

# Withdrawn

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This publication is no longer current.

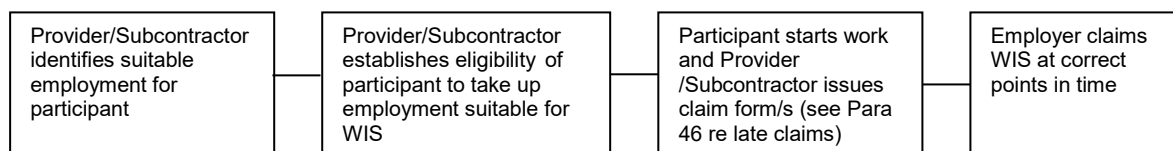
## Chapter 20 Youth Contract - Wage Incentives

### Contents (Work Choice Only)

**Please Note: This chapter is no longer applicable for Work Programme.**

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## High Level Must Do



## Agreeing a wage incentive opportunity

1. As part of the Youth Contract, wage incentives are designed to encourage employers to employ unemployed 18-24 year olds into permanent jobs. Wage incentives enable you to work with employers by providing an incentive to get young people into permanent work whilst increasing the opportunity for job outcomes and sustainment payments to be achieved.

**Please Note: The last employment start date for which an incentive can be claimed is 6<sup>th</sup> August 2014**

### Actions

- You will need to identify an employment opportunity that is suitable for a participant aged 18-24 years old and could attract a wage incentive
- You must check the eligibility criteria and agree with the employer that they want to use wage incentives.

### Consequence

Failure to establish the correct eligibility criteria could result in an incorrect payment being made to the employer.

### Background Information

2. From 2 April 2012 and for the following three years of the Youth Contract, employers can take advantage of up to 160,000 wage incentives worth up to £2,275 each.
3. Work Programme Providers and their sub-contractors are key partners in the delivery of wage incentives to enable participants to make the successful transition to employment.
4. You are both responsible for promoting wage incentives to the employer, providing them with detail of the terms of the scheme and issuing the relevant forms.

**Please Note:** Whilst considering any employment opportunity you should offer advice to the participant and offer a better off in work calculation.

## Eligibility

5. Participants must meet the following eligibility criteria to qualify for a wage incentive:
  - Be aged between 18-24 years old on the day the employment starts
  - Be attached on the Work Programme prior to the start of any employment that attracts a WI
  - Only one wage incentive payment will be paid for each participant
6. The job being made available to the participant must be:
  - A vacancy for a permanent position (expected to last at least 26 weeks)
  - At least 16 hours per week or more on average
  - Sourced by the provider, participant or offered by an employer
  - A vacant post that will not displace a current employee (i.e. making another employee redundant)
  - Legitimate/legal employment
  - Paying a wage that is equal to or more than the National Minimum Wage rate or Apprenticeship National Minimum wage rate.
7. The employment must NOT be:
  - Self employment
  - With a Central Government, Non Departmental Public Body or Executive Agency
  - A subsidised worker (one for which a wage incentive has been claimed) cannot be replaced with a subsidised worker (including the same person again)
  - With a Work Programme Provider or sub contractor employing someone in their Welfare to Work business (es).

## Treatment of different types of employment

### Employment Agencies

8. Employment agencies can claim wage incentives when they place an individual within a host business and pay their wages and provide them with wage slips. However, the single placement must be expected to last at least 26 weeks; where an agency places an individual into a series of placements that cumulatively last for at least 26 weeks, the wage incentive is not payable.
9. If the individual is subsequently employed by the host business, a wage incentive might be payable but the employment via the agency does not count towards 26 weeks.

## **Apprenticeships**

10. Apprenticeship Grants for Employers (AGE) incentives and wage incentives cannot be claimed for the same job / individual. If a wage incentive is claimed for an apprenticeship position this has no impact on the training funding available from the Skills Funding Agency (SFA).

## **Jobs within the Adult Entertainment Industry**

11. The Wage Incentive must not be used, offered or marketed to employers for jobs for sexual services or jobs of a sexual nature. The following jobs are excluded:

- Lap/pole/table/dancers
- Web-cam performers
- Male/Female Escorts
- Masseur/masseuse in saunas/massage parlours
- Strippers
- Porn actors/actresses
- Glamour models
- Presenters/hosts/dancers for adult channels on digital TV
- Sex chat-line operators
- Strippograms
- Kissograms
- Topless bar staff
- Topless cleaners
- Dominatrix
- Mud wrestlers/cat fighters
- Dance troupes (e.g. burlesque, Chippendale)

## **Acceptable Jobs within the Adult Entertainment Industry**

12. The Wage Incentive can be considered for jobs placed within the adult entertainment industry but must only be for the purposes of:

Selling (retailing), manufacturing and distributing of adult entertainment products

### **Jobs which are acceptable include:**

- those involved in the sale, manufacture, distribution and display of sex related products;
- auxiliary workers in lap/pole dancing clubs – e.g. bar staff, door staff, receptionists or cleaners;
- auxiliary workers in strip clubs – e.g. bar staff, door staff, receptionists or cleaners;
- auxiliary workers in saunas/massage parlours e.g. bar staff, door staff, receptionists or cleaners;
- glamour mode photographers;
- web-cam operators;

- TV camera operators, sound technicians, producers/directors for adult channels on digital TV;
- TV camera operators, sound technicians, producers/directors for pornographic films.

13. If any doubts arise about the suitability of a job please contact your performance manager for advice

### **Term time working**

14. For **term-time only positions**, where a young person is employed (e.g. in a school administration role) but working zero hours at specified times, claims should be submitted when 26 weeks of actual work has been completed. The onus is placed on providers to ensure out-of-work benefits are not claimed during these 'zero hour' weeks and DWP can validate claims of this type, to ensure out-of-work benefits were not claimed in the zero hour weeks.

### **Seasonal Workers**

15. For **seasonal workers**, the work must be expected to last at least 26 weeks and these weeks must be accrued consecutively to maintain the integrity of the scheme.

### **Unusual Shift Patterns**

16. Where an individual is employed and required to work an **unusual shift pattern**, we will pay the wage incentive based on a weekly average of hours. The provider must ensure that the position is expected to average at least 16 hours per week and the onus is placed on providers to ensure out-of-work benefits are not claimed during any weeks of employment that are for less than 16 hours. DWP can validate claims of this type to ensure out-of-work benefits were not claimed in these weeks.

### **Periods of absence during incentivised work**

17. The following information must be used for dealing with periods of absence when a young person is employed in a job that attracts a wage incentive.

### **Maternity**

18. Where **maternity leave** begins during the period of incentivised employment, the incentive will be paid at 26 weeks so long as the individual remains in employment and is paid employer maternity pay or statutory maternity leave. If, however, someone leaves employment, or receives Maternity Allowance from DWP, a wage incentive will not be paid.

### **Absence through sickness**

19. Where periods of sickness occur during the period being claimed for, it is possible that an employee could be paid 'sick pay' or claim Statutory Sick Pay (SSP) from the employer. As the employer is paying the employee we will not alter claim eligibility as the individual remains employed.

20. In cases where no sick pay is offered and SSP cannot be claimed as the employee's average weekly earnings are less than the eligible amount (currently £107 per week), they might be able to receive ESA whilst remaining in employment.
21. We will disregard periods of sickness of less than a week, but where ESA is payable in a period of sickness we will 'stop the clock' in a similar way to how we manage term-time working. This requires employers to submit the claim when 26 weeks of paid work has been achieved.

### **Annual and unpaid leave**

22. Periods of annual leave will not be treated any differently. Where claimants have periods of **unpaid** leave we will disregard those that are less than a week in length. Where unpaid leave extends to a week or more, we will 'stop the clock' in a similar way to how we manage term-time working. This requires employers to submit the claim when 26 weeks of paid work has been achieved.

### **What are the benefits of wage incentives**

23. Wage incentives provide financial help to employers to reduce the cost of employing a young person.
24. Wage incentives enable you to work with employers by promoting an incentive to get young people into permanent work whilst increasing the opportunity for job outcomes.
25. An incentive payment of up to £2,275 per young person is available to the employer once the employee has completed 26 weeks in continuous employment (qualifying period). Small businesses with fewer than 50 employees may claim a part payment after 8 weeks, with the balance at 26 weeks.
26. The wage incentives are primarily available to the private, voluntary community sectors and social enterprise employers. Central Government Departments, Executive Agencies and Non-Departmental Public Bodies are excluded, but local government and NHS trusts are not. A full list of the excluded organisations can be found at: [Directories of Central Government, Executive Agencies and Non-departmental Government Bodies](#)

### **Apprenticeships, Apprenticeship incentives and other government schemes**

27. Wage incentives cannot be claimed in conjunction with any other government grant/funding that also incentivise a job start involving subsidised wages, whether this is available from national government or the Devolved Administrations.
28. For example, in some situations an employer could be potentially eligible for either Apprenticeship Grants for Employers (AGE) 16-24 available through the National Apprenticeship Service (NAS) in England (also part of the Youth Contract) or wage incentives. The incentives have different purposes and different target groups. While wage incentives are for young people aged 18-24,

participants are on the Work Programme. AGE 16-24 is expressly intended to enable small employers, who have not previously taken on apprentices, to benefit from the Apprenticeship programme and they are free to recruit from any source provided the apprentice is aged 16-24.

29. Employers will need to decide which of the incentives is most appropriate for an individual, provided they are not also claiming an Apprenticeship Incentive Payment for that individual - they cannot both be claimed for the same job/ individual. <http://www.apprenticeships.org.uk/partners/policy/age-1624.aspx>
30. If a wage incentive is claimed for an apprenticeship position, this has no impact on the training funding available from the Skills Funding Agency (SFA).

## State Aid

31. To satisfy state aid reporting requirements, we need you to indicate which category the claimant falls into, based on their PRaP referral group. Using the table below, you should match the referral group on PraP and tick one of the boxes in part 1 of the claim form prior to sending it to the employer– either ‘category 1’ (disadvantaged) or ‘category 2’ (disabled).

<b>Opportunity/Claimant Group (Category 1 ‘disadvantaged’)</b>	<b>Opportunity/Claimant Group (Category 2 ‘disabled’)</b>
WP JSA 18-24	WP ESA (IR) WRAG 3/6 Mth Mandatory
WP JSA NEET	WP ESA (IR) WRAG 3/6 Mth Mandatory ExIB
WP JSA Claiming 22 of 24Mths	WP ESA (IR) WRAG 3/6Mth Stock
WP JSA Ex-IB	WP ESA (IR) WRAG 12Mth Mandatory
WP JSA Early Access	WP ESA © WRAG Mandatory
WP JSA Ex Offender day1 mandation	WP ESA (IR) WRAG 3/6 Mth Voluntary
WP IB and IS Volunteers	WP ESA (IR) WRAG 3/6 Mth Voluntary ExIB
	WP ESA (IR) WRAG 12Mth Voluntary
	WP ESA © WRAG Voluntary
	WP ESA (IR) Support Group



	WP ESA (IR) Support Group ExIB
	WP ESA © Support Group
	WP ESA © Support Group ExIB
	WP ESA Credit Only

## Single Point of Contact (SpOC)

32. Details of each nominated SPoC (email, name and phone number) will be made available on the DWP internet site to enable employers to contact you.
33. Any changes to your contact details after 2 April 2012 should be notified to your account manager.
34. The minimum requirements of this role will be to answer questions about them and offer wage incentive help regarding the claim process.
35. You may wish to make the SPoC the main contact for wage incentives within your CPA, if so they should fully understand the end to end process for claiming and administering wage incentives. This role can be performed by sub-contractors working on behalf of Prime providers.

## Wage Incentive Payments

36. If the employer wishes to use wage incentives you or your sub-contractor should inform them of the appropriate payment rate.
- Participants who work Full Time (30hrs plus) will attract a full payment
  - Participants who work Part Time (16hrs – 29hrs) will attract a half payment

	<b>Part-Time Rate</b> 16hrs to 29 hrs	<b>Full-Time rate</b> 30 hrs or more
<b>Large Employer or Small Employer</b> (that chooses not to claim 8 week payment)  Claim at <b>26 week</b> stage	£1,137.50	£2,275.00
<b>Small Employer</b>  Choosing to claim at <b>8 week</b> stage	£ 350.00	£ 700.00
<b>Small Employer</b> (where the employer has already received an 8 week payment)	£ 787.50	£1,575.00

Claim at <b>26 week</b> stage		
If the employee leaves in weeks 14 to 25, this will attract a payment of half of the Wage Incentive payment at the rate for either full-time or part-time. No payment will be made for employees leaving in the first 13 weeks (8 week payments already paid will not be recovered).		
<b>Large Employer</b> or <b>Small Employer</b> (that chooses not to claim 8 week payment)  Claim for employee leaving from the <b>14 week</b> stage	£ 568.75	£1,137.50
<b>Small Employer</b>  Claim for employee leaving from the <b>14 week</b> stage (where the employer has already received an <b>8 week</b> payment)	£ 218.75	£ 437.50
<b>Large Employer</b> = (50 or more employees) <b>Small Employer</b> = (fewer than 50 employees)		

- Small employers with fewer than 50 employees have the option of claiming an initial payment after 8 weeks and the remaining balance after 26 weeks employment. This is voluntary; they may wish to claim the whole payment at 26 weeks
- Large employers with 50 employees or more will qualify for one payment after 26 weeks employment

## Referrals from Sub contractors

37. Sub contractors can also refer participants to employment that is suitable a WI. Sub-contractors can issue subsequent paperwork, however processes must be in place for the Prime Provider to collate MI and track participants. You must ensure that your sub-contractors are aware of the scheme and the eligibility criteria.

## Late Requests for Claim Forms

38. In some situations claimants and employers may approach Jobcentre Plus after they have started work. Where it is clear that the employer considered and recruited the individual on the basis of the Wage Incentive being available, and the claimant has been in work for less than 6 weeks, then the form can be issued but the job must have started no later than 6<sup>th</sup> August 2014.
39. Where requests are made beyond the 6 weeks then each case should be looked at and discretion applied where it is clear the employer has considered the Wage Incentive as part of the recruitment. It must be made clear to the employer that they must meet the terms and conditions set on the claim form.

40. Under no circumstances should a form be issued where the Wage Incentive had no influence on the Employer's recruitment of the individual.

## Participant consent

41. From 17/7/13 there is no longer any requirement to obtain participant consent to approach an employer to share wage information with DWP. This will enable them to make their claim. This applies retrospectively to Job Entries where claimants previously refused or have not given consent.

42. Guidance on completion of the claim form can be found at [Annex 4](#).

43. Forms must be sent to the employer by secure post, as a minimum a recorded service. For more information regarding document security please see [Chapter 8 of generic provider guidance](#).

44. You must also ensure that the employer is aware that they need to send copies of payslip evidence to accompany the claim forms. (Please [see Annex 1](#)).

45. To advise Jobcentre Plus of the participants Change of Circumstances you must complete a WP07 (for more information regarding Change of Circumstances please see [Chapter 5 of the Work Programme provider guidance](#)).

46. Once the participant has started work you should offer in work support as per your contractual arrangements.

**Please Note:** If the participant began work prior to 2<sup>nd</sup> April 2012 the employer is unable to claim a Wage Incentive retrospectively.

## Payment Validation Process

47. Responsibility for claiming a WI payment lies with the employer.

48. Payment will be made directly to the employer by DWP who will validate and pay the claim.

49. [Annex 1](#) provides information you may wish to explain to the employer about how to claim a wage incentive scheme payment.

50. Further information, Q and A's, lines to take and Terms and Conditions regarding the Wage Incentive Scheme can be found here: - <http://www.dwp.gov.uk/youth-contract/key-initiatives/#wage-incentives>

## Evaluation

51. In order to support the Departments evaluation of the Youth Contract (of which WI forms a part), you will be asked to provide information.

52. You will be informed of what information is needed and where to send it in due course.

53. It is suggested that each record for an individual where a WI has been agreed has a number set up in your IT System to allow easy access to evaluation data.

## Annex 1- How to claim a wage incentive

### Action

1. Following confirmation with the employer that the participant has started work with the employer, the provider/sub-contractor will issue the claim form/s to enable the employer to claim payment/s at the correct time.
2. The provider/subcontractor will complete part 1 of the form.
3. Once the participant has completed the qualifying period (26 weeks for employers with 50 employees or more and 8weeks/26weeks for an employer with fewer than 50 employees) the employer must complete parts 2-5 of the appropriate Wage Incentive claim form.
4. For an employer with fewer than 50 employees claiming a part payment at 8 weeks is voluntary.
5. The employer must then submit the form(s) (original) to the DWP Provider Payment Validation Team (PPVT) for payment. This is for both 8 week and 26 week claims.
6. Employers can choose to use a bulk claim process irrespective of their size or number of employees. If an employer chooses to claim for their payments in bulk, they can either:
  - 1). Complete one bulk claim form (either Annex 6 or Annex 7 depending on the programme) and a bank account form (Annex 5); or
  - 2). Complete up to (but no more than) 49 separate claim forms and attach wage slips.

**Please note:** The bulk claim form must **not** contain more than 49 individual names.

7. If the employer chooses to use Option 1), they must send the original claim forms with the bulk claim form and wage slips.

**Please note:** the bulk claim form can be completed electronically, but must not be transmitted electronically. If the employer chooses to use the bulk claim form, they do not need to complete any part of the individual claim form(s). Before sending the individual claim form(s) to the employer, you must complete Part 1 of the form to notify the employer of the eligible customer(s). The employer must return the individual claim form(s) with the bulk claim form to PPVT as this will ensure that only eligible customers are included on the bulk claim form.

8. If the employer chooses to use Option 2), they must send the original claim forms and wage slips.

9. The forms must be sent by secure post (as a minimum by recorded delivery) to the Provider Payment Validation Team at:

Provider Payment Validation Team  
Room 216, 2<sup>nd</sup> Floor,  
Brunswick House Birkenhead Jobcentre Plus,  
Brunswick House Jobcentre Plus,  
29 Prince Street,  
Birkenhead, CH41 6JN.

10. Any enquiries should be directed to the following email address:

[wageincentive.paymentenquiries@dwp.gsi.gov.uk](mailto:wageincentive.paymentenquiries@dwp.gsi.gov.uk)

11. If an employer wishes to send the claim forms in a batch, these must also be sent by secure post (as above) with a maximum of 49 claim forms per package.

12. If the claim forms are not sent by secure post, the employer is liable for the loss of data if the claim forms are lost in the post.

13. The claim form/s must be accompanied by copies of the employees wage slips showing payments made to them from either the beginning of their employment to the end of the employment or by sending one payslip that clearly shows the cumulative figures, allowing calculation of the number of weeks of employment.

14. Claims made for payment at the 8 week stage must also be accompanied by wage slips to that point, in line with the information above.

15. Following a claim made at 8 weeks, we expect employers to supply employees wage slips from week 9 to the end of the qualifying period, or by sending one payslip that clearly shows the cumulative figures, allowing calculation of the number of weeks of employment.

16. PPVT will check that the claim form has been completed correctly by the employer; any found to be incorrect will be returned.

17. Claim forms returned to employers for correction must be returned to PPVT within 10 working days.

18. Once the claim has been validated by checking for accuracy of the claim form, the wage information, and that the payment has not already been claimed, it will be forwarded for payment.

19. Further information about 'How to claim' can be found at:

<http://dwp.gov.uk/docs/how-to-claim-wage-incentives.pdf>

## **Payment**

20. Once the team have successfully completed their validation checks they will arrange for payment to be made direct to the employer, via the Departments Resource Management system.

### **Payment where an employee leaves before 26 weeks**

21. If the employee leaves (or is dismissed from) employment during weeks 14 to 25, you will be entitled to a payment equal to half the wage incentive payment at the rate for either full time or part time employment.

22. No payment will be made to large employers for employees leaving in the first 13 weeks.

23. For further info please see: <http://www.dwp.gov.uk/youth-contract/key-initiatives/#wage-incentives>

## **Annex 2 – No longer applicable**



### **Annex 3 - Wage Incentive – Claim Form**

A downloadable [Wage Incentive Claim Form \(YCW1\) form](#) is available for you to print and complete.

## **Annex 4 - Guidance to Support YCW1 claim form**

A downloadable [Claim Form \(YCW1\) guidance](#) is available for you to print and complete.

## **Annex 5 – Wage Incentive – Bank Account Details form**

A downloadable [Bank Account Details form](#) is available for you to print and complete.

## **Annex 6 – Bulk Claim form (Work Programme)**

A downloadable [bulk claim form for the Work Programme](#) is available for you to complete and print.

## **Annex 7 – Bulk Claim form (Work Choice)**

A downloadable [bulk claim form for Work Choice](#) is available for you to complete and print.