

B8 : Appendix 2

Youth contract briefing, and impact on Kent scheme

Deputy Prime Minister Nick Clegg has outlined a £1bn Youth Contract to tackle youth unemployment.

The aim is to ensure that all jobless young people are earning or learning again before long-term damage is done.

Over three years, the Youth Contract will provide at least 410,000 new work places for 18 to 24 year olds. It will start next April. The £1bn funding will cover three years and is new money, not a re-profiling of existing funds. The Chancellor will announce the details of all spending changes, including the Youth Contract, in the autumn statement next week. It is thought that the £1bn has been found by reducing the future value of tax credits for low-paid workers.

It will include:

- 160,000 wage subsidies through the Work Programme
- 250,000 new work experience placements
- at least 20,000 more incentive payments to encourage employers to take on young apprentices
- a new programme to help the most disengaged 16 and 17 year olds, getting them back to school or college, onto an apprenticeship or into a job with training.

Wages subsidies

160,000 18 to 24 year olds will be taken on by employers using wage a incentive payment of £2,275, available as part of the Work Programme. Each subsidy is worth half of the youth national minimum wage and lasts for six months. N.B This subsidy is based on Minimum Wage for 18-20yr olds which is £4.98. A similar subsidy for a 21+ would be £2,766.

It is available to those who need the most help after three months and to all young people who are eligible for the Work Programme (usually after 9 months), including those on the Employment Support Allowance. All employers will be expected to pay at least the national minimum wage.

The wage subsidy is open to all businesses, including those that already employ large numbers of young people (like retail and construction) and emerging sectors (like the green economy, creative industries and ICT).

Work experience and Work Academies

A work experience placement will be available for up to eight weeks for every unemployed 18 to 24 year old who wants one (after they have been on Jobseeker's Allowance for three months) and before they enter the Work Programme. An additional 250,000 places will be provided – 195,000 more work experience places and 55,000 Work Academy places.

Apprenticeships (England only)

There is more funding to support the growth in apprenticeships for 16 to 24 year olds, including at least 20,000 additional incentive payments for 2012–13 to raise demand for the age group. Incentive payments are £1,500 and are for all 16 to 24 year olds. This will take the total number to 40,000 next year. A decision is yet to be made on the budget for subsequent years.

16 and 17 year olds not in education, employment or training (England only)

There will be a new £50m programme for 16 and 17 year olds persistently not in education, employment or training to get them learning, on an apprenticeship or in a job with training. Payment will be by results – with payments for those young people sustainably engaged in further learning or an apprenticeship. This will focus on the 25,000 most disengaged young people.

Requirements on young people

Those failing to engage positively with the Youth Contract will be considered for four weeks of mandatory work activity. And those that drop out of a work experience place or a subsidised (or other) job without good reason will lose their benefits.

Possible Areas where a Kent programme could compliment –

Apprenticeships - The wage subsidy outlined by the government will not encourage apprenticeships as it is limited to six months, and most apprenticeships take longer than this period.

SMEs – The govts wage subsidy is open to all employers, including large retail consortiums. Experience from JCP Work Experience schemes suggest that a large number of the opportunities will be hovered up by these larger companies. We know that Kent has a high percentage of SMEs, and our scheme should be focussed on these and third sector orgs.

Graduates – The wage subsidies are calculated using 18-20yr old minimum wage, and could potentially leave graduates disadvantaged. Similarly if the majority of opportunities are large companies they may not necessarily be graduate type opportunities. We could potentially support Kent SMEs to tap into graduate talent to help them grow, and provide a lengthier subsidy

The government scheme, however offers us opportunities to tap into their funding and expand the reach of our programme.