

Template for costing policies of opposition parties

Description of policy
<p>Every jobseeker will be assessed for basic English and maths. If a jobseeker's skills are below a certain standard, then they would be required to take up training to improve their chances of getting a job.</p> <p><i>"To tackle unemployment, and avoid a race to the bottom in the labour market, we must ensure jobseekers have the skills they need to find work. So the next Labour Government will ensure that every jobseeker is assessed for basic English, maths and IT skills. Anyone lacking basic skills would be offered training to improve their chances of finding a job - training that they would be required to take up."</i></p> <p><i>Labour party, National Policy Forum Report 2014; Available at: http://www.yourbritain.org.uk/uploads/editor/files/NPF_Annual_Report_2014.pdf</i></p>
Additional policy assumptions
<p>Assumptions (provided by special advisers):</p> <ul style="list-style-type: none"> • Basic English defined as Level 1 and basic Maths defined as entry level 3. These levels provide a comparative measure of adults' skills: level 1 is broadly equivalent to GCSE grade D-G, and entry level 3 is defined as the standard expected of young people at ages 9-11. • Only English and Maths have been considered. • Given the policy is not specific, it could either apply to the stock of existing jobseekers or the flow of new jobseekers.
Additional technical modelling assumptions or judgements required
<ul style="list-style-type: none"> • The percentages of JSA claimants below the specified skill levels have been sourced from the BIS 2011 Skills for Life Survey (December 2012). This is the latest survey available. • It is assumed that each qualification costs £724 (this is a BIS estimate, which has been used publically). • Whilst costings of both stock and flow scenarios were requested due to time constraints the stock estimate only has been estimated. • The number of JSA claimants is estimated using data from the Claimant Count, which has been averaged across the previous 12 months (Dec 2013 – Nov 2014). This provides an estimate of the stock of claimants and suggests that around 1,062,000 claimants would undertake a skills screening. • Additional cost of £5.52 per claimant, based on the unit cost of screening claimants for the English Language Requirement, which was introduced in April 2014. • Assumes Maths and English screening takes the same amount of time as English-only under the English Language Requirement.
If needed, information required on distributional effects of the policy
N/A

Cost/Revenue to the Exchequer over five years

Due to the limitations of the data available, the cost of the described policy cannot be estimated over a five-year horizon. Instead, the cost of the policy is estimated for a single year only (2015-16), using the latest available data. The costing is shown only for the stock of jobseekers, due to time constraints.

	DEL
	Year 1 (stock assumption)
Current	£513m
Capital	-
Total	£513m

Detailed breakdown (using stock assumption – figures may not sum due to rounding)

	Description	£m	
A	Cost of screening JSA claimants	6	Number of JSA claimants (using stock assumption) multiplied by unit cost of 10 minute screening.
B	Cost of providing training to those below Basic English (Level 1)	177	Number of JSA claimants below level 1 English (using stock assumption), multiplied by unit cost of training
C	Cost of providing training to those below Basic Maths (entry level 3)	331	Number of JSA claimants below entry level 3 Maths (using stock assumption), multiplied by unit cost of training
TOTAL (A+B +C)		514	

Distributional effects (if none requested, any significant):

N/A

Comparison with current system (if applicable):

N/A

Other comments (including other Departments consulted):

This costing has been made with DWP's input on the assumptions. BIS provided the estimate for the cost of each qualification.

To be completed by Permanent Secretary's Office
Date costing signed off:

22/12/2014

[If applicable]

Date revised costing signed off:

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