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The failure of the welfare-to-work scheme [1]

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Britain's £5bn Work Programme to get people off benefits and into work is failing, according to the House of Commons Public Accounts Committee, which says it's performance over the first 14 months of operation 'fell well short' of government expectations. It seems only 3.6% of claimants moved off benefit and into sustained employment as a result of the scheme, less than a third of the 11.9% target.

The Committee chair, Labour MP Margaret Hodge, complains that young people in particular are being let down (around a million of them are unamployed), along with those people who are hardest to help into a job.

Should we be surprised? Both this government and its predecessors have a history of dreaming up all sorts of work or investment schemes that grab a day or two's headlines for them, or maybe get a hostile story parked harmlessly ? schemes that invariably cost a lot of money and, in the event, produce little or even negative results. That is because they do not focus on the root of the problem.

Workers are getting cheaper, it is true ? wages have been falling in real terms since the financial crash of 2007-08 ? and firms have carried on hiring, as yesterday's employment figures demonstrate. But employers are still sceptical about taking on young people in these difficult times. When you take on an employee, the law makes it hard to get rid of them should they turn out to be unsuitable or should business simply not be up to carrying them. When things are booming, there is less risk. When business could nosedive at any point, the risk is daunting.

Young people come to employers with few or no skills and little or no workplace experience. Employers have to train them up ? to get them into the habits of work, to getting along with others in an office or factory environment, and of course to actually do the job.That can take months, even years. Until comparatively recently, the value of this training was understood and young people did apprenticeships at very low wages until they acquired their skills. Today, however, we increase the hurdle and the risk of employing them with a minimum wage. Is it any surprise that employers are choosing well-skilled, experienced workers over kids?

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[3] http://disqus.com/?ref_noscript
[4] http://disqus.com