

2011/26

25 November

Pocket Watch – The Government announces a new Youth Contract

Introduction

The £1bn package of proposals announced today to help ease the plight of youth unemployment is the latest in a flurry of announcements that have been coming out in the build up to Tuesday's important financial and growth stock take. It follows announcements on business mentors, incentives for small businesses to take on more apprentices and greater employer ownership of some training programmes, all announced over the last ten days and all following the publication of the autumn round of stats on the labour market which have remained universally depressing

The context

The context is clearly rising concern, and in some cases, "*alarm*," about the prospects for young people. The latest rash of stats point to two big worries. First, the leap in the number of unemployed young people between the ages of 16-17 and 18-24, up from 217,000 to 799,000 under the latest figures. Secondly, the continuing NEET problem, continuing because it's not new but at 1.6m is getting worse and significantly, is becoming concentrated in some of the most disadvantaged areas. Young people with low level of qualifications and in areas where unemployment is already high, face real difficulties as recent Reports from Demos, Barnardo's and the Centre for Cities have all shown

So what's been announced?

Four immediate points stand out. First that the scheme is called a Youth Contract, in other words there are commitments, those who drop out could lose benefits. Second, the Government is claiming it's putting in new money potentially from Treasury savings; third, the scheme is private sector based and fourth, the full programme doesn't start until next April. In essence, the proposals build on the details sketched out by the Prime Minister and Deputy Prime Minister in May and more recently those set out by the CBI and include:

- Offering employers limited wage incentives to help create initially 160,000 work experience placements
- Short-term placements (up to eight weeks) for 250,000 18-24 yr olds who have been job seeking for over three months
- A dedicated £50m programme to help 25,000 16/17 yr old NEETs find work or training
- An increase in incentive payments to encourage employers to provide 20,000 young apprenticeship places
- Additional support, aimed at young people, offered through Job Centre Plus

How have the proposals been received?

Current issues include will there be enough money, will it lead to long-term jobs and does it really do enough to encourage employers to take on young people? Labour, for instance, believe a tax on bank bonuses and a N.I. holiday would be better ways to help stimulate jobs. There's also been debate about whether the Government was right to scrap Labour's Future Jobs Fund, the previous scheme offered under the Young People's Guarantee. Further details will follow in the Chancellor's forthcoming Statement

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Youth Contract Nov 2011

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Consultation on a new HE Regulatory Framework August 2011