



Future Jobs Fund

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The previous Labour Government created the Future Jobs Fund (FJF) in October 2009 as part of the Young Person's Guarantee where 18-24 year olds reaching the six-month point of their Jobseeker's Allowance claim were guaranteed an offer of a job, training or work experience. Government funding for the FJF was to be around £1 billion.

The FJF was initially designed to fund the creation of up to 170,000 temporary jobs lasting six months and run until March 2011. This was later extended for another year until March 2012 with the estimated total number of FJF jobs rising to 200,000. The DWP paid employers up to £6,500 per job in wage and business costs.

The current Government announced shortly after taking office in May 2010 that it had cancelled the extension to March 2012 of the Young Person's Guarantee (including the FJF). In addition, the FJF was closed to any further bids. Already agreed funding commitments were still met, and the scheme closed in March 2011 with 105,000 FJF job starts in total.

An early DWP study of the scheme concluded that it was successful in preparing participants for work and had some positive long-lasting effects. However, it also noted that some participants did not receive focus on how to get a job after they had completed the FJF.

The Government believes that the temporary nature of the fully-subsidised jobs in the FJF provided a poor return compared with other less-expensive employment schemes.

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1 Overview

The previous Labour Government in the April 2009 Budget announced its intention to create the Future Jobs Fund as part of a new package of measures called the Young Person's Guarantee. Government funding was to be around £1 billion.

Under the Young Person's Guarantee, all 18 to 24 year olds in Great Britain reaching the six-month point of their Jobseeker's Allowance claim were guaranteed an offer of a job, training or work experience. The Young Person's Guarantee was formally introduced on 25 January 2010 (although some elements of it began earlier) and was initially scheduled to run until March 2011. From 24 April 2010, it was mandatory for all young people claiming Jobseeker's Allowance for ten months to participate in the Young Person's Guarantee.

A key component of the Young Person's Guarantee was the Future Jobs Fund, which began in October 2009. The Future Jobs Fund was initially designed to fund the creation of up to 170,000 temporary jobs and run until March 2011. Most of the jobs were targeted at young people but 50,000 of the 170,000 jobs were aimed at people of all ages in unemployment hotspot areas.

The Department of Work and Pensions (DWP) provided funding – paying wages and other business costs up to £6,500 per person – for approved bids from organisations or consortia (usually led by local councils) that offered jobs lasting at least 6 months, involved working at least 25 hours a week and paid at least the National Minimum Wage.

In the March 2010 Budget, the previous Government extended the Young Person's Guarantee (including the Future Jobs Fund) for another year until March 2012. As a result, the estimated total number of jobs the Future Jobs Fund would pay for would rise to 200,000.

The current Government announced shortly after taking office in May 2010 that as part of its in-year spending cuts for 2010/11 that it had cancelled the extension to March 2012 of the Young Person's Guarantee (including the Future Jobs Fund); it would instead finish in March 2011. In addition, the Future Jobs Fund was closed to any further bids. Already agreed funding commitments were still met with the final referrals from Jobcentre Plus to Future Jobs Fund jobs occurring in March 2011.¹

2 Statistics and analysis

Official statistics show that up until the scheme closed in March 2011 there had been 105,220 starts to Future Jobs Fund (FJF) vacancies in Great Britain.² Statistics on the number of FJF job placements by constituency are also available.³

A DWP study published in May 2011 concluded that the scheme was generally successful in preparing participants for work and had some positive long-lasting effects:

Successful in preparing customers for work and, for many participants their reported experiences had been to such a high standard, that they could not think of any improvements to the scheme. The significant boost to CVs from six months of work experience and the improvements to customers' skills sets are likely to remain long-

¹ [The Future Jobs Fund](#), DWP Website

² [Young Person's Guarantee Official Statistics](#), Jul 13, 2011

³ See [DEP2011-2026](#) [Excel file]

term, however there is a risk that some of the softer gains of FJF could dissipate without a swift transition into a non-subsidised job.⁴

However, the study provided some criticism of the scheme. For example, it stated that “there was evidence of inconsistent delivery of policy intent in terms of job-search support from the Future Jobs Fund (FJF) employers, with some participants failing to receive adequate focus on getting a job post-FJF”.⁵

The Government is of the belief that the temporary nature of the fully-subsidised jobs in the Future Jobs Fund provided a poor return compared with other employment schemes:

The FJF, at up to £6,500 per person, does not offer value for money to the taxpayer. It creates temporary, short term placements, and the grants do not include any incentives to move people into permanent employment. Recent analysis shows nearly 45% of FJF participants are claiming benefit seven months after they started FJF. There are still too many FJF participants who are failing to get a sustained job.⁶

More recent figures show that almost 47% of Future Jobs Fund participants who began the Future Jobs Fund between October 2009 and March 2010 were claiming working age benefits 14 months after starting on the Future Jobs Fund.⁷

The Work and Pensions Select Committee’s report on the Future Jobs Fund, and youth unemployment more generally, was published in December 2010. Its main finding was that it was too early to come to any firm conclusions as to how successful the Future Jobs Fund was:

We found that it was too soon to assess whether the Future Jobs Fund has been successful in supporting unemployed young people in finding permanent employment. It is also too early to say whether the FJF is a cost-effective method to support young people facing significant obstacles to employment. [...]

The Department for Work and Pensions should conduct a comprehensive evaluation of the effectiveness of the Future Jobs Fund and publish the results.⁸

The Government’s response to the report was published in March 2011.⁹

3 Further information

- Work and Pensions Select Committee, *Youth Unemployment and the Future Jobs Fund*, December 2010
- DWP, *Customer Experience of the Future Jobs Fund: Findings from a Qualitative Research Study*, May 2011
- DWP, *Young Person’s Guarantee Official Statistics*
- DWP, *Young Person’s Guarantee: Future Jobs Fund Participant Outcomes Annexe: Official Statistics*, July 2011

⁴ *Customer Experience of the Future Jobs Fund: Findings from a Qualitative Research Study*, DWP, May 2011, p3

⁵ *ibid*, p 3

⁶ *HC Deb 23 May 2011*

⁷ DWP, *Young Person’s Guarantee: Future Jobs Fund Participant Outcomes Annexe: Official Statistics*, 12 Oct 11

⁸ Work and Pensions Select Committee, *Youth Unemployment and the Future Jobs Fund*, HC 472, Dec 2010

⁹ Work and Pensions Select Committee, *Youth Unemployment and the Future Jobs Fund: Government response*, HC 844, Mar 2011