

UK government to extend workfare for young unemployed

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Thousands of businesses are to receive a letter from Deputy Prime Minister Nick Clegg inviting them to sign up to the Youth Contract. Starting in April, the scheme will pay just £2,275—half the minimum wage—to every 18-to-24 year old taken on, with employers making up the difference.

It is an expansion of the previous Future Jobs Fund set up by the Labour government. These subsidised work placements were restricted to two weeks for public bodies and charities, but in autumn, Chancellor George Osborne announced this would be extended to eight-week placements. The numbers have also been expanded to 250,000 placements over three years.

The Department for Work and Pensions (DWP) sets out the criteria for participants in the original programme on its web site. It applies mainly to 18- to 24-year-olds claiming Job Seekers Allowance for nine months. Their involvement is marked as “required”. To continue receiving benefits, they must attend placements. Other groups are those aged 24 years and over, on benefits for more than 12 months and “Those who are seriously disadvantaged in the labour market, including some who have recently received incapacity benefits.”

Claimants of Employment Support Allowance, which is replacing Incapacity Benefit, are required to attend “when close to being fit to work”.

Many large firms have taken on “participants” to save wages and receive the bonus of payments. They are mostly supermarkets and fast-food chains such as Asda, Tesco, Wilkinsons, Poundstretcher, Pizza Hut, McDonald’s, and Poundland. But many other High Street names are involved including Boots, Holland and Barratt, Primark and Argos.

Responding to complaints that paid employees had

lost overtime due to the unpaid placements, Holland and Barratt said it had taken on about 50 work experience jobseekers as paid employees. It was making “1,000 work placements available for young people aged between 16 and 24 years. We have 250 stores taking part in the scheme as well as our head office and distribution and packaging site.”

Several local authorities are taking advantage, including Newham and Haringey in London and Slough Library. Whittington Hospital has unpaid placements for porters and reception staff, and others are being taken on as station stewards at Finsbury Park station. In 2010, 800 paid workers were made redundant across the London Underground.

The Royal Mail is also making use of the unpaid labour. The Boycott Workfare website reports that despite the TUC Congress resolution that “reaffirms its belief...that compulsory workfare schemes are in contradiction to the notion of welfare rights”, the leadership of the Communication Workers Union issued a letter to branches stating it will support DWP “Work Experience” at the Royal Mail. The scheme will begin with ten 30-hour-week workfare placements at a time in each region. Over the course of a year, each region will see 130 unpaid workers. There are no guarantees of jobs at the end.

Geology graduate Cait Reilly was recently forced into a “training period” at a Poundland store where she worked for three weeks without pay. She was not told she could opt out of the scheme and believed her £56 a week benefit would be stopped if she didn’t comply. She has now brought a legal case against the DWP, charging that her deployment contravenes article 4 (2) of the Human Rights Act, which states, “No one shall be required to perform forced or compulsory labour,” she told the *Guardian*.

The DWP has argued that docking benefits does not equate to forcing the unemployed to work. “Where a person is required to perform a task and, if he or she does not do so, loses benefit, that is not forcing a person to work,” it stated.

Solicitors from Public Interest Lawyers in Birmingham have issued letters to the heads of 15 companies to make them aware of legal proceedings they have lodged in the High Court challenging the legality of such schemes.

The DWP has faced legal challenges over various programmes, including the Community Action Programme, which requires the long-term unemployed to work without pay for six months.

The bookstore Waterstones and supermarket Sainsbury’s have pulled out of the scheme in the face of adverse publicity. Last year, Sainsbury’s made profits of £665, million and its boss Justin King earned £3.2 million. The young people working for their benefits in Sainsbury’s received the equivalent of £1.78 an hour.

The complicity of the trade unions with workfare is further exposed in a GMB report called “Welfare to Work in the 21st Century”. This made recommendations that the DWP pilot a US-style welfare-to-work programme developed by a company called America Works. The report was authored by accountancy firm PKF and the University of Portsmouth. It details “the importance of the ‘work first approach’ (improving the employability of the long-term unemployed through engagement in work); payments to providers being based on people moving from dependency into employment and remaining in employment (outcome based payments); those delivering welfare to work provision coming from the public, private and voluntary sectors; etc.”

The report considers neither the exploitative character of unpaid labour nor how it used to displace full-time workers.



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