

Job Guarantee schemes: Modelling methodology

This document sets out the detailed methodology which Landman Economics uses for modelling the TUC's modified version of the job subsidy scheme announced by the UK Government (July/August 2026)

Estimating the number of NEETs

The analysis uses micro-data from the Labour Force Survey (LFS) 2026 quarter 1 (January-March). We start with the ONS's figures for Not In Education, Employment or Training ('NEET') by age: number of people (not seasonally adjusted), which is 888,000 for January-March 2026¹. The LFS data was used to select adults aged 18 to 24 (inclusive) who were unemployed or inactive, checking that the total matched the total from the ONS NEET figures (which use the same data source).

The LFS NEET data were filtered to exclude adults living in Northern Ireland (so the sample only includes adults in England, Scotland and Wales).

To be eligible for the JGS, unemployed adults under 25 need to be claiming Universal Credit (for 18 months or more in the govt's specification, for 12 months or more in the TUC scheme Option1, and for 6 months or more in the TUC scheme Option 2). They also need to be in the UC group with job-search requirements rather than the Limited Capability for Work Related Activity (LCWRA) group. The LFS data can give estimates of the number of UC claimants but it doesn't have information on benefit duration or conditionality group.

To analyse Universal Credit claimants by duration and conditionality group, we use the administrative data from Stat-Xplore for February 2026. Based on Stat-Xplore, the total number of NEETs aged under 25 who were on Universal Credit and searching for work is:

6 months or longer: 174,429
12 months or longer: 113,855
18 months or longer (estimated)²: 84,438

¹ See

<https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/unemployment/datasets/young-peoplenotineducationemploymentortrainingneetable1>

² Stat-Xplore has data for UC claimants with duration between 6 and 12 months and 12 and 24 months but does not distinguish between 12-18 months duration and 18-24 months duration. To estimate the number of claimants with duration on UC between 18 and 24 months, we divide the 12 to 24 months group in half and assume that 50% have duration between 12 and 18 months and 50% have duration between 18 and 24 months.

We assume that the employment programme runs for three years, with equal numbers of participants taking part in Years 1, 2 and 3. The results table presents costings for three versions of the programme:

Government proposals: 30,000 participants per year (90,000 total). Participants need to be unemployed and on Universal Credit for a minimum duration of 18 months to qualify for the scheme.

TUC Option 1: 45,000 participants per year (135,000 total). Participants need to be unemployed and on Universal Credit for a minimum duration of 12 months to qualify for the scheme.

TUC Option 2: 75,000 participants per year (225,000 total). Participants need to be unemployed and on Universal Credit for a minimum duration of 6 months to qualify for the scheme.

As well as evaluating the short and long-run costs and benefits of TUC Options 1 and 2 in themselves, we evaluate the additional costs and benefits relative to the Government's proposals.

NEETs by age group (18-20, 21-24)

The LFS NEET sample was broken down into two subgroups by age: 18-20 years old, and 21-24 years old. These subgroups match the age categories for the National Living Wage hourly rate for employees aged 21 and over (12.71 per hour from April 2026) and the National Minimum Wage hourly rate for employees aged 18-20 (£10.85 per hour from April 2026).

Number of Universal Credit claimants in each age group by duration

Table 2 shows the composition of UC claimants in the jobsearch group by age group based on three different duration cut-offs for eligibility in the scheme: 18 months or more (UK government proposals), 12 months or more (TUC Option 1) and 6 months or more (TUC Option 2). The percentage of 21-24 year olds in the 18-24 group of UC claimants ranges from 73.7% (for duration 18 months or more) to 61.4% (for duration 6 months or more). These proportions of 18-20 year olds and 21-24 year olds are used in the short-run calculations tab for the results.

Table 2. Composition of jobsearch group on Universal Credit conditional on duration of claim

Duration on UC	Number of claimants		Percentage of 18-24 group	
	18-20	21-24	18-20	21-24
18 months or more	22,217	62,221	26.3%	73.7%
12 months or more	36,268	77,587	31.9%	68.1%
6 months or more	67,396	107,033	38.6%	61.4%

Source: Stat-Xplore. Data for February 2026

Payment levels for Universal Credit

The LFS does not include information on the payment levels for Universal Credit (only whether individuals are in receipt of the benefit or not). To estimate payment levels for Universal Credit claimants in this group, an equivalently defined NEET sample in the Family Resources Survey 2024/25 was analysed to determine average weekly payment levels for NEETs aged 18-24 in England, Scotland and Wales who were in receipt of Universal Credit and who had been on UC for 6 months or more . This analysis showed that the average payment for those in receipt of UC was £99.06 per week (for 18-20 year olds) and £136.16 per week (for 21-24 year olds)³. These average UC payment levels have been used (with CPI uprating) for the short-run and long-run calculations.

Job assumptions

Full time/part-time split

We assume that all the Job Guarantee Scheme participants are funded for 25 hours of work per week, in line with the Government guidelines on how the scheme will operate.

³ Note that UC is actually paid on a monthly basis but FRS amounts are reported in weekly terms and using a weekly measure made it easier to do the net income calculations anyway, so we converted all amounts into weekly terms which were then annualised when estimating overall short-run costs and long-run benefits.

Placement length

Job placements are assumed to run for 6 months (26 weeks), in line with the announced regulations for the JGS.

Short-run calculations of net and gross employment costs

The gross cost to the government per participant in the programme is the sum of the following items:

Gross earnings

These are calculated using the relevant minimum wage rate for the age group. In Year 1 these are £12.71 ph for 21-24 year olds and £10.85 per hour for 18-20 year olds. In Years 2 and 3 we assume that the National Minimum Wage levels increase in line with forecast growth in average earnings (forecasts are taken from the OBR's March 2026 *Economic and Fiscal Outlook*).

Employee and employer pension contributions

We assume a 5% employee pension contribution above £6,240 per year. We assume a 3% employer pension contribution above £6,240 per year.

Income tax and National Insurance Contributions

Income tax and employee and employer National Insurance Contributions are calculated for each worker on the scheme based on the specified gross earnings levels.

Reduction in Universal Credit payments for scheme participants

We assume that all entrants to the scheme are claiming Universal Credit. We model the *reduction* in Universal Credit payments based on the net earnings (after income tax and employee NICs) using a taper rate of 55%. We also take the Universal Credit work allowance (an amount which some claimants can earn per month before being subject to the taper) by analysing the proportion of UC claimants in the NEET 18-24 sample who are eligible for the UC work allowance (either through being disabled, or a parent, or both) and those who are claiming for housing costs compared with those who are not (as this affects

the level of the work allowance). The average value of work allowance across the UC claimant sample is then used for the calculations.

Gross wage costs of scheme to the government

These are equal to: (gross earnings + employer pension contributions + employer NICs). The employee pays employee pension contributions, income tax and employee NICs.

Net costs of the scheme to the government

The net costs of the scheme to the government are equal to the gross costs minus the following elements:

- Income tax payments
- Employee NICs
- Employer NICs
- Reduction in Universal Credit due to net earnings taper.

These are summed over the number of placements in the scheme.

Training costs of the scheme

We use the figure of £2,650 per worker for training costs in the scheme, based on the maximum amount of funding paid to Delivery Partners to deliver the scheme⁴. This includes funding for the delivery of wraparound support and training, sourcing and matching young people to jobs, and the administration of the scheme.

⁴ See details of the Government's proposed scheme in <https://www.gov.uk/government/publications/jobs-guarantee>

Long run benefits of the scheme

These are calculated over a 30-year time period, beginning in 2028/29 and running through to 2057/58.

The calculation of net gain to the Government is run for each year using the following assumptions:

Earnings: the analysis assumes that hourly wages for former scheme participants grow by 2% per year in real terms, starting at the National Living Wage rate for people aged 21 and over in 2026/27.

Proportion of people who took part in the scheme on Universal Credit when working in future years: based on an analysis of the proportion of employees in the lowest quintile of weekly wages for part-time workers and full-time workers (analysed separately), we assume that 26% of part-time workers who are former scheme members, and 16% of full-time workers who are former scheme members, claim Universal Credit while in work.

Employment additionality: the UK Government's announced specifications for the Job Guarantee scheme states that it can be used to fund placements on new *and* existing jobs (previous schemes tended to apply to new jobs only). I have assumed that the *additionality* (the proportion of former scheme participants who stay in work in the long run after the scheme ends) is higher for new jobs than existing jobs (15% for the former, 5% for the latter). This is because (arguably) pre-existing jobs funded by the JGS are more likely to carry on existing anyway, regardless of whether the scheme is in place, and so the deadweight for existing jobs is higher (and the additionality lower).

FT/PT hours: we assume that 70% of jobs are full-time and 30% are part-time.

Composition of scheme placements in terms of funding for new jobs compared to existing jobs: we assume a 50/50 split, i.e. equal numbers of new and existing jobs).

Long run employment additionality for new and existing job placements: we assume 15% additionality for placements into new jobs vs 5% for placements into existing jobs.

Income tax, NICs and Universal Credit thresholds: we assume that these grow in line with CPI each year after 2030 (so are constant in real terms).

Net wage benefits: these are equal to (income tax payments plus employee NICs plus employer NICs) plus *reduction* in Universal Credit payments.

Non-wage benefits: we estimate these using calculations from a report by the University of York on the long-run costs of NEETs ([Estimating the life-time cost of NEET](#)) to public services such as the NHS and criminal justice system (but *excluding* the York figures on cost of NEETs to the benefit system which are dealt with separately as explained above). The 2010 figure for the long-run costs per NEET adult to public services is £45,572, which - uprated to 2026 prices using CPI - equals £72,004.

Estimating the Net Present Value (NPV) of long-run benefits

The benefits of the scheme over the 30 years from 2028/29 to 2057/58 are discounted using the assumption of a 3.5% discount rate per year (cumulative) in the Treasury *Green Book*.

Benefit-cost ratio of the programme

The total benefit-cost ratio of the programme is calculated as:

(Total long run benefits) / (total net short run costs), after discounting long-run benefits to produce a Net Present Value. The results show that the benefit-cost ratio (BCR) of the programme for the Government's proposed JGS is 2.65, meaning that for every £1,000 of government spending on the programme, £2,650 revenue is generated for the Exchequer.

For the additional job scheme placements delivered by TUC Option 1 and Option 2 compared to the Government's proposed scheme, the BCRs are slightly higher, at 2.67 and 2.69 respectively. It is clear that all of the proposed schemes have a BCR of substantially more than 1; the long-run benefits substantially exceed the costs.