



Department
for Work &
Pensions

Youth Contract Wage Incentive Payments – Experimental Statistics

July 2013

Contents

Introduction..... 3

Policy Description..... 3

Results 4

Introduction

This ad-hoc analysis presents the first experimental statistics for Youth Contract wage incentive payments available to employers. The data covers the period from June 2012 up to and including May 2013. This analysis should be viewed together with wage incentive jobs start Management Information:

<<<https://www.gov.uk/government/publications/youth-contract-wage-incentive-job-starts-management-information>>>

Policy Description

Wage incentives were made available to employers from April 2012. They are a key element of the Government's Youth Contract measures, designed to provide a range of additional help for unemployed young people to better prepare them for work and to offer greater opportunities to find and take up sustained employment. Over three years from April 2012, the Youth Contract includes funding for 160,000 wage incentives worth up to £2,275 for employers recruiting eligible young people who complete 26 weeks of employment.

Wage incentives are available to employers in all sectors, but with a focus on the private sector. Central Government Departments, their Executive Agencies and Non-Departmental Public Bodies are excluded from claiming. Wage incentives are available across England, Scotland and Wales.

Initially, the eligibility for wage incentives was restricted to all 18 to 24-year-olds attached to the Work Programme (regardless of benefit claimed). From July 2012, eligibility was extended to all 18 to 24-year-old Jobcentre Plus claimants who had reached six months on benefit in 20 hot-spot areas; this eligibility was expanded nationwide to all Jobcentres from 17 December 2012.

The wage incentive is available for employment of 16 hours or more per week. There is a part-time rate (£1,137.50) between 16 and 29 hours and a full-time rate (£2,275) for 30 hours or more. When an eligible young person starts a job and it is expected that the job would last 26 weeks, the Work Programme provider or Jobcentre Plus issues a wage incentive claim form to the employer. The wage incentive is then paid after the young person has remained in work for 26 weeks (26 week full payment).

An employer with fewer than 50 employees can choose to receive a first £700 wage incentive payment (halved for part time work) when a young person has completed eight weeks of employment (8 week interim payment). The remaining balance is then received when the young person has completed the remaining 18 weeks employment (18 week balance payment).

The employer is paid half of the wage incentive payment where an employee leaves work after 13 weeks have been completed, but before 26 weeks have been completed (14-25 week payment). An individual can attract no more than one wage incentive in their time on the Work Programme. Fixed-term appointments can also attract a wage incentive payment where they meet the eligibility criteria.

Work Programme providers are key partners in the delivery of wage incentives alongside Jobcentre Plus staff. Work Programme providers and Jobcentre Plus staff are responsible for identifying 18 to 24-year-olds who would benefit from wage incentives, ensuring jobs are eligible and for marketing the incentive to employers. The DWP administer the incentive payments and pay them directly to employers.

More information about wage incentives and the Youth Contract is available on:

<<http://www.dwp.gov.uk/youth%2Dcontract/key%2Dinitiatives/wage%2Dincentives/wage%2Dincentive%2Dscheme%2Ddetails/>>

This data should also be viewed in context of the Youth Contract evaluation. Findings from the first employer survey for wage incentives are available on:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/194228/rrep828.pdf

Findings from the first employer survey for Youth Contract work experience and sector-based work academies:

<https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/207534/rrep842.pdf>

These experimental statistics will be developed further to be released as an Official Statistics series in six months time.

Results

Table 1 shows the monthly number of Youth Contract wage incentive payments paid to employers from between June 2012 up to the end of May 2013. The data is collated from a database of payment transactions. The number of payments is combined for eligible young people who had either gained employment from being on the Work Programme or identified as eligible by Jobcentre Plus.

The data is split by 26 week full payments, 8 week interim payments, 18 week balance payments and payments between 14 and 25 weeks, as explained in the policy description. Note that 8 week interim payments could not be made until June 2012, 14 and 25 week payments until September 2012, 18 week balance payments and 26 week full payments until October 2012.

The final column - the number of individuals for whom a payment had been made - is the sum of 26 week full payments and 8 week interim payments and payments between 14 and 25 weeks where there has not been a previous 8 week interim payment.

Table 1: Number of Youth Contract Wage Incentive Payments

| | 8 week interim payments | Between 14 & 25 weeks payments | 18 week balance payments | 26 week full payments | Individuals for whom a payment had been made |
|---------------|--------------------------------|---|---------------------------------|------------------------------|---|
| Jun-12 | 20 | - | - | - | 20 |
| Jul-12 | 70 | - | - | - | 60 |
| Aug-12 | 170 | - | - | - | 160 |
| Sep-12 | 140 | 10 | - | - | 150 |
| Oct-12 | 370 | 40 | 20 | 10 | 420 |
| Nov-12 | 160 | 40 | 100 | 110 | 310 |
| Dec-12 | 180 | 50 | 80 | 190 | 400 |
| Jan-13 | 220 | 80 | 130 | 370 | 660 |
| Feb-13 | 260 | 80 | 110 | 340 | 670 |
| Mar-13 | 180 | 70 | 120 | 420 | 660 |
| Apr-13 | 230 | 60 | 120 | 350 | 640 |
| May-13 | 230 | 40 | 110 | 280 | 550 |
| Total | 2,230 | 470 | 800 | 2,070 | 4,690 |

Source: Wage incentive transactions payments data (from Work Programme and Jobcentre Plus)

Notes:

All figures are rounded to the nearest 10. “-“ means nil or negligible.

Totals may not sum due to rounding.

Payments can be for full time work (30 hrs plus – at the full payment rate) and part time work (16 hrs – 29hrs – at the half payment rate).