

Johnson government rolls out Kickstart youth cheap labour scheme

Harvey Thompson and Robert Stevens
28 September 2020

There are almost 538,000 young people under 25 years of age on Universal Credit (UC), a rise of around 250,000 from March when a temporary national lockdown went into effect.

UC, established in 2010 as part of austerity cuts to eradicate £12 billion in welfare spending by 2020, merges all previous state benefits into one payment. As planned, this led to huge cuts in the value of benefits overall and increased hardship of the poorest families. Many workers in the lowest paid employment are in receipt of UC, as well as the unemployed.

Within two months of lockdown starting, 2.4 million more people were forced to claim UC for the first time. More than 1.6 million families—two in five households on UC—had an average sum of £60 deducted in May to cover “advance payments” tiding claimants over the five-week waiting period before the benefit kicks in.

In Birmingham, the UK’s second largest city, 142,516 people were claiming UC in July. This was a rise of more than 50,000 claimants in the four months since lockdown began.

The collapse in the number of jobs and apprenticeships available due to the pandemic meant that by July one in 13 of the seven million UK workers aged between 16 and 24 years was claiming UC. By July, an estimated 1.8 million jobs had been furloughed for employees aged 16-24 years—44 percent of eligible jobs.

Youth unemployment in Scotland, which has a population of less than 5.5 million, could top 140,000 by the end of this year according to the Institute for Public Policy Research.

Exploiting the unprecedented situation, the government launched its “Kickstart” cheap labour employment scheme for those aged 16 to 24 earlier this month. The £2 billion scheme places emphasis on

employers to create job placements of no more than six months duration, and then apply for funding from the government. Young workers are then matched with a placement by a jobcentre “work coach.”

Funding for each Kickstart job placement covers the relevant National Minimum Wage for 25 hours a week, plus National Insurance contributions and minimum pension contributions. Any higher contributions from employers is at their discretion. An additional £1,500 per job is available to employers for “set-up costs, support and training.”

Conceived as a means for firms to take on cheap labour, one of the conditions attached is that employers should not require people to undertake extensive training before they begin the job placement. The first placements are expected to be available from November.

These and worse conditions are envisioned by the ruling elite post-Brexit, with the withdrawal date, with or without a trade deal with the EU, set for December 31. Chancellor Rishi Sunak said of the scheme, “This isn’t just about kick-starting our economy... The scheme will open the door to a brighter future for a new generation and ensure the UK bounces back stronger as a country.”

Work and Pensions Secretary Therese Coffey said Kickstart was based on “putting young people at the heart of our revival—we are urging businesses to get involved in this innovative scheme and take advantage of the enormous pool of potential out there.” The scheme could fund “well over 200,000 jobs,” she said, adding, “But as I’ve said, the number is unlimited.”

There is concern in ruling circles over social unrest and the implications of an immiserated young population without any employment. Former Conservative Party leader Iain Duncan Smith, who as

work and pensions secretary devised UC, said that ministers “have to get them [young people] back to work because if they don’t, they carry a wage scar on their backs and they are difficult to employ.”

The Johnson government is utterly indifferent to the hardships of the working class and concerned only with enabling the major corporations to further enrich themselves.

On the launch of Kickstart, small business leaders complained that the schemes requirement to create a minimum of 30 placements means that it is inevitably geared towards the larger corporations. Among the first companies to indicate their interest in a state handout via Kickstart was Tesco, the UK’s top groceries and general merchandise retailer and the world’s third-largest retailer measured by gross revenues.

Writing in the *Financial Times*, one small business owner, Ibrahim Khan, complained that more of the state subsidy should go to firms like his. “The government claims this will create hundreds of thousands of jobs. I have no doubt that it will fund hundreds of thousands of jobs. But funding a job is not the same as creating one... Such issues will lead some to see the scheme as a sweetheart deal between the government and big employers. The employer gets the taxpayer to fund their existing payroll commitments and both the government and the employer get a PR win. This will have little or no effect on the jobs market over the long-term.”

In response to criticism, smaller businesses will now have access to a growing pool of cheap labour. Federation of Small Businesses national chairman Mike Cherry said last week it had successfully lobbied the government “to develop the new Kickstart scheme, and help small employers to be part of the solution.”

The FSB will work as an “intermediary” to help smaller firms apply for funds. Many other bodies are to be involved in allocating a share of the £2 billion available. The *Financial Times* reported, “The Department for Work and Pensions [DWP] said that more than 500 bodies, including local authorities, charities and chambers of commerce, had signed up to act as intermediaries.”

Jonathan Reynolds, Labour's Shadow Secretary of the DWP, attacked the government’s Kickstart scheme even as it became evident that it was largely based on a previous Labour government initiative. In October

2009, Gordon Brown’s government introduced its Future Jobs Fund to support the creation of subsidised jobs for unemployed young people. It was aimed at 18-to-24-year-olds in receipt of the then state benefit, Job Seeker’s Allowance. It is estimated the scheme created just over 105,000 largely low-paid jobs.

Even as it launched Kickstart, the Tories are devising the expansion of cheap labour, and particularly voluntary schemes, with a report by Tory MP Danny Kruger proposing a “Volunteer Passport system to match the supply and demand for voluntary help.” Kruger has impeccable Tory credentials, moving from being chief leader writer of *Daily Telegraph* in 2005 to then Tory leader David Cameron’s chief speechwriter from 2006-2008. In 2019, he became Prime Minister Boris Johnson’s political secretary and in last December’s general election entered parliament after being handed a safe Tory seat.

The Volunteer Passport system would be centred on a “new National Volunteer Reserve to help with future emergencies and ongoing environmental challenges.” Central to this would be “paid ‘service opportunities’ for unemployed young people to work on social and environmental projects, funded through the Kickstart programme.”

Jobs previously associated with highly qualified workers are considered fair game for parcelling out to the voluntary sector. The report states that after gaining “their Passport and signing up for the Reserve they would log their skills and capacity for a variety of essential tasks. Most immediately, they could be available for further health emergencies, requiring mobilisation in support of the NHS... Subsequently, people could be asked to sign up to help with non-health emergencies, such as fire or flooding, which may involve giving permission to local authorities or other trusted agencies like the British Red Cross to access the information on their Passport and deploy them as necessary.”



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact