

Research report

Early evaluation of the Youth Contract wage incentive scheme

by Lizzie Jordan, Stephen McGinigal, Andrew Thomas
and Nick Coleman

Department for Work and Pensions

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Abbreviations and glossary of terms

Apprenticeship Grant for Employers of 16 to 24-year-olds	Businesses employing up to 1,000 employees can receive a £1,500 grant for recruiting a young apprentice. The grant is available in England only.
CATI	Computer Assisted Telephone Interviewing
CIPD	Chartered Institute of Personnel and Development
Deadweight	The effect in schemes and programmes whereby intervention leads to outcomes that would have occurred anyway (e.g. incentivising employers for recruitment that would have happened without the incentive).
DWP	Department for Work and Pensions
EEF	The manufacturers' organisation (formerly the Engineering Employers' Federation)
Jobs Growth Wales	The Jobs Growth Wales programme aims to create 4,000 jobs per year for young people in Wales. Participants are employed for a minimum of 25 hours per week by participating employers.
JSA	Jobseeker's Allowance
NDYP	New Deal for Young People. The NDYP Employment Option (1998–2010) paid up to £1,560 for employing a young unemployed person for at least six months.
NEET	Not in employment, education or training
REC	Recruitment and Employment Confederation
SIC	Standard Industrial Classification
Six Month Offer recruitment subsidy	In the Six Month Offer (2009–2010), people who had been on JSA for more than six months were given a voucher for £1,000 that could be redeemed with any employer who took them on for a job likely to last more than six months.
SOC	Standard Occupational Classification
Substitution effect	A substitution effect occurs when an eligible participant of a scheme or programme gains a job at the expense of another job seeker

UKCES	UK Commission for Employment and Skills
Wage Incentives	Over three years from April 2012, the Youth Contract will offer wage incentive payments of up to £2,275 to employers when they recruit an 18 to 24-year-old from the Work Programme. Availability was expanded in July 2012 to include 18 to 24-year-olds in Jobcentre Plus ‘youth unemployment hotspots’ with claim durations of at least six months. This eligibility was extended to all Jobcentre Plus offices from 17 December 2012. Over this three-year period, 160,000 wage incentives have been funded.
Work Programme	The Work Programme is a major payment-for-results welfare-to-work programme that was launched throughout Great Britain in June 2011. The Work Programme is being delivered by a range of private, public and voluntary sector organisations which are supporting benefit claimants who are at risk of becoming long-term unemployed to find work.
Youth Contract	The Youth Contract was implemented from April 2012, to provide a range of help for unemployed young people to better prepare them for work, and to offer greater opportunities to find and take up sustained employment.

Notes on terminology

A large number of tables and charts appear in this report. The following conventions have been used:

0 = a ‘true zero’ (i.e. no responses in the category);

* = less than 0.5 per cent, but more than zero responses.

Significance testing has been carried out at the five per cent level, unless otherwise stated.

All comparative data described in the report is significant, unless otherwise stated.

Where net figures are described in the body of the report these have been taken directly from the raw data and therefore may not always equal the sum of the figures in the charts due to rounding. Similarly, figures may not always total 100 per cent due to rounding.

Summary

Background

Wage incentives are a key element of the Government's Youth Contract measures. Over three years from April 2012, the Youth Contract includes funding for wage incentive payments of up to £2,275 to employers when they recruit an 18 to 24-year-old from the Work Programme. Eligibility has since been extended to all 18-24 year olds who have been claiming for six months¹. Over this three-year period, 160,000 wage incentives have been funded.

This is the first of two waves of research on the experiences of, attitudes towards and impact of wage incentives. The findings are based on:

- a quantitative survey of 279 employers who recruited someone eligible for a wage incentive and had received a claim form;
- qualitative interviews with Work Programme providers;
- qualitative interviews with Jobcentre Plus employer engagement staff.

Marketing and communications

Around half (56 per cent) of employers in the survey heard about wage incentives before they recruited the person/people concerned, with 15 per cent finding out about it during recruitment (often from the young person being interviewed) and 27 per cent finding out afterwards.

Employers were most likely to have first heard about the wage incentives from a Work Programme provider (46 per cent). Twelve per cent heard about it from Jobcentre Plus staff and five per cent from the Department for Work and Pensions (DWP)/Jobcentre Plus website. When they needed more information, employers were most likely to contact a Work Programme provider (in 51 per cent of cases), and the majority (80 per cent) found it very or fairly easy to get the information they needed.

The timeline for implementation of this policy was challenging for both DWP and Work Programme providers. We understand from DWP that providers had been given four months to prepare for the launch of the wage incentive and were invited to a series of briefing meetings at which detailed information was supplied on all aspects of the wage incentive scheme. However, some Work Programme providers felt that the roll-out of information about wage incentives had been slow and of poor quality, which had affected their ability to produce marketing materials in the early stages. It is likely that given the speed of implementation there was not sufficient time for messages given to providers by DWP to reach all relevant parties within those organisations.

Work Programme providers reported that some employers, aware of previous incentive schemes, had some negative preconceptions about the bureaucracy surrounding government initiatives in general. Consequently, Work Programme providers felt that a smooth delivery of the policy, with limited bureaucratic burden for employers, was essential to support their promotion and marketing of the scheme.

¹ From July 2012, in selected 'youth unemployment hotspots' wage incentives became available via Jobcentre Plus to employ 18 to 24-year-olds that had been claiming for at least six months. This eligibility was extended to all Jobcentre Plus offices from 17 December 2012.

Overall, the wage incentive was seen by Work Programme providers as one component of a package of support that they could offer employers. Providers felt that the scheme was not sufficient as a sole method of ‘marketing’ young people to employers.

It was also clear that providers were using the wage incentive to differentiate themselves from other recruitment agencies and enhance their profile as a viable alternative.

In the survey of employers, the main suggestion for how the Government could improve their communications about the wage incentive was to focus on making more employers aware of it. Work Programme providers and Jobcentre Plus staff thought that more effort needed to be put into national awareness-raising, local direct marketing and local media coverage. Since this research, DWP have moved from no-cost marketing activity and are piloting paid-for marketing activity which has involved regional marketing activity. This new marketing activity has included local press and radio advertising, public relations (PR) activity in regional and industry press, email marketing and social media activity.

Participation and involvement

Most employers who had taken someone on who was eligible for a wage incentive were single-site organisations (63 per cent). The majority of employers (76 per cent) had fewer than 50 employees at the site, including 34 per cent who had fewer than ten employees at the site. One in five (18 per cent) had 50 to 249 employees, and the remaining five per cent of employers had 250 or more employees working at the site.

Most employers were in the private sector (84 per cent). Six per cent were agencies that had taken on someone to work at another organisation.

More than half (54 per cent) of employers were in the service sector. Around one in five (19 per cent) were in production and manufacturing.

In most cases, employers had taken on just one recruit who was eligible for a wage incentive (62 per cent) within their workplace, while 28 per cent had taken on between two and four recruits, and eight per cent had taken on five or more.

Three in ten positions were in elementary occupations. Other common occupation types were sales and administration, customer service and factory work.

One in five recruits who were eligible for the wage incentive were working less than 30 hours per week (21 per cent), with the remainder working 30 hours or more per week. In total, 31 per cent of respondents said that the job was on a temporary or fixed-term contract², and 63 per cent were for a permanent job. In the majority of cases (80 per cent), respondents expected recruits working in non-permanent positions to stay with the organisation for more than six months.

Employers’ main reasons for taking on a candidate eligible for the wage incentive were to get some extra money (30 per cent) and to give a young, unemployed person a chance (22 per cent).

Ten per cent of employers in the survey had concerns about applying for wage incentives, mostly concerning administrative issues.

² These jobs qualify for a wage incentive, provided that they are expected to last at least 26 weeks.

Qualitative interviews with Work Programme providers and Jobcentre Plus staff indicated that, in the main, they did not believe wage incentives were creating new jobs, nor that it was encouraging employers who had used the wage incentive to retain employees. However, it should be noted that the primary policy aim is to give young people a way into real, existing vacancies; employers are not required to create new jobs. In this context, it is worth noting that, as discussed elsewhere in this report, 28 per cent of employers' retention decisions have been influenced by the wage incentive scheme.

Providers and Jobcentre Plus staff felt that wage incentives could 'tip the balance', making young people who already had the right skill set more attractive to employers, compared to other potential employees who did not attract wage incentives; which reflects the policy intent of this scheme. Providers and Jobcentre Plus staff also believed that overall, large employers were disinterested in the scheme, partly because local branches of large employers did not benefit financially and partly because some felt there was a reputational issue following negative media coverage of government employment schemes earlier in the year. It was felt that micro and small employers tended to be more likely to take up the scheme.

Employer support and engagement

Most employers who had received a claim form for an eligible job start had dealt with just one Work Programme provider (61 per cent), while 13 per cent had been in contact with two, and ten per cent had dealt with three or more.

Respondents were generally positive towards the support they had received from providers: 71 per cent rated the support as very or fairly good, and just five per cent thought it was poor. Among employers who had dealt with two or more providers, 27 per cent said that having a single point of contact would have helped them, but 52 per cent said this would not have made any difference and 16 per cent said it would have made it worse.

Work Programme providers indicated that it was essential to provide additional support to employers and had done so by creating single points of contact, going into employers to help complete forms and telephone helplines.

Administration and claims process

Eighteen per cent of employers said they had problems or delays in receiving the claim form(s) for wage incentives³.

Nearly all of the employers in the survey had either already made a claim (34 per cent) or intended to do so (all but two per cent of those that had not yet claimed). Smaller employers were evenly divided between those who intended to make an initial claim after eight weeks (45 per cent) and those who intended to claim only after 26 weeks (51 per cent).

Employers generally did not think there was a very great burden involved in claiming: just eight per cent thought there was a large amount of work involved. Around one in five (19 per cent) had put in place extra administrative systems to claim the wage incentive.

³ Work Programme providers are required to send the wage incentive claim form to the employer as soon as they have confirmed that the job start is eligible for the scheme.

Since the research, a process to allow bulk claims for larger employers has been developed by DWP. This process was communicated to Jobcentres and Work Programme providers on 11 December 2012. The new process means that employers can submit up to 20 claims at once (along with supporting information such as wage slips). Previously, each wage incentive claim required an individual claim. The bulk claims process alters the terms and conditions and eligibility criteria, but reduces some administrative burden on larger employers. The bulk claims process enables payments to be made to a single central bank account – something that large employers had asked for.

Among respondents who were familiar with the claim form, 91 per cent said that section one had been filled in correctly by the Work Programme provider (see Appendix F for a copy of the claim form).

Where processing problems had arisen, the Work Programme providers had indicated that this was because the claim form had been changed in the first few weeks of the scheme (to correct an issue around bank account name field), and because some claims were returned unpaid (mainly as result of being incorrectly completed). A further issue was that Work Programme providers were tasked with informing employers of the return address, but the lack of this information on the claim form had confused some employers. According to Work Programme providers, even minor ‘teething problems’ such as these, could reinforce some employers’ negative attitudes about government employment schemes. This highlights the need for providers to ensure they assist employers through the claims process.

Impact of wage incentives

Wage incentives affected employers’ behaviour in the following ways:

- Nine per cent created an extra vacancy because of wage incentives.
- Seven per cent would not have recruited a young, unemployed person without wage incentives.
- Twenty-eight per cent of employers said wage incentives had made them more likely to keep the employee on for at least six months.
- Thirteen per cent said that wage incentives influenced the hours worked.

Allowing for the overlap in the categories above, 37 per cent of employers surveyed said that the scheme had affected their behaviour in at least one of these ways. This was higher for smaller establishments (with fewer than ten employees) than for larger establishments: 52 per cent compared with 30 per cent.

In addition, almost nine in ten employers in the survey (86 per cent) said they would be likely to take someone else on in the future who is eligible for the scheme. One in three respondents (33 per cent) said that it had made them more likely to recruit young people with a history of unemployment, with four per cent who said it had made them less likely and the remaining 62 per cent who said it made no difference.

Most employers (71 per cent) who had not yet made a claim, but intended to do so, said that they thought they would still take up the wage incentive if the amount was lower – “say, £1,000 per recruit, rather than £2,275.”

The interviews with Work Programme providers and Jobcentre Plus staff echoed the findings of employers – whilst there was limited job creation, some employers were retaining employees longer than they might initially have intended. It was felt that perhaps the greatest impact was that micro and small employers were now more ready to consider employing a young person, but only if they were motivated to work and job ready. This finding reflects a key policy aim of the scheme which was to influence the recruitment choices of employers.

However, there was also some evidence to suggest that wage incentives were not always being used as intended, with some employers letting employees go after six months in order to gain from new employees who attracted a new wage incentive payment. Instances of this practice are outside the terms and conditions of the scheme. DWP are exploring ways of improving communications on the terms and conditions to employers via Work Programme providers and Jobcentre Plus staff.

Improvements to the scheme

More than one in four employers could not think of any ways of improving the scheme (28 per cent). The most common suggestions concerned advertising and information (e.g. more advertising or more information about the scheme).

Work Programme providers suggested that national and local level marketing and press coverage would enhance the effectiveness of their activities, a point echoed by Jobcentre Plus staff. Other suggested improvements were avoidance of further bureaucratic ‘hitches’, such as changes to the claim form, and better liaison between local providers and Jobcentre Plus staff in the promotion of the scheme. Since the research, DWP have piloted regional marketing activity to test the most effective communication channels for increasing awareness of the scheme. Marketing activity aimed at employers has included local press and radio advertising, social media, and email marketing. A self-marketing card for JSA claimants has also been tested and is now being rolled out nationwide.

Links with other schemes

Around half (53 per cent) of respondents said they had heard of the Apprenticeship Grant for Employers (AGE 16–24). Of these, nine per cent said they had applied for it.

Respondents who had heard of any government schemes were asked whether they agreed or disagreed that ‘the range of different schemes makes it confusing for employers to know what is available’. More than half agreed with the statement (57 per cent), while 37 per cent disagreed.

Work Programme providers thought that sector-based work academies worked best with medium and large employers, while the wage incentives worked best with micro and small employers. Jobcentre Plus staff were particularly enthusiastic about work experience, which they felt could be more effective than wage incentives in getting employers to recruit young unemployed people.

General attitudes to recruitment of young people

One in five employers (20 per cent) said that they have difficulties with recruiting young people. The main problem was seen as the attitude and motivation of young people.

When asked what else the Government could do to encourage the recruitment of young people, the most common answer was to provide better education, training or careers advice for young people on how to get and keep a job (mentioned by 21 per cent).

Overall, the Work Programme providers and Jobcentre Plus staff considered that the Youth Contract itself was very important as it addressed a key requirement of employers, that of training and employability; furthermore, wage incentives helped to drive interest in employing young people and, if coupled with job ready and motivated individuals, helped to dispel negative preconceptions about the young.

1 Introduction

This report presents the findings from the first wave of research on wage incentives, as part of the evaluation of the Youth Contract, carried out by TNS BMRB.

1.1 Background

The Youth Contract was implemented from April 2012, 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.

Wage incentives are a key element of the Government's Youth Contract measures. Over three years, from April 2012, the Youth Contract will offer wage incentive payments of up to £2,275 to employers when they recruit an 18 to 24-year-old from the Work Programme. Over this three-year period, 160,000 wage incentives have been funded.

Wage incentives are available to employers from all sectors, although 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 have reached six months on benefit in 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.

For employers to meet the terms and conditions of the wage incentive, the job has to be expected to last at least 26 weeks and the wage incentives will be paid after the young person has remained in work for 26 weeks. Any business with fewer than 50 employees can choose to make a claim after eight weeks of employment. A payment of £700 which equates to eight weeks of the wage incentive is made to help cash flow (halved for part-time work).

The employer will be 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. 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 are responsible for identifying 18 to 24-year-olds on their books 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.

As well as wage incentives, the Youth Contract includes the following elements:

- An extra 250,000 work experience places, including those that attract pre-employment training and a guaranteed interview: sector-based work academies. This will offer at least 100,000 opportunities a year and will offer a place for every 18 to 24-year-old who wants one, before they enter the Work Programme.

- At least 20,000 extra Apprenticeship Grants for Employers, worth £1,500 each, for employers to take on young people as apprentices, taking the total to 40,000.
- More adviser support delivered through Jobcentre Plus for every 18 to 24-year-old, including a referral to a National Careers Service for careers advice in the first three months of a claim to Jobseeker's Allowance (JSA).
- An extra £126 million to provide new support over the next three years for the most disengaged 16 and 17-year-olds in England to help them get into sustained learning, an apprenticeship or job with training⁴.

The Youth Contract builds on much of the support already available to young, unemployed people, particularly through the Government's apprenticeships offer and the back-to-work support provided by Jobcentre Plus, the Get Britain Working measures and the Government's main employment programme, the Work Programme. Jobcentre Plus District managers and advisers have the flexibility to judge which interventions will help claimants at the most appropriate point in their job seeking journey, tailoring this to individual need.

The critical success factors for the Youth Contract are to:

- increase benefit off flow rates for 18 to 24-year-olds and increase the proportion that are off-flows into employment; reduce the number of 16 to 24-year-olds not in employment, education or training (NEET) (by helping more people into employment, education or training);
- decrease average time on benefit (getting claimants into work sooner); and
- increase average time in employment (promoting sustained jobs).

1.2 Youth Contract evaluation

The Department for Work and Pensions (DWP) has commissioned TNS BMRB to conduct an evaluation of the Youth Contract. The evaluation focuses specifically on the DWP-delivered elements of the Youth Contract policy not subject to existing evaluation, specifically: the wage incentive; work experience, including sector-based work academies; and additional Jobcentre Plus delivered support. The aim of the evaluation is to explore the delivery, experience and outcomes from the Youth Contract policy elements.

The research conducted by TNS BMRB will be complemented by impact assessments, carried out in-house at DWP, to measure impacts on benefit and employment outcomes of the policies making up the Youth Contract.

1.3 Research on wage incentives

The evaluation includes the following elements that focus on wage incentives:

- Two quantitative surveys with employers taking up wage incentives. The first survey (covered in this report) is among employers who have employed claimants into a post attracting a wage incentive payment, to gather early views on delivery, and to identify any immediate improvements to delivery of the policy. The second survey (to be conducted in 2013) will enable data to be gathered on the characteristics of employers who have received wage incentive payments (which in most cases will not occur until six months post the claimant entering work) and provide a more bedded in view of delivery.

⁴ <http://www.dwp.gov.uk/youth-contract/>

- Qualitative interviews with Work Programme providers to gain a detailed view of the implementation, impact and success of wage incentives from Work Programme providers' perspective.
- A small number of interviews with Jobcentre Plus employer engagement staff.

The key questions to be answered by the research on wage incentives are as follows:

- How are providers marketing wage incentives to employers? How successful has employer engagement and marketing been?
- Do providers/employers find the wage incentive process easy to follow?
- Are wage incentives influencing employer decisions to hire young people?
- Have wage incentives influenced the number of vacancies or choice of candidate?
- What types of employers are taking up wage incentives? How does this differ by sector?
- What are employers' views of wage incentive policy?
- Can any improvements be made to wage incentive policy/delivery?
- Do wage incentive jobs last longer than non-wage incentive jobs?

1.4 Research covered in this report

This report contains findings from the first wave of research on wage incentives. This includes:

- the first of the two quantitative surveys of employers;
- the first wave of qualitative interviews with Work Programme providers; and
- qualitative interviews with Jobcentre Plus employer engagement staff.

1.4.1 Quantitative employer survey

The survey covers employers who had recruited a young person who was eligible for a wage incentive and who had received a wage incentive claim form. Specifically, the sample comprised employers who had been sent a claim form in May and June 2012. The sample was provided by individual Work Programme providers, and was collated by DWP. In total, 876 employers were included in the sample.

It is important to note that the survey is based on the records of Work Programme providers, and therefore excludes any employers who were recruited by Jobcentre Plus in 'hotspot' areas. As a result, there may be some differences between the findings from the employer survey and those from the interviews with Jobcentre Plus employer engagement staff, as the latter will include their experience of direct employer engagement in 'hotspot' areas.

More generally, it is important to note that the survey covers a small sample of employers, and is restricted to those who were sent a claim form at a particular point in time (May to June 2012). The findings should therefore not be generalised to the wider population of employers.

All respondents were sent an advance letter before the start of fieldwork (see Appendix A), which explained the purpose of the study, reasons for their inclusion in the research and the form that the survey would take. Respondents were invited to call TNS BMRB if they wished to enquire about further details of the research, or if the letter had been sent to the wrong person at the organisation.

Interviews were conducted by telephone, using Computer Assisted Telephone Interviewing (CATI). In total, 279 interviews were conducted between 13 August and 7 September 2012. The response rate was 42 per cent. Given the short timescale available for the survey, this represents a respectable response rate. Non-response was largely due to employers being unavailable during the fieldwork period, cases not being resolved, or no contact being made with eligible respondents. Only nine per cent of valid sample cases were refusals or abandoned interviews. Full response details are in Appendix B.

In multi-site organisations, interviews focused on the establishment or workplace responsible for claiming the wage incentive, rather than the organisation as a whole.

A small pilot was conducted in July 2012, covering six interviews with employers.

The questionnaire (see Appendix C) covered:

- employer characteristics;
- information and communications;
- reasons for taking up the wage incentive;
- placement details;
- claim process and administration;
- perceived impact of wage incentives on recruitment and retention;
- awareness of, and involvement with, other Government schemes;
- overall attitudes to wage incentives; and
- experience of, and attitudes towards, recruiting young people.

1.4.2 Qualitative interviews with Work Programme providers

Depth interviews with Work Programme provider staff were conducted by telephone and lasted between 45 and 60 minutes. A topic guide was used during the discussion to provide structure and ensure that key issues were discussed (see Appendix D). The topic guide covered the following broad themes:

- Views about the wage incentive.
- Making employers aware of the wage incentive.
- Administration of the wage incentive.
- Effectiveness of the wage incentive.
- Best practice and improving the wage incentive.

Fieldwork was conducted between 10 and 17 September.

A case study approach was utilised to capture the full scope of views and experiences of dealing with the wage incentive. Up to six interviews were carried out in four Work Programme providers and their subcontractors, to include staff who dealt with DWP, employer engagement staff and administration staff.

Table 1.1 Work Programme provider interviews

	WPP1	WPP2	WPP3	WPP4
Employer engagement	1	2	2	2
Deals with applicants	2	0	1	1
Deals with DWP	1	0	1	1
Administration	1	1	1	2
Sub contractor	1	1	1	0

1.4.3 Qualitative interviews with Jobcentre Plus employer engagement staff

The research with Jobcentre Plus employer engagement staff used a similar methodology. Telephone depth interviews lasting between 45 and 60 minutes were conducted with five regional employer engagement staff and two national employer engagement staff. The topic guide followed a similar set of issues outlined above (see Appendix E).

1.5 Interpretation of data and analysis

When interpreting the findings for the survey of employers, it should be borne in mind that the survey is based on a sample of employers receiving a claim form rather than the total population. This means that all findings are subject to sampling tolerances. However, all differences highlighted in the report are statistically significant at the 95 per cent confidence level unless stated otherwise. The data was analysed using SPSS 17.

2 Marketing and communications

This chapter looks at how employers are made aware of wage incentives and how communications could be improved. It looks at this from the perspective of Work Programme providers, Jobcentre Plus employer engagement staff and employers.

Key findings

- We understand from the Department for Work and Pensions (DWP) that providers had been given four months to prepare for the launch of the wage incentive and were invited to a series of briefing meetings at which detailed information was supplied on all aspects of the wage incentive scheme. However, some providers felt that briefing from DWP on the wage incentive had arrived late and was of poor quality, which had created some difficulties in fulfilling their responsibility for developing marketing materials. There were also some delays in Work Programme providers passing on information to their staff on the ground.
- Employers that had an existing relationship with Jobcentre Plus were informed about wage incentives within their normal cycle of regular contact. To new employers, Jobcentre Plus staff marketed the wage incentive as part of a wider package of support they offered.
- The most common way of finding out about wage incentives was through a Work Programme provider.
- Work Programme providers were also the most common source if an employer needed to find out extra information about the scheme.
- Just over half (56 per cent) of employers who had received a claim form had heard about wage incentives before recruiting the employee concerned, while 15 per cent found out about it during the recruitment process and 27 per cent afterwards.
- The main suggestion for how the Government could improve their communications about the scheme was to increase marketing activity.

2.1 Work Programme providers

It should be emphasised that, although the respondents for this section of the report were drawn from a mixture of prime providers and sub-contractors, there was little discernible difference in their responses due to this characteristic.

2.1.1 How Work Programme providers learnt about the wage incentive

Before considering the marketing of wage incentives to employers, it is worth noting that it seemed that some of the Work Programme provider staff had not been systematically and comprehensively informed about the initiative from their management chain prior to go live. This lack of communication had consequences for the early stages of the initiative as it meant that their delivery of information to employers was delayed.

‘We were a bit hesitant to tell employers at the start, because we did not know what to tell them until we got confirmation from X (prime provider). It was a couple of months before we got confirmation about it.’

(Scotland, Interview 6, sub-contractor)

Some Work Programme provider staff had heard about wage incentives through external sources, such as the news media or emails received directly from DWP. These internal communication problems meant that for a few Work Programme providers, the whole process took some time to become embedded:

‘Information about the administration of the process seemed to trickle down through the months. It was not clear from the start.’

(Scotland, Interview 2)

2.1.2 Promoting wage incentives to employers

Work Programme providers were using a variety of methods to market the initiative to employers. Prominent among those were:

- face-to-face meetings with employers;
- cold-calling employers;
- mail-outs – leaflets and flyers were sent directly to employers. A notable innovation in one area had been the provision of information in different languages in order to access those employers for whom English was a second language;

‘[Town] is quite multicultural, so I have devised one in Urdu, Hindi and Punjabi, as there are quite a lot of employers whose English is their second language.’

(West Yorkshire, Interview 5)

- email – information about wage incentives was added to signatures on emails, which could be sent to both existing and prospective employer contacts;
- business/information cards supplied to candidates;
- briefing candidates about wage incentives and including this in their CVs, in order to give them an edge over other candidates;
- open days (these were not regarded as having been particularly successful)⁵; and
- social media – e.g. Facebook, Twitter.

Work Programme providers generally felt that as they were experienced in promoting initiatives to employers, they could readily incorporate wage incentives into their ‘product range’.

As well as informing employers about the existence of the initiative, its components and the criteria for participation, there were a range of messages which Work Programme providers used to engage employers. The key messages contained within any promotional material included:

- Wage incentives had been introduced in order to help 18 to 24-year-olds secure employment.
- This would enhance the sustainability of jobs for young people.
- Wage incentives could be used to employ more than one member of staff.
- Explanation of the payment system and the availability of part payments.

⁵ Attendance was low at these events, particularly amongst medium and large employers that were the intended audience as they were hardest to reach through other methods such as cold-calling or mail-outs.

- Recruitment process is free.
- The provision of up to two years' support for the individual on the part of the Work Programme provider.

There was considerable motivation for Work Programme providers to ensure that there was a strong take up of the wage incentive. Two main reasons for this were:

- wage incentives were helpful in persuading employers to recruit through the Work Programme provider, rather than through other agencies. This would strengthen their links with employers. Therefore, they were keen to encourage good take-up in order to ensure that the funding for wage incentives was maintained; and
- there was a perception that employers were more likely to continue using the services of the Work Programme provider if their experience of applying for wage incentives had been a good one. Furthermore, failing to inform employers about the wage incentive could adversely effect the relationship providers had with employers, if employers learnt from another source that they had recruited an eligible candidate, but had not been told that they could claim a financial incentive.

Although wage incentives were not a key performance indicator for Work Programme providers, the number of customers they placed in employment was. Therefore, it was in their interest to ensure that funding for wage incentives was sustained as it helped them to meet their employment placement targets.

In terms of how wage incentives were being marketed to employers, many respondents saw it as providing a 'sweetener', whose financial aspect would elicit the interest of employers. As such, it was invariably only one element of the package of offerings available from the Work Programme provider and would be introduced, during discussions with employers, at the appropriate time.

Existing employer customers of the Work Programme provider were often contacted directly, and made aware of this new tool in the Work Programme provider's armoury of services. When approaching employers with whom they had no previous dealings, wage incentives were mentioned as one element of the array of provision they could offer.

A key selling point of the Work Programme providers was the part they played in preparing candidates for employment. While many of the positions filled by individuals under wage incentives are unskilled, candidates still needed to be 'job ready' in order to be taken on. Work Programme providers can therefore have significant input to the preparation of candidates, including providing training, work experience and supporting customers when developing CVs and preparing for interviews as well as the provision of uniforms and travel costs incurred when attending interviews.

2.1.3 Responsibility for advising employers

Responsibility for informing and advising employers about wage incentives was not necessarily restricted to one individual within the prime contractor or sub-contractor. Consequently, those occupying the following roles within the provider organisation tended to raise awareness of wage incentives where it was considered to be appropriate:

- The nominated single point of contact within the provider organisation;
- Recruitment consultants;
- In-work support officers;
- Business development managers;
- Employment partnership co-ordinators;

- Sub-contractors; and
- Recruitment coaches.

From the perspective of provider employer engagement staff, the wage incentive was an additional item in the portfolio of offerings presented to employers. However, while the majority of providers saw this as a welcome addition, a minority expressed the view that it added to an already challenging caseload:

'It is the advisers' responsibility to make the employer aware, or, if they are not having direct contact with the employer, they need to make their clients aware of it, that they should be telling employers about it. Why I think it's low – well, it's additional work to an already busy day and caseload for everyone here, not just advisers but administrators as well.'

(Scotland, Interview 2)

2.1.4 Liaison with other Work Programme providers and Jobcentre Plus staff

There was scant mention of any links or liaisons with other Work Programme providers with regard to promoting the wage incentive, primarily because other providers tended to be seen as competitors.

As far as links with Jobcentre Plus were concerned, while not widely mentioned, there were instances where this was evident, all of which were in place before wage incentives were launched through the Youth Contract. For example, one Work Programme provider had a relationship with Jobcentre Plus which included a monthly partnership meeting to discuss operational and strategic issues.

In non-hotspot areas, employer engagement officers referred employers to Work Programme providers if employers needed more information about the wage incentive.

More generally, any contact between providers and Jobcentre Plus tended to be in order to keep each other informed of developments such as large local recruitment drives.

2.1.5 Whether candidates are encouraged to tell employers about wage incentives

In addition to marketing to employers, Work Programme providers were tasked with developing awareness via JSA claimants. Claimants were encouraged to 'self-promote' the wage incentive by mentioning it to employers. This often entailed the use of information packs which were given to the candidate prior to their interview with an employer.

Currently, the development of information packs tends to be undertaken at a local level by providers, but one respondent considered that there could be a role for DWP or the provider head office to provide such packs. In several instances, Work Programme providers held group sessions with candidates to explain how they could promote the initiative to employers. Although this practice was encouraged, one provider staff member stated that their preference was for their own work coaches to contact the employer (rather than the candidate), as they were more likely to provide accurate information, and better able to answer any questions from the employer.

The success of self-promotion by candidates was asserted by one respondent:

'A few clients did not have this on their CV and after I put it in, I had calls about it from employers, so it does work. I have this guy with no experience apart from school and as soon as we put the wage incentive on his CV, he got three interviews.'

(Scotland, Interview 4)

2.1.6 The support needed to market/promote wage incentives to employers

Work Programme providers commonly felt that more could be done to promote wage incentives to employers outside their own marketing activities. Since the research DWP have piloted paid-for marketing activity, which has included local press and radio advertising, public relations (PR) using success stories, email marketing and social media. One provider recommended reminders to be sent to employers at regular intervals:

‘Everybody received an email when the wage incentive started, but I think employers need to be reminded once a month ... it needs to be a consistent thing.’

(West Yorkshire, Interview 6)

DWP’s recent work with press and social media using ‘success stories’ would be welcomed by providers:

‘Getting case studies in the paper would reach an audience who ignore mail shots, so if they hear about other companies getting the benefit of this, they will think ‘oh I need a bit of that.’

(Scotland, Interview 3)

Information provided by DWP on the wage incentive scheme was commonly adapted by Work Programme providers for use on their own websites and to tailor it to complement and be consistent with their own branded material.

Some sub-contracted providers felt that a perceived lack of detailed information from DWP had hindered their development of marketing materials. Despite their responsibility to oversee their own marketing activity, some provider staff recommended that marketing packs should either be produced centrally by DWP, or by prime providers, to aid their task of increasing awareness.

Providers were aware that there was some scepticism amongst employers about dealing with a third party, with some employers asking Work Programme providers for a DWP contact to speak to about the wage incentive. This was because they felt more comfortable checking the terms and conditions with the DWP directly.

2.2 Jobcentre Plus employer engagement staff

The main focus of the marketing activities by Jobcentre Plus staff was raising awareness rather than explaining the whole process, although this may have been because interviews were carried out shortly after the wage incentive was launched and therefore the priority for employer engagement staff was to ensure that the employers had heard about the scheme and to generate interest. Furthermore, Jobcentre Plus staff in non-hotspot areas were guided to refer employers to Work Programme providers for further information.

Not surprisingly, there appeared to be a greater focus on promoting the wage incentive in hotspot areas. In non-hotspot areas, employer engagement staff informed employers about the wage incentive when providing information on the Youth Contract as a whole and referred any interested employers to Work Programme providers. Jobcentre Plus staff used a range of channels to inform existing employers about the wage incentive including face-to-face contact, email and telephone. They also reached a wider audience by including articles in the monthly newsletter of the Federation of Small Businesses and attending jobs fairs.

Employers that had an existing relationship with Jobcentre Plus were informed about wage incentives within their normal cycle of regular contact. When engaging with employers for the first time, employer engagement staff referred to the wage incentive as part of a package of support available through the Jobcentre, rather than contacting employers specifically to inform them about the wage incentive. Some staff felt that the wage incentive could act as a 'carrot' to stimulate interest in the wider Youth Contract.

'It sounds useful to have in the portfolio when going out [...] if the right candidate is there and they qualify it's a nice to have.'

(Regional employer engagement manager, hotspot area)

Outside hotspot areas it seemed out of context for employment engagement staff to market a specific product which Jobcentre Plus could not deliver themselves.

'It's a slightly awkward way to work at times, because we can't continue that journey with them, which turns them off.'

(Regional employer engagement manager, non-hotspot area)

Jobcentre Plus staff were generally describing a complex package of support to employers, of which wage incentives were a part. Therefore, face-to-face contact was preferred in some cases as employers tended to lose interest when dense information was communicated by telephone.

National employer engagement staff in particular used a face-to-face approach for most of their communications with employers. Information about wage incentives was often incorporated into scheduled quarterly catch up meetings to discuss employer's needs. These conversations were more high level than those with local businesses which required a different approach to engage them. As well as discussing the main features of the product, national employer engagement staff also considered how well wage incentives fitted with the company's Corporate Social Responsibility policies as well as practical issues such as how companies with a centralised recruitment function would apply for the wage incentive.

Jobcentre Plus staff noted that some employers were familiar with previous wage incentive/subsidy schemes for youth recruitment and that there were both benefits and drawbacks to this familiarity. There were benefits in terms of awareness, as employers quickly understood the concept and in some cases employers had approached Jobcentre Plus speculatively, without having heard of wage incentives for the recruitment of young people. However, there were also drawbacks in terms of employers' attitudes. Some employers had negative preconceptions about wage incentives, believing that the process would be overly bureaucratic and time-consuming. Therefore one of the key communications challenges raised by Jobcentre Plus staff was employers' negative beliefs about previous schemes.

'Many of them see wage incentives to be a reinvention of the recruitment subsidy, until you can get a chance to explain to them it's something different.'

(Regional employer engagement manager, non-hotspot area)

Like the Work Programme providers, Jobcentre Plus staff thought that a national awareness raising campaign would be beneficial and likened it to 'planting a seed'. Jobcentre Plus staff felt that participation would grow as awareness of wage incentives spread, particularly as marketing activities had few barriers to overcome, both because the concept was straightforward and employers, in particular small and micro businesses, were generally interested in the scheme.

Employer engagement staff indicated that data on the types of employer taking up the scheme would be helpful to target wage incentives more effectively.

'If we could have some information like that then we could have more of a marketing steer, and then we could start approaching some of the smaller companies as well.'

(Regional employer engagement manager, hotspot area)

Some Jobcentre Plus staff felt that Work Programme providers had produced more sophisticated marketing materials than themselves, and that they may need additional support to produce professional standard materials, particularly materials tailored to large employers and large scale employer events. Since the research, DWP head office staff have issued a new range of marketing materials for use by local employer engagement staff.

'We're trying to look more professional and act professional, and these marketing materials are letting us down slightly. The WPPs don't have these problems.'

(Regional employer engagement manager, non-hotspot area)

2.3 Employers

2.3.1 How employers found out about wage incentives

Workplaces that had recruited a young person who was eligible for wage incentives and had received a wage incentive claim form were asked how they first heard about wage incentives. Figure 2.1 shows the findings.

By far the most common way of finding out about wage incentives was through a Work Programme provider (46 per cent).

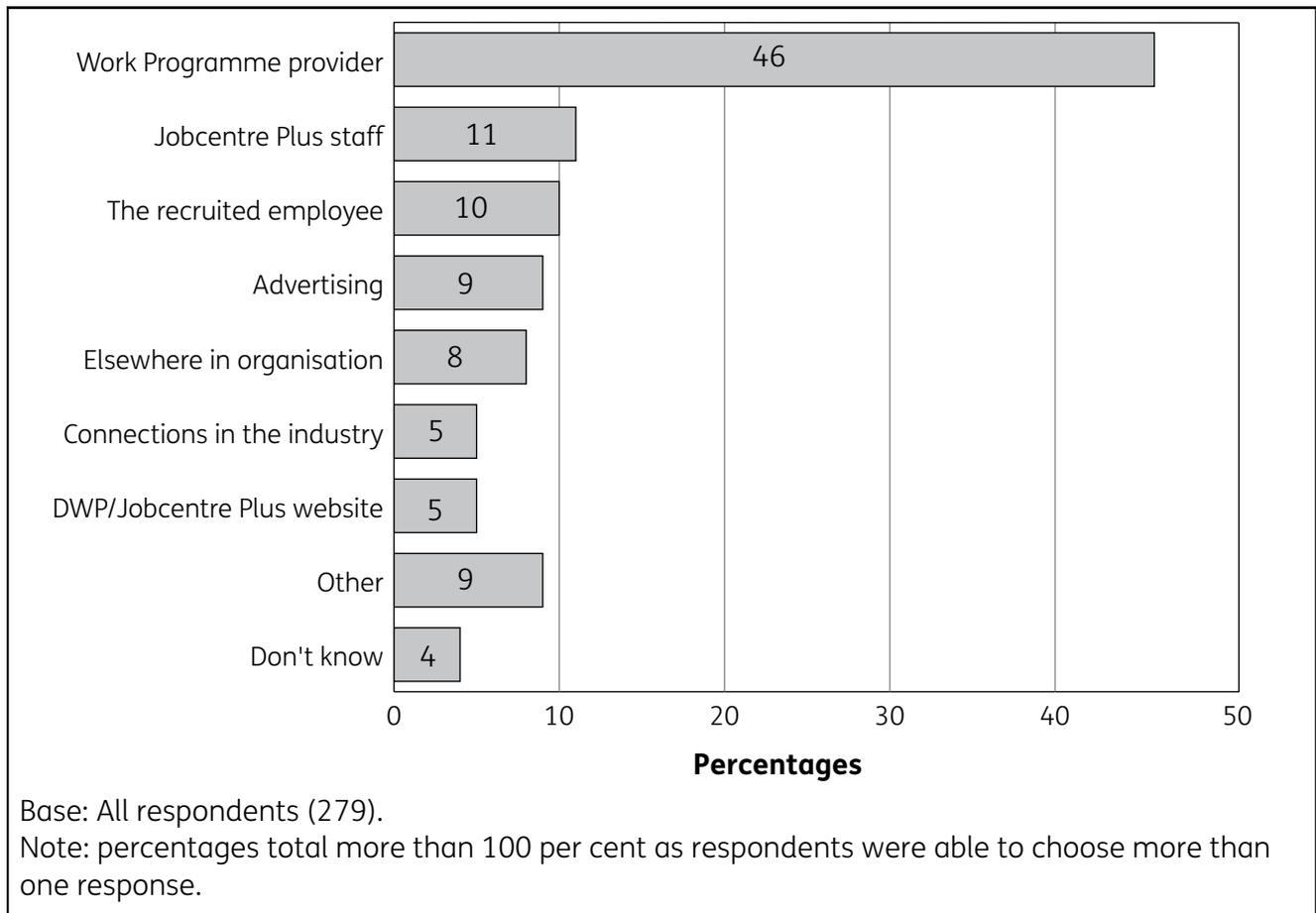
Around one in ten employers who received a claim form found out about wage incentives through Jobcentre Plus staff (11 per cent). A similar proportion found out about wage incentives through the recruited employee (ten per cent). Smaller workplaces (those with one to nine employees) were more likely than larger workplaces to have heard about wage incentives directly from the recruit. This suggests that smaller workplaces have a less formalised relationship with Work Programme providers than larger workplaces.

One in ten employers who received a claim form reported that they first heard about wage incentives from advertising, such as by email or in newspapers.

Five per cent of employers who received a claim form found out initially through the DWP or Jobcentre Plus website. Without a concerted advertising campaign driving traffic to the website, it is likely that the website will remain a secondary source of information rather than the primary source.

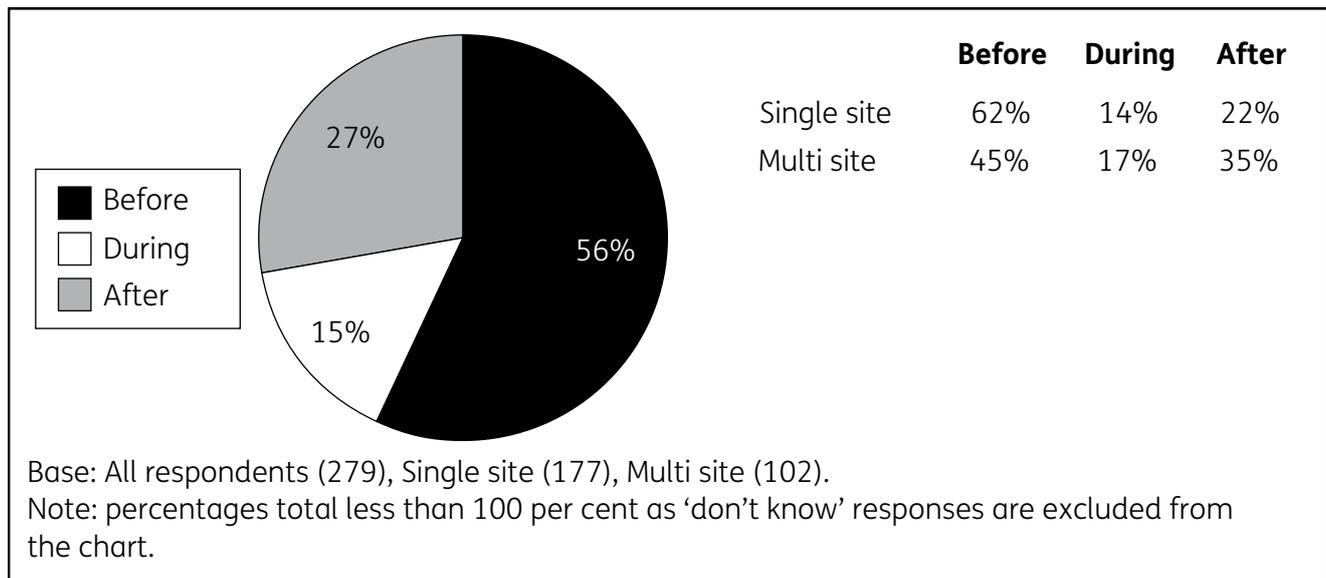
Other ways of hearing about wage incentives were through personal contacts. Eight per cent heard about wage incentives through someone else in their own organisation and five per cent first heard of it through connections in their industry.

Figure 2.1 How first heard about wage incentives



2.3.2 Stage in recruitment process that employer found out about wage incentives

Figure 2.2 shows the stage of the recruitment process at which employers who received a claim form found out about wage incentives. More than half (56 per cent) heard about wage incentives before recruitment and 15 per cent heard about it during recruitment. Around a quarter (27 per cent) of employers who received a claim form heard about wage incentives after they recruited the employee concerned. This is too low to analyse reliably, but almost all who found out about wage incentives after the recruitment process intended to make a claim. We understand that DWP are exploring ways to strengthen the message to Work Programme providers and Jobcentre Plus staff that employers should be informed about the wage incentive scheme prior to, or during, the recruitment process.

Figure 2.2 Stage in recruitment process found out about wage incentives

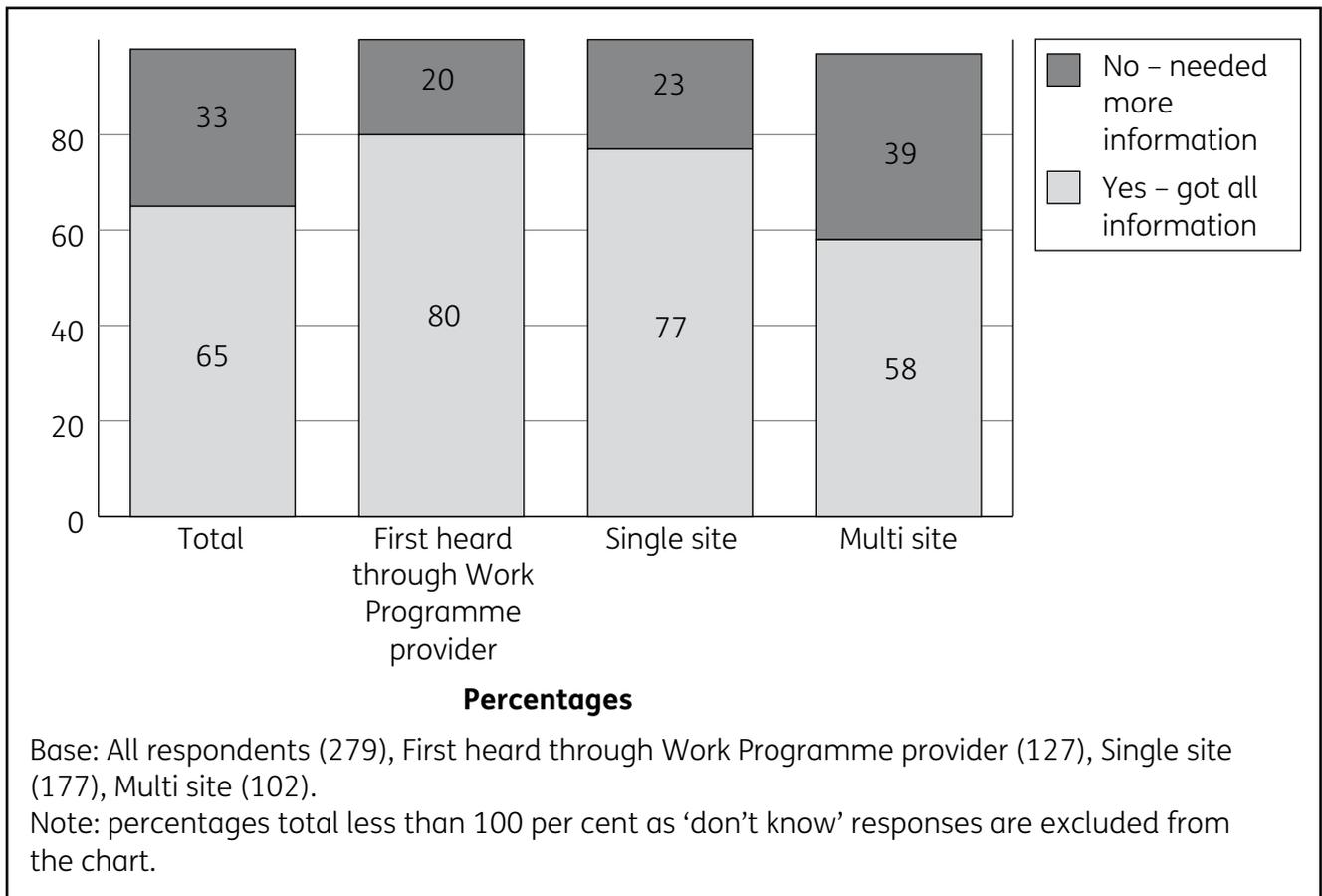
There were no significant differences in the findings according to the sources of finding out about wage incentives. However, employers with one single worksite were more likely to have heard about wage incentives before the recruitment process (62 per cent) than establishments that were part of a multi-site organisation (45 per cent).

2.3.3 Attitudes to information and communication

One potential barrier to involvement for an employer may be a lack of quality information about wage incentives. If an employer is not aware of the full details of the scheme when they first seek out information, then further effort is required to seek another source of information and a risk remains that some employers will give up.

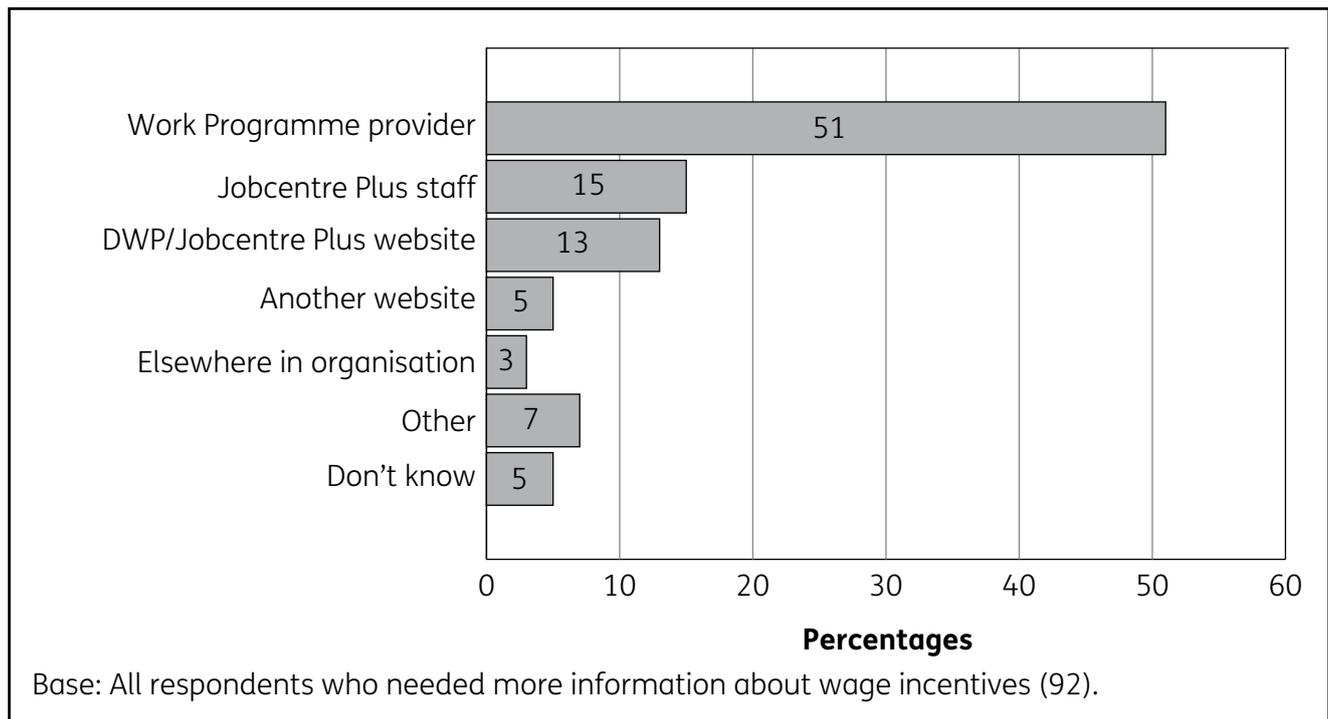
As shown in Figure 2.3, almost two-thirds of employers (65 per cent) in the survey got all the information that they needed at the initial stage of finding out about wage incentives. This was higher among businesses that first heard of wage incentives from a Work Programme provider (80 per cent). In addition, employers who were based at a single site (77 per cent) were more likely to have received all the information needed at the first stage than employers with more than one site (58 per cent).

Figure 2.3 Whether found out enough information from initial source



As seen above, one in three employers who had received a claim form for a wage incentive did not find out enough information from their first source and needed more information. These employers were asked which sources they used to find out more information about wage incentives (Figure 2.4).

The secondary sources used to find out more information about wage incentives were similar to the sources used for initially finding out about it. Just over half (51 per cent) went to a Work Programme provider, with 15 per cent speaking to Jobcentre Plus staff and 13 per cent consulting the DWP or Jobcentre Plus website.

Figure 2.4 Where went for further information if needed

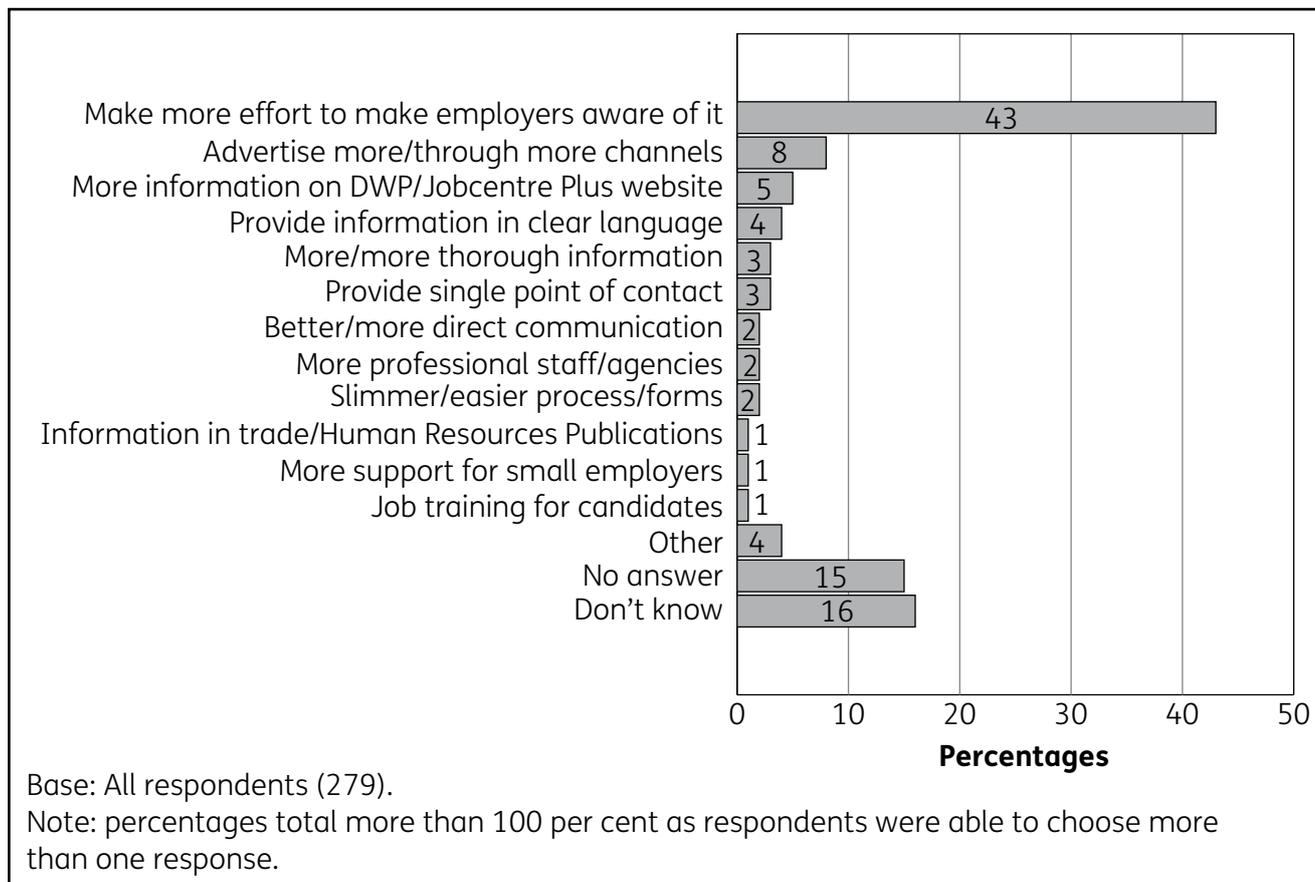
Eight in ten respondents who did not receive enough information at the first stage (80 per cent) said that they thought it was easy to get the information that they needed about wage incentives. Fifteen per cent responded that it was not very easy to get the information needed, and just four per cent of those who did not get all the information needed at the first stage said that it was not at all easy to get information.

When asked what type of information they found it difficult to get (just 18 respondents), responses included: general information and advice, information about payments, and who to contact about the process. The most common responses about what would have made it easier (also just 18 respondents) was having Jobcentre Plus staff being more informed about wage incentives, and also having printed material containing contact information.

2.3.4 How could Government communications about wage incentives be improved?

All participating employers were asked about how they thought Government communications about wage incentives could be improved (see Figure 2.5).

The most common response was that the Government should make more effort to make employers aware of wage incentives (43 per cent). Eight per cent felt that there should be more advertising, or advertising channels used to promote them. Reflecting the low level of usage of the DWP or Jobcentre Plus websites (as noted above), five per cent thought that there should be more information on these websites about wage incentives. Only three per cent thought that there should be a single point of contact for wage incentives; this suggests that employers who had received a claim form were generally satisfied with the support they received from their sources, such as the Work Programme providers; this is discussed further in Chapter 4.

Figure 2.5 What Government can do to improve communications about wage incentives

2.3.5 Awareness of wage incentives among employers

The quantitative survey only included employers that were involved in wage incentives – all employers in the survey had received a claim form for a wage incentive. In order to assess awareness, it is necessary to look at the wider employer population.

A number of surveys have been conducted recently looking at awareness of wage incentives. A survey of Human Resources (HR) professionals by the Chartered Institute of Personnel and Development (CIPD, 2012) found that 49 per cent of respondents were aware of the scheme⁶, while a survey by the Recruitment and Employment Confederation (REC)⁷ found that 58 per cent of employers had heard of it⁸. A survey by EEF, the manufacturers' organisation, among member organisations found that 65 per cent had heard of wage incentives⁹. These levels of awareness

⁶ In an online survey, a sample of 780 HR professionals was asked: 'In April 2012, wage incentives worth up to £2,275 each were made available for employers who can offer an 18 to 24-year-old as part of the Government's Work Programme for a job lasting at least 26 weeks. Are you aware of this scheme?'

⁷ <http://www.rec.uk.com/press/news/2180>

⁸ A sample of 600 employers was asked the following: 'In April, wage incentives of up to £2,275 each were made available for employers taking on young people for at least 26 weeks. Are you aware of this scheme and is your firm likely to make use of it?'

⁹ <http://www.itv.com/news/update/2012-09-04/survey-shows-employers-not-convinced-by-youth-contract/>

are relatively high, compared with awareness of other schemes and initiatives. In the latest UK Commission for Employment and Skills (UKCES) Employer Perspectives survey in 2010, 55 per cent of employers were aware of 'Jobcentre Plus's New Deal (including Steps to Work)', while much lower proportions were aware of the Six Month Offer (17 per cent), Future Jobs Fund (15 per cent) and Young Person's Guarantee (15 per cent) (Shury *et al.* 2011).

3 Participation and involvement

The Youth Contract funds 160,000 wage incentives over a three-year period. Previous wage/ recruitment subsidy schemes have suffered from lower than expected take-up. For example, the New Deal for Young People (NDYP) Employment Option (1998–2010) paid up to £1,560 for employing a young unemployed person for at least six months, but this element of the scheme only applied to around 10,000 people per year, just seven per cent of NDYP participants.

In the Six Month Offer, people who had been on Jobseeker's Allowance (JSA) for more than six months were given a voucher for £1,000 that could be redeemed with any employer who offered them a job likely to last more than six months. Over the 15 months of the subsidy being in place (April 2009 to June 2010), it was paid 46,000 times, but there were just 8,400 payments to people aged 18 to 24¹⁰.

Paying all 160,000 wage incentives funded by the Youth Contract over three years would therefore substantially exceed what has been achieved previously.

This section looks at which employers are getting involved in the scheme and why. It also references findings from other surveys about likely take-up from the wider employer population.

Key findings

- Work Programme providers were positive about wage incentives, several claiming that it is a good 'foot in the door' when approaching employers, as it enabled them to offer a financial incentive which interested some employers, especially micro and small employers.
- Jobcentre Plus staff said that the wage incentive was more effective in areas with a large proportion of small and micro employers.
- Six per cent of the organisations in the survey were recruitment agencies, rather than employers who had taken on an eligible employee in their own workplace.
- Two in three employers were based at a single site and most had fewer than 50 employees at the site.
- Four in ten had not hired someone to do a similar job in the previous two years.
- Around one in three positions filled by someone eligible for a wage incentive payment were not permanent jobs.
- Nine in ten employees that were eligible for wage incentives were still in employment at the time of the survey – this was higher for those hired on a full-time basis than those hired on a part-time basis.
- The main reasons for hiring someone eligible for a wage incentive payment were the financial assistance, and also giving a young person a chance that they may not otherwise have had.

¹⁰ http://statistics.dwp.gov.uk/asd/asd1/jsa/6month_offer/6mo_oct2011.pdf

3.1 Work Programme providers

3.1.1 Reasons for involvement and expectations

Work Programme providers indicated that their reason for participation in wage incentives was that they were required to by the Department for Work and Pensions (DWP). However, they also recognised that promoting wage incentives helped them reach their targets.

'It's all about targets and it's a good incentive for employers. As an organisation, we have to meet DWP's requirements and get X amount of people into work, so this is a good little incentive.'

(West Yorkshire, Interview 5)

Consequently, there was genuine enthusiasm about wage incentives and Work Programme providers were eager to promote it as part of their portfolio as it targets youth unemployment, and their participation gives them an edge over other recruitment consultants.

'I was madly keen on the scheme (WI). It makes my job easier and it is a selling tool to use with employers – not had something like this for a while'.

(Scotland, Interview 5)

'This incentive is exclusive to the Work Programme, so it gives us a cutting edge over a recruitment agency and other external organisations. We have exclusive rights to this.'

(West Yorkshire, Interview 5)

An interesting response from a sub-contractor was that a main reason for their involvement was that they had a 'social conscience' and wage incentives provided them with an opportunity to 'give young people a chance'. For them, the financial aspect of what they would gain, certainly in the initial stages, was marginal, and therefore not a prime consideration.

Overall, however, the Work Programme providers did not view wage incentives as being particularly lucrative in terms of levering job outcome payments. Moreover, providers' overriding aim was to place the 'right' people in the right jobs, irrespective of the extent to which they fulfilled the criteria for any one initiative. In terms of sustaining wage incentive job starts, providers felt that by providing people with the appropriate attributes for the post in question they would be able to ensure the sustainability of that employment for the individual.

3.1.2 Gaining employer participation

Overall, Work Programme providers were positive about wage incentives, with several claiming that it is a good 'foot in the door' when approaching employers, as it enabled them to offer a financial incentive which interested some employers, especially micro and small employers.

'It helps start that initial conversation with employers.'

(Scotland, Interview 6, sub-contractor)

There was widespread agreement among Work Programme providers that wage incentives had been more successful in engaging small and medium-sized enterprises (SMEs) and micro-businesses, whose capacity was limited to taking one or two recruits at a time. SMEs in rural areas were mentioned by more than one respondent as being a notable source of interest in wage incentives. In one area, the single large employer which was participating in the initiative was the local authority rather than a private sector employer.

For some, the attractiveness of wage incentives to SMEs, rather than to larger organisations, was seen as a benefit, as it was easier for the Work Programme provider representative to contact the person responsible for recruitment, without the need for head office approval. For others, however, the lack of interest on the part of large employers was problematic, partly due to the characteristics of the local labour market which was dominated by large employers whose overriding concern was to get the right person for the job, regardless of age or a financial incentive.

There was also a perception among Work Programme providers that it was particularly attractive to employers which were on the point of, or thinking about, recruiting but had not begun the process. The financial incentive was seen as being potentially persuasive as a contribution to the wage bill or to training costs.

There was considerable variability between localities in the levels of take-up of wage incentives to date. For a minority of Work Programme providers, the response from employers was described as 'very good'. In another locality, 'wage incentives were accounting for 50 per cent of one Work Programme provider's job starts.

The level of interest in one area was attributed to the fact that many businesses were closing down and therefore those which remained were appreciative of the 'cash injection' which recruiting someone under wage incentives provided. The following example describes what happened when the financial incentive aspect of wage incentives was explained to one employer:

'I have an employer coming in on Monday who initially wanted four, but ended up taking seven through the youth contract. Especially in [town], there is a lot of businesses closing down, there is nothing pumped into the businesses here, and when they see this they see a little cash injection more than anything.'

(West Yorkshire, Interview 5)

This respondent even stated that employers were willing to increase the hours of employment to exceed 16 hours a week in order to qualify for the incentive.

An understandable concern of the Work Programme provider cited above was about the future sustainability of the opportunities provided by wage incentives.

'I am hoping that employers are going to keep somebody for six months and see that they have worked with them, and developed them and turn it into a permanent post. I don't think there are that many employers who will train and develop them and then six months later say 'see you later' to them.'

(West Yorkshire, Interview 5)

Overall however, Work Programme providers generally acknowledged that there had been a 'slow' start, as far as take-up of the initiative was concerned, particularly among large employers.

'Your Asda's and Tesco's don't really see it as relevant to them. They have their own ways of doing recruitment and it is very difficult to try and get in with them ... don't think it attracts larger organisations.'

(Scotland, Interview 6, sub-contractor)

'I would say 95 per cent are not aware – perhaps the odd one or two have heard about it and contacted us ... they probably heard about it through another employer or Working Links.'

(Scotland, Interview 6, sub-contractor)

'Big employers are not very interested. The money does not mean much to them at the local level.'

(Scotland, Interview 6)

In order to address this problem, one Work Programme provider had set up initial meetings with large employers to discuss wage incentives, in the hope that this would lead to them taking multiple recruits with wage incentives in the future. At the time of interview, these discussions were at an early stage and there were no firm arrangements in place for these large employers to recruit through the Work Programme provider. However, the wage incentive had provided an opportunity for Work Programme provider staff to sell their services to large employers.

The lack of interest among medium-sized and large employers was acknowledged, although why this should be the case was more difficult to identify. Work Programme providers suggested a variety of concerns which may influence employers views about the wage incentive, among the suggestions offered were:

- The stigma attached to long-term Jobcentre Plus claimants, which led to their being considered as unsuitable candidates for employment.
- The potentially adverse reputational impact of participation with wage incentives, based on earlier negative media coverage.
- The assertion that these employers were primarily concerned with getting the 'right person' for a particular job, irrespective of age and other considerations, and therefore the incentive, while being a bonus, was not regarded as the most significant factor.
- In terms of their overall budgets, the amounts offered by wage incentives were relatively small, and therefore, in itself, wage incentives were not sufficiently attractive.
- For some large companies there was little incentive for the local branch to participate with wage incentives as the money would go straight to head office.

The hospitality and retail sectors were mentioned as being more amenable to the recruitment of young people through wage incentives than other industrial sectors. However, it is important to emphasise that many Work Programme providers felt that, as far as wage incentives were concerned, it was still 'early days', and that any assessment of the adequacy of levels of take-up should only take place once there is significantly greater awareness and understanding of the initiative among employers.

3.2 Jobcentre Plus employer engagement staff

Jobcentre Plus staff views chimed with that of Work Programme providers in that they indicated that large and medium employers showed little interest in wage incentives as the amount of money received was small in comparison to their overall staffing costs. For small and micro businesses, however, wage incentives did have a direct effect on their earnings, which was particularly attractive in the current period of economic uncertainty. As a consequence, Jobcentre Plus staff said that wage incentives were more effective in areas with a large proportion of small and micro employers.

Some Jobcentre Plus staff were concerned that certain types of employer may take advantage of wage incentives by recruiting employees for roles they knew would not be sustained. In particular, Jobcentre Plus staff felt that some medium-sized employers with a high turnover of staff (such as telesales or retail) might recruit from this age group but do little to ensure employment was sustained beyond the six month point. DWP are currently exploring ways of reinforcing messaging around the terms and conditions which employers must sign up to participate in the scheme.

Jobcentre Plus staff in non-hotspot areas thought that participation was lower than anticipated and believed that the handover to Work Programme providers was a possible barrier. Jobcentre Plus staff reported that some employers, who had not dealt with Work Programme providers in the past, were said to be confused or suspicious of dealing with Work Programme providers. Work Programme providers on the other hand said that employers found the process of applying for the wage incentive to be straightforward and said their services were helpful. Both Jobcentre Plus staff and Work Programme providers recognised that some employers who had never used a Work Programme provider in the past were reluctant to do so either because they had limited knowledge of the services provided or because they had seen negative reports about Work Programme providers in the media.

‘Employers seemed a bit wary that it wasn’t Jobcentre Plus, but once the good word gets around I would hope that it would grow and grow.’

(Regional employer engagement manager, non-hotspot area)

Jobcentre Plus Staff also reported considerable barriers to engaging large employers. Aside from the incentive being a ‘drop in the ocean’, there was the potential for reputational damage for large employers taking government subsidies to recruit young people (reflecting a similar view to Work Programme providers above).

‘Taking a bit of money for taking on youngsters can become a bit of an ethical tightrope issue, especially for the larger scale grocery stores.’

(National employer engagement manager)

National employer engagement staff were essential in building links between national employers and local Jobcentre Plus offices, particularly as local branches often had no autonomy over recruitment practices. This was both reactive (i.e. when regional employer engagement staff experienced barriers approaching national employers) and proactive (by arranging events to create links at a local level). For example ‘blind dates’ set up by a national employer engagement manager dealing primarily with the NHS and primary health trusts.

‘We’ve created a blind date between about 30 per cent of the trusts with their appropriate local offices – because it has to happen on a local level.’

(National employer engagement manager)

This employer engagement manager also indicated that communications should be tailored for organisations with links to the public sector (such as NHS Trusts). Some organisations were under the misconception that all public sector employers were exempt from the scheme. Employer engagement staff said it would be helpful for DWP to produce marketing materials which explained that certain organisations linked to the public sector were eligible.

Jobcentre Plus staff reported that large national employers complained about the amount of contact local branches received from Jobcentre Plus and this was a key challenge for national employer engagement staff in engaging these employers. Each local branch was contacted by the local Jobcentre Plus, primary Work Programme providers and often several sub-contractors. For national organisations this could result in hundreds of contacts across all their branches.

‘To be totally honest its not a product that national employers really like [...] it causes them huge problems because there are hundreds of sub-contractors calling the [...] stores and they don’t like it. They just want one point of contact; also just over £2,000 isn’t very much for them.’

(National employer engagement manager)

3.3 Employers

3.3.1 Employer characteristics

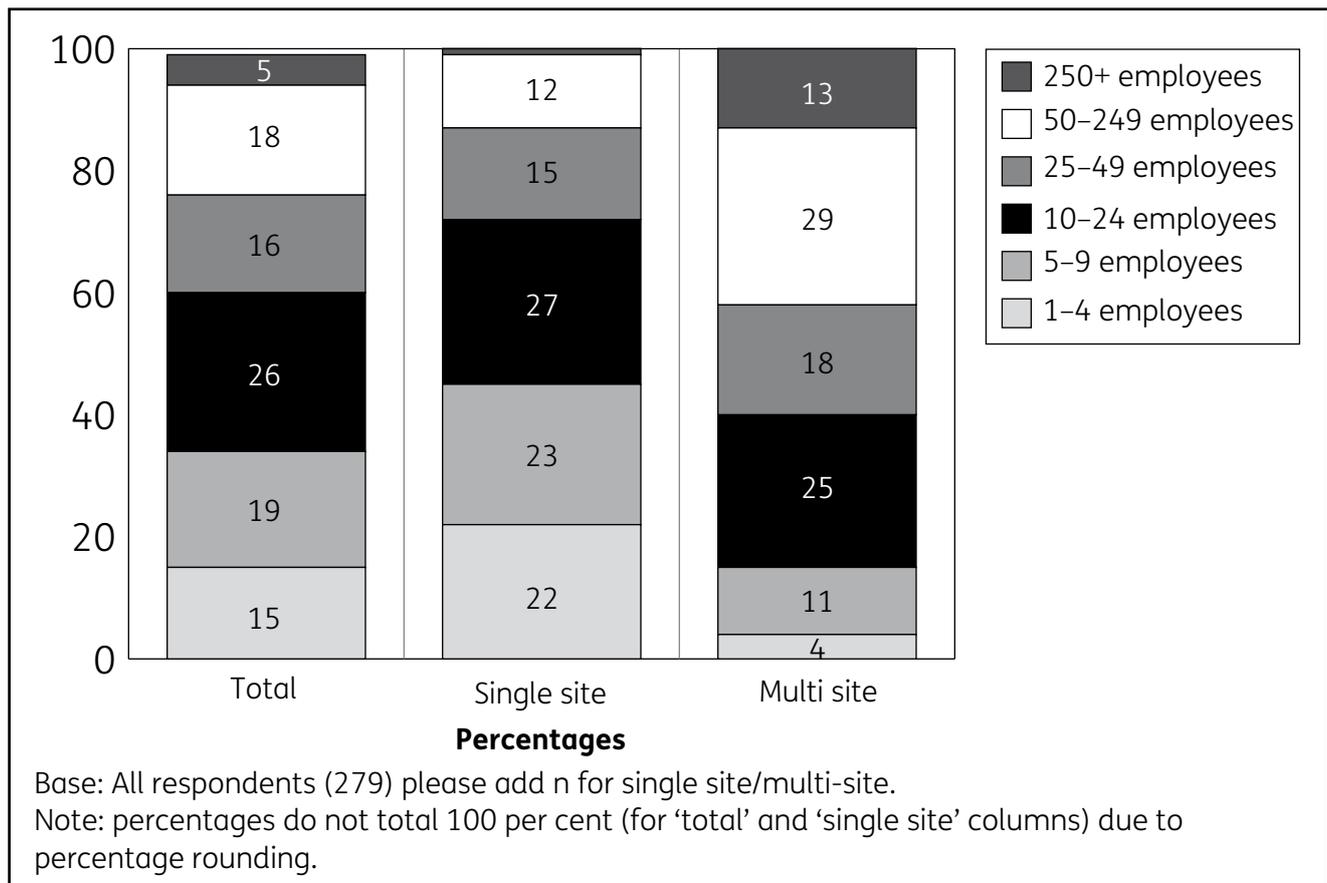
The qualitative research highlighted that businesses who recruit a member of staff on wage incentives tend to be smaller in terms of number of staff and turnover. The financial incentive is likely to be more helpful to a company with a smaller turnover.

Around two in three (63 per cent) employers who received a claim form for hiring an employee eligible for a wage incentive payment were based at a single site.

Figure 3.1 shows the size of workplace, and how this varies by single site and multi-site organisations. The majority of employers (76 per cent) had fewer than 50 employees at the site, including 34 per cent who had fewer than 10 employees at the site. Almost one in five (18 per cent) had 50 to 249 employees at site, and the remaining five per cent of employers had 250 or more employees working at the site.

Single site organisations tended to be smaller, with 45 per cent having less than ten employees at the site (compared with 15 per cent of multi-site employers).

Figure 3.1 Number of employees at site



If we look at the size of the organisation as a whole (including those with multiple sites), two in three employers in the survey (67 per cent) were small organisations (less than 50 employees in the whole organisation), while 15 per cent were medium-sized (50 to 249 employees) and 16 per cent large organisations (250 or more employees).

It was most common for the employers to be in the service sector¹¹ (54 per cent). Almost one in five (19 per cent) were production, fourteen per cent were in education, health and public administration, and eight per cent were in construction. Table 3.1 shows the proportion in each major category using Standard Industrial Classification 2007 (SIC 2007).

Table 3.1 Industry Sector (SIC2007)

	Percentages
C: Manufacturing	18
G: Wholesale and retail trade	16
I: Accommodation and food services	13
N: Administrative and support services	12
Q: Human health and social work	10
F: Construction	9
E: Education	5
M: Professional, Scientific or Technical activities	4
J: Information and communication	3
R: Arts, entertainment and recreation	2
S: Other service activities	2
K: Financial and insurance activities	2
H: Transport and storage	2
E: Water supply and sewerage	1
A: Agriculture, forestry and fishing	1
L: Real estate activities	1
O: Public administration and defence	1

Base: All respondents (279).

Note: percentages do not total 100 per cent due to percentage rounding.

Most employers were in the private sector (84 per cent), while nine per cent were in the public sector¹² and six per cent of the sample was in the voluntary/not for profit sector.

Six per cent of the sample was recruitment agencies who received claim forms for recruiting employees who were eligible for wage incentives. The rest of the sample (94 per cent) were employers who were taking on the recruit to work directly at their company.

¹¹ Service sector was defined as Standard Industrial Classification 2007 (SIC2007) – G, H, I, J, K, L, M, N, R, S; Production was defined as SIC2007 – A, B, C, D, E; Construction is SIC2007 – F; Education and Public Administration was SIC2007 – O, P, Q. For full information on SIC 2007: <http://www.ons.gov.uk/ons/guide-method/classifications/current-standard-classifications/standard-industrial-classification/index.html>

¹² Central government departments, their executive agencies and Non-Departmental Public Bodies (NDPBs) are excluded from claiming wage incentives; however, other organisations in the public sector, such as NHS trusts, are eligible to claim them.

3.3.2 Previous recruitment practices

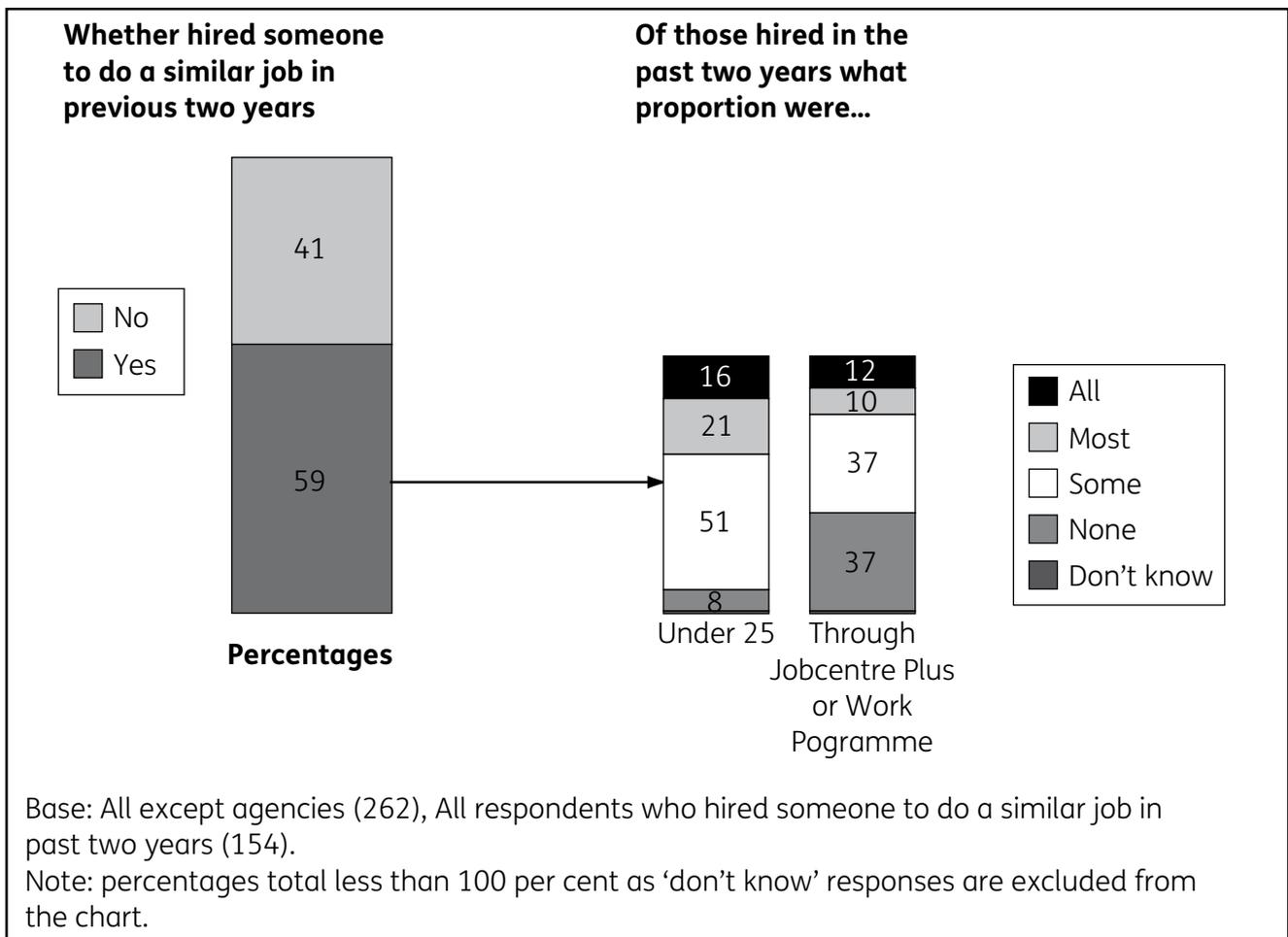
Respondents were asked whether they had hired employees to do a similar job in the previous two years, and if they had done so, whether the employee hired was under 25 years of age, and whether they were recruited through Jobcentre Plus or a Work Programme provider.

Almost three in five employers (59 per cent) had hired someone in the previous two years to do a similar job. The smaller the company was, the less likely they were to have hired someone to do a similar job in the previous two years. For example, around three in five (63 per cent) employers with fewer than ten employees at the site had not hired anyone to do a similar job in the previous two years, compared with ten per cent of those with fifty or more employees.

Those who had hired someone to do a similar job were asked what proportion was aged under 25. Less than one in ten (eight per cent) said that none were aged under 25-years-old. One in six (16 per cent) said that all were aged under 25, while 21 per cent said that most were in this age group and 51 per cent said that some were aged under 25.

Employers who had hired someone in the previous two years to do a similar job had also often recruited through Jobcentre Plus or from the Work Programme. Around one in four had hired all (12 per cent) or most (10 per cent) of the people to do a similar job through Jobcentre Plus or the Work Programme, while 37 per cent had hired some of the people in this way. The remaining 37 per cent had not hired anyone from Jobcentre Plus or the Work Programme to do similar jobs. Given that these employers had been in contact with Work Programme providers for the wage incentives, it is not surprising that some had hired through the Work Programme previously.

Figure 3.2 Hiring employees to do a similar job



3.3.3 Job characteristics and placement details

The majority of employers that were surveyed had recruited only a small number of eligible employees. Of those employers that had recruited an eligible employee, more than half (62 per cent) had recruited just one employee who was eligible for a wage incentive, while 28 per cent had recruited between two and four. Eight per cent had taken on five or more eligible recruits.

However, there were some employers who had recruited large numbers. Two per cent of employers surveyed had recruited 20 or more employees eligible for the scheme (with a maximum of 44).

Over three-quarters (78 per cent) of respondents said that the employee(s) eligible for wage incentives were working full time (30 hours or more per week). Fourteen per cent were working no more than 20 hours per week, and the remaining eight per cent were working between 21 and 29 hours per week.

Three in ten positions were in ‘elementary occupations’¹³, with other common positions being sales and customer service occupations (14 per cent), administrative/secretarial occupations (13 per cent), process, plant and machinery operatives (12 per cent), skilled trade occupations (11 per cent) and personal service occupations (ten per cent).

Table 3.2 Occupational Classification (SOC2010)

	Percentages
Elementary occupations	30
Sales and customer service occupations	14
Administrative and secretarial occupations	13
Process, plant and machine operatives	12
Skilled trades occupations	11
Personal service occupations	11
Associate professional and technical operations	5
Professional occupations	3

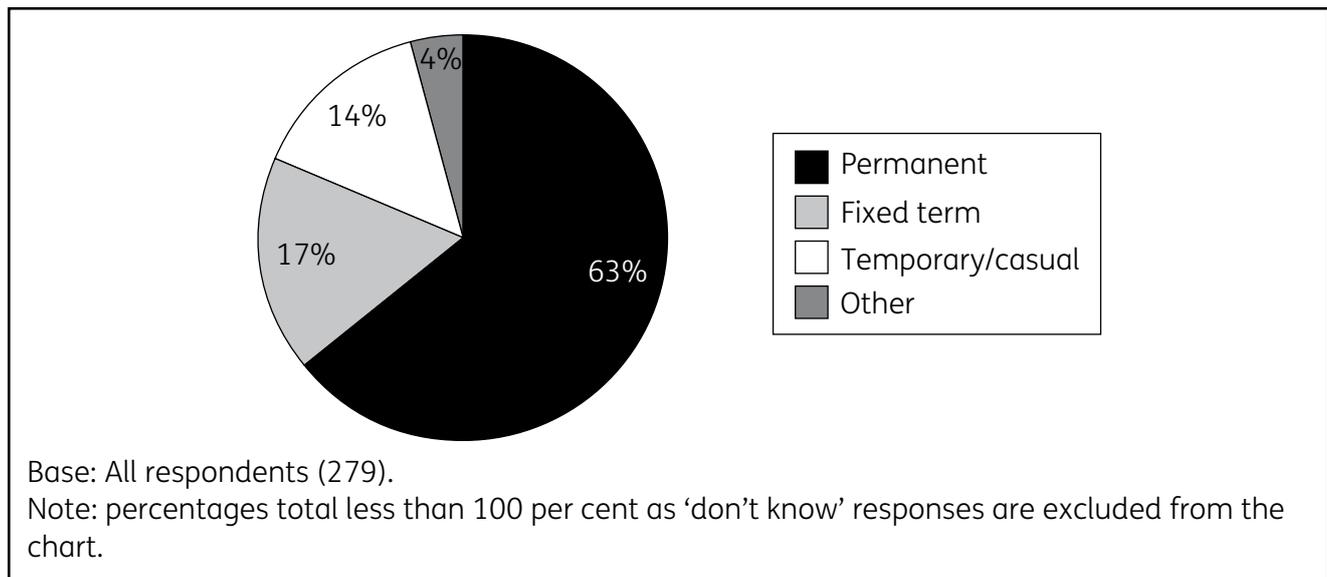
Base: All respondents (279).

Note: percentages do not total 100 per cent due to percentage rounding.

In order to be eligible for wage incentives, jobs are intended to be ‘expected to last at least 26 weeks.’ Sixty-three per cent of respondents said that positions were permanent/open ended, while 14 per cent of positions were temporary or casual, and 17 per cent were on fixed-term contracts. In the majority of cases (80 per cent), respondents expected recruits working in non-permanent positions to stay with the organisation for more than six months.

¹³ <http://www.ons.gov.uk/ons/guide-method/classifications/current-standard-classifications/soc2010/index.html>

Figure 3.3 Basis of employment

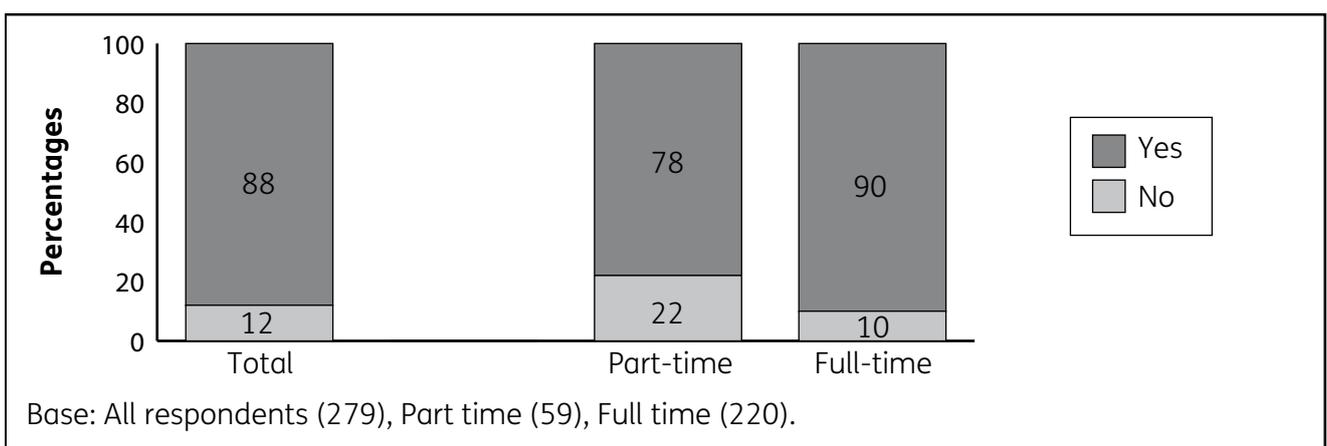


Employers who had received a claim form for recruiting an employee eligible for wage incentives were asked if the recruit (or most recent recruit if more than one) was still working for them. Almost nine in ten (88 per cent) reported that the person was still working for them. This finding should be tempered as the survey mostly took place within the six month subsidy period.

Part-time employees were less likely to still be working in their position (22 per cent had left, compared with ten per cent of full-time employees), as shown in Figure 3.4.

Where the employee had left, respondents were asked about the reasons for the employee not working at their organisation any more. However, the number of respondents concerned was too small to provide robust evidence.

Figure 3.4 Whether employee still working for organisation



3.3.4 Employers' reasons for take-up and concerns

Employers provided a wide range of reasons for hiring someone eligible for wage incentives. The most common reason was the financial incentive, but giving young, unemployed individuals a chance was also one of the top responses (see Table 3.3).

Several large employers who are actively involved in the Youth Contract have pledged to invest the wage incentives they receive in charities which train young people who lack the skills needed for the world of work¹⁴. This shows that for these companies it is not just the financial incentive that encourages them to hire young employees, or to create vacancies specifically for young employees.

Single site organisations (41 per cent) were more likely than multi-site organisations (26 per cent) to mention the financial element of the scheme. Employers who were recruiting eligible people into full-time positions were more likely to say that they participated in the scheme to help with youth unemployment (24 per cent), compared with those taking on someone in a part-time job (12 per cent).

There were five per cent of employers who reported that wage incentives helped them finance the training of apprentices. From the cognitive testing that was conducted as part of the questionnaire design process, it was found that some companies wanted to hire and train apprentices, but the Apprenticeship Grant did not cover their particular training course, and wage incentives fit as a suitable alternative to fund the costs of training that employee.

Table 3.3 Main reasons for taking up wage incentives

	Percentages
Financial assistance/extra money for us	36
Gives young people a chance	22
Helps us with recruitment	15
Good incentive to take someone on	14
Part of general recruitment drive	13
Convenient for the organisation	6
Candidates were best person for the job	5
Helping/training apprentices	5
Other	6
Don't Know	5

Base: All respondents (279).

Note: percentages total more than 100 per cent as respondents were able to choose more than one response.

The survey of employers taking up the New Deal subsidised option (Hales *et al.* 2000) identified a typology that grouped employers according to their reasons for take-up. This can help to understand the motivations of employers, and may be useful for marketing activities. A similar typology can be used here, by grouping employers as follows:

- Altruistic (wanting to help young, unemployed people): 16 per cent.
- Opportunistic (motivated by the financial incentive and/or convenience): 34 per cent.
- Responsive (candidate just came along): seven per cent.

¹⁴ <http://www.dwp.gov.uk/newsroom/press-releases/2012/apr-2012/dwp031a-12.shtml>

- Strategic (part of recruitment drive/strategy): 22 per cent.
- Mixed (in more than one of the above groups): 22 per cent.

Although there were no significant differences by size of employer, multi-site organisations were more likely to be in the strategic or responsive categories, whereas single-site organisations were more likely to be in the opportunistic category.

One in ten employers who received a claim form for recruiting an employee eligible for a wage incentive said that they had concerns about applying for the wage incentive. Those who were concerned were asked a follow-up question to find out the nature of their concerns. The number of people asked is too low to give a statistically reliable estimate, but the main concerns were of an administrative nature, rather than any overriding concern about hiring young and unemployed people.

Given that these are employers who overcame the barrier of hiring young, unemployed workers it is likely that the level of concern among the general population of businesses may be higher than this.

3.3.5 Likely take up by employers

Recent surveys of employers have asked about the likely take up of wage incentives, and have found similar levels of interest. In the Chartered Institute of Personnel and Development (CIPD) survey of Human Resources (HR) professionals (CIPD, 2012), 17 per cent said they were 'likely to make use of it in the next year.' In the Recruitment and Employment Confederation (REC) survey, 22 per cent of employers said that they were likely to make use of it¹⁵, while in the EEF survey, 21 per cent of employers said they were considering whether or not to take it up¹⁶.

¹⁵ <http://www.rec.uk.com/press/news/2180>

¹⁶ <http://www.itv.com/news/update/2012-09-04/survey-shows-employers-not-convinced-by-youth-contract/>

4 Employer support and engagement

This section looks at the support that is being provided to employers who are recruiting job starts eligible for a work incentive payment. This includes feedback from providers and Jobcentre Plus staff about employer engagement, as well as the views of employers on the support they have received from providers.

Key findings

- Work Programme providers indicated some employers were cautious about the wage incentive scheme due to past schemes being overly bureaucratic
- Six in ten employers had dealt with one Work Programme provider.
- Seven in ten employers rated the support they had received from Work Programme providers about wage incentives as being very or fairly good (with only five per cent reporting that it was poor).
- A minority (three in ten) thought that having a single, national point of contact would make the process easier.

4.1 Work Programme providers

The Work Programme providers offered a package of support to ensure that the process of applying for the wage incentive was as easy as possible for employers. As Work Programme providers were using the wage incentive as one part of their armoury to engage with new employers, they considered it was important that employers viewed the process as not overly bureaucratic, both for their reputation and to ensure that the employers re-used the Work Programme provider for their next recruit. In addition, Work Programme providers indicated that employers were initially cautious about the scheme due to past experience of other schemes being excessively bureaucratic, suggesting that there may be a risk of reinforcing these attitudes through poor administration.

Employers were offered a range of support including face-to-face or telephone support to complete the forms, a wage incentives hotline to deal with enquiries or a single point of contact by which employers could contact the employer engagement staff who had first arranged the recruitment. However, none of these forms of support were used very much by employers as the forms were considered fairly straightforward.

4.2 Jobcentre Plus employer engagement staff

In non-hotspot areas, all employers who expressed an interest in wage incentives were signposted to the relevant Work Programme providers. In these areas, Jobcentre Plus staff discussed a number of issues which they experienced handing over employers to the Work Programme providers:

- Jobcentre Plus staff could not guarantee the level of service they would receive;
- employers did not always understand the difference between Work Programme provider and Jobcentre Plus and were confused about what each organisation dealt with; and
- employers were contacted by both organisations, which was confusing and frustrating for them.

As a consequence they were cautious about promising a service which they had no control over. However, they recognised that they did not have the internal resources to deal with wage incentives and so this was a practical division of responsibility.

Where there was good regular interaction with the Work Programme providers, there was two way filtering of employers. Employers who were more interested in wage incentives were filtered to Work Programme providers, whilst the Work Programme providers filtered those who were more suitable for sector-based work academies (SBWA) or the work experience element of the Youth Contract to Jobcentre Plus. In both non-hotspot and hotspot areas, both the Work Programme providers and Jobcentre Plus marketed the wage incentive as part of the Youth Contract and encouraged customers to market the wage incentive themselves when applying for work, as well as which may result in better coverage overall.

‘We’ve been working for each other; it’s a two way thing they may hand over employers over to us who are less interested in wage incentives but more interested in the work experience element of the youth contract and so on.’

(Regional employer engagement staff, hotspot area)

‘If they’re interested in the wage incentive in particular we give them the details for the two [...] WPPs that cover our areas [...] all of my employer advisers have those numbers stuck at the top of their monitors so if anyone rings in they can signpost them.’

(Regional employer engagement staff, non-hotspot area)

However, in some areas Work Programme providers were less responsive. Jobcentre Plus staff discussed attempts they had made to create employability hubs or links with Work Programme providers. However, there was some resistance from Work Programme providers as they wanted to ring-fence their customers from other Work Programme providers and Jobcentre Plus.

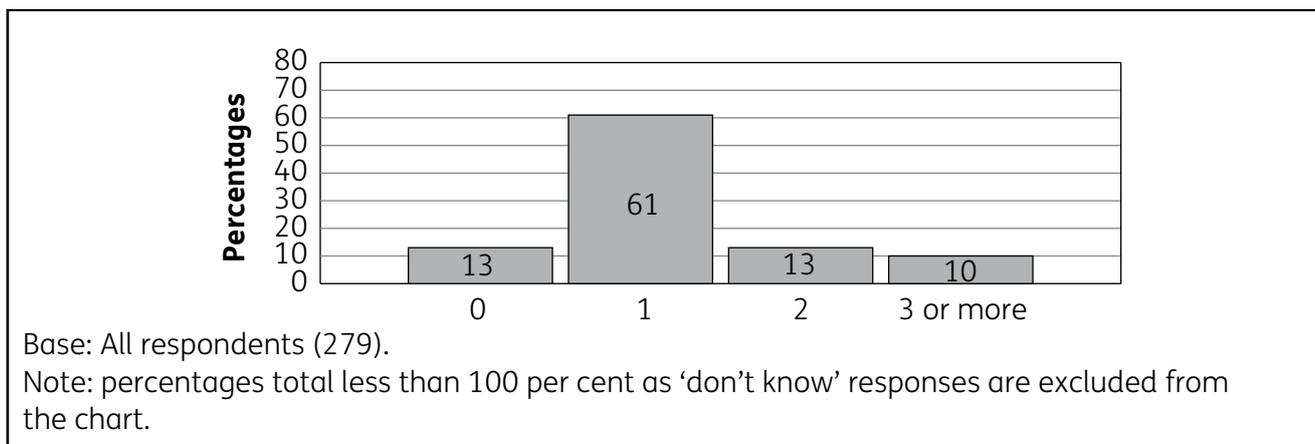
In the hotspot areas, exact numbers on the quantity of forms issued was unclear given many of those interviewed were unsure of the volumes of forms issued by their colleagues and junior staff. Employers who experienced difficulties during the application process tended to contact local Jobcentre Advisers. Employer engagement staff, who participated in this research, could not comment on how well this had worked.

4.3 Employers

4.3.1 Support received from Work Programme providers

As seen in Chapter 2, the most common source of information for employers about wage incentives were Work Programme providers. However, 13 per cent of employers who received a claim form for employing someone eligible for a wage incentive reported that they had not dealt with any Work Programme provider as part of the scheme. This may be where employers were located in hotspot areas. Alternatively, employers may not count the receipt of the claim form as contact with a Work Programme provider.

Otherwise, it was most common for employers to have had contact with one Work Programme provider (61 per cent). Thirteen per cent had contact with two Work Programme providers and ten per cent had contact with three or more. It is unclear why some employers had contact with more than one provider, this may have been a result of the supply chain arrangements in a given area.

Figure 4.1 Number of Work Programme providers had contact with for the wage incentive

Given that Work Programme providers are the most common source of information for employers about wage incentives, it is a good sign that most employers were positive towards the support given about wage incentives by Work Programme providers. Around seven in ten (71 per cent) rated their support as either very or fairly good, while just five per cent of employers rated the support they received from Work Programme providers as either fairly or very poor. One in four either did not know or provided a neutral response (neither good nor poor), which suggests limited contact with the provider.

Table 4.1 Rating of support from Work Programme providers about wage incentives

	Percentages
Very good	43
Fairly good	28
Neither good nor poor	11
Fairly poor	3
Very poor	2
Don't know	14

Base: Respondents who have had contact with Work Programme providers (244).

Note: percentages do not total 100 per cent due to percentage rounding.

Larger workplaces (with more than ten employees at the site) were more likely to rate the support they received from Work Programme providers about wage incentives as good (76 per cent) than those who worked at the smallest sites (62 per cent).

4.3.2 Views on having a single, national point of contact

For those who dealt with more than one Work Programme provider (37 per cent of the sample), a minority (29 per cent) said that having a single, national point of contact would have helped them, whereas the majority felt it would have made no difference (52 per cent) or it would have made the process worse (16 per cent).

5 Administration and claim process

The process for claiming and administering wage incentives has been designed to be as straightforward for employers as possible. It has been argued that the low take-up of previous wage subsidies has partly been the result of complexity in the schemes (Work and Pensions Committee, 2012).

This section looks at the processes that providers, Jobcentre Plus staff and employers undertake to become involved in the scheme, recruit a member of staff and make a claim for the wage incentive.

Key findings

- Work Programme providers felt that the processing of forms had gone smoothly – the claim form was felt to be straightforward
- One in five employers had delays or problems receiving their claim form.
- At the time of the survey, one in three employers had made a claim – this was higher among smaller businesses (who were able to claim after eight weeks).
- Small businesses are evenly split between those who intend to claim after eight weeks, and those who intend to claim after 26 weeks
- Eight in ten thought there would be a small amount of work, or not much at all, in making a claim.

5.1 Work Programme providers

5.1.1 Process for issuing the wage incentives form

Overall, Work Programme providers felt that the administration and processing of forms had gone relatively smoothly, following some initial teething problems. The process for administering the completion and return of the requisite forms was similar across all Work Programme providers, with the main stages being:

- Confirmation of job start is made with Work Programme provider.
- Employee signs data sharing consent form.
- Work Programme provider representative completes part 1 of the form confirming that the job and employee are eligible for a wage incentive.
- Work Programme provider sends the wage incentive form by recorded delivery to the employer (in first few weeks of employment).

Some respondents were planning to make follow-up calls to employers to remind them to claim wage incentives. Where there was an existing relationship with the employer, they were also encouraging the latter to contact them if they were experiencing difficulties with the process. In a small number of instances, delays in the administration of the process, on the part of the Work Programme providers, resulted in a backlog of forms being sent out. This was attributed to the excessive caseloads of employment advisers and administrators.

As part of their provision of continuing support for the candidates, some Work Programme providers had set up a dedicated telephone number for the employer to call or visited the employer to help them to fill out the form, if requested. This was seen by Work Programme providers as being one component of their overall responsibility.

The smoothness of the recruitment process was attested to by an employer who had returned to the Work Programme provider to seek more candidates through wage incentives after a good experience of the initiative. This was said to be:

'because they have found the calibre of staff good and the recruitment process good. He actually wrote a testimonial for us, stating that he found it really smooth.'

(West Yorkshire, Interview 6)

5.1.2 Process after wage incentives form is issued

After issuing a wage incentive form, Work Programme providers offered guidance and support to employers who were experiencing difficulties filling out the form. As part of the Youth Contract, Work Programme providers offered a package of support to employers and said that they expected to learn about any difficulties regarding wage incentives via this contact.

In terms of employees, there was little support offered in relation to the wage incentive, other than that which was already part of the Work Programme offer. Work Programme providers deliver in-work support for up to two years, although most of that support was provided within the first few months. After a job start the appropriate Work Programme provider representative (e.g. the work coach) would contact both employee and employer either by phone or face-to-face, as required. Employees tended to be called monthly in the first six months to discuss their progress. Work Programme providers were aware of the difficulties which could arise in their relationship with the employer if the latter felt that too much of their time was being taken up by calls from the Work Programme provider. Therefore, the degree of contact with the employer tended to be dictated by the latter. Work Programme providers advised employers that they could contact their relationship manager or phone a wage incentives helpline which had been created within certain Work Programme providers.

5.1.3 Views about the wage incentives administration process

The form was overwhelmingly felt by Work Programme providers to be very straightforward to complete. The following problems were identified in the processing of forms:

- Some forms being 'bounced back' as they were filled in incorrectly (by employers).
- Problem in the first few weeks of delivery when the claim form had been updated by the Department for Work and Pensions (DWP).
- Employers forgetting to send the forms back.
- One suggestion for speeding up the process was for there to be an online portal, as is the case with Her Majesty's Revenue and Customs (HMRC) processes, with access for both Work Programme provider and employers. The online portal would automatically send forms and/or reminders to employers electronically.

Other suggestions included:

- The inclusion of a return address on the claim form so that Work Programme providers are no longer responsible for passing on this information. DWP has indicated that there will shortly be a 'how to claim' document on the internet.

- Consent forms and claim forms being combined into one document instead of two.
- The nomination of a local wage incentives champion in each Jobcentre Plus office, to provide support and advice for employers and Work Programme providers if required. Since the research, DWP has arranged for a single point of contact for each Jobcentre Plus District.

5.1.4 How easy employers find the wage incentives administration process

Administratively there were two main problems. In the first few weeks there were some instances of out of date forms being issued whilst an amendment was made. Second, the lack of a return address on the form meant that employers were confused about where it should be sent. From the Work Programme provider perspective, these issues raised the possibility of employers' negative perceptions about taking on young, unemployed candidates and the wage incentive scheme. Jobcentre Plus and Work Programme providers were also concerned about the potential damage to the Work Programme provider's relationship with the employer, particularly for newly formed relationships with employers.

Some Work Programme provider respondents had reservations about the payment methodology, stating that the time lag before payments were made to employers may act as a disincentive where cash flow was important. For small and medium-sized enterprises (SMEs), the opportunity to take part payments was seen as a means of alleviating this possibility.

5.2 Jobcentre Plus employer engagement staff

In hotspot areas, administration was fairly straightforward, although they had issued very few forms. The employer engagement staff who dealt with the vacancy sends out the form once the position is confirmed.

5.3 Employers

5.3.1 Delays and problems in receiving claim forms

As the main reason for hiring a recruit eligible for the wage incentive is the financial payment (as seen in Chapter 3), getting the claiming process correct is likely to be an important part of the scheme's success.

Around one in five employers (18 per cent) reported delays or problems in receiving their claim form. Common problems mentioned were the length of time that it takes for an employer to receive a claim form, and chasing the Work Programme provider to receive the claim form. Some employers also mentioned that there was a problem with the claim form when received (such as information in Section 1 that was filled out by the Work Programme provider being incorrect). In this survey, very few employers had a complaint about the time taken to receive a wage incentive payment. However, this may be due to the relatively early stage of the scheme at the time of the survey.

Table 5.1 Problems and delays in receiving claim form

	Number (n=50)
Waited a long time for forms	15
Problem with form when received (e.g. information in Section 1 was wrong)	13
Had to chase provider to get forms	10
Completing/sending the forms correctly/accurately	7
Late availability of forms/delays in receiving the forms	6
Delays in the payment	4
Having to send back part of the forms	1
No accompanying guidance/information	1
Problems with specific forms	1
Other	3

Base: Respondents who have had problems receiving claim form for wage incentive (50).

Note: numbers total more than the base figure as respondents were able to choose more than one response.

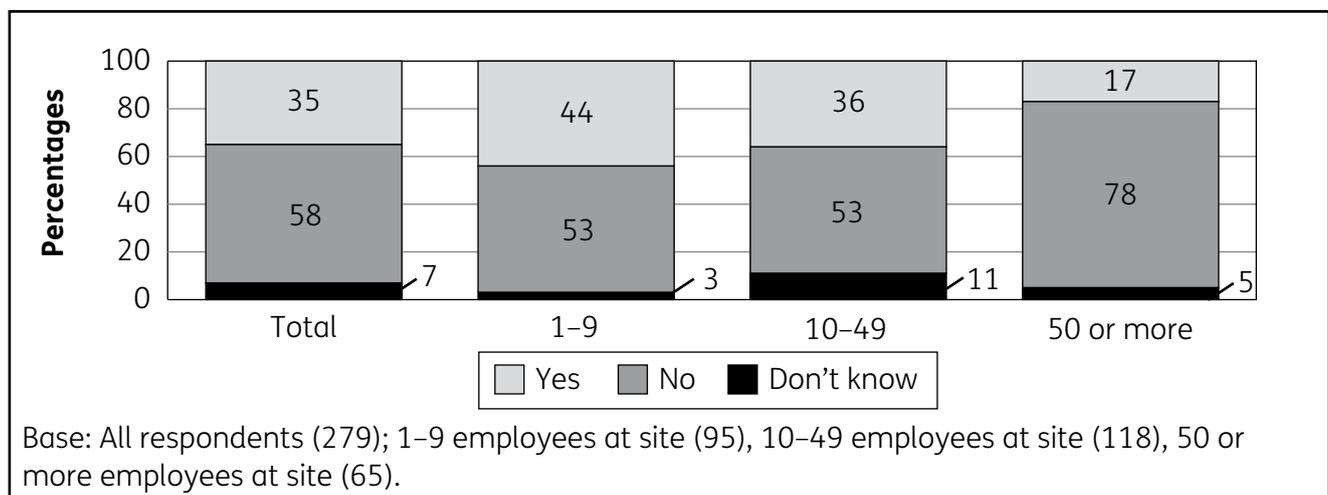
5.3.2 Whether employer has made, or intends to make, a claim

At the time of survey, employers had only taken on an eligible recruit a few months previously. As a result, just one in three (34 per cent) employers in the survey had made a claim at this stage.

Larger employers (with more than 50 employees at the site) were less likely to have made a claim (17 per cent) than smaller employers (44 per cent of those with one to nine employees at the site, and 36 per cent of those with between 10 and 49 employees at the site). This reflects the fact that those with fewer than 50 employees are eligible to make a part claim after eight weeks. Of those that had claimed, eight in ten (82 per cent) had claimed for the part payment after eight weeks; again this indicates that the financial incentive is a key motivator for some smaller businesses.

Among employers who had made a claim, 12 per cent had received their payment at the time of the survey.

Figure 5.1 Whether made a claim yet – by number of employees at site



Amongst employers that had not yet claimed but intended to do so, smaller employers (with fewer than 50 employees at the site) were evenly split between those that intended to claim after eight weeks (45 per cent) and those that intended to claim only after the full 26 weeks (51 per cent). The smallest employers (with fewer than ten employees) were more likely to intend to make a claim at the eight-week stage.

Those who had not yet submitted a claim (and still had an employee eligible for a wage incentive payment working for them) were asked if they had reached the claim point yet. Just over three in ten (31 per cent) had reached the claim point; again this was lower in those workplaces with more than 50 employees (seven per cent).

Just two per cent of respondents who had not yet made a claim did not intend to make a claim at the relevant time. The number of employers who did not intend to make a claim was too low to provide any further analysis.

Among employers who intended to claim and who had taken on more than one eligible recruit, almost three in four (74 per cent) said they intended to claim for all of their eligible recruits, and 26 per cent just some. However, some employers in the latter category only said this because some of the recruits had already left; whilst others said they would consider it when the time came.

Since the research, a process to allow bulk claims from larger employers has been developed by DWP and was communicated to Jobcentres and Work Programme providers on 11 December 2012. This process means employers can submit up to 20 claims at once. Previously, each wage incentive claim required an individual claim. The Bulk Claims Process enables payments to be made to a single, central bank account – a specific request from large employers. DWP are working to increase the limit of 20.

5.3.3 Perception of claim form

Of those that had made a claim or intended to do so, around two in three (64 per cent) said they were familiar with the claim form. That one in three were not familiar with the form is not a surprise, given that most had not yet reached the point of making a claim.

Section 1 of the claim form is completed by the Work Programme provider. In just over nine in ten cases (91 per cent), respondents said that this section was filled in correctly.

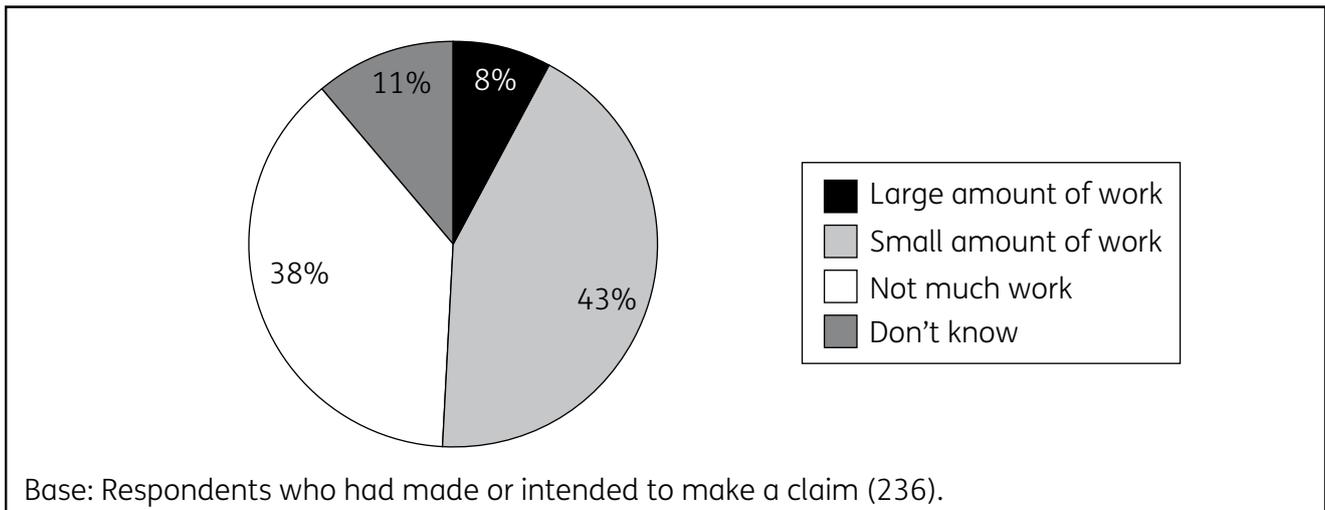
Smaller establishments (with fewer than ten employees) were more likely than larger establishments to say that Section 1 of the form had not been filled in correctly (14 per cent compared with three per cent).

5.3.4 Administrative burden

Around eight in ten (81 per cent) employers who had made a claim, or intended to do so, thought that there was or would be either a small amount of work (43 per cent) or not much work at all (38 per cent) in making a claim for the wage incentive payment. There was no significant difference between those who had made a claim and those who had not yet made a claim but intended to do so.

Eight per cent thought that there was or would be a large amount of work. The key reasons for this were that it involved too much paperwork, or receiving incorrect information from Work Programme providers.

Figure 5.2 Burden involved in making a claim



Almost one in five (19 per cent) employers said that they had or would need to put in extra administration systems to claim the wage incentive. However, when probed further the majority of these extra administration systems were low level issues such as setting a reminder in their diary, calendar or email calendar; or setting up a spreadsheet tracker of events.

Employers who had taken on more than one recruit who was eligible for a wage incentive were more likely to say that they had put extra systems in place (30 per cent, compared with 11 per cent of employers with just one recruit).

6 Impact of wage incentives

This chapter examines the ‘impact’ of the wage incentives on employer behaviour: whether they have created extra vacancies or taken on young, unemployed people because of the wage incentive; and whether it has encouraged them to retain the recruit for more than six months. It also looks at the longer-term impact of wage incentives: whether employers are likely to recruit eligible young people again and whether it has made them more likely to recruit unemployed people in the future.

It is important to note that the study does not attempt to exactly quantify the impact of the policy as findings are based on employers’ self-reported experiences. However, the findings can help to understand the ways in which the policy is influencing employer behaviour.

Key findings

- There was widespread support among Work Programme providers that wage incentives were changing employers’ perceptions about Work Programme providers and young people.
- Jobcentre Plus staff indicated strongly that wage incentives were not sufficient to influence youth unemployment alone. Rather it was a useful tool to build interest in the Youth Contract which ensured the employability of young people by giving them the skills that employers required.
- Nine per cent of employers said they created an extra vacancy because of the wage incentive, and a further seven per cent would not have taken on a young, unemployed person without wage incentives.
- One in four said that wage incentives have made them more likely to keep the person for at least six months.
- Most respondents said they would be likely to take on someone in the future that is eligible for a wage incentive. One in three said that taking part had made them more likely to recruit young people with a history of unemployment in the future.

6.1 Work Programme providers

6.1.1 Perceived impact of wage incentives in encouraging employers to consider young people, create vacancies for young people and the perceived impact on sustained employment

There was widespread support among Work Programme providers that wage incentives were changing employers’ perceptions about Work Programme providers and young people, and was leading them to consider the use of Work Programme providers as channels of recruitment, where previously this had not been the case.

In one area, it was strongly asserted that it had encouraged employers, especially smaller organisations, to recruit young people, while in another it was stated that certain employers with no previous experience of engaging with providers had become more open to working with Work Programme providers after hearing about wage incentives. Certainly, as stated earlier, the need to reduce youth unemployment was one of the key messages used by Work Programme providers when marketing the initiative to employers, although they conceded that take-up of wage incentives was still relatively slow.

There was support for the belief that wage incentives could encourage cash-strapped employers to recruit additional staff. Furthermore, it was hoped that wage incentives would lead to more sustainable employment by encouraging employers to increase or extend what had previously been short-term contracts. One respondent considered that wage incentives gave the employer: *'that extra bit of money to train them (candidates). I see that as the biggest incentive and may keep them in a job'*, thereby suggesting a link between the individual's acquisition of skills and their employment being sustained.

However, there were also less positive views about wage incentives:

- Some providers and Jobcentre Plus staff were sceptical about the degree to which employers would recruit young people as a result of wage incentives.

'I don't think it has created vacancies. If someone is looking to employ, they would have anyway, in spite of the wage incentive, as this won't magically help their finances.'

(West Yorkshire, Interview 6)

- There was some indication that on occasion medium-sized employers were using wage incentives for multiple recruitment to fixed-term positions as a way of injecting capital into the business. For example, this could entail recruiting six labourers on six-month contracts and using the funding from wage incentives to buy vans or other equipment.
- There were also instances of employers applying for wage incentives for a series of temporary contracts within the same post, meaning that employees would only be employed for a maximum of six months. The employed individual may then be regarded as being less attractive as a recruit, in comparison with other applicants who were still eligible for wage incentives. Work programme providers felt this practice was more likely to occur for unskilled jobs as replacing employees every six months would not significantly impact efficiency.

Both of these scenarios are in breach of the terms and conditions of the scheme to which all employers must sign up to when applying for the wage incentive. DWP are exploring ways of strengthening the messaging about the rules of eligibility.

6.2 Jobcentre Plus employer engagement staff

The Jobcentre Plus staff indicated strongly that wage incentives were not sufficient to influence youth unemployment alone. Rather it was a useful tool to build interest in the Youth Contract which ensured the employability of young people by giving them the skills that employers required. The priority for Jobcentre Plus staff was selling the right person, with the required skills to perform the role. This echoed the views of Work Programme providers and employer. The wage incentive was an added bonus which encouraged an employer to consider a Jobcentre Plus candidate. In this sense, Jobcentre Plus staff were more focused on selling the youth contract as a package as this ensured the employability of candidates.

'Really I think it's about getting these employers to invest in their futures, and hopefully these candidates will become the supervisors and directors within these companies.'

(Regional manager, hotspot area)

6.3 Employers

6.3.1 Did the wage incentive involve creating an 'extra' vacancy?

Previous wage subsidy schemes have seen high levels of deadweight in terms of vacancies existing regardless of the scheme – as high as 85 per cent under Workstart in the early 1990s (Institute of Employment Research Bulletin, 1999), and with estimates for the New Deal subsidy varying between 35 per cent (Riley and Young, 2000) and 70 per cent (Hales *et al.* 2000).

In the survey, a total of nine per cent of employers said that the vacancy would not have existed without wage incentives (equivalent to a deadweight figure of 91 per cent). However, this deadweight figure may not be a major concern given that the policy intent of the wage incentive scheme was not that of job creation, but to encourage employers to recruit young, unemployed individuals for sustained positions.

A more detailed breakdown is shown in Table 6.1. Around one in four employers (27 per cent) said that they heard about wage incentives only after recruiting the member of staff for whom they requested a claim form, while 15 per cent said they heard about it during recruitment. By definition, these employers who had heard about wage incentives after a vacancy had been created (making up 42 per cent in total) cannot have created an extra vacancy as a result of the wage incentive.

Among employers who found out about the wage incentive before recruitment, the majority (81 per cent) said that the vacancy would have existed without the wage incentive, while 16 per cent said that it would not have existed. If taken as a proportion of the total sample of employers, this translates to a figure of nine per cent overall who said that the vacancy would not have existed without the wage incentive.

Table 6.1 Whether vacancy would have existed without the wage incentive

	Percentages
Vacancy already created:	
Only found out about wage incentives recruitment	27
Only found out about wage incentives during recruitment	15
Found out about wage incentives before recruitment:	
Vacancy would still have existed	45
Vacancy would not have existed	9
Don't know	4

Base: All respondents (279).

Smaller establishments (with fewer than ten employees) were more likely than larger establishments to say that the vacancy would not have existed without the wage incentive (16 per cent compared with six per cent).

6.3.2 Did the wage incentive influence the choice of candidate?

In total (as shown in Table 6.2), wage incentives influenced the choice of candidate among 27 per cent of employers. This includes the nine per cent who said the vacancy would not have existed at all, and a further 18 per cent of employers who said they thought they would have hired a different person without the wage incentive.

Table 6.2 Whether wage incentives influenced choice of candidate

	Percentages
Wage incentive did not influence choice of candidate:	62
Only found out about wage incentives after recruitment	27
Employer would have hired same person without wage incentives	35
Wage incentive did influence choice of candidate:	27
Vacancy would not have existed at all	9
Employer would have hired a different person without the wage incentive:	18
Don't know	11

Base: All respondents (279).

We can look further at the respondents who said they would have hired a different person without the wage incentive (18 per cent of all employers). These can be broken down as follows:

- Seven per cent would still have taken on someone who was both under 25 and unemployed, without the wage incentive.
- Seven per cent would not have taken on someone who was both under 25 and unemployed, without the wage incentive.
- The remainder were not sure.

The key figure is the seven per cent who would not have taken on someone who was both under 25 and unemployed, without the wage incentive. This represents the 'substitution effect' of the scheme (substitution occurs when an eligible participant of the scheme gains a job at the expense of another job seeker).

The proportion who said they would not have taken on someone who was both under 25 and unemployed without the wage incentive was higher where the job was temporary or on a fixed-term contract (12 per cent) than where the job was permanent (five per cent). This raises a concern as to whether employers are using the wage incentive to place young, unemployed people into less secure jobs.

Overall, these findings suggest that 16 per cent of employers hired a young, employed person only because of wage incentives. This comprises nine per cent who created an extra vacancy, and seven per cent who would not have hired someone who was under 25 and unemployed without wage incentives.

6.3.3 Influence of wage incentives on future recruitment

There were positive findings from the survey in relation to employers' future recruitment activities.

Almost nine in ten (86 per cent) employers in the survey said they would be likely to take someone else on in the future who is eligible for wage incentives. This includes 44 per cent who said they would be very likely to do this¹⁷.

¹⁷ Note that these findings reflect the likelihood of employers taking on an eligible person again, rather than necessarily making a claim for the wage incentive

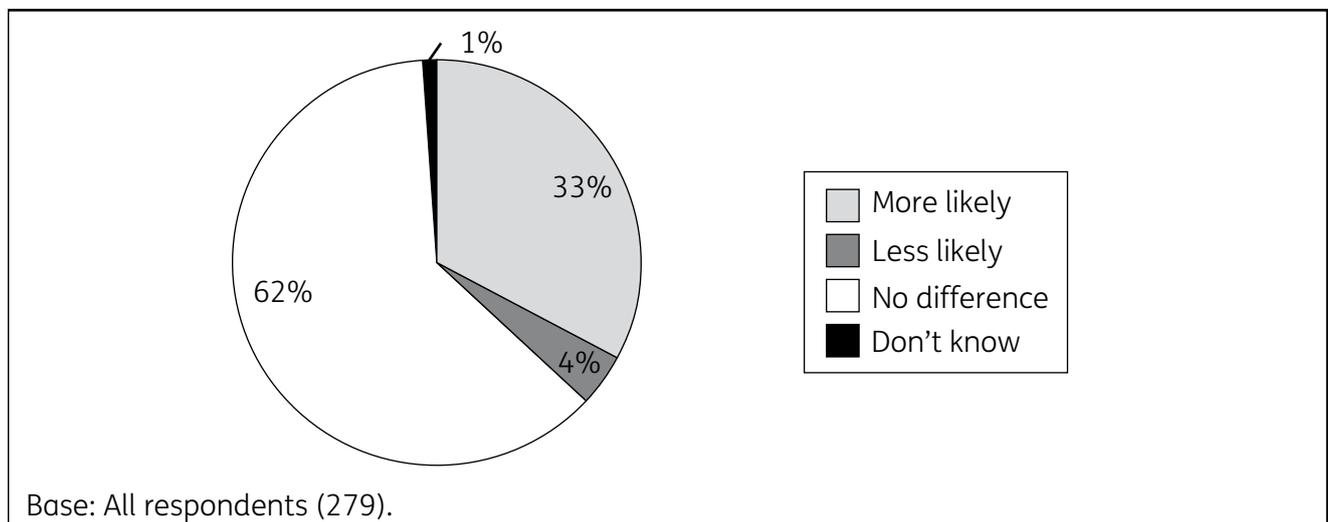
Table 6.3 Likelihood of taking on someone in the future that is eligible for wage incentive

	Percentages
Very likely	44
Fairly likely	41
Not very likely	7
Not at all likely	4
Don't know	4

Base: All respondents (279)

Employers were also asked about the impact of wage incentives on the recruitment of young, unemployed people. One in three employers in the survey (33 per cent) said that it had made them more likely to recruit young people with a history of unemployment. Four per cent said they would be less likely to hire a young person with a history of unemployment, and 62 per cent said it would make no difference.

The findings to this question – and the previous question on likelihood of taking on someone again who is eligible for a wage incentive – compare favourably with figures from the survey of employers taking up the New Deal subsidised employment option (Hales *et al.* 2000). Although the timing and design of the schemes differ, the comparison at least confirms that employers expressed positive views in this survey¹⁸.

Figure 6.1 Whether taking part in the scheme has made employer more or less likely to recruit young people with a history of unemployment

¹⁸ In the New Deal survey, 75 per cent of employers said they would be likely to take on someone in the future under the scheme (compared with 85 per cent in this survey), while 22 per cent said that participation had made them more likely to recruit 'people with recent spells of unemployment in the future' (compared with 33 per cent in this survey in relation to 'young people with a recent history of unemployment').

6.3.4 How important is the amount of the incentive?

Employers who had not yet made a claim for the wage incentive, but intended to do so, were asked whether they thought they would still take up the wage incentive if the amount was lower – ‘say, £1,000 per recruit, rather than £2,275.’ The majority (71 per cent) said that they would still take up the incentive if the amount was lower, while 19 per cent said they wouldn’t, and ten per cent did not know. Although this suggests that a lower cash amount would not greatly affect take-up among employers, it is important to note that this was a hypothetical question among employers who had already received a claim form. It is also worth noting that, as seen above in Section 3.3.4, the financial element was an important factor for many employers. Previous research has indicated that ‘substitution effects’ (the extent to which eligible participants – in this case young unemployed people – gain a job at the expense of other job seekers) increase in magnitude as the value of the subsidy increases (Institute of Employment Research Bulletin, 1999).

Larger establishments (with ten or more employees) were more likely than smaller establishments to say that they would still take up the incentive if the amount was lower (78 per cent compared with 53 per cent). This suggests that smaller employers are more concerned about the amount of the incentive.

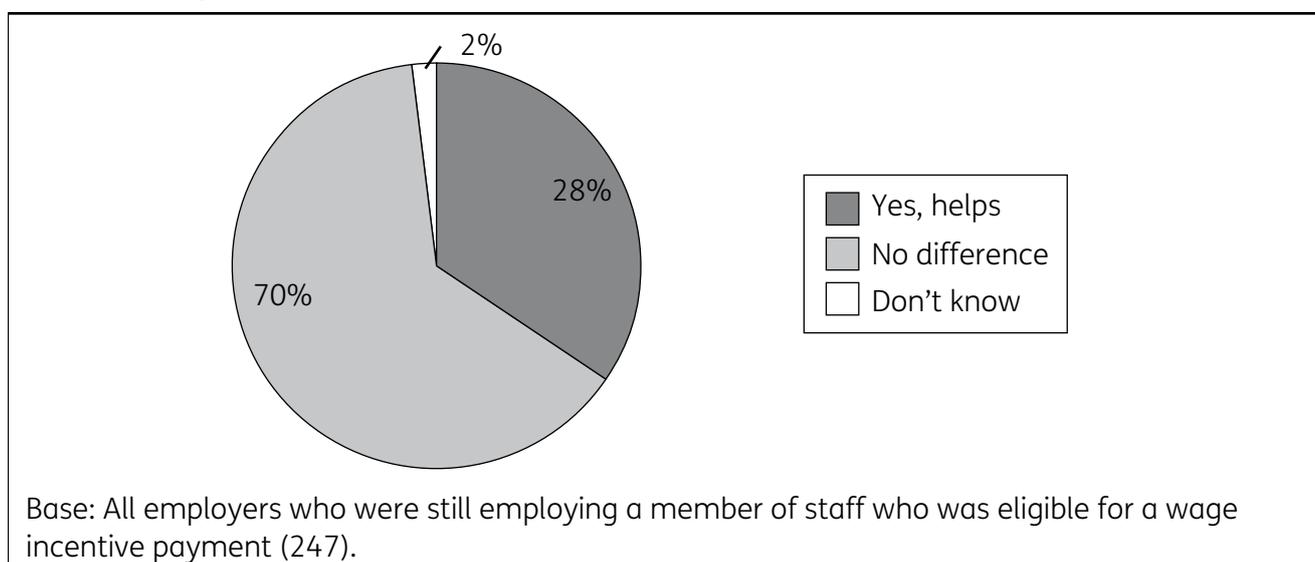
6.3.5 Impact on retention

The full payment of the wage incentive is only payable once the member of staff has been working for the employer for at least six months. Among employers who were still employing a member of staff who was eligible for a wage incentive payment, the vast majority (89 per cent) said that they expected them to stay with the organisation for more than six months. Just four per cent said they didn’t expect them to stay; the remaining seven per cent did not know.

In 28 per cent of cases, employers said that the wage incentive had made them more likely to keep the people on for at least six months, as shown in Figure 6.2.

Again, this was higher for smaller establishments with fewer than ten employees (39 per cent) than for larger establishments (18 per cent).

Figure 6.2 Whether the wage incentive has made employer more likely to keep person for at least six months



6.3.6 Impact on hours worked

To be eligible for a wage incentive payment, the relevant job must be for at least 16 hours per week on average. In addition, the amount of the incentive depends on the number of hours worked: the full amount (£2,275) applies to jobs of 30 hours or more per week, while there is part-time rate (£1,137.50) for jobs of 16 to 29 hours per week.

One in eight employers (13 per cent) said that they had decided on the employee's hours in order to fit in with the wage incentive payments; these were most likely to be cases where the employee was working exactly 30 hours per week. The remainder said that this had made no difference.

Smaller establishments (with fewer than ten staff) were more likely than larger establishments to say that they had decided on the hours to fit in with the wage incentive payments (22 per cent compared with eight per cent).

6.3.7 Impact of wage incentives on employer behaviour

We can group together the various employers that said wage incentives had affected them in some way:

- Those that created an extra vacancy because of wage incentives: nine per cent.
- A further seven per cent who would not have recruited a young, unemployed person without wage incentives.
- 28 per cent of employers who said that wage incentives had made them more likely to keep the employee on for at least six months.
- 13 per cent who said that wage incentives influenced the hours worked.

In total, 37 per cent of employers fall into at least one of the categories. This was higher for smaller establishments (with fewer than ten employees) than for larger establishments: 52 per cent compared with 30 per cent. This indicates that wage incentives are having a greater direct impact on the practices of smaller employers than larger employers. The figure was also higher where jobs were temporary or on a fixed-term contract (44 per cent) rather than permanent (31 per cent). As noted above, this suggests that employers may be using wage incentives to fill less secure positions.

7 Suggested improvements to wage incentives

This chapter examines suggested improvements to wage incentives from the perspective of Work Programme providers and employers.

Key findings

- Work Programme providers have already implemented some changes to their practices to enhance implementation, such as creating information leaflets about wage incentives and providing after care visits to both employee and employers.
- Employers were most likely to suggest more advertising or information about wage incentives, as possible improvements to the scheme. Since the research we are aware of increased marketing activity with the Department for Work and Pensions (DWP), as detailed earlier in this report.
- A very small number of employers suggested improvements relating to the process of claiming the wage incentive: simpler claim process or simpler paperwork (six per cent), faster or upfront payments (two per cent), and greater efficiency in sending forms or following procedures correctly (one per cent).

7.1 Work Programme providers

Wage incentives were perceived by several respondents to provide them with ‘a good selling point’ when approaching employers. As pointed out earlier, the financial aspect of the incentive often enabled them to get an audience with an employer, although it depended on the importance placed on wage incentives by employers.

A number of practices had been introduced by Work Programme providers in order to enhance the implementation of wage incentives. These included:

- making reminder calls to employers to complete the wage incentive form and send it to DWP;
- encourage candidates to inform employers about wage incentives;
- creating information leaflets;
- providing after care visits to both employee and employer if required;
- employers being given the Work Programme provider representative’s mobile number; and
- assistance given to employers in the completion of forms;

Work Programme providers expressed a degree of concern that the wage incentive placed other customers at a disadvantage. In particular they discussed adults who were just outside the age bracket (25, 26, 27-years-old) who also had very limited work experience. In one instance, a Work Programme provider adviser attempted to get the employer to recruit two people, one through wage incentives and one without the incentive by claiming that this was a ‘buy one get one free’ opportunity.

‘I tell the employer to buy one get one free ... so that it encourages both to be employed. You see, once an employer has employed through the wage incentive, they are looking to employ future staff through it, so I might have an older person and they say ‘but what do I get out of it.’

(West Yorkshire, Interview 5)

7.2 Employers

Employers were asked how wage incentives could be improved. The question was unprompted, and answers recorded verbatim.

More than one in four employers could not think of any ways of improving it (28 per cent). The most common suggestions concerned advertising and information: to advertise wage incentives more or better (17 per cent) and to provide more information about wage incentives (ten per cent). As can be seen in Table 7.1, there were other suggestions relating to information and communication: better communication generally (five per cent), and to have better informed and trained staff¹⁹ (one per cent).

A very small number of employers suggested improvements relating to the process of claiming the wage incentive: simpler claim process or simpler paperwork (six per cent), faster or upfront payments (two per cent), and greater efficiency in sending forms or following procedures correctly (one per cent).

A small minority of employers talked about the incentive itself, with suggestions for a bigger incentive (four per cent), for incentives lasting longer, for more incentives or support for employers generally (one per cent) or for employees (one per cent).

There were also specific suggestions for businesses to be more involved in the screening or choosing of candidates than they are at present (five per cent), for there to be more checks on employees; and for an extension of the eligible age group (two per cent), or of other aspects of the eligibility criteria (one per cent).

Table 7.1 Ways that wage incentives could be improved

	Percentages
Advertise wage incentives more/better	17
Provide more information about wage incentives	10
Simpler claim process/paperwork	6
Better communication	5
Possibility for businesses of choosing candidates/screening process of candidates	5
Bigger financial incentive	4
Provide better education/training/feedback to candidates	3
Follow/check how employees are getting on/sanction them if they misbehave	3
Faster/upfront payments	2
Extend the eligible age group	2
Better informed and trained staff	1
Greater efficiency/send the right forms/follow the procedure correctly	1
More incentives/money/support for employers	1
Extend eligibility to those with benefits/more flexibility for part-time and casual work	1
Incentives lasting longer	1
More incentives for employees	1
Training should start earlier	1
Nothing	28
Don't know	14

Base: All respondents (279).

Note: Respondents were able to choose more than one response. Table only includes answers given by one per cent or more of respondents.

¹⁹ It is not clear whether these comments referred to Jobcentre Plus staff or staff based at Work Programme providers.

8 Links with other schemes

In this chapter, we look at other Government schemes for young, unemployed people. Employers were asked about their awareness and likely take-up of other schemes.

Key findings

- Work Programme providers stated that the Apprenticeship Grant for Employers (AGE) had not had a major impact and was not felt to be a key factor in the take-up of wage incentives.
- Jobcentre Plus staff were more involved with promoting sector-based work academies (SBWAs) and the work experience scheme.
- For large businesses, and in certain sectors, for example the care industry, Jobcentre Plus staff considered only SBWAs to be appropriate as these organisations valued or required upfront training.
- Around half of employer respondents had heard of the AGE of 16 to 24-year-olds, and nine per cent had applied for it.
- Amongst those aware of other schemes, employers were more likely to agree than disagree that the range of schemes makes it confusing for employers to know what is available.

8.1 Work Programme providers

For most respondents, the AGE had not had a major impact and was not felt to be a key factor in the take-up of wage incentives in terms of splitting take up. One respondent stated that they would mention the AGE to employers if they considered it to be relevant to their needs, and directed the employer to an appropriate organisation which offered the AGE. This was because, although they did not offer the AGE themselves, they believed in ‘talking about what best fits for the employer’. Wage incentives were considered to be ‘not always right for some employers’.

In Scotland, Apprenticeship Grants are available through Skills Development Scotland and were being used alongside wage incentives. According to one respondent, employers could access both wage incentives and the Apprenticeship Grant for the same candidate. Perceived advantages of apprenticeships, from the employer point of view, were that they were able to recruit younger applicants and that they were able to pay less than the minimum wage.

Also in Scotland, an apprenticeship recruitment incentive enables employers to receive the money up front, although the level of the incentive is slightly less than that of wage incentives.

In Wales, wage incentives are competing directly with the Welsh Assembly Government’s Jobs Growth Wales initiative, which is funded through the European Social Fund and is targeted at 16 to 24-year-olds who are ‘job ready but have experienced difficulty securing employment’. Job opportunities lasting six months are available at the national minimum wage for a minimum of 25 hours per week. However, feedback on the Jobs Growth Wales was beyond of the remit of this research.

8.2 Jobcentre Plus employer engagement staff

In many cases Jobcentre Plus staff focused more of their efforts on promoting the SBWAs and work experience than the wage incentives because of their view that these two policies were more useful to employers. For large businesses, and in certain sectors such as the care industry, Jobcentre Plus staff considered only SBWAs to be appropriate as these organisations valued or required upfront training. Since the 14 December wage incentives are available to the entire jobcentre network and a single point of contact has been appointed in every district.

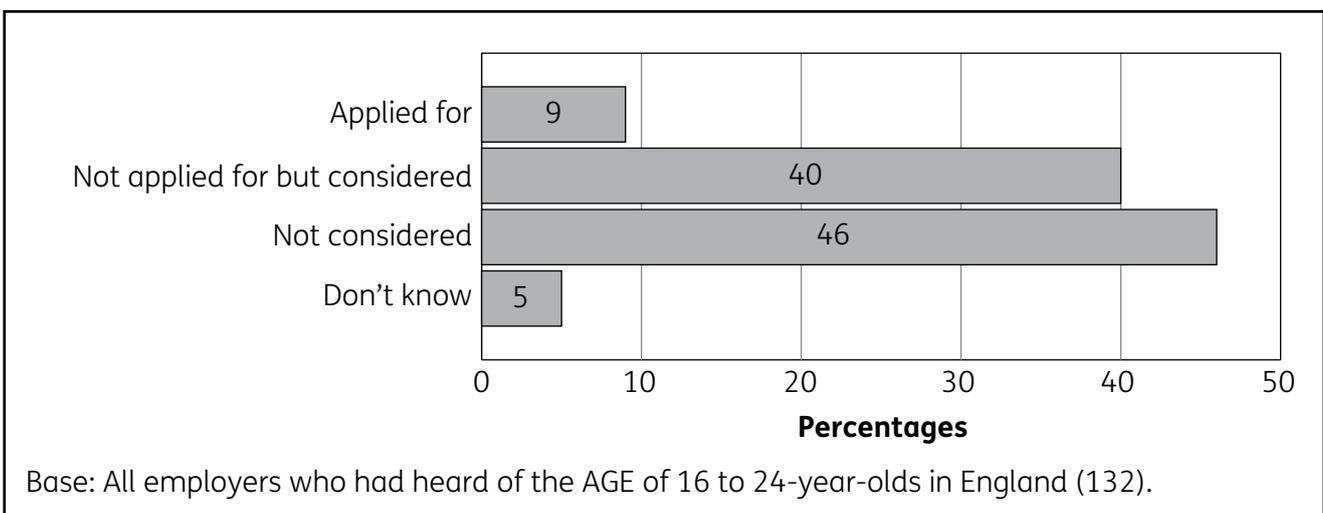
8.3 Employers

8.3.1 Apprenticeship Grant for Employers of 16 to 24-year-olds

Respondents were asked whether they had heard of the AGE of 16 to 24-year-olds. The question was limited to employers based in England (as the scheme covers England only)²⁰, and excluded agencies.

Around half (53 per cent) of respondents said they had heard of the AGE of 16 to 24-year-olds. Of these, nine per cent said they had applied for it, and a further 40 per cent had considered it, but not actually applied for it (see Figure 8.1).

Figure 8.1 Whether applied for or considered the Apprenticeship Grant for Employers of 16 to 24-year-olds



²⁰ Respondents in Wales were asked about Jobs Growth Wales, but the number of respondents in Wales (12) was too small to analyse the findings.

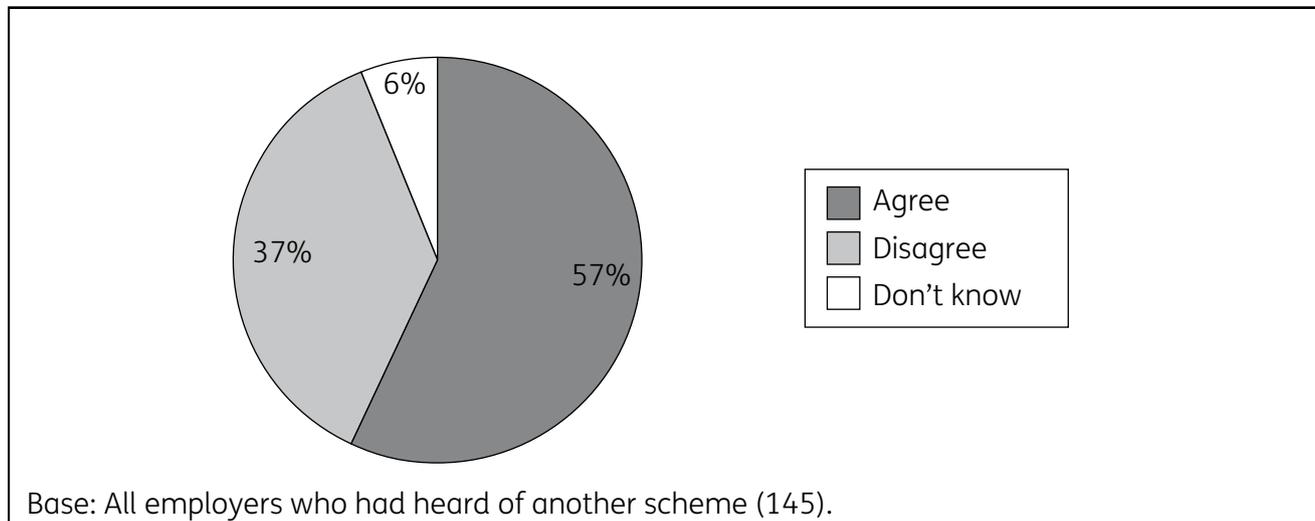
Respondents who said they were aware of the grant but had not considered it were asked why they had not considered it. The main reasons were:

- There were no other vacancies or any need for apprentices (25 per cent).
- Time issues, or not enough time for the respondent to look into it (18 per cent).
- The type of job was not suitable for the scheme (16 per cent).
- The employer was not eligible or there were problems with eligibility (ten per cent).
- They already had an apprenticeship programme (seven per cent).
- The employer did not or could not provide training (five per cent).

When asked if they had heard of any other Government schemes that aim to help employers recruit young people, 11 per cent of respondents said that they had heard of at least one scheme, most commonly apprenticeships (five per cent). The remaining 89 per cent said they had not heard of any other schemes.

Respondents who had heard of any other Government schemes (the AGE of 16 to 24-year-olds, Jobs Growth Wales, or any other schemes) were asked whether they agreed or disagreed that ‘the range of different schemes makes it confusing for employers to know what is available’. More than half agreed with the statement (57 per cent), while 37 per cent disagreed (see Figure 8.2).

Figure 8.2 Whether the range of schemes makes it confusing for employers to know what is available



9 General attitudes to recruitment of young people

This chapter covers more general issues relating to the recruitment of young people, and the role of Government in encouraging this recruitment.

Key findings

- Work Programme providers indicated that some employers would not consider recruiting using a Work Programme provider due to the belief that candidates would be unskilled and lack motivation
- Employers in the survey agreed that they had a responsibility to recruit young people.
- One in five said they had difficulties with recruiting young people, most commonly because of the attitude and motivation of younger candidates.
- The main suggestion for what the Government could do to encourage the recruitment of young people was to provide better education, training and careers advice.

9.1 Work Programme providers

Work Programme providers indicated that work was needed to counter negative perceptions about unemployed young people. As a consequence, they thought that many employers would not consider recruiting using a Work Programme provider due to the belief that many candidates would be unskilled and lack motivation and particularly young people, more so than other Work Programme customers, because they had probably never worked before.

The benefit of the Youth Contract was in addressing these beliefs, by ensuring that candidates are adequately skilled, motivated and supported during the early stages of employment to ensure they remained in work.

However, work was needed to ensure that employers were more aware of the services Work Programme providers and Jobcentre Plus staff offered and their work to ensure the employability of young people.

In terms of overall attitudes and approaches to youth employment, Work Programme providers indicated the following:

- Work Programme providers were using a wide range of methods to market wage incentives to employers. Face-to-face or telephone contact was considered to be the most effective, although mail shots could be successful.
- The preparation of candidates by Work Programme providers, to enable them to be considered as 'job ready' was a selling point as far as employers were concerned.
- The motivation of respondents to be involved in the delivery of wage incentives ranged from having a social conscience, relating to the alleviation of youth unemployment, to the boost it gave them in reaching their target numbers of job placements, and to it being a contractual obligation.

- A clear disparity emerged between those Work Programme providers where the emphasis was on reaching targets, irrespective of the sustainability of the jobs in which candidates were placed and those (a majority) whose concern was achieving sustainable employment for their clients.
- Work Programme providers routinely encouraged candidates to promote wage incentives to employers, often providing them with information packs and training in the process.
- There was criticism from some providers of the early information and literature available from the Department for Work and Pensions (DWP), in terms of both its content and its accessibility.
- On the whole, Work Programme providers felt that take-up of wage incentives had been lower than anticipated although it was recognised that it was still ‘early days’ in the life of the initiative.
- It was felt that there was a significant lack of interest among larger employers, with take-up of wage incentives being predominantly by small and medium-sized enterprises (SMEs).
- Despite concerns about the level of take-up, the overwhelming majority of Work Programme provider respondents were still enthusiastic about wage incentives, regarding it as a welcome addition to their portfolio of services.
- Administratively, the processes introduced had gone relatively smoothly. There had been a few teething problems, but most of these had been overcome. Some employers were irritated by claim forms being returned, and therefore payments delayed, due to what they considered to be trivial reasons, though paying money from the Exchequer means rules are probably tighter than employers expected.
- The reduction of youth unemployment and the provision of job opportunities for young people were seen as, potentially, the main benefits of wage incentives.
- Some concern was expressed about the sustainability of the jobs taken by the candidates.
- Most respondents were convinced that wage incentives could impact positively on the employment prospects of young people.

9.2 Employers

9.2.1 Attitudes to recruiting young people

Respondents were asked whether they agreed or disagreed with two statements about recruiting young people. Table 9.1 shows that the majority (60 per cent) agreed that ‘employers have a responsibility to recruit young people given the current problems with youth unemployment’, while 36 per cent disagreed. Respondents were more likely to disagree (51 per cent) than agree (45 per cent) that ‘taking on young people is a bigger risk than taking on older employees’. It is important to note that respondents in this survey had all taken on a young person who was eligible for the wage incentive, and are therefore likely to be more positive in their attitudes to recruiting young people than the employer population as a whole.

Respondents in smaller establishments (with fewer than ten employees) were more likely to agree that employing young people is a bigger risk than taking on older employees (52 per cent agreed, compared with 41 per cent in larger establishments).

Table 9.1 Whether agree/disagree with statements about recruiting young people

	Employers have a responsibility to recruit young people given the current problems with youth unemployment	Taking on young people is a bigger risk than taking on older employees
	Percentages	Percentages
Strongly agree	24	20
Tend to agree	36	25
Tend to disagree	19	33
Strongly disagree	17	18
Don't know	5	4

Base: All respondents (279).

Note: percentages do not total 100 per cent due to percentage rounding.

One in five respondents (20 per cent) said that they had difficulties with recruiting young people. Table 9.2 shows employers' main concerns about recruiting young people were the attitude and motivation of young people (58 per cent) and the lack of young people wanting to do the particular job (25 per cent).

Table 9.2 Difficulties faced in recruiting young people

	Percentages
Low number of applicants with the required attitude, motivation or personality	58
Not enough young people interested in doing this type of job	25
Low number of applicants with the required skills	11
Lack of work experience the company demands	11
Young people unwilling to work at wages offered	9
Low number of applicants generally	7
Remote location/poor public transport	7
Unsuitable work hours	5
Lack of qualifications the company demands	4
Poor career progression/lack of prospects	4
Unwilling to provide training	4

Base: Employers who had difficulties recruiting young people (55).

Note: percentages total more than 100 per cent as respondents were able to choose more than one response.

9.2.2 What could Government do to encourage recruitment of young people?

Respondents were asked what else the Government could do to encourage the recruitment of young people. The most common answer was to provide better education, training or careers advice on how to get and keep a job (mentioned by 21 per cent). In addition, eight per cent said the Government should provide more support or incentives for businesses. Other comments referred to wage incentives specifically, with requests for better advertising (seven per cent), and an increase in young people available for wage incentives – either through increasing awareness or changing the eligibility (six per cent).

Recent research by the Chartered Institute of Personnel and Development (CIPD) (CIPD, 2012) among the employer population as a whole identified three main areas where the Government could provide more support to employers in recruiting young people:

- a more joined-up skills and employment system of support for young people;
- more direct support for taking on young people; and
- better career guidance for young people, in particular about alternatives to university education, such as apprenticeships.

These priorities are in line with the findings from this survey.

Table 9.3 Suggestions for what the Government could do, if anything, to encourage the recruitment of young people

	Percentages
Providing better education/training/careers advice on how to get and keep a job	21
Supporting businesses/more incentives for businesses	8
Relevant advertising/advertise wage incentives more/better	7
More young people on the scheme/aware of the wage incentives/extending their incentives	6
Stop paying benefits to young people/making it harder to receive them	4
Continuing with wage incentives/more schemes like this	2
Selecting motivated people for wage incentives/restrictions and control over selection	2
Provide more job opportunities for young people	2

Base: All respondents (279).

Note: respondents were able to choose more than one response. Table only includes answers given by one per cent or more of respondents.

10 Conclusions

10.1 Ways of increasing take-up

10.1.1 Raising awareness among employers

According to employers, Work Programme providers and Jobcentre Plus staff in the survey, the main improvement that could be made is to increase marketing activity. As discussed elsewhere in this report, the Department for Work and Pensions (DWP) have recently undertaken a large scale multi-faceted awareness raising campaign.

Other surveys of the wider employer population suggest that quite a high proportion of employers are aware of wage incentives (between 48 per cent and 63 per cent in the various surveys), although it is not clear from these surveys whether employers knew much about it or had merely heard of it²¹.

10.1.2 Level of subsidy

Previous research by DWP suggests that take-up of subsidies may be low because of low awareness, but also that the value of previous subsidies may have been too low to influence employer behaviour (either because the financial and hiring decisions are made separately, or because employers are more concerned to get the right person for the job) (Snape, 1998). In this survey, the majority of employers yet to make a claim (71 per cent) said that they would still take up the wage incentive if the amount was lower (e.g. £1,000). However, other survey findings indicate that, for smaller employers in particular, the amount of the incentive is important – as noted below, the most common reason for taking up the wage incentive was for financial reasons.

Findings from the Work Programme providers lend support for these findings: medium and large employers seem less interested in the financial incentive and more interested in having the right person for the job. Micro and small employers, whilst also generally wanting a skilled and motivated employee, tend to be more interested in wage incentives, especially where their needs are for less skilled personnel and where they are having cash flow issues.

10.1.3 Administrative process

It has been argued that the low take-up of previous wage subsidies has partly been the result of complexity in the schemes (Work and Pensions Committee, 2012).

The findings from the survey indicate that the process has been designed successfully to be straightforward and to minimise the burden on employers (this is discussed further in Section 10.3 *Key messages on the delivery of wage incentives*).

Feedback from the Work Programme providers indicates that the administration of wage incentives is very straightforward aside from initial teething problems regarding a change in the form and information about the return address. While not major issues in themselves, they can serve to reinforce negative views about government schemes amongst some employers.

²¹ These surveys are: a survey of Human Resources (HR) professionals by the Chartered Institute of Personnel and Development (CIPD, 2012); a survey by the Recruitment and Employment Confederation (REC) – <http://www.rec.uk.com/press/news/2180>; and A survey by EEF, the manufacturers' organisation – <http://www.itv.com/news/update/2012-09-04/survey-shows-employers-not-convinced-by-youth-contract/>

10.1.4 Employers' motivations

In trying to maximise take-up of wage incentives, it is useful to examine employers' motivations for claiming a wage incentive. The main reasons were to get some extra money and to give a young, unemployed person a chance. By grouping employers according to their motivations, we can identify five different groups of employers:

- Altruistic (16 per cent) – those motivated by the desire to help young, unemployed people.
- Opportunistic (34 per cent) – mainly those influenced by the financial incentive, as well as some employers who saw it as a convenient way of recruiting staff.
- Responsive (seven per cent) – those reacting to the incentive after finding out from an interview candidate, or who said that the opportunity just 'came along'.
- Strategic (22 per cent) – those using wage incentives as part of a general recruitment drive or recruitment policy.
- Mixed (22 per cent) – employers in more than one of the above categories.

This analysis can give pointers to Work Programme providers and Jobcentre Plus staff when discussing wage incentives with employers, as well as advising on the content of information provided on-line or in print.

Interviews with the Work Programme providers and Jobcentre Plus staff suggest a combination of motivations for taking up wage incentives, which broadly match the survey findings – altruism, giving young people a chance, a financial incentive, and to some extent a means of 'milking' the scheme by taking young people on for unsustainable work.

10.2 Impact of wage incentives on recruitment and retention

Based on the experience of previous schemes, it has been acknowledged that it will be difficult for wage incentives to create a significant number of new vacancies (Work and Pensions Committee, 2012). The survey findings confirm this. Only nine per cent of employers in the survey created an extra vacancy because of wage incentives. A further seven per cent would not have recruited a young, unemployed person, but for wage incentives. However, it should be noted that job creation was not the primary policy aim of this scheme.

Furthermore, the survey findings suggest that, although the number of vacancies created directly through wage incentives may be small, there may be other impacts. Around one in four employers (28 per cent) said that the wage incentive had made them more likely to keep the employee on for at least six months, and 13 per cent said that it had affected the hours worked. Small businesses (with fewer than ten employees) were more likely than large employers to say that wage incentives had made an impact in some way.

Hiring an employee eligible for a wage incentive payment may also have a longer-term impact on employer attitudes and recruitment practices. The vast majority (86 per cent) of employers in the survey said that they would be likely to take on someone else in the future who is eligible for a wage incentive, and 31 per cent said that hiring someone eligible for a wage incentive payment had made them more likely to recruit young, unemployed people.

This confirms views expressed in the Work and Pensions Committee report, that wage incentives could have a positive impact 'at the margins', possibly leading to more recruitment in the future (Work and Pensions Committee, 2012).

The survey findings indicate that some jobs which employers are claiming for are not permanent jobs – 31 per cent of employers said that the job was temporary or on a fixed-term contract. There is also a suggestion in the survey findings that a relatively high proportion of newly created jobs are temporary or fixed term. These jobs qualify for a wage incentive, provided that they are expected to last at least 26 weeks, and in the majority of cases (80 per cent), respondents expected recruits working in non-permanent positions to stay with the organisation for more than six months. However, the survey was not able to examine how long these jobs actually lasted; therefore, this is an issue that warrants further investigation.

The views of the Work Programme providers and Jobcentre Plus staff broadly echo the survey findings; job creation is likely to be small; changes in hours worked and sustainability of jobs may have been influenced by wage incentives; employer attitudes, especially micro and small employers, seem to have been positively affected with greater recognition of the value of young people in work.

10.3 Key messages on the delivery of wage incentives

The feedback from the survey on the delivery of wage incentives was generally positive. Only nine per cent of employers thought there was a large amount of work involved, and only 19 per cent had needed to put additional administrative systems in place as part of claiming wage incentives; furthermore, these were generally small scale tasks or processes, such as diary or calendar reminders. Those familiar with the claim form mostly said that Section 1 had been filled in correctly by the provider (in 91 per cent of cases).

In addition, the survey findings indicate that employers who had taken on a recruit who was eligible for a wage incentive were generally positive towards the support given by Work Programme providers. The majority (71 per cent) said that the support they had received was very or fairly good and just five per cent said it was poor. Where employers had dealt with more than one provider, only 29 per cent said that it would have helped to have a single point of contact.

The one area of concern was that 18 per cent of employers who had received a claim form said that they had problems or delays in receiving the form(s).

10.4 Ways of improving the scheme

According to employers in the survey, the main improvement that could be made to wage incentives is to advertise it more/better, while other employers suggested that there could be more information provided about wage incentives. The section above provides more details on ways of increasing take-up.

The delivery and administration of the process appears to be working well. Only a small proportion of employers suggested improvements to the claim process, such as a simpler process with simpler paperwork.

As previously mentioned, 71 per cent said they would still claim if the wage incentive was of a lower value (specified as £1,000). However, a small number of employers also made suggestions relating to the incentive itself, e.g. for a bigger financial incentive.

Overall, the Work Programme providers and Jobcentre Plus staff considered that the Youth Contract itself was very important as it addressed a key requirement of employers, that of training and employability; furthermore wage incentives helped to drive interest in employing young people, and if coupled with job ready and motivated individuals helped to dispel negative preconceptions about the young.

Appendix A

Advance letter to employers



08/08/12

Your Reference:112560

Dear Sir/Madam

EVALUATION OF DWP YOUTH CONTRACT WAGE INCENTIVE SCHEME

I am writing to ask for your help in providing feedback on the DWP Wage Incentive scheme. This is a scheme that pays up to £2,275 to employers who take on a young unemployed candidate for at least six months. DWP have commissioned an independent research company, TNS BMRB to conduct a survey with employers to gather their views on this scheme. We understand that your company have recently received a Wage Incentive form to claim for an eligible job start.

TNS BMRB would like to speak to the person at your organisation who has been dealing with the Wage Incentive scheme. If this is not you, we would be grateful if you could contact Stephen McGinigal at TNS BMRB (020 7656 5755 or Stephen.mcginigal@tns-bmr.co.uk) to let us know the contact details of best person we should speak to about this scheme.

Each interview will take about 20 minutes. An interviewer from TNS BMRB will contact you in the next few weeks. We would be very grateful if you would agree to take part and tell us what you think of this scheme. I do hope you will feel able to take part in this important research. If you have any questions about the research you can call Stephen McGinigal at TNS BMRB on 020 7656 5755 or email: Stephen.mcginigal@tns-bmr.co.uk.

Any information you provide will be held in the strictest of confidence and will be handled securely throughout the study. The research findings will not identify you and no personal information will be shared with any third parties. Participation in this research is voluntary.

Your contribution will provide us with valuable information that will help us to review our services and support we provide our customers. We hope that you decide to take part.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Janet Allaker', with a long, sweeping horizontal line extending to the right.

Janet Allaker
Senior Research Officer
Evaluation Team
| Department for Work and Pensions

Appendix B

Survey response rate

Table B.1 Response details

Number sampled	876
Invalid sample data	137
Invalid/incomplete telephone number	49
Wrong number/unknown at number	88
Ineligible (not received a claim form as part of wage incentive scheme)	68
Valid sample (in scope of fieldwork)	671
Personal refusal	49
Abandoned interview	10
Unavailable during fieldwork	143
Respondent incapable of interview	12
Non-contact with respondent/unresolved	178
Interview	279
Fieldwork response rate	42%

Appendix C

Employers questionnaire

DWP Wage Incentive Employer Survey – Wave 1

Final questionnaire (6/8/12)

Introduction

QA Good morning/afternoon. My name is [NAME] and I'm calling from TNS-BMRB Social Research. Can I just check that your organisation is <WORKPLACE NAME FROM SAMPLE>? [QCHECK]

- 1 Yes
- 2 No – check sample

QB We're conducting a survey about the Government's Wage Incentive Scheme for employers. We understand that your company has recently employed a young person who was eligible for a wage incentive from DWP/Jobcentre Plus. Could I speak to the person at this site who would have the best overview of recruitment and of claiming the wage incentive for this recent job-start.

INTERVIEWER NOTE: IF RESPONDENT ATTEMPTS TO TRANSFER TO SOMEONE AT ANOTHER SITE, CHECK THAT THIS OTHER PERSON IS RESPONSIBLE FOR DEALING WITH THE WAGE INCENTIVE AND IS ABLE TO ANSWER QUESTIONS ABOUT THE RECRUIT(S).

QC According to our records, you have received a claim form for employing a young person as part of the wage incentive scheme – is that correct? (*dwp1*)

- 1 Yes
- 2 No – CHECK and then CLOSE

QREC Can I check, have you taken on someone to work at your organisation, or are you an agency that has taken them on to work for another organisation?

- 1 Taken them on to work at this organisation
- 2 Agency – taken them on to work at another organisation

1: DETAILS ABOUT THE ORGANISATION

ASK ALL

Firstly, I need to ask some details about this workplace.

Multi **Is this workplace ... ?** READ OUT. SINGLE CODE.

- 1 The only site in the organisation, or
- 2 One of a number of sites within a larger organisation

QD How many people have you taken on at this workplace who were eligible for a wage incentive payment? (*dwp2*)

IF UNSURE, PROBE FOR ESTIMATE AND GET RANGE IF NECESSARY

TYPE IN NUMBER

IF ONE OF A NUMBER OF SITES AT MULTI

QE **And how many people have you taken on who were eligible for a wage incentive payment, across the organisation as a whole?**

IF UNSURE, PROBE FOR ESTIMATE AND GET RANGE IF NECESSARY

TYPE IN NUMBER

ASK ALL

Numemp1 **Approximately how many people currently work at this establishment or workplace? Please include yourself, full-time and part-time employees on your payroll, and any working proprietors or owners, but exclude the self-employed and outside contractor, freelance or agency staff.**

INTERVIEWER NOTE: [IF AGENCY(code 2 at QREC), INCLUDE ALL TEMPORARY AND PERMANENT STAFF CURRENTLY PLACED BY THIS AGENCY WHO ARE 'BASED' AT THIS SITE (EVEN IF THEY ARE CONTRACTED OUT TO WORK ELSEWHERE)].

NON-EMPLOYEE TRAINERS AND EMPLOYEES UNDER 16 SHOULD BE EXCLUDED.

PROBE FOR BEST ESTIMATE AND RECORD NUMBER

- | | |
|---|-------------|
| 1 | 1-4 |
| 2 | 5-9 |
| 3 | 10-24 |
| 4 | 25-49 |
| 5 | 50-249 |
| 6 | 250 or more |

IF ONE OF A NUMBER OF SITES AT MULTI

Wholeorg **Approximately how many people work across your organisation in the UK as a whole?**

ADD IF NECESSARY: **By that I mean both full-time and part-time employees on your payroll, as well as any working proprietors or owners.**

[INTERVIEWER NOTE: IF AGENCY (code 2 at QREC), INCLUDE ALL TEMPORARY AND PERMANENT STAFF CURRENTLY PLACED BY THIS AGENCY (EVEN IF THEY ARE CONTRACTED OUT TO WORK ELSEWHERE)]

PROBE FOR BEST ESTIMATE AND RECORD NUMBER

(PREGRAMMING NOTE – ONLY ALLOW NUMBERS LARGER THAN GIVEN AT ESTABLISHMENT SIZE QUESTION

- | | |
|---|-------------|
| 1 | 2-4 |
| 2 | 5-9 |
| 3 | 10-24 |
| 4 | 25-49 |
| 5 | 50-249 |
| 6 | 250 or more |

2: PARTICIPATION IN WAGE INCENTIVE SCHEME

I'd now like to ask you about your involvement in the wage incentive scheme.

ASK ALL

Howhear **How did you first hear about the wage incentive scheme?** (dwp4)

CODE ALL THAT APPLY. PROMPT TO PRECODES

- 1 DWP/Jobcentre Plus website
- 2 Another website
- 3 Jobcentre Plus staff
- 4 [NAME OF PROVIDER FROM SAMPLE/Work Programme provider]
- 5 Connections in the industry
- 6 Elsewhere in this organisation
- 7 From the employee that was recruited
- 8 Other (TYPE IN)

Getall **Did you get all the information you needed at that stage, or did you need more information?**

Yes, got all information

No, needed more information

IF NEEDED MORE AT GETALL

Needmore **What did you do to get more information?**

- 1 Looked at DWP/Jobcentre Plus website
- 2 Looked at another website
- 3 Contacted Jobcentre Plus staff
- 4 Contacted [NAME OF PROVIDER FROM SAMPLE/Work Programme provider]
- 5 Other (TYPE IN)

IF NEEDED MORE AT GETALL

Easyinfo **How easy did you find it to get the information you needed about the wage incentive scheme?** (dwp6)

READ OUT

- 1 Very easy
- 2 Fairly easy
- 3 Not very easy
- 4 Not at all easy

IF NOT VERY OR NOT AT ALL EASY

Typedif **What type of information or advice did you find it difficult to get?** (dwp 8/9)

OPEN/TYPE IN

IF NOT VERY OR NOT AT ALL EASY

Whateasy **What would have made it easier for you to get the information and advice you needed?** (dwp7)

OPEN/TYPE IN

ASK ALL

Whenhear **Did you hear about the Wage Incentive scheme before or after you recruited [the person/any of the people] concerned** (*dwp3*)

- 1 Before
- 2 After
- 3 During/at the time of recruitment

ASK ALL

QProv **How many Work Programme providers have you had contact with as part of the wage incentive. This includes [PROVIDER NAME FROM SAMPLE] or any other providers.**

- One
- Two
- Three or more
- (None)

IF CONTACT WITH ANY PROVIDERS AT QPROV

Rateprov **How would you rate the support that you have had from [name of provider from sample/ and other Work Programme Providers (if 2+ at QPROV) about the scheme?** (*dwp21*) READ OUT

- 1 Very good
- 2 Fairly good
- 3 Neither good nor poor
- 4 Fairly poor
- 5 Very poor

ASK IF 2 OR MORE PROVIDERS AT QPROV

Single **At present, employers have to contact their local Work Programme provider about the wage incentive scheme. Would it have helped you if there had been a single, national point of contact about the scheme, would it have made no difference, or made the process worse?** (*dwp10*)

- 1 Single contact would have helped
- 2 No difference
- 3 Would have made it worse
- 4 Don't know

ASK ALL

Comms **In general, how do you think the Government could improve their communications about the wage incentive scheme?** (*dwp14*) DO NOT PROMPT

- Make more effort to make employers aware of it
- Provide information in clear language/plain English
- More information on DWP/Jobcentre Plus website
- Information in trade/HR publications
- Provide single point of contact
- Other (TYPE IN)
- Don't know

ASK ALL

Whytake **What were the main reasons that this [organisation/establishment] decided to take up the wage incentive?** (dwp12) PROBE FULLY. DO NOT PROMPT

Part of a general recruitment drive

Helps us with recruitment

Some extra money for us

Good incentive to take someone on

Gives young/unemployed people a chance/to help (youth) unemployment

Other (TYPE IN)

Concern **Did you have any concerns about applying for the wage incentive?** (dwp13)

Yes

No

IF YES AT CONCERN

Whatcon **What concerns did you have?**

PROBE FULLY

OPEN/TYPE IN

3: PLACEMENT DETAILS

ASK ALL

I'd now like to ask you about the [most recent (IF 2 OR MORE RECRUITED AT SITE AT QD)] job start that has been eligible for the wage incentive claim.

Still **Is this person still [working for/[employed by (if agency)] your organisation?**

1 Yes

2 No

IF NO

Weeks **After how long did s/he leave?** PROBE FOR ESTIMATE IF NECESSARY AND RECORD NUMBER OF WEEKS OR MONTHS

TYPE IN NUMBER OF WEEKS/MONTHS.

Why left **Did he/she ... ?** (READ OUT)

1 Resign

2 was s/he dismissed

3 was s/he laid off or made redundant

4 or did something else happen?

IF NOT STILL WORKING (AT STILL) AND 2 OR MORE RECRUITED AT SITE AT QD

Anystill **Are any of the people eligible for the wage incentive still [working for/(if agency) employed by] your organisation?**

Yes

No – all have left

IF STILL WORKING AT STILL

Sixmonth **Do you expect this person to stay with your organisation for more than six months?**
(dwp32)

- 1 Yes
- 2 No
- 3 Don't know

IF NO

Whysix **Why not?** (dwp34)

OPEN/TYPE IN

ASK ALL

Jobtype **What [is/was] their (main) job?** (dwp18, 38)

Whatdo **What [do/did] they mainly do in their job?** (dwp18, 38)

CHECK SPECIAL QUALIFICATIONS/TRAINING NEEDED TO DO THE JOB

Superv **Do/Did they have any responsibility for supervising the work of other employees?**

DO NOT INCLUDE PEOPLE WHO ONLY SUPERVISE:

CHILDREN, E.G. TEACHERS, NANNIES, CHILDMINDERS, ANIMALS SECURITY OR BUILDINGS, E.G. CARETAKERS, SECURITY GUARDS

- 1 Yes
- 2 No

(note: above 3 questions for SOC coding)

Hours **How many paid hours per week [does/did] s/he usually work? Include paid overtime if usually worked** (dwp38)

Hours2 **Did you ... ? READ OUT**

- 1 Decide on these hours to fit in with the wage incentive payments, or
- 2 Did it make no difference
- 3 (Don't know)

Perm **[Is/was] this job ... READ OUT – SINGLE CODE** (dwp38)

- 1 On a permanent or open-ended contract
- 2 On a fixed-term contract
- 3 On a temporary or casual basis
- 4 On some other basis (PLEASE SPECIFY)
- 5 (Don't know)

ASK ALL EXCEPT AGENCIES (ASK if code 1 at QREC)

Simjobs **Thinking of the job[s] that you have recruited for as part of the wage incentive, have you employed people to do similar jobs in the last two years?**

- 1 Yes
- 2 No
- 3 Don't know

IF YES

Numu25 **How many people in these jobs were aged under 25?** READ OUT (*dwp30*)

- 1 All
- 2 Most
- 3 Some
- 4 Or none

IF YES AT SIMJOBS

Anyjcp **And how many of these people did you recruit through Jobcentre Plus or Work Programme providers – was it ... ?** (*dwp31*) READ OUT

- 1 All
- 2 Most
- 3 Some
- 4 Or none

IF FOUND OUT ABOUT WAGE INCENTIVE BEFORE RECRUITMENT (Before at Whenhear)

Vacancy **Would [this vacancy/these vacancies] have existed/[(if agency)would you have taken someone/the same number of people on] without the wage incentive?** (*dwp29*)

- 1 Yes
- 2 No
- 3 Don't know

IF YES AT VACANCY OR IF FOUND OUT DURING RECRUITMENT AT WHENHEAR

Samerec And if there was no wage incentive available, do you think you would have recruited the same [person/people], or would you have selected [another applicant/other applicants]? (*dwp36*)

- 1 Same person
- 2 Different person
- 3 Don't know
- 4 (RECRUITMENT AGENCIES ONLY) Do not make final section of recruits

IF DIFFERENT

Youngrec **Do you think the [person/people] you would have selected would have been ... ?** (*dwp28*)

READ OUT

- a) Under 25
- b) Unemployed

- 1 Yes
- 2 No
- 3 Don't know

ASK IF RECRUITS STILL WORKING THERE (YES AT STILL OR YES AT ANYSTILL)

Helpretain **Has the wage incentive made you more likely to keep [this person/these people] on for at least six months, or has it made no difference?**

- 1 Yes, helped
- 2 No difference
- 3 Don't know

4: CLAIM PROCESS AND ADMINISTRATION

ASK ALL

Now some questions about the claim process

Whenrec **Have you had any problems or delays in receiving the claim form[s] for the wage incentive?**

- Yes
- No

IF YES

What problems have you had? DO NOT PROMPT

- Waited a long time for forms
- Had to chase provider to get forms
- Problems with form when we received it (e.g. information in section 1 was wrong)
- Other (TYPE IN)

ASK ALL

Claimyet **Has your establishment submitted a claim yet [for any of the people you have recruited]?**

- Yes
- No

IF NO AND RECRUITS STILL WORKING THERE (YES AT STILL OR AT ANYSTILL)

Claimpt **Have you reached the claim point yet?**

- 1 Yes
- 2 No

IF NO AT CLAIMYET AND RECRUIT/ALL RECRUITS HAVE LEFT (NO AT STILL (IF 1 RECRUIT AT QD) OR NO AT ANYSTILL (IF 2+ RECRUITS AT QD))

Claimpt2 **Did the recruit[s] leave before the point at which you could claim?**

- 1 Yes, left before claim point
- 2 No, left after claim point

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IF CLAIMED (YES AT CLAIMYET)

Claimper **For what period have you claimed – is it after 8 weeks or 13 weeks?** IF SUBMITTED MORE THAN 1 FORM, ASK ABOUT MOST RECENT ONE (dwp19)

- 1 8 weeks
- 2 13 weeks
- 3 Don't know

IF YES AT CLAIMYET

Recpay **Have you received any payment?**

- 1 Yes
- 2 No

IF NO AT CLAIMYET (UNLESS RECRUIT/S) LEFT BEFORE CLAIM POINT AT CLAIMPT2)

Intend **Do you intend to make a claim at the relevant time?** (dwp16)

- 1 Yes
- 2 No
- 3 Don't know

IF YES AT INTEND AND IF 2+ PEOPLE RECRUITED AT QD

Numclaim **Is that for [both/all] of the people you've recruited or just [one/some] of them?** (dwp16)

- 1 Both/all
- 2 Just one/some
- 3 Don't know

IF JUST ONE/SOME

Why is that?

IF NO AT INTEND

Whynoclm **Why are you not planning to make a claim?** (dwp17)

OPEN/TYPE IN

IF INTEND TO CLAIM (YES AT INTEND) AND FEWER THAN 50 EMPLOYEES AT ESTABLISHMENT

Claimper2 **Smaller employers can make a claim after 8 weeks for part of the payment, as well as at 26 weeks. Are you intending to claim after 8 weeks, or just after 26 weeks?** (dwp19)

- 1 8 weeks
- 2 Just 26 weeks
- 3 Don't know

IF INTEND TO CLAIM (YES AT INTEND)

Claimlow **Do you think you would take up the wage incentive if the total amount was lower – say £1,000 per recruit, rather than £2,275?** (dwp47)

- 1 Yes
- 2 No
- 3 Don't know

IF HAVE MADE A CLAIM OR INTEND TO MAKE A CLAIM

Burden **How much work [has there been/do you think there will be] to make the claim?** (dwp22)
 READ OUT

- 1 a large amount of work
- 2 small amount of work
- 3 Not much at all

IF LARGE AMOUNT

Whyburd **What [made/will make] it a large amount of work?** (dwp23)

OPEN/TYPE IN

IF HAVE MADE A CLAIM OR INTEND TO MAKE A CLAIM

I'd now like to ask about the claim form. Can I just check, are you familiar with the claim form itself?

- 1 Yes
- 2 No

IF YES

Section1 **As far as you know, was the first section of the form filled in correctly by** <provider name> [(if 2_ providers: **or other Work Programme providers?**

ADD IF NECESSARY: The first section is filled in by the Work Programme provider, and includes some details about the person who has started work and the Work Programme provider who sent the form.

- Yes, filled in correctly
- No, not filled in correctly
- Don't know

IF HAVE MADE A CLAIM OR INTEND TO MAKE A CLAIM

Systems **[Have you/Will you need to] put in place any extra administrative systems to claim the wage incentive[s], such as to track the forms or ensure you make the claim at the appropriate time?** (dwp27)

- 1 Yes
- 2 No

IF YES

Systems2 **What type of systems?**

OPEN/TYPE IN

5: OTHER SCHEMES

ASK IF ESTABLISHMENT BASED IN ENGLAND AND IS NOT AN AGENCY

I'd now like to ask you about some other Government schemes.

Schemes **Have you heard of the Apprenticeship Grant for employers of 16-24 year olds?** (*dwp40*)

- 1 Yes
- 2 No

IF YES

AGEtake **Have you applied for this grant or have you considered it?** (*dwp41, dwp37*)

- 1 Applied for
- 2 Not applied for but have considered it
- 3 Not applied or considered it
- 4 Don't know

IF NOT APPLIED FOR OR CONSIDERED

Whynoage **Can you tell me why you have not considered this grant?** (*dwp42*)

OPEN/TYPE IN

IF ESTABLISHMENT BASED IN WALES AND IS NOT AN AGENCY

Wales **Have you heard of the programme 'Job Growth Wales'?** (*dwp44*)

- 1 Yes
- 2 No

IF YES

Walestake **Have you taken part in Job Growth Wales or have you considered it?** (*dwp45, dwp37*)

- 1 Taken part
- 2 Not applied for but have considered it
- 3 Not applied or considered it
- 4 Don't know

IF NOT APPLIED FOR OR CONSIDERED

Whywales **Can you tell me why you have not considered taking part?**

OPEN/TYPE IN

ASK ALL EXCEPT AGENCIES

Othscheme **Have you heard of any other government schemes that aim to help employers recruit young people?** IF YES: **Which ones?** (*dwp43*) DO NOT PROMPT

- 1 Work Experience
- 2 Mandatory work activity
- 3 Apprenticeships
- 4 Other (TYPE IN)
- 5 No, none

IF HEARD OF ANY SCHEMES AT SCHEMES, WALES OR OTHScheme

Confuse **Do you agree or disagree with the following statement: The range of different schemes makes it confusing for employers to know what is available.** (dwp46)

- 1 Agree
- 2 Disagree
- 3 Don't know

6: ATTITUDES TO WAGE INCENTIVE SCHEME

Now some general questions about the scheme.

ASK ALL

Recagain **How likely is it that you would take on someone in the future that was eligible for the wage incentive?** (dwp48) READ OUT

- 1 Very likely
- 2 Fairly likely
- 3 Not very likely
- 4 Not at all likely

Morelike **Do you think that taking part in the scheme has made your establishment more or less likely to recruit young people with a recent history of unemployment, or has it made no difference?** (dwp31)

- 1 More likely
- 2 Less likely
- 3 No difference

Improve **In what ways, if any, do you think the scheme could be improved?** (dwp 49)

OPEN/TYPE IN

Respon **Do you agree or disagree with the following statements:** IF AGREE/DISAGREE: **Do you strongly dis/agree or tend to dis/agree**

- a) **Employers have a responsibility to recruit young people given the current problems with youth unemployment**
- b) **Taking on young people is a bigger risk than taking on older employees**

Strongly agree
Tend to agree
Tend to disagree
Strongly disagree
Don't know

Barrier **In general, do you have any difficulties with recruiting young people?**

- 1 Yes
- 2 No

IF YES TO BARRIER

WhatBarrier **What difficulties does your establishment face in recruiting young people?** (dwp51; dwp 35)

DO NOT READ OUT. CODE ALL THAT APPLY

- 1 Not enough young people interested in doing this type of job
- 2 Low number of applicants with the required skills
- 3 Low number of applicants with the required attitude, motivation or personality
- 4 Low number of applicants generally
- 5 Lack of work experience the company demands
- 6 Lack of qualifications the company demands
- 7 Poor career progression/lack of prospects
- 8 Young people unwilling to work at wages offered
- 9 Remote location/poor public transport
- 10 Other (WRITE IN)
- 11 None
- 12 Don't know

ASK ALL

Govt **What else could the Government do, if anything, to encourage the recruitment of young people?** (*dwp50*)

OPEN ENDED QUESTION.

7: FINAL QUESTIONS

ASK ALL

Just a few final questions about the organisation and yourself.

Sector1 **How would you describe the main business activity of this establishment?**

PROBE IF NECESSARY: What is the main product or service of this establishment?

What exactly is made or done at this establishment?

(*dwp 38*)

OPEN/TYPE IN

(note: use above question for SIC coding)

Sector2 **Is this establishment in ... ?** READ OUT

IF NECESSARY PROMPT: The public sector includes local authorities, councils, government departments, civil service, state schools, the NHS etc. The private sector includes partnerships, PLCs (private limited companies). The voluntary sector includes charities and not for profit organisations.

- 1 the private sector
- 2 the public sector
- 3 or the non-profit/voluntary sector

ASK ALL

Jobt **Which of the following most closely describes your job title?**

READ OUT. CODE ONE ONLY.

- 1 Owner
- 2 General manager
- 3 Managing director
- 4 Other manager
- 5 Personnel/human resources manager
- 6 Other (SPECIFY)

Qrecon **The Department for Work and Pensions may be conducting some further research on these topics in the future. Would you be happy for someone from TNS BMRB to re-contact you and invite you to participate in this research?**

- 1 Yes
- 2 No

Appendix D

Work Programme providers topic guide

Aims:

- To understand how Work Programme providers have implemented the wage incentive including:
 - how they market the incentive to employers;
 - the administration of the incentive (in particular issuing wage incentive forms); and
 - what information and support they provide to employers regarding the incentive.
- To explore the perceived effectiveness of the incentive in influencing employers decisions to hire young people.
- To identify any issues with implementation and examples of best practice.

- TNS-BMRB is an independent research agency working on behalf of the Department for Work and Pensions (DWP).
- About the research: The study aims to understand how Work Programme providers are implementing the wage incentive, any problems they have experienced and how these could be addressed in the future.
- Length of discussion: 45 to 60 minutes.
- Recording: recordings are only available to the research team.
- Confidentiality: DWP are aware of the providers we have approached but they will not be able to identify any individual from their responses.

1. Background (5 minutes)

- Briefly explore their role:
 - Job title and responsibilities:
 - ~ Role in relation to implementing and managing the wage incentive.
 - Length of time in role.
- Briefly explore the structure of the Work Programme provider:
 - How they are funded.
 - Size and where they operate:
 - ~ If part of a group, level of autonomy.
 - What types of candidates they work with:
 - ~ Any specialism i.e. young people; ex-offenders.

2. Over-arching views about the wage incentive (10 mins)

Explain that in a moment we will talk about the process they have in place for administering the wage incentive, but first we are going to discuss what they think about the wage incentive in general and whether they think that the underlying premise is sound.

- How you heard about the wage incentive.
- What were your reasons for participating in the initiative?
 - What benefits there were for you in implementing the initiative?
 - How keen you were to implement the initiative?
- How many employers you have worked with in implementing the wage incentive?
- What you consider to be the rationale behind the wage incentive?
 - How valid the rationale is.
- How successful you think the Wage Incentive is/will be.
Probe on:
 - Encouraging businesses to consider young people.
 - Creating vacancies for young people.
 - Leading to sustained employment for young people.

3. Making employers aware of the wage incentive (15 minutes)

We will now go on to discuss how they promote the incentive and how aware employers' are of the initiative.

- How your organisation has made employers aware about the wage incentive.
 - What do you tell employers about the incentive?
 - ~ What are the key messages?
 - ~ How successful are these messages in encouraging employers to consider employing a young person?
 - When you tend to tell employers about the incentive?
Probe on:
 - ~ Approaching a new employer.
 - ~ Keeping in touch with employers who are not currently recruiting.
 - ~ During recruitment.
 - ~ Once a job offer has been made.
- How do you promote the incentives to different sizes or types of employer?
 - Any issues you experience attracting large or national employers.
 - ~ Has the wage incentive affected this?
- Who is responsible for advising employers about the wage incentive?
 - Departments or individuals within the WPP?

- Sub-contractors?
- Candidates?
 - ~ To what extent are candidates encouraged to tell employers about the incentive?
 - ~ Why encourage candidates?
- Do you ever liaise with other Work Programme providers, Jobcentre Plus staff etc when approaching employers about the wage incentive?
 - If so, how does this work?
 - If not, why not?
 - How could this process be improved/supported to avoid confusing or frustrating multiple approaches to employers?
- How often do employers approach you about the wage incentive?
 - What proportion of employers were already aware of the wage incentive when they applied for/enquired about the Youth Contract?
- How successful do you consider the employer marketing and engagement to have been?
- Any suggestions for improving the marketing of the wage incentive to employers?

4. Administration of the wage incentive (15 minutes)

In this section we will discuss the process for applying for a wage incentive and any difficulties that their business or the employers they work with have experienced.

- Describe the process for issuing a wage incentive form:
 - Who is responsible for issuing the incentive form?
 - What are the triggers for a form to be sent out?
 - ~ Employment starts?
 - ~ After 8/26 weeks in employment?
 - ~ When an employer requests a form?
 - ~ Anything else?
 - How long does it take to issue the form?
 - ~ What might cause a delay?
 - ~ Under what circumstances would you not send out a form?
- Describe the process after the form has been issued:
 - What support/information you offer after issuing the incentive form.
 - How do you ensure that the information you provide is up to date?
 - Who is responsible for providing support after the WI form has been issued?
 - ~ Departments or individuals within the WPP?
 - ~ Sub-contractors?
- How easy/difficult the wage incentive process is for you to manage?

- What makes the process more difficult?
- How could this be simplified?
- How easy/difficult do employers find the process to follow?
 - What makes the process more difficult for employers?
 - How could this be simplified?
- What changes should be made to improve the process for employers and providers?

5. Effectiveness of the wage incentive (15 minutes)

We will now discuss how effective you think the wage incentive element of the Youth Contract has been in encouraging more employers to recruit and retain young people

- What effect do you think the incentive has had on employers' decisions to hire young people?
 - What types of employers do you think are more interested in employing young people after learning about the incentive?
 - What effect do you think the wage incentive has on the number of vacancies?
 - What effect do you think the wage incentive has on which candidate employers choose?
 - Why you think the incentive is having these effects?
- What do you think has been the impact to date in terms of:
 - Numbers and type of young people accessing/participating?
 - Your own performance/way of working?
- What other schemes/funding employers use when employing new staff (not only young people)?
 - How does the Apprenticeship Grant for Employers compares to the wage incentive?
 - ~ Any other funding options they offer/employers are aware of?
 - How these initiatives effect take up/effectiveness of the wage incentive.
- What support is needed to market the incentive more effectively to employers?
 - What can DWP do to support this?
 - What help do you need to promote the incentive to different types of employers?
 - How this would help to encourage businesses to employ young people?

6. Best practice and improving the initiative (5 minutes)

- What has your organisation done to improve the effectiveness of the incentive scheme?
- What changes you have made to improve how you operate the scheme?
- What changes could be made to the incentive scheme to:
 - encourage more businesses to take it up?
 - make the process easier to follow?

Appendix E

Jobcentre Plus employer engagement staff topic guide

Aims:

- To understand how Jobcentre Plus employer engagement staff are making employers aware of different elements of the Youth Contract including the wage incentive, work experience and sector-based work academies;
- How Jobcentre Plus staff in hotspot areas have implemented the wage incentive (in particular issuing wage incentive forms);
- What information and support they provide to employers who take up the incentive;
- To explore the perceived effectiveness of the incentive, work experience and the sector-based work academies in influencing employers decisions to hire young people;
- To identify any issues with implementation and examples of best practice;
- *Note to researcher: These interviews are part of an evaluation of the Youth Contract, a cross-Whitehall initiative involving DWP, BIS and DfE to help young people into employment*

1. Introduction

- TNS-BMRB is an independent research agency working on behalf of the Department for Work and Pensions (DWP).
- About the research: The study aims to understand how Jobcentre plus is making employers aware of the wage incentive, work experience and sector-based work academies.
- Length of discussion: 45 to 60 minutes.
- Recording: recordings are only available to the research team.
- Confidentiality: Interviews have been carried out with five employer engagement staff at the district level and two at the national level. DWP is aware of who has taken part, but will not be able to identify any individuals from their responses.

2. Background (5 minutes)

- Briefly explore their role:
 - Job title and responsibilities.
 - Length of time in role.
 - Role in relation to advising employers about the wage incentive, work experience and sector-based work academies.

3. Making employers aware of the wage incentive (15 minutes)

We will now go on to discuss how they promote the incentive and how aware employers' are of the initiative.

- Have you been marketing the wage incentive to employers?
 - If not, why?

Note: in non-hotspot areas, EE staff may not promote wage incentive if they are worried about Work Programme providers not getting their off-flow.

- How are you making employers aware of the wage incentive?

Note: EE employer liaison will be one method and the district as a whole may also be doing marketing such as events and mail shot.

- What do you tell employers about the incentive?
- How successful are these messages in encouraging employers to consider employing a young person?

- Do you promote the wage incentive on its own or part of a package?

- When do you tend to tell employers about the incentive?

Note may be through employer events and mailshots.

Probe on:

- approaching a new employer;
- keeping in touch with employers who are not currently recruiting;
- during recruitment;
- once a job offer has been made.
- To what extent are employers already aware of the wage incentive?
 - How often do employers approach you about the wage incentive?
 - What do they know about the incentive?
 - How did they hear about it?
- How interested are employers in taking up the incentive?
- Why do employers decide to take up the wage incentive?
 - Any differences according to size or sector or other employer circumstances?
 - Any differences in terms of those with centralised versus localised recruitment practices?
- What types of employer are not interested in taking up the incentive?
 - What reasons do they give?
 - ~ Paperwork?
 - ~ Lack of vacancies?
 - ~ Need specific skill/experience?
- Are there any particular issues for national employers?
- How do employers view the overlap between Jobcentre Plus and Work Programme providers in promoting and administrating the wage incentive?
 - And how is that overlap working in reality?

- Do you ever work with other Work Programme providers, other Jobcentre Plus staff etc when approaching employers about the wage incentive?
 - If so, why would you do this?
 - If so, how does this work?
 - If not, why not?
 - How could this process be improved/supported to avoid confusing or frustrating multiple approaches to employers?
- How successful do you consider the **national** marketing and engagement to have been?
 - Any suggestions for improving the national marketing of the wage incentive to employers?
- How successful do you consider the local marketing for wage incentive to have been?
- How well equipped do you feel to market the wage incentive scheme locally?
- What extra support do you need to market the wage incentive locally?
 - What can DWP do to support this?
 - How this would help to encourage businesses to employ young people?
- How well equipped do you feel to answer queries about the policy and the process for claiming the wage incentive?

7. Administration of the wage incentive (10 minutes)

Note: this section will not apply to the national employer-facing staff as they don't deal with the administration of the wage incentives, but the general promotion of the wage incentive and other Jobcentre Plus services to employers.

Note to researchers: this section will only be relevant to Jobcentre Plus staff in hotspot areas.

Note: Employers will send their completed wage incentive forms to a centralised payments team so the employer engagement staff will only know about the payment issues from the employers only.

In this section we will discuss the process for applying for a wage incentive and any difficulties that their business or the employers they work with have experienced.

- How easy/difficult the wage incentive process is for you to manage.
 - What makes the process more difficult?
 - How could this be simplified?
- How easy/difficult do employers find the process to follow:
 - What makes the process more difficult for employers?
 - How could this be simplified?
- What changes should be made to improve the process for employers and providers?

8. Effectiveness/impact of the wage incentive (10 minutes)

We will now discuss how effective you think the wage incentive element of the Youth Contract has been in encouraging more employers to recruit and retain young people.

- What effect do you think the incentive has had on employers' vacancy numbers and recruitment decisions?

- What types of employers do you think are more interested in employing young people after learning about the incentive?
- What effect do you think the wage incentive has on the number of vacancies?

Note: we know anecdotally that for national employers the wage incentive is unlikely to affect the number of vacancies as wage incentive funds are reinvested in skills training etc.

- What effect do you think the wage incentive has on which candidate employers choose?
- Why do you think the incentive is having these effects?
- Do you think the wage incentive is helping encourage employers to keep young people on for longer (i.e for six months or more)?
- How do employers view the benefit of the wage incentive? e.g. do employers see it as a way of overcoming financial constraints, recruitment costs, worry about suitability, training costs etc?
- What could be done to improve the wage incentive to encourage more employers to take up the initiative?

9. Securing and administrating sector-based work experience placements (15 minutes)

Note: Regarding Sections 6 and 7, as SBWA and work experience placements are not just for under 25s, most of the questions will be asking about the schemes in general but useful to pick up something specific about the under 25s at end of each section.

- How are you currently promoting SBWA to businesses?
 - What types of businesses are you making aware of the scheme?
- How successful do you consider the employer marketing and engagement to have been?
 - Any suggestions for improving the marketing of the SBWA to employers?
- What types of employers are more interested in participating in the SBWA?
- Why do employers take part in SBWA? What are the benefits for them?
 - Any differences according to size or sector
 - Why do employers choose not to take part in the scheme?
- What are the barriers to employers getting involved in the SBWA?
- How do you go about setting up SBWA places
 - How does this differ for different sizes or sectors of business
 - What challenges have you experienced in setting up SBWA?
 - Have there been any issues in availability of appropriate training provision?
 - What changes are needed to make this process more straightforward?
- What effect do you think that the SBWA has had on employers' decisions to hire young people?
 - What types of employers do you think are more interested in employing young people after being involved in SBWA?
 - What effect do you think the SBWA has on the number of vacancies?

- In your experience what do employers think about the quality of the candidates submitted through the SBWA placements?
- Are employers (and employer engagement staff) making the links between SBWA and other government initiatives such as apprenticeships?

Note: we know that some employers have had an apprenticeship linked in with an SBWA.

- Overall how do employers view the impact of SBWA – positive and negatives of this policy in the employers' minds?
- What else could be done to make the SBWA more appealing to employers?

10. Securing and administrating work experience placements (15 minutes)

- How do you promote the work experience scheme and secure work experience placements?
- How successful do you consider the employer marketing and engagement to have been?
 - Any suggestions for improving the marketing of the work experience to employers?
 - How confident do you feel about promoting the work experience policy?
 - Has the negative media coverage of work experience had any impact in the numbers of employers willing to offer placements?
- What types of employers are more interested in participating in the work experience scheme?
- Why do employers sign up (when there is no financial incentive)?
 - Any differences according to size or sector?
- Why do employers choose not to take part in the scheme?
- How often do work experience placements lead to paid jobs with the same employer?
 - What types of employers do you think are more interested in employing claimants after experience of work experience?
 - What effect do you think the work experience has on the number of vacancies?
 - What effect do you think the work experience has on which candidate employers choose for paid vacancies?
- What else could be done to make the work experience more appealing to employers?

11. General questions

- Is the lack of management information (MI) on specific employer take up of our schemes an issue for the employers you deal with?

Note: Some employers ask us how many wage incentive, SBWA, work experience etc places they have already set up when we liaise with them. We don't have this data so we can't tell individual employers what they have done so far – this may be an issue for employer facing staff.

- Do you think SBWA or work experience displace paid jobs?

Thank and Close

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The Youth Contract was launched in April 2012 in order to improve the employability prospects for young claimants under 25. This is the first of a series of research reports from a comprehensive evaluation of the Youth Contract package of policies.

Wage incentives are a key element of the Government's Youth Contract measures. Wage incentives are a payment of up to £2,275 made available to employers recruiting an unemployed 18 to 24-year-old participant of the Work Programme. From late July 2012, in 20 local authority areas designated as 'youth unemployment hotspots', wage incentives were also made available via Jobcentre Plus for 18 to 24-year-olds that have been claiming for six months and are not yet attached to the Work Programme. The scheme was extended further in December 2012 so that all 18 to 24-year-olds who have been claiming for six months have access.

This report provides some early feedback on delivery and impact of the scheme, based on a survey of employers who have received a wage incentive claim form, alongside qualitative research with Work Programme providers and Jobcentre Plus staff.

The evaluation of the Youth Contract is being carried out for the Department for Work and Pensions by TNS BMRB.

If you would like to know more about DWP research, please email:
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