



Future Jobs Fund United Kingdom

An employment subsidy program implemented to combat unemployment among young people and those in disadvantaged areas during the Great Financial Crisis

Summary

In response to the ballooning unemployment rate during the Great Financial Crisis and the expected long-term impact of prolonged unemployment on young people, the UK government implemented the Future Jobs Fund. The program targeted young people for work benefiting the community in the hope of transitioning them to private sector employment. Government analysis showed that the program resulted in a net benefit for participants, employers, and society (1).

Rationale

Preventing the long-term scarring associated with unemployment during the Great Financial Crisis with the goal of creating 150,000 jobs that lasted at least 6 months.

Defining Principles

Unemployment is best addressed through direct, government intervention in times of crisis. Long term unemployment leads to social exclusion and should be combatted. The public sector can finance and implement these programs effectively to the benefit of participants and society as a whole.

Dates of Operation

October 2009 – March 2011.

Number of Program Participants

105,220 jobs created between October 2009 and March 2011 (2).

Person-days of Employment

Jobs had to be at least 25 hours per week (3).

Criteria for Participation

Program targets the unemployed and those living in disadvantaged areas (4). More than 85% of participants were between 18 and 24 (5).

Pay and Benefits

At least minimum wage. GBP 5.80 and GBP 4.83 for the main hourly rate and youth development rate respectively in October, 2009 with increases through the end of the program) (6).



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Financing

GBP 650 million over the program duration. A maximum subsidy of GBP 6,500 for job creation (40% up front and 60% in arrears). Once tax revenues and direct benefits were taken into account, there was a net cost of GBP 3,946 per FJF participant (7).

Implementation

481 organizations hired workers using Future Jobs Fund subsidies.

Types of Work

Private and third sector (non-profit) employment. The work had to benefit local communities.

Notable Features

Designed as a temporary program in response to the Great Financial Crisis. Participants were encouraged to transfer into non-subsidized employment as quickly as possible and employers were required to support the transition. Evaluations found that the employers who participated in the FJF are more likely to hire unemployed young people. Participants benefitted from improved health outcomes, and reduced criminalized behaviors (8).

Challenges

Recommendations from Fishwick, Lane, and Gardiner include: improve guidance from administrators, reducing administrative requirements that take participants away from their work, allow existing unemployment benefits to be utilized as a subsidy for wage bills, and improve targeting of job creation to important and growing industries (9).



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Citations

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- (2) Department of Work and Pensions. (2012). Impacts and Costs and Benefits of the Future Jobs Fund.
- (3) Department of Work and Pensions. (2012). Impacts and Costs and Benefits of the Future Jobs Fund.
- (4) Fishwick, T., Lane, P., Gardiner, L. (2011). Future Jobs Fund: An independent national evaluation. Centre for Economic and Social Inclusion. <https://learningandwork.org.uk/wp-content/uploads/2020/06/Future-Jobs-Fund.pdf>
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