Kickstart participants will spend 52 more days in work (and 80 fewer days on benefits) in the five years after their Kickstart job placement, compared with non-participants. If the impact is significantly less than in the Future Jobs Fund or is the same but is not sustained for more years than the two years Future Jobs Fund evaluation showed, then Kickstart could cost more than its benefits and therefore not be value for money in absolute terms.
- **Additionality of the jobs:** the Department's central assumption is that 50% of jobs' economic value is 'additional', meaning they produce economic output equal to 50% of the wage value of the jobs, which would not otherwise have been created without the Kickstart subsidy. If less than 30% of jobs' output is additional then Kickstart would cost more than its benefits and would not be value for money in absolute terms.

Evaluation

1.23 The Department assumed that Kickstart will have both a sustained employment impact on participants and create net additional economic output through the jobs that employers create. To fully assess Kickstart's value for money, the Department would need to evaluate the extent of both these impacts.

Evaluating Kickstart's employment impact

1.24 The Department estimated Kickstart's sustained employment impact on participants using data from the Future Jobs Fund evaluation, which tracked participants for two years following their job placements, and assumed Kickstart would continue this impact for five years. The Department developed an evaluation plan to assess the actual employment impact of Kickstart early in its development of the scheme. This evaluation had two main elements:

- An in-house impact analysis using statistical matching techniques to compare Kickstart participants' outcomes (such as employment after the Kickstart job placement has completed) with similar people who did not participate.
- An externally conducted 'process' evaluation including surveys of participants, employers and Gateways.

1.25 The Department's evaluation is an opportunity to assess Kickstart's impact on different groups of participants. One challenge is that the Department's data have not always been good enough to carry out meaningful analysis. The Department's data on claimants' diversity characteristics, such as ethnicity and disability status, are incomplete. For example, at the time of our 2020 report, *Universal Credit: getting to first payment*, the Department had data on the ethnic groups of only 40% of claims.²⁰ This has since increased, and 74% of new declarations in March 2021 contained these data.

1.26 The Department also aimed to generate results from its externally commissioned process evaluation to feed into Kickstart's development as it went along, as well as providing a summative assessment after the scheme has closed. It has not so far been able to use findings from this part of its evaluation to support the development of the scheme, although it has drawn on internal research activities such as reviewing a sample of participants' Universal Credit journals. The Department had expected the commissioned evaluation fieldwork to start in May 2021 but was still appointing a contractor in August 2021 and was expecting only interim results in December 2021 with Kickstart due to close to new participants in March 2021. The results of the evaluation should still provide a valuable transparency function and lessons for future programmes. However, this strand of work would have been more impactful had the results also been available earlier, particularly given the lack of other data on participants' experience. The Department has told us that it now expects to be able to use the emerging findings from this work to inform referral and job matching until March 2022, and provision of advice and support to claimants, employers and Gateways until September 2022.

Evaluating Kickstart's wider economic impact

1.27 In a scheme such as Kickstart, which involves financial payments to business as well as the public sector to create jobs, there is an intrinsic risk that a proportion of the jobs funded, or their output, will not be 'additional'. Non-additionality could result from, for example: 'deadweight' (when the jobs funded would have been created anyway); 'substitution' (where the creation of Kickstart jobs leads to participating organisations not generating other jobs); and 'displacement' (where organisations participating in Kickstart gain an advantage over rivals, leading to job losses in the wider economy). The Department recognised the risk of non-additionality in its business case, assuming that 50% of the economic output of Kickstart jobs would be additional. The Department considers this to have been a conservative assumption, given the low demand in the economy and the controls in place, although it has no data from evaluations of previous schemes on which to base its assessment. It also recognised that the risks of non-additionality would grow as the economy recovered.

1.28 Assessing the additionality of jobs can be difficult. A robust evaluation would require the Department to map out the 'logic model' supporting the Department's view of the impact it would expect Kickstart to have on organisations, identify short- and long-term objective measures of that impact, and compare the impact to a comparison group.²¹ The Department considers that it will not be possible to evaluate Kickstart's wider economic impact in this way. It considers that a comparison to a 'non-intervention' group of businesses or places would be hard because Kickstart was launched nationally and designed to be accessible to all eligible young people, as part of an emergency response. The Department told us that it expects to ask questions around job quality and additionality, including questions around the motivations for employers to take on Kickstart participants, and the role of the Kickstart Scheme in overcoming barriers to creating new jobs, as part of its process evaluation.

²¹ Department for Business, Energy and Industrial Strategy: *Business Support Evaluation Framework*, 2019.

Part Two

Implementing Kickstart

2.1 This part of the report sets out how the Department for Work & Pensions (the Department) implemented the Kickstart Scheme (Kickstart) and how the scheme has developed over time. It covers:

- how the Department implemented Kickstart at speed;
- the take-up of the scheme; and
- how the Department responded to the changing economic context.

How the Department implemented Kickstart at speed

2.2 The Department worked intensively to develop Kickstart over summer 2020. Despite the disruptions to working patterns and priorities caused by the ongoing COVID-19 pandemic, the Department opened Kickstart to applications from employers on 2 September 2020. This was less than 11 weeks after the first internal discussions of Kickstart in mid-June, and after only around six weeks detailed development. The first Kickstart employees began their job placements in November 2020, shortly after the date the furlough scheme had been due to close.

The agile approach

2.3 To help it launch the scheme quickly, the Department took an agile approach to implementing Kickstart. Its strategy was to launch with a 'minimum viable product' and to sequentially develop service components using a 'just in time' approach, refining and enhancing scheme rules, administrative processes, and management information in operation. The Department prioritised developing systems that enabled employers to apply to register vacancies, as the necessary first step, over systems to enable its work coaches or claimants to search for jobs, and other parts of the process.

2.4 As a result, the Department launched Kickstart with an initial basic grant application process in place, and very little of the internal process or systems to manage the programme fully developed. This led to several challenges and criticism from employers, Gateways and stakeholders, including:

- **Early management information systems relied on manual inputting and spreadsheets, which were vulnerable to human error.** This led to an incident in February 2021 in which the Secretary of State apologised to the House of Commons, via the Work & Pensions Select Committee, for overstating the number of approved vacancies by 10,000, due to a keying error.²² Subsequently, in September 2021, the Committee of Public Accounts criticised the Department for not publishing more timely data, recommending it publish quarterly statistical updates to aid Parliamentary scrutiny.²³ One reason for the Department's reluctance to publish more data was the evolving nature of its own management information. For example, it did not have good systems to monitor the ethnicity of participants, or detailed location of Kickstart jobs, until September 2021. The Department made use of Longitudinal Education Outcomes (LEO) data to provide information about the ethnicity of Kickstart participants.
- **Some scheme rules were under development at the time of launch, causing confusion amongst stakeholders.** Employers, Gateways and stakeholders that we spoke to told us that in the first few months of the programme, the Department was not able to answer their basic questions about how the scheme would work or that one spokesperson would contradict another. One Gateway told us this gave the impression that the Department was not ready for Kickstart to begin operation in late 2020. An employer we spoke to said there was huge confusion about Kickstart's rules and processes in the first quarter of 2021.
- **Work coaches had difficulty searching for Kickstart jobs to help match young people to them.** Initially, once the Department had approved vacancies employers had applied for, it sent details to local job centres in long lists which work coaches could only search by location. Work coaches could not filter or search for specific skills or sectors, making it more difficult for them to identify suitable vacancies for claimants. Gateways, employers and other stakeholders we spoke to expressed a range of concerns around the Department's processes for matching participants to jobs and generating referrals. Stakeholders told us that in some cases their vacancies had not received any referrals, or had been removed from the system without prior warning or communication. The Department later introduced more filtering options to make it easier for work coaches to search for Kickstart Scheme jobs.

²² Dr Thérèse Coffey, Oral evidence given before the Work & Pensions Select Committee, 3 February 2021.

²³ HC Committee of Public Accounts, DWP Employment support, Fifteenth report of session 2021-22, HC 177, September 2021, conclusion 5.

2.5 The Department has responded to this type of feedback and made a number of improvements to its systems and processes. By summer 2021, the Department was confident that it had in place the systems and processes it needed to operate Kickstart, in time for the expected increase in demand for the programme following the end of the third lockdown. However, the way that the scheme has developed has meant that it has been difficult to get accurate and verifiable management information on a number of aspects of the programme throughout the course of the work for this study. **Figure 4** on pages 34 and 35 illustrates some of the ways in which the scheme has developed, within the evolving economic and policy context.

The cost of implementing Kickstart

2.6 As Kickstart progressed from the policy design stage to operational delivery, the number of staff working on Kickstart and the associated cost increased substantially (**Figure 5** on page 36). The number of full-time equivalent staff (FTE) working on Kickstart increased from 196 in December 2020 to 469 in January 2021 and was 1,755 in July 2021. Before the announcement that Kickstart would be extended, the Department forecast that the number of staff working on Kickstart would reduce rapidly from November 2021 as it would have fully developed Kickstart's systems and processes, and because the scheme would be winding down. At that time, the Department expected the total cumulative cost of staff working on the Kickstart Scheme to be around £56 million by March 2022. It has spent £51.4 million of this up to the end of September 2021 (see paragraph 2.15).

Take-up of the scheme

2.7 The Department told us that it did not consider achieving 250,000 starts a formal target for the Kickstart Scheme. However, it acknowledged that achieving a large number of starts was a key success factor for Kickstart that had influenced how it had run the scheme throughout. The Department reaffirmed its aim to "create 250,000 roles through the Kickstart Scheme" in its July 2021 Outcome Delivery Plan.

2.8 The Department was successful at getting employers interested in the scheme, offering jobs and applying for the Kickstart grant. It estimated that it would need around 300,000 offers of jobs from employers if it was to have 250,000 people placed on a Kickstart job, after taking account of job opportunities that would lapse before they could be filled or be withdrawn. By the start of February 2021 it had uploaded 14,200 Kickstart job vacancies for people to be referred to, and by the end of April 2021, it had uploaded more than 100,000. By the end of July 2021, the Department had uploaded a total of 180,000 Kickstart job vacancies.²⁴

2.9 The rate at which these Kickstart vacancies have been filled has been significantly slower, and the number of starts lower, than the Department anticipated (**Figure 6** on page 37). As of 1 November, there had been 96,700 Kickstart job starts. Not all of these starts will translate into full six-month job placements: up to 1 November 16,000 (17%) of all participants had left their Kickstart job early. The Department told us that many of these will have taken up unsubsidised jobs instead. By late summer 2021, it was virtually impossible for the Department to meet its initial expectation of 250,000 starts by the scheduled close of the scheme in December 2021. In July 2021, the Department estimated that if starts continued at their existing rate, it would achieve 106,000 starts by 31 December 2021. In its analysis of the effect of extending the Kickstart scheme to allow starts up to the end of March 2022, which was announced by the Chancellor of the Exchequer in October 2021, the Department set out a revised expectation of achieving up to 168,000 starts by the end of the scheme.

2.10 The take-up of the scheme has been affected by a combination of:

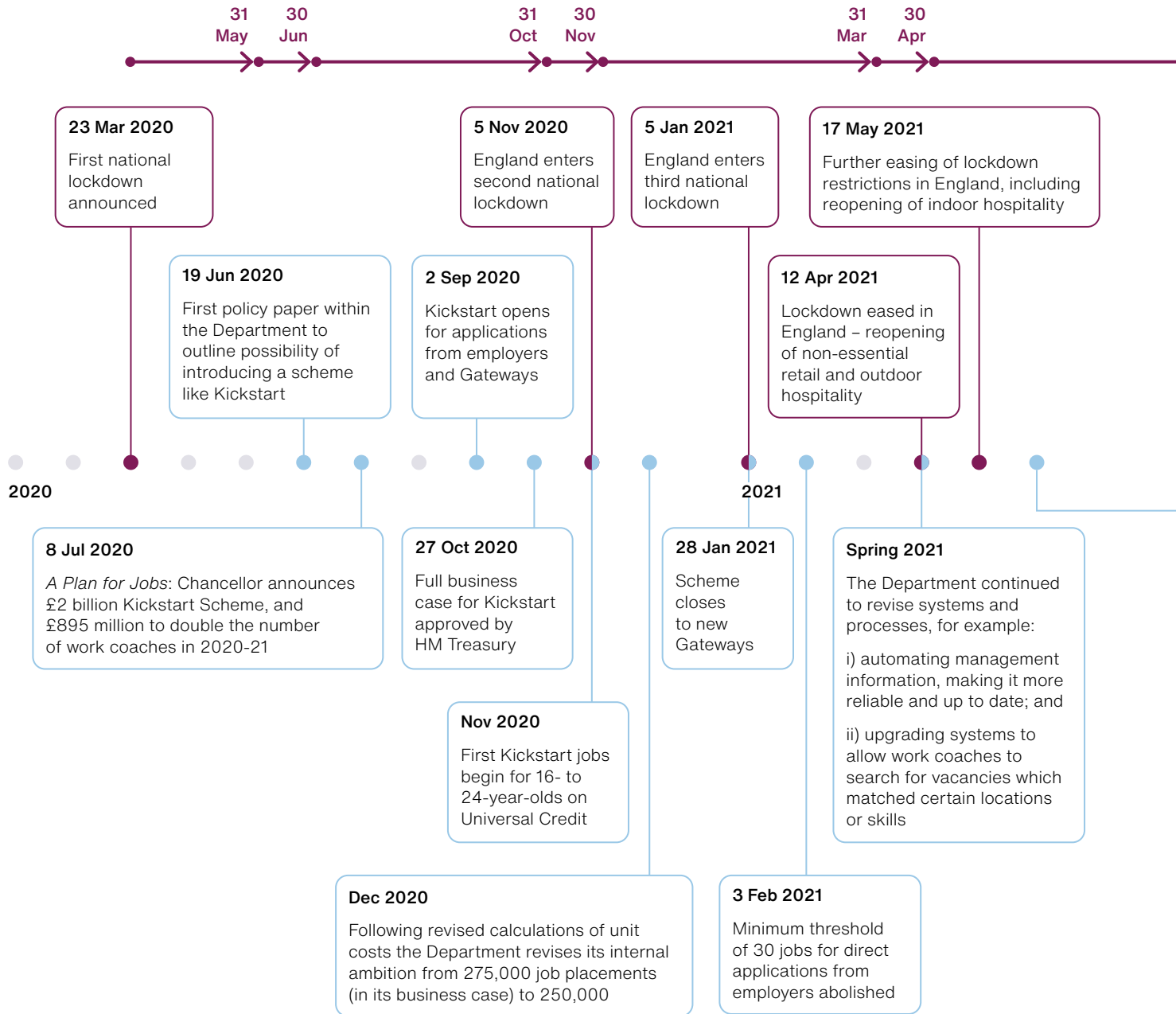
- lower than expected demand due to the evolving pandemic, economic situation and reducing forecasts of unemployment; and
- the length of time taken by the Department to advertise and fill Kickstart roles.

²⁴ The number of Kickstart job vacancies uploaded stated here includes vacancies subsequently withdrawn by the employer, or removed by the Department because the deadline for filling them passed or because the Department considered the job to be “unfillable”.

Figure 4

Timeline of Kickstart design and the relevant policy environment

The Department for Work & Pensions has developed Kickstart’s systems and processes over time, in an evolving economic and policy context



- ➔ Coronavirus Job Retention Scheme (furlough): successive end dates
- Key developments in the Kickstart Scheme
- Wider relevant events

Source: National Audit Office analysis of Department for Work & Pensions data and government press releases; House of Commons Library Briefing Paper CBP8880, *FAQs: Coronavirus Job Retention Scheme*, 8 March 2021

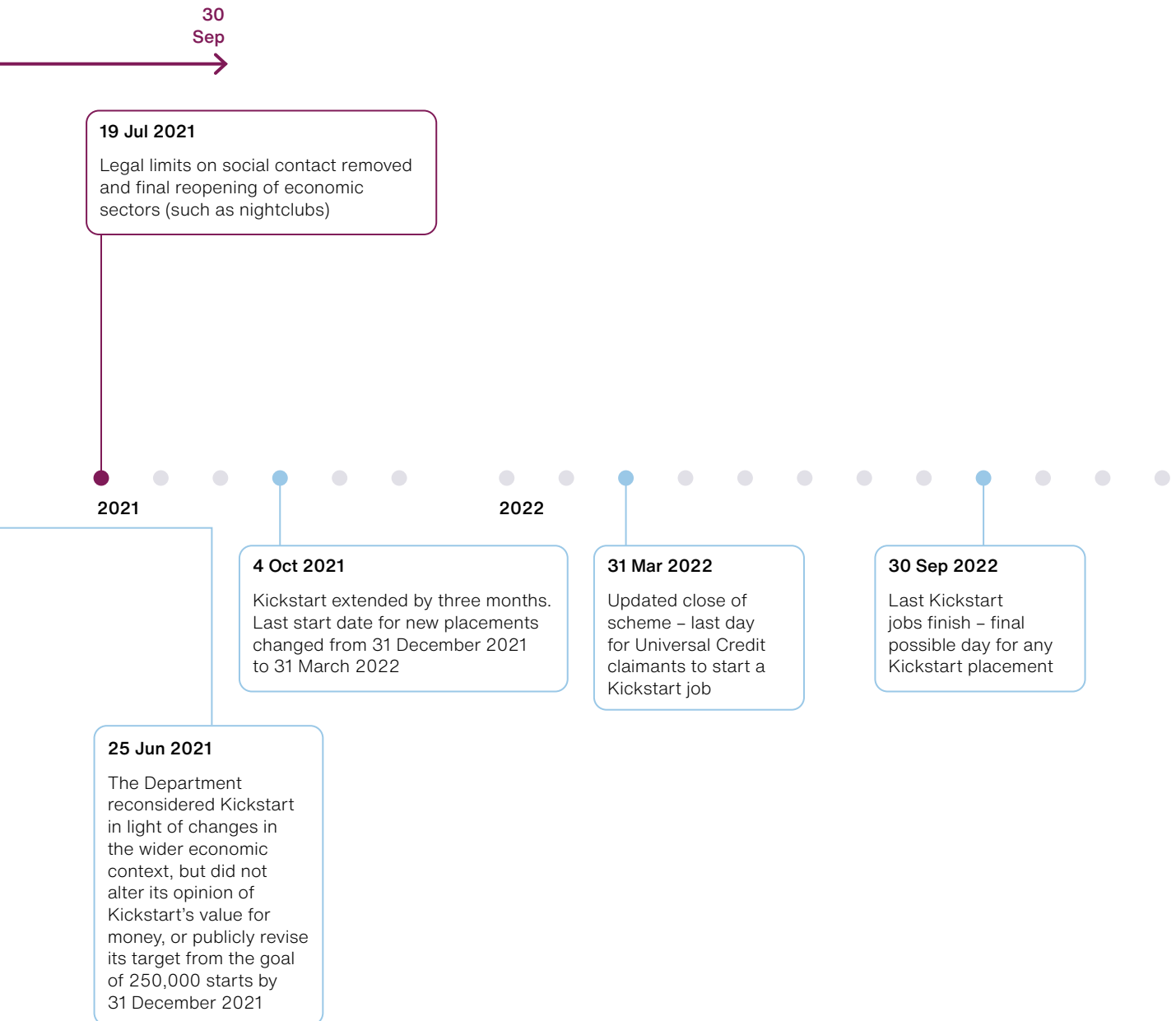
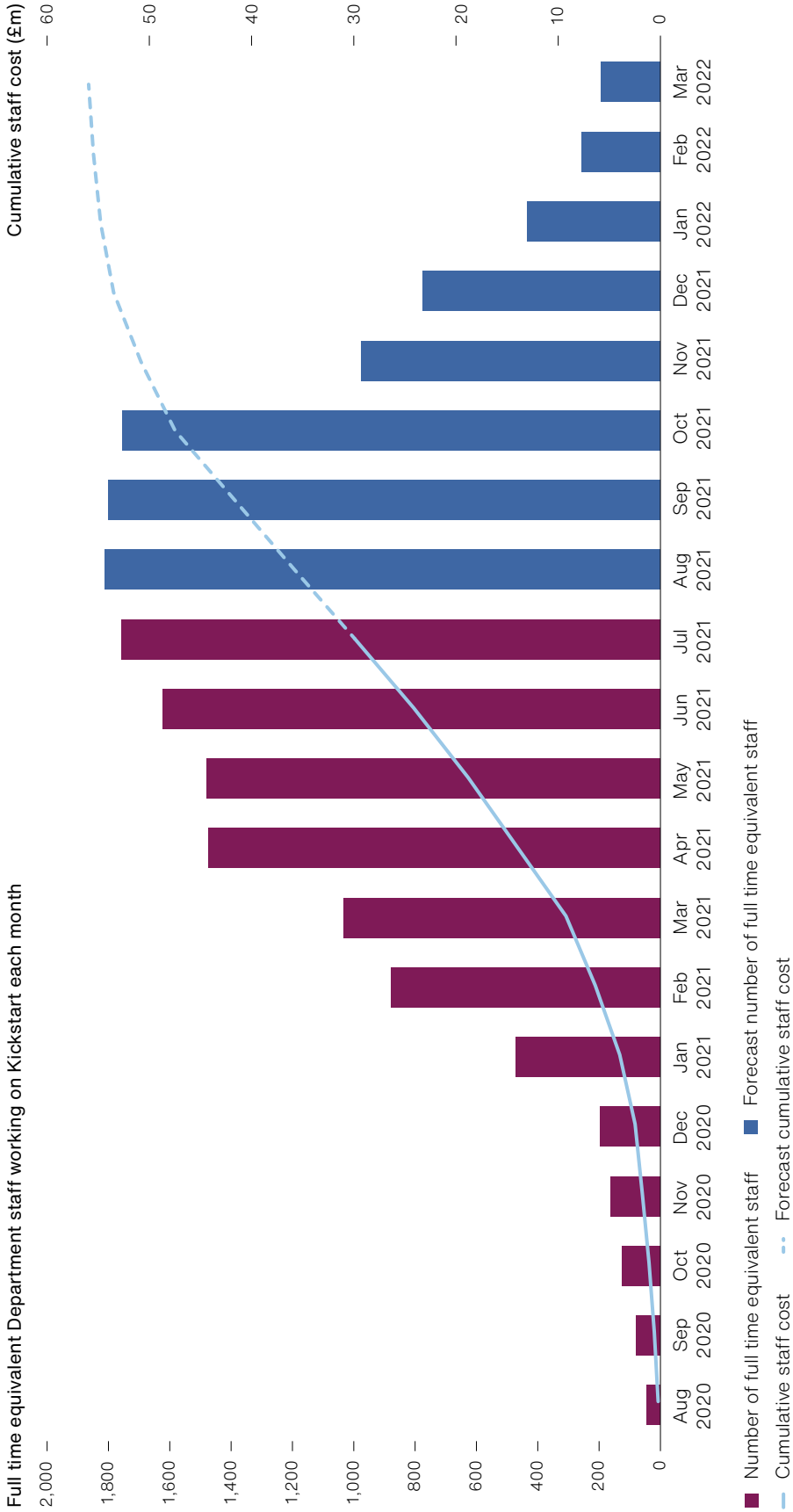


Figure 5
 Number and cost of the Department for Work & Pensions staff working on Kickstart August 2020 to March 2022

In July 2021 more than 1,750 full time equivalent staff were involved in running Kickstart



Notes

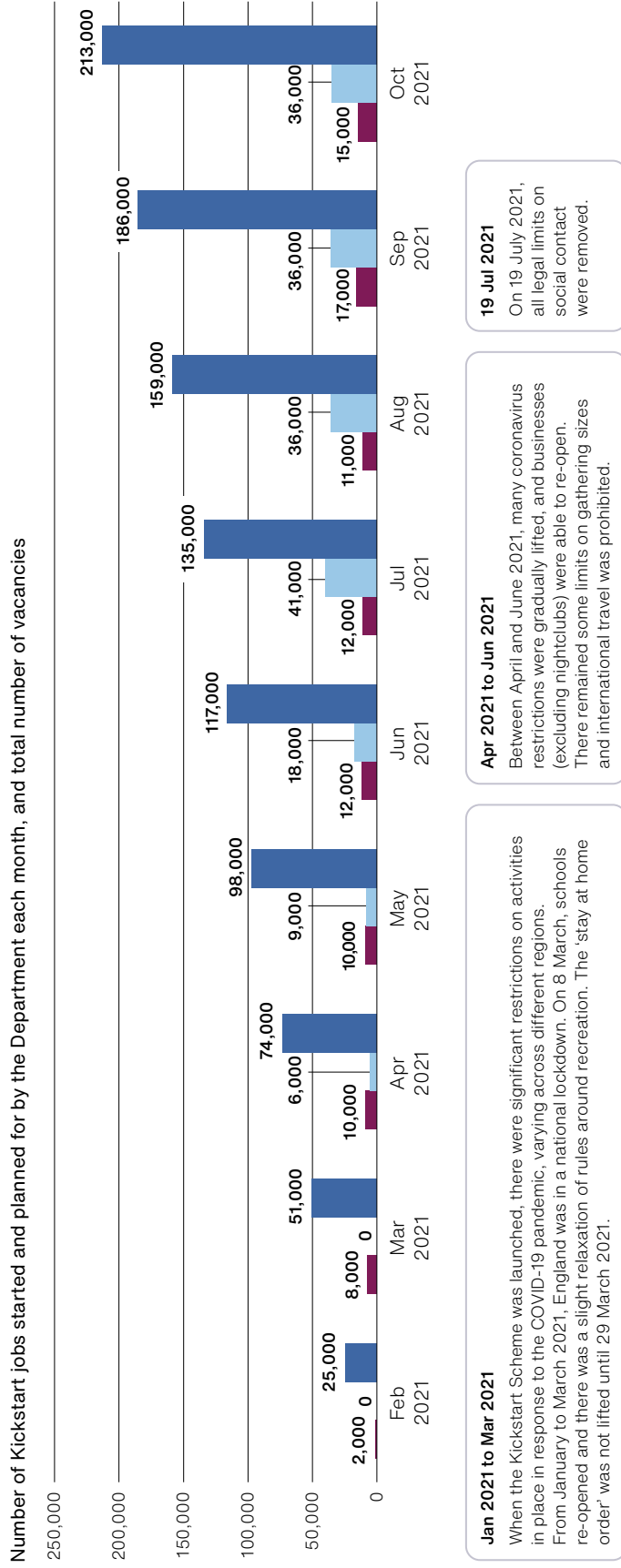
- 1 The full time equivalent and staff recharge amounts shown are actuals until July 2021, and projections thereafter. The Department forecasts the required number of staff (and associated cost) on the Kickstart Scheme, and at the end of each three-month period it will reconcile the actual staff on the Scheme and cumulative cost against those earlier forecasts, and adjust the figures accordingly. At the time of publication, the Department was in the process of reconciling the projections against the actuals for August, September and October 2021.
- 2 The Department did not record the number of staff working on Kickstart before August 2020. Kickstart District Account Managers were only included in the data from April 2021.
- 3 Full time equivalent forecasts and expected costs do not reflect the recent announcement to extend the Kickstart Scheme.

Source: National Audit Office analysis of Department for Work & Pensions (the Department) data

Figure 6
Number of Kickstart vacancies and starts

The number of starts under Kickstart has been much lower than the Department for Work & Pensions (the Department) expected, partly reflecting the impact of national lockdowns and the continuation of the furlough scheme

The Coronavirus Job Retention Scheme was in operation when the Kickstart Scheme was launched. The Coronavirus Job Retention Scheme ended on 30 September 2021.



■ Kickstart job starts in month ■ Number of starts expected under the Department's planning scenario for achieving 250,000 starts by December 2021 ■ Total number of Kickstart vacancies at end of each month

Notes

- 1 The planning scenario for achieving 250,000 starts by December 2021 is the number of job starts that the Department expected as part of its 'lagged scenario'. We presented this as 'Scenario B' in our *Employment support* report published in June 2021. The scenario covered the period April 2021 to December 2021.
- 2 The number of Kickstart vacancies at the end of each month excludes vacancies which have been withdrawn by the employer, or removed because they were not filled before the deadline set by the employer, or because the Department considered them 'unfillable'.

Lower than expected demand

2.11 The number of starts has been affected by the wider economic and policy context in which the scheme has operated. The pandemic, economic situation and forecasts of unemployment evolved soon after the Kickstart programme was launched. The Department, in its internal analysis of the take-up of Kickstart, highlighted three factors:

- **Extensions to the Coronavirus Job Retention Scheme (the furlough scheme):** when Kickstart was being designed, in summer 2020, the furlough scheme was scheduled to close at the end of October 2020. The government then extended the furlough scheme, ultimately to 30 September 2021. This is likely to have reduced demand for Kickstart by keeping large numbers of people in employment.
- **Reintroductions of national lockdown:** the Department considers this had a two-fold effect on Kickstart. First, it reduced demand from employers, many of which suspended vacancies they had applied for, as restrictions meant they were unable to operate their businesses as normal. Second, it created barriers to claimants applying for Kickstart job placements, because work coaches found it harder to have effective conversations over the phone rather than face-to-face.
- **Reopening of the economy:** the reopening of sectors of the economy (which in England began in April 2021, with most restrictions lifted from 19 July 2021) led to renewed demand for labour. This led to more young people finding non-subsidised work in the wider economy than had been anticipated when Kickstart was launched. For instance, in May 2021, nearly four times as many 16- to 24-year-old Universal Credit claimants started a job on the open labour market (37,600) than started a Kickstart job placement (10,400).

The length of time taken to advertise and fill roles

2.12 Some of the employers and Gateways participating in the Kickstart Scheme have complained that the process of securing a Kickstart employee takes a very long time. Employers highlighted delays, both in the Department's processes for accepting bids for vacancies, and in receiving referrals of young people from the Department to interview for Kickstart jobs.

2.13 The Department has focused on monitoring the time taken from the point it receives an application from an employer or Gateway, to the point it advertises the associated roles in a jobcentre. The Department's data indicate that on average it has taken the Department around 62 days (two months) to approve a Kickstart application, get relevant information from the employer and put the job vacancy on its systems before a work coach could offer it to a Universal Credit claimant (**Figure 7** on pages 40 and 41). More recent applications have taken longer to process, because employers are taking longer to provide the relevant information for the job after making their application. The Department also told us this measure is increasing because it is chasing employers with outstanding applications. As a result, jobs loaded onto the Department's system in October 2021 took 161 days (five months) from the receipt of the application to advertising the job.

2.14 The Department's systems and data do not allow it to track how long it has taken from the point an application is made to when each job is filled. The Department's data suggest that, where the job has been filled, it has generally taken several months to fill each job once it has been advertised, although some have been filled much faster. The Department told us there are a number of reasons for the delay in filling the roles once advertised. These include:

- that at any one time around 10% of all jobs were put on hold by employers (for instance as they waited for the end of lockdown);
- the impact of lockdowns and the rate that suitable young people have volunteered for the programme;
- a mismatch between job locations and the available young people; and
- some of the jobs are in sectors less attractive to young people.

Scheme expenditure

2.15 Although Kickstart has a budget of £1.9 billion, its actual expenditure is likely to be much lower, reflecting the lower than anticipated take-up of the scheme (**Figure 8** on page 41). In extending the scheme so that participants could start job placements up to the end of March 2022, the Department set out an expectation that it would eventually spend around £1.26 billion, including the cost of running the scheme. As at the end of September 2021, nearly half of the Department's grant expenditure of around £305 million had been on start-up payments, with the other half being payments to cover participants' wages. The majority of grant payments had been to employers via Gateways rather than to employers directly. Some £51 million had been incurred running the programme (around 14% of total expenditure at that point).

Figure 7 Time taken from Kickstart application to a participant starting a Kickstart job

It has taken an average of two months for the Department to process a grant application from receiving the application to advertising the job on its system. This has since increased due to employers taking longer to respond to inquiries

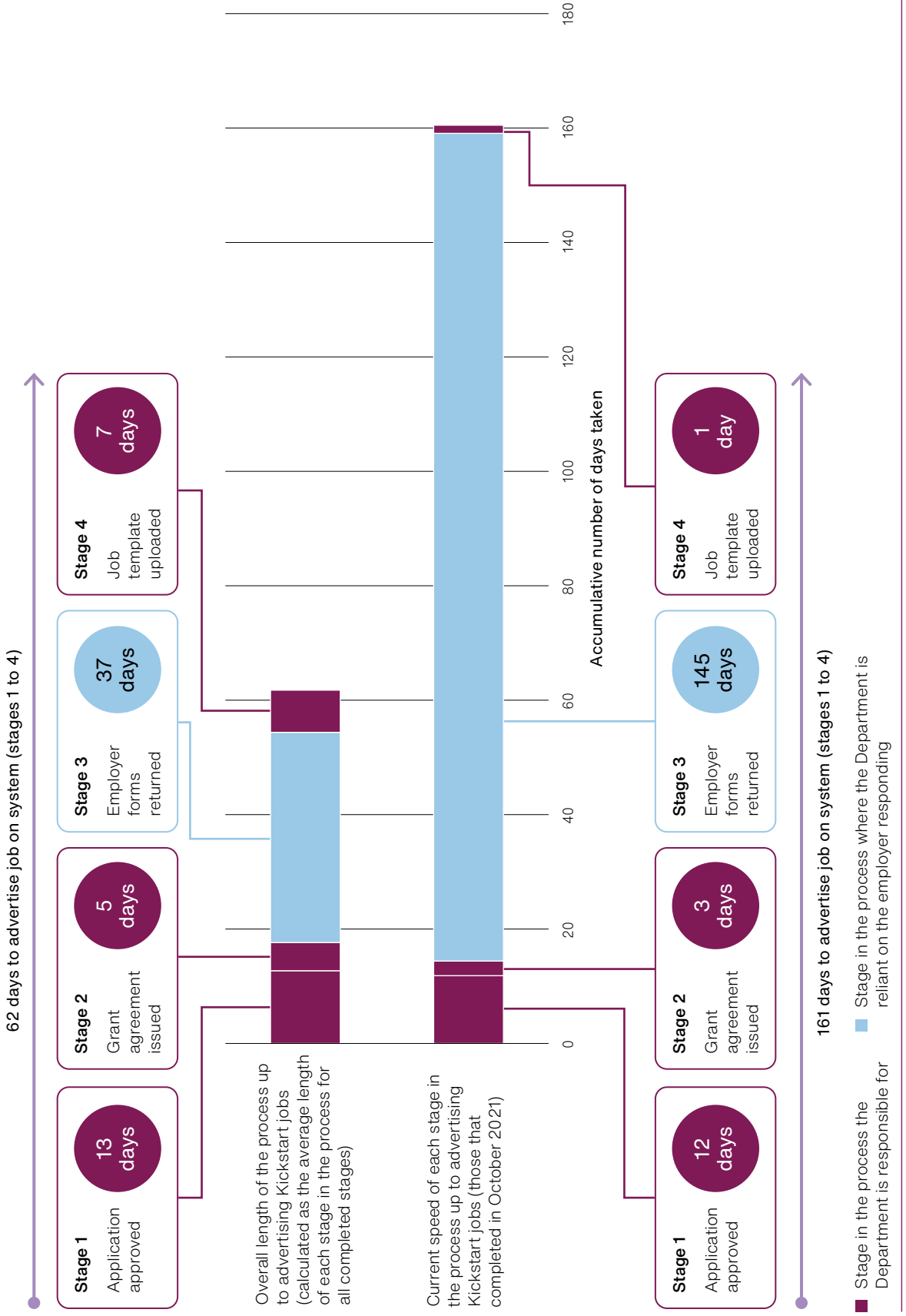


Figure 7 *continued*

Time taken from Kickstart application to a participant starting a Kickstart job

Notes

- 1 The Department for Work & Pensions (the Department) could not provide information on the overall length of the process for each job actually filled, but instead provided data for each stage in the process that had been completed up to the point the role was advertised. The overall average is therefore presented as the total for each stage in the process up to that point. The time taken for each stage of the process includes all items that have reached that stage of the process. For example, a job that had a grant agreement issued but had not yet been uploaded, would be included in all the calculations for the average number of days up to issuing the grant agreement but not in the calculation of the number of days to advertise the job.
- 2 The sections showing 'Application approved', 'Grant Agreement issued', and 'Job template uploaded', are all showing the number of days taken by parts of the process for which the Department is responsible. 'Employer forms returned' is the number of days waiting for employers to provide the required paperwork.
- 3 The stage titled 'Employer forms returned' uses the time taken for employers to return their job template to the Department. There is also a requirement for employers to return their grant agreement. Return of the grant agreement has taken around 15 days over the life of the scheme, and 14 days in October 2021. Return of the grant agreement can be, but is not always, completed at the same time as the job template return, and so has not been included in this figure.

Source: National Audit Office analysis of Department for Work & Pensions Data

Figure 8

Expenditure on Kickstart by the Department for Work & Pensions (the Department) to the end of September 2021

Compared with the original budget of £1.9 billion, expenditure on Kickstart has been lower than the Department expected, due to the low take-up of the scheme

£ million		Employers	Gateways	Total
Grant payments to employers and Gateways	Start-up payments	36.8	101.8	138.6
	Wage payments	51.3	114.7	166.0
Total grant payments		88.1	216.5	304.6
Investments and running costs				51.4
Total expenditure				356.0

Notes

- 1 Does not include depreciation of £1.1 million.
- 2 The Department estimated the split of expenditure through Gateways and to employers directly based on participant numbers recorded in its management information systems. It was not able to provide this breakdown directly from actual expenditure figures.
- 3 As the scheme progresses and participants spend more time in Kickstart jobs the proportion of total expenditure on wage payments can be expected to increase, and the proportion on start-up payments, investments and set-up costs can be expected to decrease.

Source: National Audit Office analysis of Department for Work & Pensions data

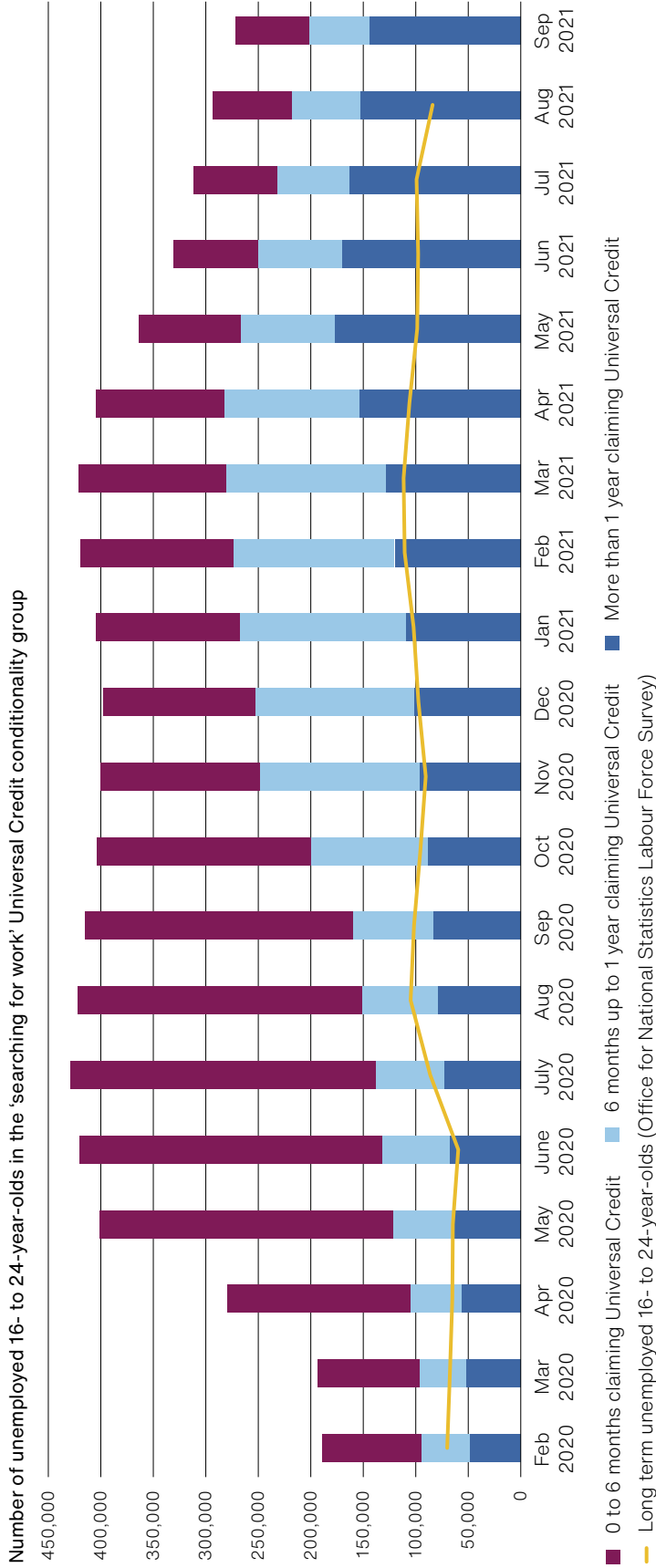
The number of long-term unemployed

2.16 In the event the headline rate of unemployment has remained close to or below 5% throughout the pandemic. However, the number of longer-term claimants has continued to rise because many of those that joined Universal Credit at the start of the pandemic remained on it (**Figure 9**). While the number of shorter-term Universal Credit claimants searching for work and aged 16 to 24 had dropped below pre-pandemic levels by September 2021 (69,600 had been claiming for under six months, compared with 94,500 in February 2020, a drop of 26%), the number of Universal Credit claims from young people which had lasted more than a year rose from 48,800 in February 2020 to 144,000 in September 2021, a rise of 195%. It remains unclear how quickly this number will fall as the economy continues to open up.

2.17 The number of young people reported as on Universal Credit and searching for work (and who are potentially eligible for Kickstart) may overstate the number of unemployed young people. For instance the Office for National Statistics (ONS) produces data about the duration of unemployment by different age groups based on the Labour Force Survey. This shows an increase in people aged 16 to 24 who have been unemployed for more than 12 months from 70,000 in January to March 2020, to 83,900 from July to September 2021. While these data do not overlap exactly with the available time periods for the claimant count data, they show a pattern of fewer young people being identified as long-term unemployed through the ONS dataset than is suggested by the claimant count data, and of a less marked increase in this population since early 2020. The Department is unable to fully reconcile the claimant count data to the unemployment figures, but it did identify some reasons for why the two might differ. These include:

- claimants who are self-employed, and those on the Universal Credit health journey (that is, waiting for a Work Capability Assessment (WCA) or WCA outcome to be determined). These claimants will be included in the claimant count, but would not meet the definition of unemployment used in the ONS statistics;
- claimants who are employed or self-employed but who have very low earnings and are required to search for more work under Universal Credit, but who are not formally unemployed; and
- when a Universal Credit claimant starts work they will not be removed from the claimant count figures until the end of their assessment period after earnings are noted in Real Time Information. This means that the claimant count has a small time-lag compared with the ONS unemployment figures.

Figure 9
 Length of Universal Credit claims by unemployed young people in the 'searching for work' conditionality group
 Between February 2020 and September 2021, the number of unemployed young people claiming Universal Credit for over 12 months increased by 195%



Notes

- 1 The figure shows 16- to 24-year-olds in receipt of Universal Credit, who are classified as not in employment and who are in the 'searching for work' conditionality group. This represents the group of people most likely to be referred to a Kickstart job placement.
- 2 Conditionality refers to the work-related activities a claimant will have to do in order to get full entitlement to Universal Credit. Each person will be assigned one of six conditionality regimes by the Department for Work & Pensions (the Department), based on their assessed capability and circumstances. The searching for work conditionality regime is where the claimant is not working, or is working with very low earnings. The claimant is required to take action to secure work, more work, or better paid work. The claimant's work coach supports them to plan their work search and preparation activity.
- 3 The figure also shows 16- to 24-year-olds who have been unemployed for 12 months as recorded by the Office for National Statistics (ONS) (Labour Force Survey, Table UNEM01: Unemployment by age and duration, seasonally adjusted). This data is released each month, covering a three-month period. In the figure, we have used the central month in each three-month period as the month to plot data against. For example, the data for July – September 2021 (which is the most recent data published by the ONS, released on 16 November 2021), is shown as August 2021 in the figure.
- 4 The level of unemployment as recorded in the Labour Force Survey is normally higher than the number of Universal Credit claimants who are unemployed and searching for work, because some unemployed people do not claim Universal Credit. The most significant reasons why it might be lower at the moment are likely to be that the claimant count includes people in employment and self-employment (that is who are employed) without significant earnings and those that are waiting for a work capability assessment.
- 5 Universal Credit claimant count numbers for September 2021 are provisional, and are subject to change in future releases of information by the Department.

Responding to the changing economic environment

2.18 In our June 2021 report on the Department's employment support, we highlighted that, as patterns of unemployment following the pandemic became clear, the Department might need to adapt its employment support programmes in response. The Department recognised this challenge and need to monitor the labour market carefully in its business case and many of its ministerial submissions in the early stages of designing Kickstart.

2.19 By summer 2021, both the Department and HM Treasury noted that the economic context in which Kickstart was operating was substantially different from that expected when the Department designed the scheme.²⁵ In March 2021 the Office for Budget Responsibility (OBR) produced a new central forecast that unemployment would peak much lower and later than had been feared, at 6.5% (2.2 million) in the final quarter of 2021.²⁶ By July 2021, the government had announced the reopening of the economy and economists were warning about potential labour shortages. There were also around 950,000 job vacancies (May to July 2021), around 165,000 more than the pre-pandemic level (January to March 2020): seasonally adjusted, these figures represented the highest number of job vacancies since records began in 2001. Vacancies increased further to around 1.2 million by the period August to October 2021 and labour shortages in agriculture, hospitality and of HGV drivers were widely reported.

2.20 The reopening of the economy in the second half of 2021 increased the risk to Kickstart's value for money because more participants might have found jobs anyway and employers might have funded some of the jobs themselves. Taking this changing economic context into account, the Department reconsidered Kickstart's value for money case in June 2021. The Department's analysis identified a number of uncertainties, making it difficult to assess whether the original economic returns from Kickstart were likely to be achieved. However, it also highlighted a growing risk of perverse incentives and reduced value for money were the Department to continue to prioritise 250,000 Kickstart starts when there were high numbers of vacancies being created anyway that employers were struggling to fill. The Department's analysis suggested Kickstart might achieve better value for money by focusing more on those young people who most needed support to find employment.

²⁵ Comptroller and Auditor General, *Employment Support*, Session 2021-22, HC 291, National Audit Office, June 2021, p. 30.

²⁶ Office for Budget Responsibility, *Economic and Fiscal Outlook*, March 2021, paragraph 1.27.

2.21 While the Department acknowledged that the case for subsidising employment had diminished it decided that Kickstart was still necessary because of: ongoing economic uncertainty; vacancies in the economy not necessarily being suited to some of the young people on Universal Credit; and the need to tackle the scarring effect on the growing number of long-term unemployed 16- to 24-year-olds. The number of unemployed young people claiming Universal Credit for more than one year (the long-term unemployed) has trebled since the start of the pandemic (Figure 9 and paragraphs 2.16 and 2.17 above).

2.22 Following this review, the Department did not formally alter its assessment of Kickstart's value for money, or publicly revise its ambition of achieving 250,000 starts by 31 December 2021. In its 31 August 2021 advice to ministers, the Department proposed extending the deadline for starts under the scheme to March 2022. The Department stated that it prepared this advice with the objective of maximising starts under the scheme. The Department has continued to seek ways of increasing volumes of appropriate starts, and did not formally reprioritise Kickstart around support for longer-term claimants, for example by setting a minimum duration on Universal Credit to be eligible.²⁷ It told us that in its view the value for money of the scheme was protected, partly because the scheme was demand-led and so if it could not find enough suitable candidates to refer it would simply result in fewer people accessing the scheme. It reiterated guidance to work coaches stating that they should focus on supporting those who, in their opinion, would most benefit from support, and provided new training materials to support work coaches to make appropriate referrals, including reinforcing that they should not seek to place claimants in Kickstart jobs who were likely to find employment in the wider economy. It also said it had not detected any evidence that Kickstart was "crowding out" or substituting employers' ability to advertise other jobs.

²⁷ In September 2021, the Department opened up the scheme to Universal Credit claimants who are already employed or self-employed, but who have very low earnings. It also trialled a very small extension of the scheme to cover 25- to 29-year-olds at risk of long-term unemployment, but has so far decided not to open Kickstart up to this group nationally.

Part Three

Managing Kickstart's value for money

3.1 In this part we review how the Department for Work & Pensions (the Department) managed the Kickstart Scheme's (Kickstart's) value for money, focusing on how it managed the two factors it identified as key to the scheme's impact:

- targeting of spending on claimants most likely to benefit, to maximise the impact on participants' longer-term employment outcomes; and
- assurance that the jobs being created were additional to what would otherwise have been created, and provided appropriate employment and employability support to participants.

This part also looks at how the Department has used Gateway providers who were meant to help provide assurance over the quality and additionality of the jobs.

Targeting spending at individuals who would most benefit from support

The Department's target population

3.2 It is good practice in running grant schemes for the Department to think clearly about the target group of participants who would be most likely to benefit from the intervention (and thereby maximise the scheme's benefits).

3.3 The Department restricted eligibility for Kickstart to those claiming Universal Credit, aged 16 to 24, and wholly unemployed (not earning anything). Within this pool of claimants, the Department envisaged Kickstart as being most suited to an optimal group of people who were at risk of long-term unemployment because they needed some help to find work but did not have any significant barriers that would prevent them taking up a Kickstart job. In September 2021 it opened up the scheme to Universal Credit claimants who are already employed or self-employed, but who have very low earnings.

Work coaches' responsibility for applying the criteria

3.4 In line with its wider approach to delivering employment support under Universal Credit, the Department tasked its work coaches with identifying suitable young people from their caseload of Universal Credit claimants and gave them guidance reflecting its view of the optimal group to target (**Figure 10**). The Department provides training and guidance to its work coaches to help them judge who would be most suitable for the scheme and to help ensure that they do not seek to place claimants in Kickstart jobs who were likely to find employment without a job subsidy. The Department did not, however, set work coaches any firm rules (such as a minimum duration of Universal Credit claim, or target levels of educational qualification) to restrict Kickstart's eligibility to those most likely to benefit.

Figure 10

Guidance to work coaches on claimants most suited to Kickstart

The Department for Work & Pensions (the Department) issued guidance to help its front line work coaches assess whether a young person would be a good fit for a Kickstart job

Kickstart would be most suitable for claimants who:

- require some support in finding and obtaining work and are struggling to compete in the open labour market;
- are likely to struggle to find work on their own and are at risk of becoming long-term unemployed; and
- are likely to have been unemployed for six months or more and be in the intensive work search regime (although those under six months are still eligible).

Kickstart may not be suitable for claimants who:

- are very close to the labour market, for example, awaiting the outcome of a job interview;
- are regularly attending and performing well in job interviews and application processes for work outside of the Kickstart Scheme; and
- would benefit more from other support or provision before they can be ready to apply for or move into work.

Note

- 1 In addition, the Department's business case suggested that claimants were likely to be suitable if: experiencing one or more specific disadvantages (provided these are not barriers to being able to meaningfully engage with the opportunity without other support first), such as being a care-leaver or prison-leaver; or if in a particular priority group (such as living in a serious violence hotspot area, or being a young carer).

Source: National Audit Office analysis of Department for Work & Pensions training material for work coaches

3.5 The Department's view is that work coach discretion and not having fixed rules for eligibility meant it could target the scheme more quickly at certain groups potentially at risk of long-term unemployment (for example, education leavers, or people coming off furlough) without having to wait for them to remain unemployed for a prolonged period (for example, six months or more). The Department's reliance on work coach discretion can mean that it is better able to tailor support to individuals' needs. However, it could strengthen its approach by making more regular and frequent use of objective indicators and its data on Kickstart participants' characteristics to monitor how well the scheme has been targeted, building on the analysis it undertook in July 2021 that we set out below.

3.6 The one indicator of participants' suitability for Kickstart that the Department has monitored is the number of Kickstart participants who have been on Universal Credit for more than six months (**Figure 11**). Sixty-two per cent of those who started Kickstart up to mid-July 2021 had been claiming Universal Credit for more than six months. This had gradually increased as the number of people starting a Kickstart job placement had increased. This may reflect better targeting by work coaches over time (see Figure 10). The Department has not monitored how long Kickstart participants had been on Universal Credit when they started their job placement since July 2021.

3.7 The Department could not provide any analysis of how many Kickstart participants met the definition of long-term unemployed, or how many were part of the initial wave of Universal Credit new claims in the spring of 2020.

Improving work coaches' targeting

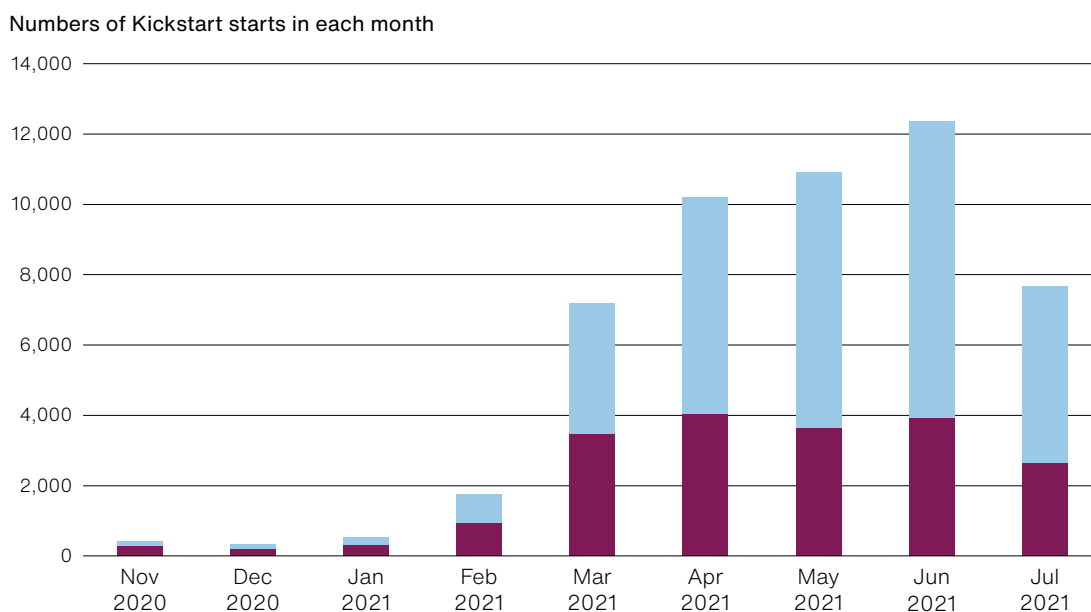
3.8 The Department told us that, during lockdown, referrals may have been less well-targeted. Its inability to conduct face-to-face interviews meant in many cases work coaches made block referrals of claimants to employers, without first discussing the suitability of vacancies with them. The Department told us this situation improved in April 2021 after the lockdown when it opened its jobcentres more fully and Universal Credit claimants started to attend routine interviews in person, with priority given to work coaches seeing young people in face-to-face interviews. In July 2021, the Department provided training to help work coaches make more informed referrals, based on its observations of good practice to date.

3.9 The work coaches we spoke to confirmed that they did not feel pressurised to deliver 250,000 starts on Kickstart. The Department told us it was aware of how work coaches used their discretion to deliberately steer some claimants, who were better equipped to get a job on their own, towards the open labour market. The Department said this enabled them to invest more time in supporting those who faced additional barriers to find a job through Kickstart.

Figure 11

Length of time on Universal Credit before participants start Kickstart (participants who started Kickstart before mid-July 2021)

The proportion of people starting Kickstart who had been on Universal Credit for six months or more increased as the scheme progressed and grew in size



	Nov 2020	Dec 2020	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	Jun 2021	Jul 2021	Total
■ In receipt of Universal Credit for under six months										
Starts	299	204	326	941	3,491	4,033	3,646	3,924	2,651	19,515
Percentage	69	61	62	53	49	40	33	32	34	38
■ In receipt of Universal Credit for six months and more										
Starts	132	128	202	820	3,702	6,158	7,265	8,441	5,037	31,885
Percentage	31	39	38	47	51	60	67	68	66	62

Notes

- 1 Figures present the percentage breakdown of more recent Universal Credit claimants (less than six months) versus longer-term claimants (six months or more) within the cohort of new starters in each month. The Total line presents the cumulative totals up to mid-July 2021.
- 2 The duration of time on Universal Credit is calculated with the start date being the date at which the person made a declaration for Universal Credit.

Source: National Audit Office analysis of Department for Work & Pensions data

Kickstart's impact on disadvantaged and protected groups

3.10 The Department's administrative data on Universal Credit claimants' diversity characteristics, such as their ethnicity, are incomplete. Based on data from the Office for National Statistics Labour Force Survey young Black people, who already had the highest unemployment rate of any ethnic group, experienced the largest increase in unemployment following the pandemic. By the last quarter of 2020, the unemployment rate for young Black people stood at nearly 41.6%, compared with 12.4% for young White people. In September 2021, the Department told the Committee of Public Accounts that the unemployment rates for young Black people are based on small sample sizes and that the then latest figure was around 22%.²⁸ The Department estimated this 22% rate for March to May 2021 using publicly available Labour Force Survey data.²⁹ The Office for National Statistics advises that both the 41.6% and the 22% be used with caution due to low sample sizes, although the longer trend shows a higher rate of unemployment for young Black people than young White people.

3.11 The Department recognises that already disadvantaged groups have been disproportionately impacted by the pandemic and has adopted a corporate priority to "improve opportunities for all through work, including groups that are currently under-represented in the workforce".³⁰ It has not adopted any widening participation targets for Kickstart. This contrasts with the Department for Education (DfE), for instance, which has adopted targets to widen participation in the apprenticeships programme.³¹

3.12 In practice, the Department's emphasis has been more on ensuring equal access to Kickstart, rather than using the scheme to actively tackle inequalities in the labour market. The Department developed an Equality Impact Assessment (EIA) for Kickstart in August 2020, which it revised prior to publication in June 2021.³² The EIA set out the Department's view that Kickstart will not have specific adverse consequences for groups protected under the Equality Act 2010, such as people from ethnic minorities and disabled young people.

28 Peter Schofield, Oral evidence given before the Committee of Public Accounts, 9 September 2021.

29 Labour Force Survey statistics available through the UK Data Service at <https://beta.ukdataservice.ac.uk/datacatalogue/studies/study?id=8822>

30 Department for Work & Pensions, 'Priority Outcome 2', Outcome Delivery Plan: 2021 to 2022, July 2021.

31 Comptroller and Auditor General, The Apprenticeships Programme, HC 1987, Session 2017–2019 National Audit Office, 6 March 2019.

32 Department for Work & Pensions, Equality analysis for the Kickstart Scheme, July 2021. Equality impact assessments enable public bodies to demonstrate how they have considered the Public Sector Equality Duty, which came into force in April 2011. Public authorities are required, among other duties, to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not.

3.13 Nonetheless the Department has sought to increase participation among diverse groups by, for example, liaising with employers and Gateways (such as the Youth Employment Group) that are committed to supporting young people who face disadvantages to succeed in the world of work. Additionally, it has offered funding (for example, for transport to work) to enable disabled claimants to take up a job placement, via the Access to Work scheme. The Department also told us that it chooses communication channels that allow it to promote the scheme particularly to Black and other ethnic minority young people. While younger jobseekers in general are targeted through video-on-demand, radio (including digital audio), online, and social media advertising, it also advertises through ethnic radio stations, contextually-targeted digital advertising, and through targeted social media.

3.14 The Department conducted its first analysis of Kickstart participants' ethnicity in August 2021, 11 months after the scheme's launch, using Longitudinal Education Outcomes (LEO) data, because its own Universal Credit data are still not complete enough to generate meaningful analysis. The Department's preliminary analysis indicates that compared with the wider cohort of 16- to 24-year-olds claiming Universal Credit and seeking work, a greater proportion of Kickstart participants are from a Black or ethnic minority group (**Figure 12** overleaf).

3.15 Separate research, conducted by the Department in June 2021 on the first 20,000 Kickstart participants, found that those with higher levels of education were more likely to be referred to Kickstart jobs, and more likely to be appointed once referred. The Department told us its analysts and behavioural insight specialists suggest that level of education alone is not an indicator of the risk of long-term unemployment, and therefore graduates may be suitable for Kickstart, depending on their individual circumstances.

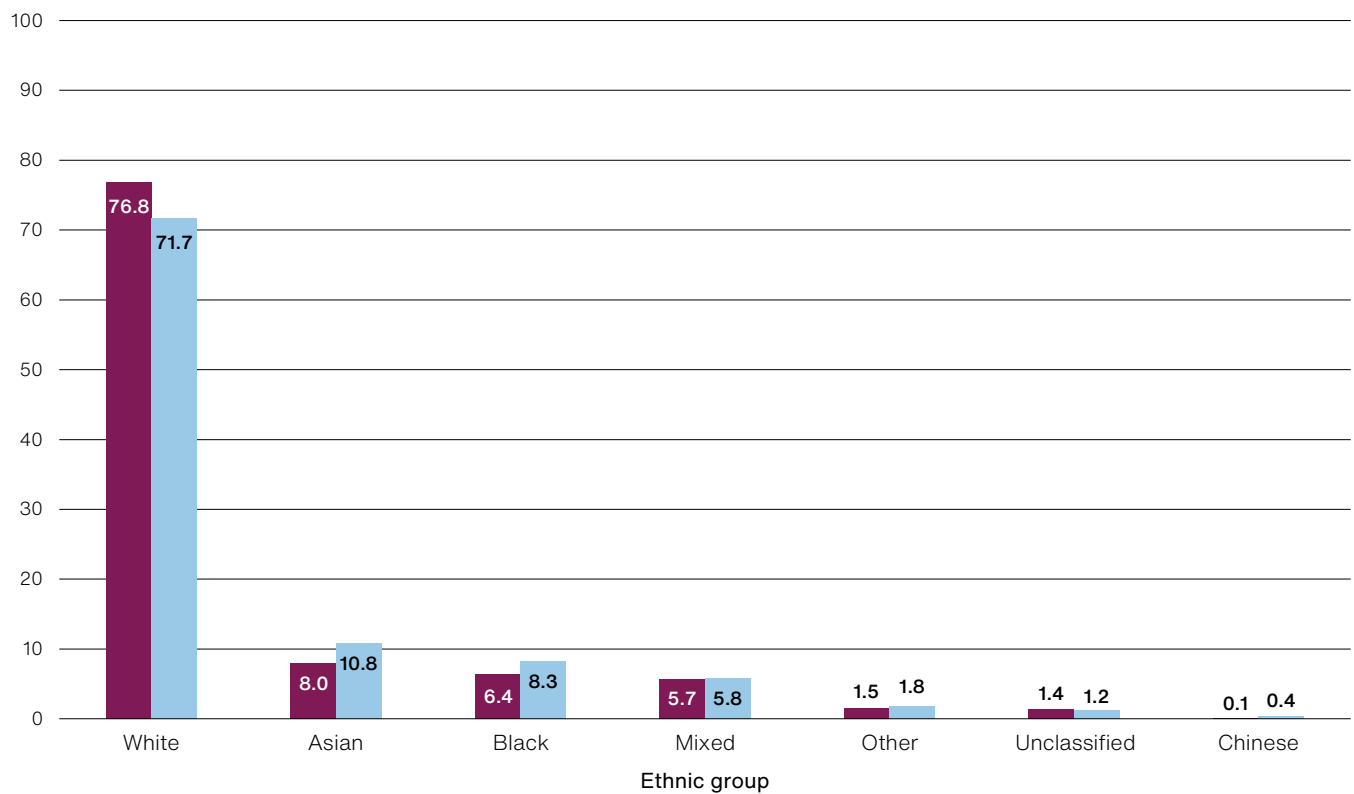
3.16 Very few Kickstart participants are disabled (using a proxy of people claiming Disability Living Allowance or Personal Independence Payment). The Department's data (as of July 2021) indicate that 1.5% of young people referred to Kickstart jobs and 1.2% of starters are disabled using this measure, compared with 3.3% of young people claiming Universal Credit who are searching for work. Some people with disabilities who claim Universal Credit are not able to work, may need additional support before they are ready to take on a job, or may not wish to work. The Department estimates that there are also around 11,000 disabled young people claiming Employment and Support Allowance (ESA) who might potentially benefit from Kickstart. However, ministers decided that Kickstart should only be available to those on Universal Credit as claimants on 'legacy benefits' may voluntarily move onto Universal Credit.

Figure 12

Ethnicity of Kickstart participants and overall population of eligible Universal Credit claimants

The majority of Kickstart participants are White. However, a lower proportion of Kickstart participants are White compared with the wider population of unemployed 16- to 24-year-olds claiming Universal Credit

16- to 24-year-old Universal Credit claimants or Kickstart participants (%)



- 16- to 24-year-old Universal Credit claimants
- Kickstart participants

Notes

- 1 This chart depicts percentage breakdowns of total Kickstart participants up to the end of July 2021, by ethnicity. This is set against the ethnicity of the wider population of 16- to 24-year-old Universal Credit claimants, who are eligible for Kickstart, at the same date.
- 2 Categorisation and labels for different ethnic groups are taken from Department for Work & Pensions (the Department) data. The Department made use of Longitudinal Education Outcomes (LEO) data to provide information about the ethnicity of Kickstart participants. The LEO data used (the National Pupil Dataset) contains data for people in state school education post-2002 in England only, and so this analysis applies to England only.

Source: National Audit Office analysis of Department for Work & Pensions data

Creating additional jobs and employability support

3.17 A range of factors influence the quality and additionality of Kickstart jobs and therefore the impact of the scheme. We considered the Department's oversight of:

- additionality (whether the jobs would have been created anyway, and their contribution to the wider economy);
- claimants' experience of their jobs; and
- the provision and quality of employability support and training linked to the jobs.

3.18 The Department also conducts a basic set of checks to reduce the risk of fraud, ensure that the employer providing Kickstart jobs exists and is financially viable and that the participant has been employed prior to wage payments being made. Key checks include using:

- the government's 'Spotlight' tool to perform rapid due diligence procedures (including Experian credit checks) on the businesses wishing to employ a Kickstart participant;
- Experian's Bank Wizard Absolute to verify that bank details belong to the employer that the Department has awarded the grant to. This tool also includes an 'Active Company Check' to guard against 'shell companies'; and
- Real-Time Information to ensure that Kickstart participants are being paid at the expected rate, that no Kickstart participants are receiving two Kickstart salaries at once and to ensure that the Department does not continue to pay a grant if the young person has left the Kickstart Scheme job.

Additionality

3.19 'Additionality' refers to the impact of an activity or programme above what would have been achieved in its absence.³³ If jobs would have been created anyway, Kickstart would merely be a subsidy for existing hiring plans and would not create additional economic value. At the design stage, the Department identified the need to introduce controls to ensure the additionality of Kickstart jobs and to require employability support (the costs of which should be covered by the £1,500 set-up and employability support grant paid per employee). Its business case required at least 30% of the jobs to be an additional contribution to the wider economy for Kickstart to have a positive social return on its investment.

³³ Comptroller and Auditor General, *Outcome-based payment schemes: government's use of payment by results*, HC 86, Session 2015-16, National Audit Office, 19 June 2015, p43.

3.20 The Department makes clear in its grant application form that Kickstart jobs must not replace existing or planned vacancies, or cause existing employees, apprentices or contractors to lose work or reduce their working hours. The Department asks potential employers questions about whether their jobs meet these criteria. It reviews these responses as part of its decision to approve the grant and has rejected applications where it considered the responses inadequate. The Department told us that up to 21 October 2021, 50% of applications to Kickstart were approved, 47% rejected, and 3% withdrawn, although these statistics include approvals, rejections and withdrawals for any reason, and so cannot be attributed to additionality checks alone.

3.21 A review by the Government Internal Audit Agency in July 2021 examined the decision templates from 25 Gateways and 25 direct employer applications to participate in the scheme. It did not identify any concerns about how Gateways were applying additionality checks in practice, concluding that Gateways and employers understood the requirements around additionality, and that there was a consistent approach to assessing additionality. The Department's Kickstart District Account Managers are responsible for liaising with employers and Gateways and checking on what employers deliver in practice, although the department does not collate the results of this monitoring activity, collect structured data, or use its inspection rights to monitor whether employers deliver on these commitments after it has awarded the funding.

Kickstart jobs' contribution to specific regions of the UK and business sectors

3.22 In its business case the Department stated that it did not want to set any strict caps or targets for starts in particular economic sectors or geographical areas. However, it planned to monitor take-up of the scheme, and to encourage job placements in relatively underperforming areas and sectors. It first drew on its existing employer engagement networks, before establishing a strategic Kickstart Engagement Group and a national New Business Team. The Department identified a number of priority sectors to engage after reviewing the early applications it received. These included the green industry, digital technology, social care, the charity sector and manufacturing. The national New Business Team worked with consultants to identify large national employers in these sectors and to undertake targeted outreach activity, such as inviting employers to generic and sector-specific webinars and following up contact with these employers to encourage more applications. The New Business Team also consulted with member organisations. The national team also utilised data to identify the areas with the fewest Kickstart opportunities per eligible customer and supported its local teams to target local employers. This included the North East. The Department did not, however, actively seek to prioritise participants in certain areas or sectors at the expense of others (for example, by modifying scheme rules to incentivise take-up in priority areas or regions).

3.23 The sectors with the most Kickstart jobs created and started have been in the administration and retail and sales sectors, with these two sectors representing around 40% of all Kickstart job vacancies and starts (**Figure 13** on pages 56 and 57). In general, the local authorities with the highest numbers of starts have been the most densely populated urban centres (**Figure 14** on page 58).

Claimants' experience of Kickstart jobs

3.24 Participants' experience of their Kickstart jobs may be an important indicator of jobs quality and a leading indicator of the impact the scheme is likely to have on participants' employment prospects. The Department relies on Kickstart participants to raise concerns about their own job placements, such as with hours, wages and conditions, and the quality of employability support. They can raise issues with their work coach in two ways:

- **Directly**

The Department offers all participants voluntary follow-up appointments one and four months into their job placement. Work coaches send participants a message in their Universal Credit journal, offering them appointments but, if the claimant does not respond after two days, work coaches are instructed to close the appointment and no further action is required.

- **Via their Universal Credit online journal**

During the Kickstart job placement, participants' Universal Credit claims are kept open, so they are able to raise concerns via their work coach, or their online journal. The Department's Enhanced Checking Service (ECS) team found that some journal messages from claimants were not dealt with promptly, increasing the risk that issues are not escalated. This could be because participants on a job placement may move into a 'light touch' conditionality group (which means they are no longer required to look for work and have regular work search meetings with their work coach).

3.25 The work coaches we spoke to in July 2021 were also clearly motivated to support people in overcoming barriers to finding work, and cited examples of making a positive difference to people's lives (**Figure 15** on page 59).

Figure 13

Number of Kickstart vacancies and job starts by sector from the start of the Kickstart scheme to 25 October 2021

The Administration and Retail and Sales sectors account for the most Kickstart job starts

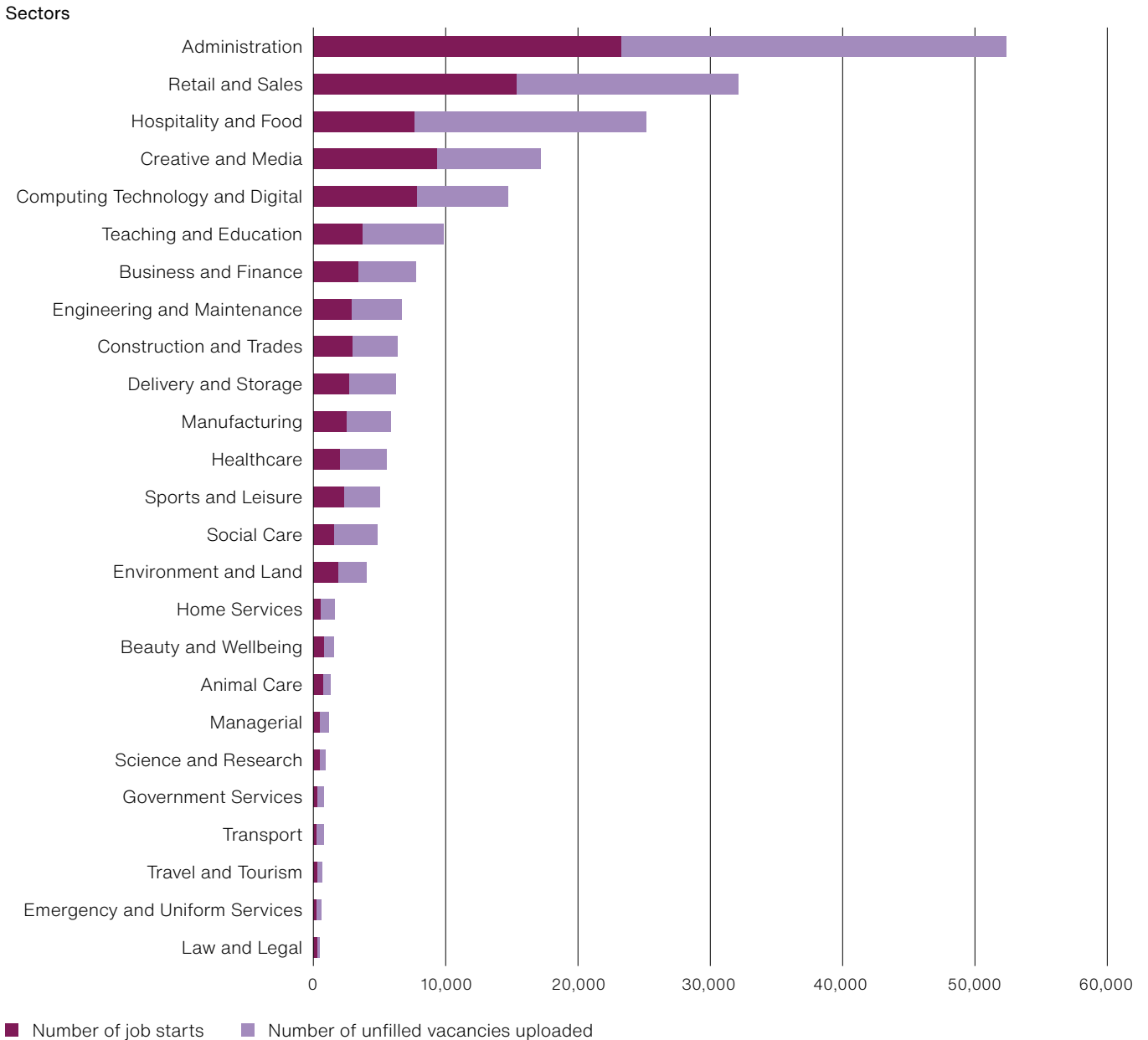


Figure 13 *continued*

Number of Kickstart vacancies and job starts by sector from the start of the Kickstart scheme to 25 October 2021

Notes

- 1 The number of Kickstart vacancies uploaded is the amount of vacancies put onto the system for work coaches to refer claimants to, by 25 October 2021, excluding vacancies which have been: withdrawn by the employer; or removed because they were not filled before the deadline set by the employer, or because the Department for Work & Pensions (the Department) considered them 'unfillable'.
- 2 The number of vacancies shown to be uploaded at 25 October 2021 (212,000) differs slightly to the number of vacancies for the equivalent data in the information provided for Figure 6 in this report (209,000). This is because of vacancies withdrawn or removed by the Department between the two datasets being provided by the Department.
- 3 The Department told us that the sector definition used is based on the job role, and is not consistent with the Office for National Statistics (ONS) Standard Occupational Classification (SOC).

Source: National Audit Office analysis of Department for Work & Pensions data

3.26 More broadly, the Department has established mechanisms to investigate concerns raised by participants, work coaches, its local Kickstart District Account Managers or other local staff that indicate potentially serious breaches of organisations' grant agreements, or poor employer behaviours. These concerns may relate to employers' ability to support participants appropriately, non-payment of participants' wages, or wider concerns about health and safety, for example. The Department's investigations may lead to employers and Gateways having a cap placed on the number of Kickstart jobs they can provide, or in the Department ending the grant agreement. As at 20 October 2021, the Department had made 30 decisions to cap an employer or Gateway's grant, and 165 further decisions to end a grant agreement, including 105 decisions to remove an employer from a grant agreement with a Gateway.

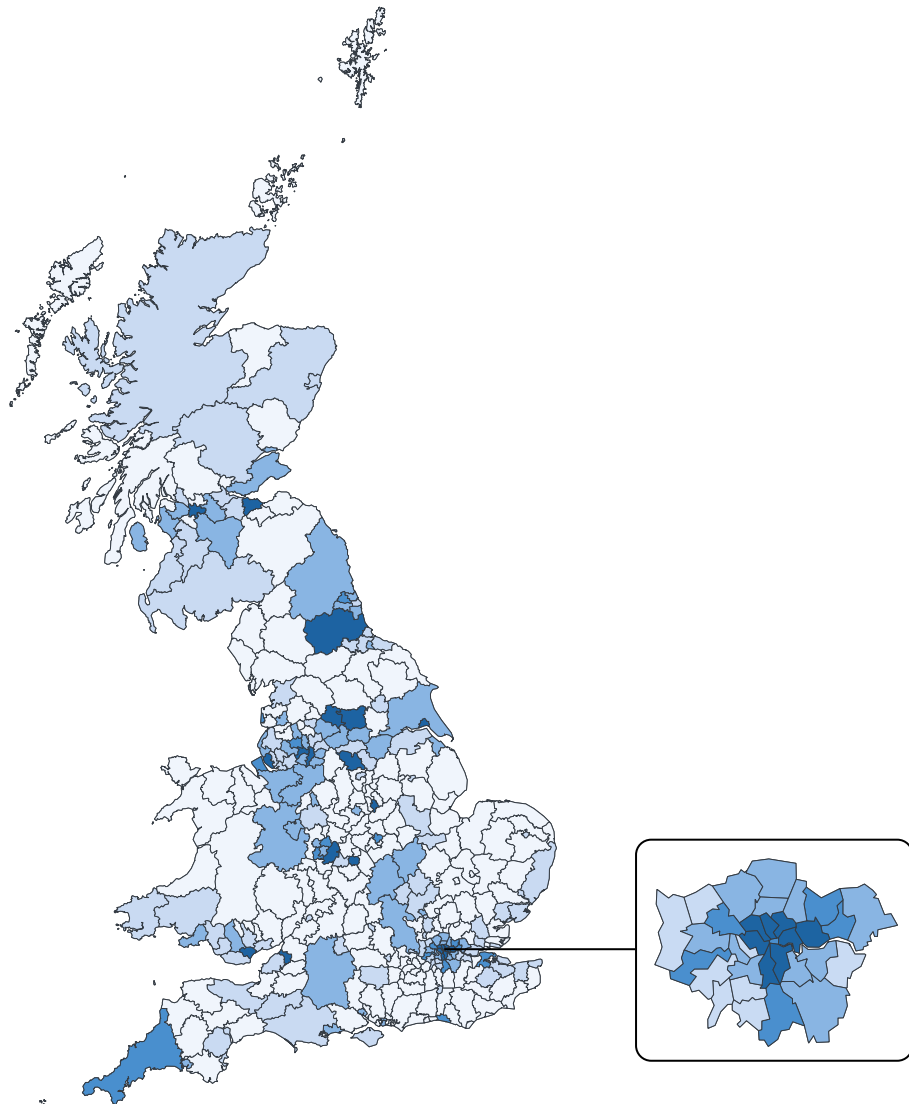
3.27 The Department does not routinely collect any structured data on how participants are experiencing Kickstart, such as customer satisfaction measures. The Department planned to conduct a survey of participants but this has been delayed. The Department now expects to receive emerging findings from this survey from December 2021 onwards. It does, however, regularly undertake user research interviews with samples of potential and actual Kickstart participants, to help develop the Kickstart service.

Figure 14

Numbers of Kickstart job placement starts per local authority area as of 2 November 2021

In general, the largest urban centres have seen the highest numbers of startsJobs started by local authority
(number of local authorities)

- More than 600 (23)
- 451 to 600 (16)
- 301 to 450 (55)
- 151 to 300 (83)
- 1 to 150 (185)
- No Data available (1)

**Notes**

- 1 The data shown here are the location of Kickstart jobs, rather than the location of the young person who has started the job. Kickstart jobs conducted wholly remotely are not included in the geographical breakdowns used to produce the map above.
- 2 The number of Kickstart job placement starts ranged from 20 to 2550 across the 363 local authorities included in the data released by the Department. Data for Highlands and Inverness and Nairn have been combined from the original data provided. The data released by the Department did not include any information about Kickstart jobs in the Isles of Scilly, though the Department has since told us that there were no Kickstart job starts in the Isles of Scilly. Job starts in all local authorities have been rounded to the nearest 10.
- 3 The Department for Work & Pensions (the Department) released the information used to produce this map in response to a Parliamentary Question. As part of this response, the Department stated that the data "might be subject to the inaccuracies inherent in any large-scale recording system, which has been developed quickly. The management information presented here has not been subjected to the usual standard of quality assurance associated with official statistics, but is provided in the interests of transparency. Work is ongoing to improve the quality of information available for the programme."

Source: National Audit Office analysis of Department for Work & Pensions data, Hansard HC, PQ 58900, 5 November 2021, and map boundaries from the Office for National Statistics licensed under the Open Government License v.3.0. Contains OS data © Crown copyright and database right [2021].

Figure 15

Examples of positive claimant experiences reported by work coaches

Work coaches we spoke to identified examples of how Kickstart has had a positive impact for individual young people

- A young person wanted to work in animal care, but suffered with anxiety and had not worked in some time. When a Kickstart vacancy in dog daycare came up they wanted to apply, but lacked confidence in their application. Following discussion with their work coach they volunteered for an online course on animal care, after which they were successful in their job interview. Their work coach reports they are really enjoying their job, and would not have succeeded in getting it without Kickstart.
- One work coach reported that lockdown initially made it more complicated to do their job because discussions had to be conducted over the phone. However, while some claimants did not enjoy this, others preferred it, and were able to open up more about their lives, interests, and families. In one case a claimant initially would not answer the phone, but later found the contact with their work coach a source of emotional support during lockdown. Eventually the work coach was able to suggest a Kickstart vacancy in retail, which the claimant successfully applied for. A week later they came into the job centre, thanking their work coach: “you saved me - I’d still be in bed without you”.
- One claimant had a troubled background, with a history of drug and alcohol dependency, a spell in prison, and a health problem that prevented them returning to work as a labourer. Prior to Kickstart they had been unemployed for three years, with their criminal record a major barrier to finding work. Under Kickstart they have successfully found a job.

Note

- 1 Discussions took place summer 2021. Work coaches were based in regions London, Sheffield, Scotland, Wales, and West Yorkshire.

Source: National Audit Office interviews with work coaches

The provision and quality of employability support and training

3.28 The Department’s grant agreement letter states that employers must provide employability support. Each employer (or Gateway) receives £1,500 up-front, per participant, to cover set up and employability support costs. Although it investigates potentially serious issues, as set out in paragraph 3.26, above, the Department does not collect any routine performance data on what employability support has actually been provided by the majority of employers. Its local Kickstart District Account Managers will discuss employability support with employers and Gateways, but the Department does not collate this information centrally. This information would help it understand the quality, variation and depth of the support being provided, as well as employers’ and Gateways’ compliance with their grant agreements and applications.

Use of Gateway providers

3.29 The Department envisaged that using Gateways would increase the number Kickstart vacancies and intended that they help assure the quality and additionality of the jobs provided by smaller businesses. Gateways receive £360 per employee placed, to cover administration costs and are also responsible for distributing the £1,500 payments to employers to provide employability support. The Gateway regime has been relatively successful in creating job placements: as at 9 November 2021, the majority of Kickstart jobs filled (70%) had been through Gateways.

3.30 The Department has less visibility over how this money has been spent. The Department expects Gateways to carry out, “suitable due diligence” on employers but has not defined what this means. As part of a review of Gateways in January 2021, the Department acknowledged that it has no visibility of how Gateways are distributing the £1,500 payments for employability support, or how Gateways were applying checks. It noticed that some employers whose applications to Kickstart it had rejected went on to make successful applications through a Gateway. The Department told us this was not necessarily a problem as some applications would be more suitable if they went through a Gateway. The subsequent Government Internal Audit Agency review of 25 Gateways did not identify any concerns about how Gateways were applying additionality checks in practice (paragraph 3.20). The Department also introduced more Kickstart District Account Managers to liaise with the Gateways as part of its general increase in Kickstart staff from January 2021 (figure 5 on page 36).

3.31 The Department also received criticism from smaller businesses about their inability to access the programme. It closed the scheme to new Gateways in February 2021 and started to allow employers to apply directly to the Department with fewer than 30 jobs. Two larger Gateways told us they had invested significantly in being a Gateway, including hiring new staff. They said that these costs would not be covered by the administration fee, because of the lower than expected number of job placements.

Appendix One

Our audit approach

1 This report examines whether the Department for Work & Pensions (the Department) has managed the Kickstart Scheme (Kickstart) in a way that supports value for money.

2 Through Kickstart, the Department aims to “create hundreds of thousands of high-quality six-month work placements aimed at those aged 16–24 who are on Universal Credit and are deemed to be at risk of long-term unemployment”.³⁴ Kickstart funds employers directly to create jobs for young people to work in. Each job must provide at least 25 hours of work a week, earning the relevant minimum wage. Kickstart has a budget of up to £1.9 billion, based on achieving 250,000 job placement starts by the end of December 2021, when Kickstart is scheduled to close. It is the Department’s flagship employment support programme for young people.

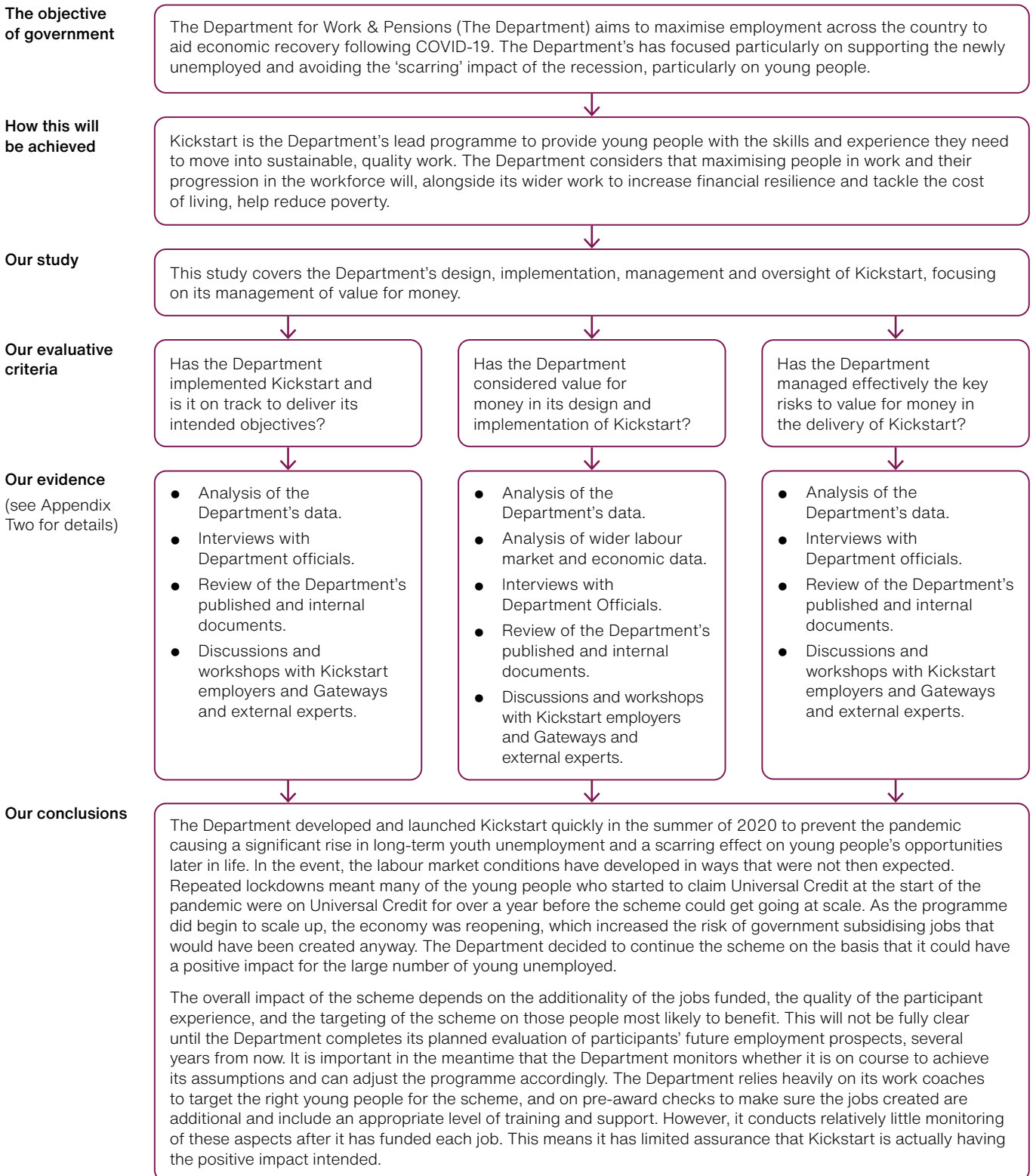
3 This report covers the Department’s design, implementation, management and oversight of Kickstart, focusing on its management of value for money, in three parts:

- how Kickstart works, its objectives and its headline performance and costs to date (Part One);
- how the Department considered value for money in its design and implementation of Kickstart (Part Two); and
- the Department’s management of key risks to value for money and the impact of its approach, particularly: controls over the quality of Kickstart jobs and training; targeting of Kickstart at those people and areas most likely to benefit; efficiency in processing grants; and controls over fraud and error (Part Three).

4 Our audit approach is summarised in **Figure 16** overleaf and our evidence base is described in Appendix Two.

³⁴ HM Treasury, Plan for Jobs, CP 261, July 2020, www.gov.uk/government/publications/a-plan-for-jobs-documents/a-plan-for-jobs-2020.

Figure 16
Our audit approach



Appendix Two

Our evidence base

1 We reached our independent conclusions on whether the Department for Work & Pensions (the Department) is managing the Kickstart Scheme (Kickstart) to meet its aims and support the delivery of value for money, after analysing evidence collected between May 2021 and November 2021. Our audit approach is outlined in Appendix One.

2 We considered Kickstart in the context of government's response to the COVID-19 pandemic and the information it had available to it at the time it took key decisions. In designing and carrying out our work, we took account of:

- our previous overview report on the Department's employment support, published 9 June 2021;³⁵
- our *Competitive and demand-led grants: good practice guide*, published in 2015.³⁶ This sets out a framework of statements of good practice, which public bodies can use to structure and compare against their own actions (**Figure 17** overleaf); and
- other established good practice, such as HM Treasury's Green Book guidance on appraising and measuring the impact of policies, programmes and projects.

3 We drew on a range of data and information from the Department. This included the Department's business cases, ministerial submissions, internal management papers, internal management information and ad hoc research analysis.

³⁵ Comptroller and Auditor General, *Employment support*, Session 2021-22, HC 291, 9 June 2021.

³⁶ National Audit Office, *Competitive and demand-led grants Good practice guide*, November 2015, www.nao.org.uk/wp-content/uploads/2015/11/Competitive-and-demand-led-grants.pdf

Figure 17

Framework to review competitive and demand-led grants

Our *Competitive and demand-led grants: good practice guide* identified 4 key stages of the grants management cycle

**Design and development**

- Consideration of whether a grant is the most appropriate funding model by which to achieve the intended aims.
- Clearly defined aims for the scheme that match what the grant is trying to achieve and have been translated into clear terms and conditions.
- A comprehensive multi-disciplinary risk assessment, drawing on reviews of similar grant schemes, including problems that were experienced in these other schemes.
- Evaluation and review processes built in, to ensure that lessons are learnt.
- Stress-testing the scheme prior to launch and identifying and mitigating weaknesses.

Oversight

- Appropriate governance and risk management processes in place.
- An effective management information system, which shows how the grant is performing; management information is fed into oversight and governance layers.

Operational management

- Consideration of capacity, incentives, and conflicts of interest in both the appointment and performance of delivery partners, with effective performance management systems in place.
- Understanding of the resources and skills required to administer the grant effectively.

Evaluation

- A clear specification of success and quality and measures to assess quality.
- A clear evaluation plan to measure the scheme's impact.
- Commitment to learning lessons for the future.

Source: National Audit Office, *Competitive and demand-led grants: good practice guide 2015*

4 While the data set out in this report is the best the Department believes is available, we were not able to fully verify all of it. We reviewed how the Department collated this data and traced a sample back to its systems. However, given the issues with the management data that we highlight in paragraph 2.4 it was not possible to verify earlier data. We also did not conduct a full audit of its Kickstart systems to verify their integrity. Some of the Department's analysis is constrained by limitations in its data such as incomplete data on the ethnicity of participants and that its monitoring of participant characteristics is based on ad hoc analysis rather than routine monitoring. The Department provided multiple data sets for the processing times for Kickstart applications and ultimately found that it was unable to link specific job vacancies to specific applications. As a result we have presented information about the processing times based on what the Department told us was the best available information.

5 We also reviewed other labour market data and economic indicators, such as the Office for National Statistics Labour Force Survey.

6 As part of our fieldwork we spoke to a range of officials at the Department. At a national level, this included policy, analytical, and finance teams, internal audit officials, and officials in the Enhanced Checking Service. We observed administrative processes for approving applications and paying grants in a series of process walkthroughs. At a local level we spoke to a panel of work coaches, and a panel of Kickstart District Account Managers, each with participants selected by the Department and drawn from different regions of Great Britain. We reviewed a variety of departmental documents, including the Kickstart business cases, policy submissions, and papers and minutes from internal review meetings.

7 We also spoke to a number of external stakeholders:

- Scottish Government;
- Welsh Government;
- Equality and Human Rights Commission;
- Local Government Association;
- Norfolk County Council;
- Youth Employment Group;
- Employment Related Services Association (ERSA);
- A variety of private, public, and third sector employers, in a roundtable organised by ERSA;
- Professor Jonathan Portes; and
- Eleanor Carter, Nigel Ball and Michael Gibson from the Blavatnik School of Government, Oxford University.

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