

The effect of policy changes on the youth claimant count

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The number of young people claiming Jobseeker's Allowance

1. The number of young people claiming Jobseeker's Allowance (JSA) has risen since 2008. In early 2008, just before the recession, 240,000 18-24 year olds were on JSA.
2. By May 2010 the figure was nearly 430,000, a rise of 190,000 (80%).¹ The number of claimants rose at all durations, with particularly large percentage increases among those on JSA for 6-12 months or over 12 months. Since then there has been a further 50,000 (12%) rise in the number of JSA claimants aged 18-24, all from those on JSA for 6-12 months or over 12 months.

The impact of changes in policy on the number included within JSA

3. Any assessment of the trends in young people on JSA, particularly the number with longer durations, needs to take account of a series of policy changes going back a number of years that have affected the published figures.

The New Deal for Young People

4. Before 1998 there was no upper limit on the length of time young people could claim JSA as long as they continued to meet the eligibility conditions for the benefit. Under the New Deal for Young People, introduced nationally in April 1998, 18-24 year olds who remained on JSA at 10 months were referred to a period of full-time training or work experience. This removed them from the JSA statistics and meant they showed up as an additional off-flow.
5. While participating in this activity individuals were paid a training allowance broadly equivalent to the money they would have received through JSA, but were recorded separately for statistical purposes. Those who returned to JSA when this activity ended were counted as a new claim with a duration starting again from zero.²

¹ <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-222487>. Table CLA02

² Young people could potentially go through the New Deal a second or subsequent time, each time seeing their JSA claim broken at the 10 month point. The only exception to this was that, from 2003, New Deal "repeaters" in relevant areas joined an Employment Zone instead, which did not lead to the JSA claim being broken.

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6. This had a large effect on the numbers on JSA for 6-12 months and, particularly, over 12 months. The total whose duration was 6 months or more fell from 115,000 in 1998 to 40,000 in 2001 after which it levelled out. The ongoing operation of the New Deal meant it was still at this level just before the recession in 2008.
7. As a result of the recession inflows to JSA increased sharply. This led to a subsequent rise in the number of young people flowing into the 6-12 month duration, but the number on JSA for a year or more remained negligible as the New Deal ensured claims were broken before the 12 month point.

Flexible New Deal

8. In October 2009 the then government introduced the Flexible New Deal (FND) in half the country. Young people in these areas were no longer required to move off JSA after 10 months.³ This increased the number of 18-24s on JSA in the 6-12 and 12 month plus durations.
9. The combined effect of the recession and this change in policy saw the number of 18-24 year olds on JSA for six months or more rise from 40,000 in 2008 to a peak of 115,200 in February 2010.
10. The rest of the country continued to be covered by the existing New Deal. In these areas young people were still required to move off JSA before reaching 12 months and so the number of long-term JSA claims stayed low. These areas were to be included in a second phase of FND but following the change of government in May 2010 that did not happen and the New Deal remained in place until superseded by the Work Programme in June 2011.

Young Person's Guarantee

11. In early 2010 the then government introduced a Young Person's Guarantee. This included the Future Jobs Fund and Community Task Force offering temporary jobs and work experience opportunities. These programmes re-introduced a maximum limit on the duration of a JSA claim in those parts of the country where previous policy changes had relaxed it. This contributed to a renewed fall in the number of 18-24s on JSA for 6 months or more, from 115,200 in February 2010 to 70,800 in December.

³ Under FND young people on JSA were referred to a provider at 12 months and remained on JSA. There was a requirement that they undertake a short period of full-time activity – which would break their JSA claim – at some point between 1 and 2 years.

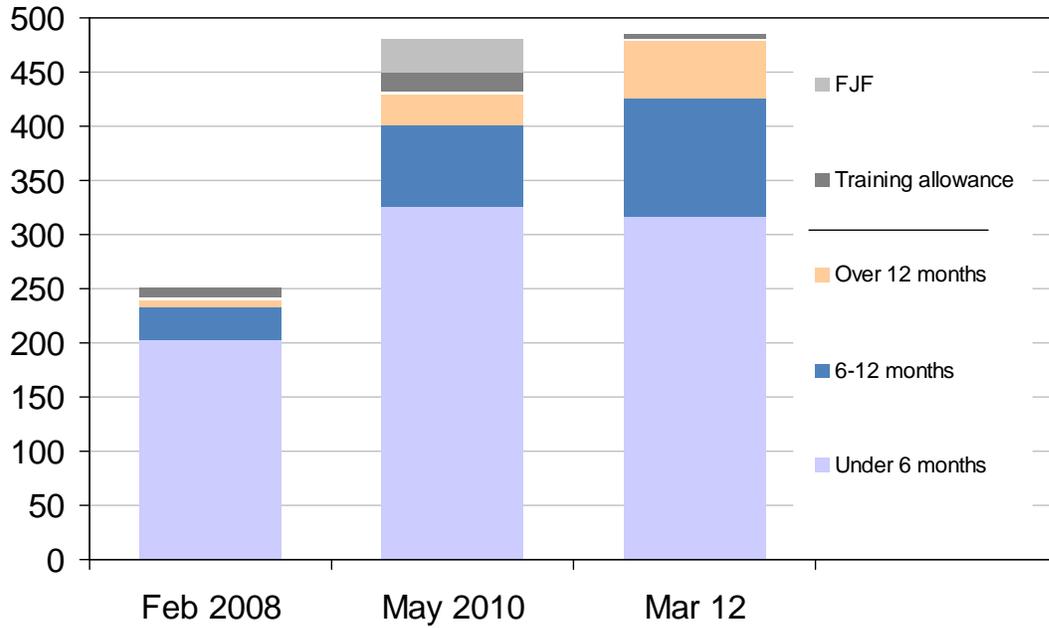
Work Experience and the Work Programme

12. The help and support introduced by the coalition government since 2010 has once again affected the way young people are recorded in the JSA statistics. Unlike the Future Jobs Fund, those taking up opportunities through the Work Experience programme continue to claim JSA while on their placement and only flow off benefit once they move into a regular job.
13. Young people referred to a Work Programme provider, typically after 9 months on JSA, continue to receive JSA rather than being moved to a training allowance and only leave once they find a regular job. These changes, which are still working their way through, have had a significant effect on the number of people on JSA in the 6-12 month and 12 month plus durations, which in total was 163,300 in March 2012.
14. Figure 1 below takes account of these changes by showing those claiming JSA or a training allowance, or undertaking work experience.⁴ Comparing May 2010 and March 2012, the number of 18-24s on JSA for six months or more has risen. As people entering programmes are not moved off JSA automatically, off-flows are lower and more people are reaching longer durations. But if people don't leave JSA when they start a programme, they cannot subsequently return to JSA as a new claim. This has led to lower JSA inflows and fewer young people with short durations.
15. In addition, while long duration JSA claims are higher, this includes people participating in work experience and the Work Programme who under previous policies were largely counted separately. If the number receiving a training allowance or supported by the Future Jobs Fund are included alongside those on JSA, overall there has been little change between May 2010 and March 2012. The total nevertheless remains significantly higher than before the recession.

⁴ Figures on the number of people on the Future Jobs Fund or training allowances are available at http://research.dwp.gov.uk/asd/asd1/adhoc_analysis/index.php?page=adhoc_analysis_2012_q1

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Figure 1: Jobseeker's Allowance aged 18-24 by duration, plus the number on the Future Jobs Fund (FJF) or a training allowance (000s)



Annex: Timeline of 18-24 year old unemployed registrants or claimants for 1 year or more (thousands)

