

Withdrawn

This publication is withdrawn.

This publication is no longer current.

Department for Work and Pensions

Youth Contract – Wage Incentives

State aid reference no: 34677(2012/X)

1. Member State

United Kingdom

2. Region

United Kingdom

3. Title of aid scheme

Department for Work and Pensions Wage Incentive Scheme

4. UK legal basis

The powers of the Department for Work and Pensions to provide wage incentives are contained in:

Employment And Training Act 1973

<http://www.legislation.gov.uk/ukpga/1973/50/contents>

5. EC legal basis

Aid provided under this scheme will be within limits set out in Articles 40 and 41 of Commission (EC) Regulation 800/2008 (General Block Exemption Regulation)¹.

Summary information relating to the Scheme has been registered with the Commission under reference 34677(2012/X).

6. Definitions

In this Scheme, the following expressions have the meanings assigned below:

“Disadvantaged worker” means any person who:

has not been in regular paid employment for the previous 6 months;

has not attained an upper secondary educational or vocational qualification (A level or equivalent);

is over the age of 50;

lives as a single adult with one or more dependents;

works in a sector or profession where the gender imbalance is at least 25% higher than the average gender imbalance across all sectors and belongs to that underrepresented gender group; or is a member of an ethnic minority who requires development of his or her linguistic, vocational training or work experience profile to enhance prospects of gaining stable employment.

“Disabled worker” means any person:

recognised as disabled under national law; or

having a recognised limitation which results from physical, mental or psychological impairment.

¹ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:214:0003:0047:EN:PDF>

7. Objective of the Scheme

The aim of the wage incentive scheme is to incentivise the employment of young disadvantaged or disabled unemployed persons participating on the UK Government's primary Contracted Employment Programme: the Work Programme.

From 30 July 2012 changes to the scheme mean that in 20 'youth unemployment hotspots' wage incentives are available sooner, prior to young people joining the Work Programme. In these areas, employers are able to claim wage incentives via DWP where they employ a young person that has been claiming Jobseeker's Allowance (JSA), Income Support (IS) or Incapacity Benefit (IB) for at least six months. Employment Support Allowance (ESA) claimants are eligible after the outcome of their Work Capability Assessment is known if they remain on ESA and do not join the Work Programme. From 17 December 2012 the approach taken in those 20 areas was extended to cover the entire network of Jobcentres.

8. Government body authorised to implement the Scheme

Department for Work and Pensions.

9. Scope of the scheme

The Scheme will be open to all enterprises of all sizes in the United Kingdom (excluding Northern Ireland). Central Government Departments, their Executive Agencies and Non-Departmental Public Bodies are excluded from claiming.

10. Duration of the Scheme

Aid under this Scheme may be granted for employment starting up until 31 March 2015 (with payments in relation to such employment being made up to six months later).

11. Form of aid

Aid will be awarded by way of grants.

12. Eligible costs

The relevant eligible costs are as follows:

Where using Article 40 eligible costs shall be the wage costs over a maximum period of 12 months following recruitment. Where using Article 41 eligible costs shall be the wage costs over any given period during which the disabled worker is being employed.

13. Aid Intensities

Where using Article 40 maximum aid intensity is 50% of the eligible costs. Where using Article 41 maximum aid intensity is 75% of the eligible costs.

July 2012 July 2012

14. Budget

The maximum allocation of funds under this Scheme over the period 02/04/12 – 31/03/2015 is £374m. Please note: DWP does not expect equal levels of spending across years 1, 2 and 3.

15. Monitoring and Reporting requirements

All recipients of aid under the scheme will be informed that aid has been provided under the Scheme.

17 December 2012

Records will be kept for 10 years from the date that the last award of aid under the Scheme is made and records will be sufficiently detailed to establish that the conditions of the Scheme are met.

An annual report of expenditure of the Scheme will be provided to the Commission.

Contact information:

Deputy Director - Labour Market Interventions Strategy
Department for Work and Pensions
Caxton House
Tothill Street
London
SW1H 9NA

Tel: +44 (0) 207 7449 5653