



**Building Britain's Recovery:  
Achieving Full Employment**





Published by TSO (The Stationery Office)  
and available from:

**Online**

[www.tsoshop.co.uk](http://www.tsoshop.co.uk)

**Mail, Telephone Fax & E-Mail**

TSO

PO Box 29, Norwich, NR3 1GN

Telephone orders/General enquiries

0870 600 5522

Order through the Parliamentary Hotline

Lo-Call 0845 702 3474

Fax orders: 0870 600 5533

E-mail: [customer.services@tso.co.uk](mailto:customer.services@tso.co.uk)

Textphone: 0870 240 3701

**The Parliamentary Bookshop**

12 Bridge Street, Parliament Square,

London SW1A 2JX

Telephone orders/General enquiries:

020 7219 3890

Fax orders: 020 7219 3866

Email: [bookshop@parliament.uk](mailto:bookshop@parliament.uk)

Internet: <http://www.bookshop.parliament.uk>

**TSO@Blackwell and other Accredited  
Agents**

**Customers can also order publications  
from TSO Ireland**

16 Arthur Street, Belfast BT1 4GD

028 9023 8451 Fax 028 9023 5401

This publication and a Welsh version of the  
Executive Summary are available online at:

[www.dwp.gov.uk/buildingbritainsrecovery](http://www.dwp.gov.uk/buildingbritainsrecovery)

Or on request from:

**Economic Impact Unit**

**Labour Market Strategy Directorate**

**Employment Group**

**Department for Work and Pensions**

**2nd Floor**

**Caxton House**

**Tothill Street**

**London**

**SW1H 9NA**

**Telephone: 020 7449 7674**

**Email: [employment.whitepaper@dwp.gov.uk](mailto:employment.whitepaper@dwp.gov.uk)**

**gsi.gov.uk**

Copies of this publication can be made  
available in alternative formats if required.

Department for Work and Pensions

December 2009

[www.dwp.gov.uk](http://www.dwp.gov.uk)





Department for Work and Pensions

# Building Britain's Recovery: Achieving Full Employment

Presented to Parliament by the Secretary of State for Work and Pensions by  
Command of Her Majesty  
December 2009

Cm 7751

£26.60

© Crown Copyright 2009

The text in this document (excluding the Royal Arms and other departmental or agency logos) may be reproduced free of charge in any format or medium providing it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright and the title of the document specified.

Where we have identified any third party copyright material you will need to obtain permission from the copyright holders concerned.

For any other use of this material please contact the Office of Public Sector Information, Information Policy Team, Kew, Richmond, Surrey TW9 4DU or e-mail: [licensing@opsi.gsi.gov.uk](mailto:licensing@opsi.gsi.gov.uk).

ISBN: 9780101775120

Printed in the UK by The Stationery Office Limited  
on behalf of the Controller of Her Majesty's Stationery Office

ID P002332384                      12/09

Printed on paper containing 75% recycled fibre content minimum.

This publication and a Welsh version of the Executive Summary are available online at:

**[www.dwp.gov.uk/buildingbritainsrecovery](http://www.dwp.gov.uk/buildingbritainsrecovery)**

Or on request from:

**Economic Impact Unit  
Labour Market Strategy Directorate  
Employment Group  
Department for Work and Pensions  
2nd Floor  
Caxton House  
Tothill Street  
London  
SW1H 9NA**

**Telephone: 020 7449 7674**

**Email: [employment.whitepaper@dwp.gsi.gov.uk](mailto:employment.whitepaper@dwp.gsi.gov.uk)**

Copies of this publication can be made available in alternative formats if required.

# Building Britain's Recovery: Achieving Full Employment

## Contents



<b>Foreword</b>	4
<b>Executive summary</b>	6
<b>1 The labour market</b>	18
<b>2 From recession to recovery</b>	32
<b>3 Achieving full employment</b>	50
<b>4 Helping people prepare for work</b>	54
<b>5 Better off in work</b>	74
<b>6 Better, more fulfilling work</b>	86
<b>7 Reforming how we deliver services</b>	100

# Foreword

When unemployment started rising last year, the Government committed to providing real help for people hit by the recession.

We learned the lessons of previous downturns and were determined not to repeat the mistake of leaving people to struggle alone. We wanted to avoid the deep scars of long-term unemployment the country experienced in the 1980s and 1990s.

That is why we pledged £5 billion to help get people back to work. We expanded the help in Jobcentre Plus, and provided extra support, more young people's jobs, extra training and apprenticeships. We also made sure we pressed on with welfare reforms to avoid the big increases in inactivity we saw in the past.

That action has made a difference. Unemployment has risen, and is expected to rise further, but the increase has been much lower than people expected and lower than in previous recessions. In addition, employment has fallen by less than in past recessions and fewer people have become inactive.

Now we need to look forward. We are also determined to apply the lessons of the past to the recovery. The real damage of previous decades was not just inflicted during the downturn, it also stemmed from a lack of sufficient action to get people back to work once the economy recovered. As a result, unemployment continued to rise for years after the recessions ended. We must not let that happen again.

Now is not the time to pull back our help for the unemployed. Families across Britain still need support. And lowering unemployment helps the public finances too – saving billions on benefits and increasing tax revenues as the economy and employment grow.



The White Paper sets out how we will combat the effects of this recession and continue on the path to our ambition of 80 per cent employment. It lays out our plans to get thousands more young people into jobs and training more quickly, our plans to help older workers, and our plans to deliver a more flexible, personalised service.

Our aim is not just to get people into jobs, but to help people stay in work, progress in work, and find employment that is satisfying and that fits with the rest of their lives. This White Paper lays out the steps that will take us ever closer to full, fulfilling employment: helping people back to work, giving people the opportunity to progress in their job and giving people the chance to balance their work and family lives.



**The Rt Hon  
Yvette Cooper MP  
Secretary of State for Work and Pensions**

# Executive summary

## Introduction

Over the last 18 months the world economy has been hit by the biggest economic storm for many generations. Countries in every corner of the globe have seen credit squeezed, businesses hurt and jobs hit. As unemployment has risen, families across the world have felt the real and human costs of the global credit crunch and the worldwide recession.

Here in the UK, the Government set out last year our determination to do everything possible to help families hit by recession. We have taken strong action to support the economy and have invested £5 billion in tackling unemployment and helping people back into work.

Unemployment has risen, with 1.64 million people now claiming Jobseeker's Allowance (JSA), and young people making up a disproportionate share of this group.

However, the action we have taken has made a difference. We have not seen the rise of inactivity and long-term unemployment that characterised the 1980s and 1990s recessions and people continue to find new employment quickly. In fact, there are over 400,000 fewer people claiming JSA than predicted earlier in the year. Our action has helped families and has helped the public finances too, with billions of pounds saved as a result. Jobcentre Plus has worked well to help much larger numbers of people back into work and ensuring the benefits have continued to be paid on time despite the large rise in volumes.

But we cannot stop there – unemployment is still expected to rise into the New Year. This White Paper sets out our proposals to tackle the effects of the recession and to get back to full employment in the future. In particular, it announces substantial new measures to ensure the recession does not give young people the worst possible start to their working lives. It sets out the next stage of welfare and employment reform to help more people back to work and make sure they are better off in work. But it also makes clear our approach is not just to get people into work, but to keep them in work, and to build a fair and family-friendly labour market where everyone has the opportunity to develop their skills and experience.



## Approach to the labour market

1. Over the past 12 years we have implemented a strong and active labour market policy. Alongside this our management of the macroeconomy has supported low inflation and avoided the destructive wage-price spirals of the past. We have promoted investment, skills and flexibility in markets to support jobs and business growth. And we have actively invested in regions to address areas of high unemployment in need of regeneration.
2. At the same time, we have substantially reformed the welfare system. We have implemented a more active and individually-focused approach to help people take up and remain in work. We have introduced the New Deals – employment programmes to give people the skills or work experience they need to get back to work – along with our highly successful Local Employment Partnerships and more help for parents and disabled people.
3. This additional support has been coupled with benefits and tax reform to make work pay, but also stronger conditions on benefits to ensure people take up the help that is on offer. Nearly everyone of working age on benefit is now expected to be seeking work or preparing to work in future.
4. By 2008 the results of this action were clear. More people were in work than ever before, claimant unemployment had reached its lowest level for over 30 years, long-term claimant unemployment was less than a quarter of its 1997 level and the numbers claiming other welfare benefits were falling for the first time in decades.
5. Despite this strong position, the sheer scale of the global recession has hit the UK very hard. In common with other countries, the UK has suffered a sharp fall in output and individuals and families have been affected by rising unemployment.
6. In the face of the recession, the principles and reforms we adopted over the past decade have become even more important. So as unemployment started to rise, the Government acted decisively on three fronts. We took unprecedented steps to support the macroeconomy – including decisive action to prevent the collapse of the banking sector, protect people's savings and support the economy through the downturn. We increased wider support and help for families hit by unemployment, including debt advice, mortgage help and increasing the Social Fund. And we set aside £5 billion to strengthen our active labour market programmes, including young people's jobs and training, to help get people back into work.

7. The measures taken before the recession and our action during it have not eliminated the pain, but they have helped to reduce it. Employment has fallen much less than output, claimant unemployment is likely to end 2009 at least 400,000 lower than forecasts predicted would be the case only six months ago and, in comparison with previous recessions, far fewer people have slipped into long-term unemployment or left the labour market altogether.
8. It is clear that our active labour market policies and the performance of Jobcentre Plus have been critical in delivering a better labour market response than in the 1980s and 1990s, for example, the smaller rise in claimant unemployment. In addition, firms and employees have co-operated, through flexible working hours and wage restraint, to reduce the fall in employment, with firms anxious to retain skilled staff who will drive growth in the upturn.
9. However, we need to do more. Previous recessions left deep scars as those hit by long-term unemployment found it hard to get work even when the economy and jobs started growing again. That is why we have been determined to prevent the growth in long-term unemployment, particularly among young people, that we saw in the 1980s and 1990s, so we never again condemn a generation to worklessness as happened then. This White Paper sets out further measures we believe are necessary to help bring down unemployment next year, as well as plans to help us return to full employment and to make employment more fulfilling too.

## Public finances

10. Lower than expected unemployment has helped the public finances as well as families and individuals. If unemployment were to follow the latest National Audit Office audited assumption from the Pre-Budget Report, this would imply savings of approximately £10 billion over the next five years from lower benefit spending alone compared to the assumption at the time of the Budget.
11. The policies in this White Paper are designed to help bring unemployment down further and faster than in previous recessions, saving billions of pounds in benefit payments as well as increasing tax revenues for the future.

## Coming through the recession and preventing long-term unemployment

12. Governments can make choices and as this recession hit we were determined that we would not repeat the mistakes that were made in the 1980s and 1990s. We chose to respond differently, to ensure that all of Government was focused on limiting the impact of the recession on communities, businesses, families and individuals.
13. We ensured Jobcentre Plus and our specialist employment providers could continue to provide a high-quality service to the growing number of people seeking jobs. We supported the voluntary sector, by pledging an additional £60 million in England to help volunteers, charities and social enterprises deliver real help to those that need it most.

14. We made additional support available to help people before they became unemployed, including an expansion of the Jobcentre Plus Rapid Response Service. And as soon as people made a claim to JSA we increased the help available, for example through new group sessions.
15. We dramatically expanded help for those individuals who, after six months, still could not find work. This included training and volunteering opportunities, help with self-employment and recruitment subsidies.
16. Throughout we have been particularly concerned about young people's unemployment and we have put in place even greater help for them. The September Guarantee gives every 16–17-year-old a guaranteed offer of a place in learning and, in the 2009 Budget, we announced that every 18–24-year-old will be guaranteed a job, training or other meaningful activity before they reach 12 months of their unemployment claim.
17. We have already set out funding for over 300,000 additional youth training and job opportunities – including the £1 billion Future Jobs Fund, and more further and higher education places and apprenticeships.
18. But we want to do more to help people back to work as the economy recovers. In the 1980s and 1990s unemployment continued to rise for a long time after recession ended. Youth unemployment, in particular, continued to rise for four years after the 1980s recession ended.
19. In this White Paper we set out new support for young people to get more of them back into work. This includes:
  - **a dedicated personal adviser from day one of their unemployment claim and more time with an adviser throughout their claim;**
  - **extra support for 16–17-year-olds from Jobcentre Plus, working closely with local Connexions services;**
  - **a new subsidy for employers taking on 16–17-year-old apprentices;**
  - **a January guarantee for 16–17-year-olds who are not in education, employment or training (NEET) of an offer of an Entry to Employment place, and Education Maintenance Allowance to go with it;**
  - **a new Young Person's Guarantee for 18–24-year-olds that, if they are still unemployed after six months, they will be offered a job, training or internship and will be required to take it up before they complete 10 months on JSA;**
  - **the Graduate Guarantee that graduates still unemployed at six months will be offered a graduate internship or other support, as announced in the Queen's Speech; and**
  - **over 100,000 government-funded additional training and job opportunities, on top of the 300,000 we have already pledged for the next 18 months, to help deliver the Young Person's Guarantee.**

20. Alongside this White Paper, we are publishing *Investing in Potential*, the Government's strategy to increase the proportion of 16–24-year-olds in education, employment or training in England.
21. The White Paper also sets out plans for more personalised support to help everyone get back into work, including:
  - More help for those who suffer lots of short spells of unemployment by fast tracking them to stronger support;
  - More tailored support for the over-50s, including help to tackle age discrimination and fast tracking to more support; and
  - Increasing the support for professionals from private sector recruitment agencies.
22. For the small minority of people who remain unemployed for 12 months we have introduced significantly increased support through the Flexible New Deal (FND). Under FND, specialist providers will offer people the individual help they need to move into work, and we will incentivise providers by paying them by results: moving people into sustainable jobs. While our immediate focus is on preventing long-term unemployment, we are also exploring the best ways to support the even smaller minority of people who reach 24-months unemployment. This paper sets out our plans to explore further support for people in this group, with a focus on mandatory activity, personalised support and enhanced help in unemployment hotspots.

## Getting back to full employment

23. Despite the recession, we have not lost sight of our long-term aspirations for the UK's labour market. Work helps families out of poverty, improves people's health and independence, and supports our economy and local communities. Some people are not able to take up paid work due to caring responsibilities, serious health conditions or disabilities. But we believe that everyone who is able to should be working or preparing for work in future. This White Paper **reiterates our ambition for full employment that eight out of every ten people of working age should be in employment.**
24. As we support more and more people into full-time education, this goal has become more ambitious. **And as there is no expectation that a high proportion of full-time students should necessarily be in work, our first priority will be the non-student working-age population.**
25. This White Paper sets out the action we will take to start moving us back towards this goal, and realise **our new ambition to get over one million more people into work over the next five years as the economy grows. This is significantly greater than the fall in employment we have seen so far in this recession.**

## Ensuring a recovery

26. Helping people back into work depends on economic growth. Already the extra support for the economy through tax cuts, public sector investment and direct help for business has helped many companies get through the recession without losing jobs. Now the Government is determined to continue to support the economy to back new job creation for the future. In *New Industry, New Jobs*, we set out our plans to back new high-skilled job creation in innovative sectors for the future. In the Pre-Budget Report, the Government set out measures to support economic and employment growth over the coming years.
27. As part of that strategy we will invest in the infrastructure and skills base to create the right business environment to maintain the UK's position as one of the best places in the world to start and grow a business. This White Paper sets out additional proposals to align future growth, with **help to move the unemployed into work and ensure the benefits of recovery are felt everywhere in all communities, including the use of Government procurement, and greater partnership working between Jobcentre Plus, the Homes and Communities Agency, Regional Development Agencies, local authorities and local partners.**
28. We recognise the vital role that local authorities and their partners must play in supplementing national support through locally-tailored and designed services that respond to local needs, opportunities and circumstances. Jobcentre Plus, local authorities and other local partners will work together to tackle worklessness and the causes of worklessness, consistent with the principles of Total Place. This White Paper supports greater involvement of local partnerships in tackling worklessness, including in commissioning, the location of new outreach projects, more closely integrating employment and skills systems, and improved service delivery to people out of work.
29. Job growth also depends on promoting enterprise and entrepreneurship as the economy recovers and encouraging more people to start up their own businesses for the future too. We know that many people consider becoming self-employed when they are made redundant or leave education, or want to work flexibly while caring for young children or older relatives.
30. We want to make it easier for people who are unemployed to start their own business so **we will bring forward advice, support and financial assistance earlier in their JSA claim, with intensive support and a self-employment allowance available from three months of unemployment. Advice will be available from day one.**

## Helping people to prepare for work

31. We are also determined to keep up the long-term action to tackle worklessness and help more people into jobs.

32. Some people looking for work simply need help with active job search to keep them close to the labour market. Others need more support, perhaps gaining appropriate skills, building confidence, managing health conditions, or finding childcare. Some are ready to work straightaway. Some need help and support to prepare for work. Others cannot work right now, perhaps because of caring responsibilities, but need support to keep their skills up to date so they can go back to work in future.
33. Already we have introduced greater support through the New Deal for Lone Parents, Pathways to Work, our Integrated Employment and Skills pilots and the FND. And we have strengthened our JSA regime in response to the recession by introducing, for example, the Six Month Offer which provides more training and volunteering opportunities as well as help with self-employment.
34. In addition, our welfare reforms mean we are placing stronger requirements on benefit recipients to take up the help that is available, either to seek work or to prepare for work in future. We have kept up the pace of welfare reform during the recession, implementing a new Work Capability Assessment for those with health conditions, and requiring lone parents with older children to seek work.
35. From next year we will begin the assessment of those currently on incapacity benefits with the new Work Capability Assessment that focuses on what they can do, rather than what they cannot do and increasing help for those who are able to work. We will also continue to roll out JSA for lone parents with children over 7 with family-friendly safeguards so they can look for work that fits with school hours.
36. In line with this, **we will now accelerate plans to make out-of-work partners of benefits recipients who can work look for a job** – ending the historic anomaly whereby partners could claim benefit without seeking work when they are able to do so.
37. And we will continue to strengthen and improve the support we provide. In particular, this White Paper announces important **changes to the way we provide skills training for people out of work**. We want to ensure that the training we offer is flexible enough to meet the needs of individuals and focused on the needs of the local labour market. We want to support people on out-of-work benefits to undertake training which will help them move into sustained employment and develop their skills.
38. Our skills reforms will be underpinned in England by the new **skills accounts** that will, for the first time, bring together in one place the skills training that an individual will be able to access in their local area. Skills accounts will help Jobcentre Plus advisers and individuals have a consistent and meaningful discussion about training options. We are also introducing **new funding to ensure people on JSA who take up training have their travel and childcare costs paid**.
39. To underpin these reforms, and make sure training funding is focused more effectively on helping the unemployed back to work, we will set up a single budget between the Department for Work and Pensions and the Department for Business, Innovation and Skills to fund training for the unemployed.

## Support for parents and carers

40. We also set out measures that will support people to balance work with their family life. Including:
- introducing new legislation which will allow lone parents who have a youngest child aged under 16 and are engaged in full-time study or training to claim Income Support in the summer period, instead of JSA;
  - trialling a low cost loan scheme – providing parents with affordable loans to cover the upfront costs of childcare;
  - using improved IT and action through Jobcentre Plus to promote time-time vacancies and make it easier for people looking for part-time work; and
  - making enterprise and employment support more accessible for parents by providing it in locations by schools.
41. For people combining paid work with caring responsibilities, we want to provide better support. We will carry out a consultation on how we can help people meet their caring responsibilities while remaining in work. This may include additional unpaid leave for planned responsibilities such as hospital visits and unpaid leave for carers of someone with a terminal illness.
42. Too many disabled people or people with a health condition are out of work or have never worked. This White Paper sets out our plans to:
- increase personalised help;
  - roll out the new Employment and Support Allowance (ESA) and Work Capability Assessment to those currently on benefits;
  - **review Pathways to Work and increase health support for those on JSA;**
  - **expand Work Choice and Access to Work to help move people into jobs; and**
  - **introduce a national network of mental health co-ordinators in Jobcentre Plus.** They will work with health services to co-ordinate mental health and employment support for individuals and help employment providers.

## Better off in work

43. The design of the benefits and tax credits systems means that the gains from moving into work are often substantial and almost everyone is better off in work than on benefit. However, even when people are ready and able to work, the move from out-of-work benefits to employment can be daunting.
44. There are three interlinked challenges that we need to address: the complexity of the present system, which can make the journey back to work hard to plan; uncertainty about the financial gains of moving into work; and fear of leaving out-of-work benefits. To address these issues and ensure smooth transitions into work, our long-term ambition is a simpler system which could be based around a single working-age benefit and reformed Housing Benefit (HB). In the meantime, there are important steps that we can make, especially to improve the interface between in and out-of-work support.

45. We want to do more to make sure the benefits of work are clear. The vast majority of people are much better off in work but we want to do more to make the benefits of work clearer. **We will introduce a £40 a week Better off in Work Credit which will guarantee that everyone who moves into work after being on benefit for six or more months will be at least £40 a week better off.**
46. We have published a consultation on reforms to HB at the same time as this paper<sup>1</sup>. The consultation includes measures to improve work, incentives and to help people make the transition from benefits into work. In particular:
- fixing HB payments at the out-of-work rate for three months when an individual moves off benefits into work;
  - reducing the uncertainty surrounding HB payments by moving to fixed period awards (of up to six months); and
  - ensuring the benefits system does not support customers to be housed in very high-cost accommodation that would be unaffordable if they moved off benefit.
47. While these measures are important, we recognise that further action is needed to encourage some groups into the labour market and ensure that those who enter work benefit financially, particularly those with caring responsibilities and people with a disability or health condition.
48. We will further increase work incentives by:
- **ensuring the benefits system encourages lone parents to try out work for a few hours a week** as a stepping stone towards a move off benefits;
  - widening access to free school meals for those in work, as announced in the Pre-Budget Report;
  - **raising the earnings limit within Carer's Allowance from £95 to £100 a week; and**
  - **considering the scope to passport people moving from ESA into work on to the disabled worker element (worth up to £48.50 a week) and 16-hours rule in Working Tax Credit.**

---

<sup>1</sup> Department for Work and Pensions, 2009, *Supporting people into work: the next stage of Housing Benefit reform* Cm 7769, TSO.

## Quality employment – supporting people to progress in work

49. Our aim is not just to get people into jobs, but to help people stay in work, progress in work, and find employment that is fulfilling and that fits with the rest of their lives.
50. Our flexible labour market means many people are moving in and out of work all the time, and that dynamism can be healthy. But we want to provide greater help to the minority of people who regularly cycle in and out of work without getting a settled job. We will do this by fast-tracking people with a poor employment history so they get access to greater support from the start of a new unemployment claim.
51. We will also help people progress in work. We will do this by improving the links between Jobcentre Plus and the new adult advancement and careers service so that, when people enter work, they will be able to talk to career experts in the adult advancement and careers service about the skills and training they need to not only stay in work but progress in work.
52. There are particular issues for parents and carers. It can be a struggle to balance work and family life and this can become too much with people leaving work altogether.
53. So, in this White Paper we are announcing:
  - the launch of the **Family Friendly Working Hours Taskforce** which will look at what more needs to be done to make work more family friendly. The Taskforce will report in the spring;
  - that we will explore how we best recognise those employers with exemplar flexible working practices, for example through a voluntary kitemark; and
  - that **Jobcentre Plus will do more, using new IT, to identify jobs which can be offered on a part-time or flexible basis, and better match individuals to jobs that fit with their family commitments.**
54. Too many people needlessly fall out of work and onto benefits when they develop a disability or health condition. We are committed to helping people wherever possible to remain in work, and this White Paper sets out our **plans to launch the ‘fit note’ to replace the old ‘sick note’ and to provide greater support for employers to help them keep their employees in work.** This includes piloting Fit for Work services, piloting an occupational health adviceline for small businesses, refreshing our business health check tool and developing an employer toolkit.

## Modernising our services

55. Having the right policies is critically important. But they will count for nothing if they cannot be successfully delivered at a quality that those using our services have every right to expect.
56. The last year has been a remarkable one in terms of service delivery. Jobcentre Plus in particular has responded with great effectiveness to the rise in unemployment and a dramatic increase in the demand for its services. Its staff throughout the country deserve great credit. But as the rate of increase in unemployment slows, we now have the opportunity to reflect on our response and consider where and how we should be improving our services.
57. Recent years have also seen radical developments in the way we have worked with private and voluntary sector employment service providers. We have introduced new commissioning arrangements which pay by results. We have introduced the FND in which providers are empowered and incentivised to decide what works best to get each individual back into work. And we are moving towards the next stage of reform, piloting approaches where a single contractor has responsibility for getting people into work regardless of the type of benefit they are on, and encouraging them to help those in greatest need by paying more per job outcome the higher the proportion of people they get into work.
58. This White Paper concludes by setting out how we intend to deliver a welfare delivery system fit for the 21st century by:
  - **exploring different models of flexible, personalised support, including piloting a delegated flexibility model in four Jobcentre Plus districts;**
  - **introducing a revised learning and development structure, offering advisers accreditation of their advisory skills;**
  - **developing an extended online jobsearch facility with automated job matching and an integrated system of personal accounts;**
  - **going forward, inviting local partners to have a greater influence and involvement in commissioning processes;**
  - **increasing substantially Jobcentre Plus' outreach services, working with local authorities and other partners in some of the most deprived parts of the country;**
  - **working with private and voluntary sector providers to test approaches in which a contractor takes on people from different benefits and provides the help that individuals require to get into work, with payments increasing the higher proportion of people the contractor moves into sustainable jobs;**

- **building on the Total Place pilots to integrate better the support offered by Jobcentre Plus and other providers to ensure services are joined up and tailored to the specific needs of local communities; and**
  - **reviewing the performance management structure for Jobcentre Plus and its partners with the aim of establishing a coherent single system based on sustained employment outcomes.**
59. Our aim is to provide a universal service that does more to help everyone, whether they are unable to work, progressing towards work, actively searching for work, at risk of losing work or wanting to change their job. Support, and funding, should be wrapped around the needs of the individual, not the benefit.

### **Working with the Devolved Administrations**

Welfare policy is devolved in Northern Ireland, but otherwise reserved to the UK Government. Skills and education policy are devolved in Scotland, Wales and Northern Ireland. It is therefore for the Devolved Administrations to bring forward their own plans for skills support. In implementing the proposals in this White Paper, the UK Government will work closely with all three Devolved Administrations.

# Chapter 1 – The labour market

## Summary

- In 1997, five years after the end of the early 1990s recession, the labour market was still characterised by high levels of long-term unemployment, and rising numbers claiming other out-of-work benefits.
- By 2008, more people were in work than ever before, claimant unemployment reached its lowest level for over 30 years, and the numbers claiming other welfare benefits were falling for the first time for decades – reflecting years of steady growth, low inflation and active labour market policies such as the New Deal that the Government pursued.
- As the severe global shocks of 2007 and 2008 sent the UK economy, along with those of other countries, into recession, our priorities were clear: to help people back into work and to prevent the legacy of long-term unemployment and economic inactivity left by past recessions.
- We chose to invest an additional £5 billion to help people move quickly back to work, in addition to the wider government and Bank of England support for the economy and financial stability.
- We also chose to press ahead with our active labour market policies of the past 12 years – providing extra help not just to job seekers but also to lone parents, disabled people and people with health conditions, who with the right support can enter the labour market in the future.
- This action, as well as the strength of the labour market prior to the recession and co-operative working by employers and staff, have helped prevent unemployment rising as far and as fast as in previous recessions.
- Employment levels have fallen by less than output and there are still 2.5 million more people in work than there were in 1997. Claimant unemployment is currently around 5 per cent compared to a peak of nearly 10 per cent in the 1990s and more in the 1980s.



- Claimant unemployment is likely to end 2009 around 400,000 lower than independent forecasts predicted would be the case only six months ago. This is likely to lead to a fiscal saving of over £10 billion over the period 2009–10 to 2013–14 as a result of reduced spending on benefits, compared to the position at the time of the 2009 Budget.
- However, we need to do more. We still expect unemployment to rise into the New Year and this White Paper sets out further measures we believe are necessary to ensure the deep scars left by previous recessions are not repeated again.

## The UK labour market before the recession

1. In 1997, five years after the end of the early 1990s recession, the labour market was still characterised by high levels of long-term unemployment, rising numbers of people claiming other out-of-work benefits and significant variation in the labour market experience of different groups and localities.
2. There had been long-term gradual increases in employment for women, but lone parents were unlikely to work and male unemployment and inactivity had grown significantly. The long-term shift from manufacturing to service sector employment was creating new and different kinds of jobs, but communities which previously had high concentrations of manufacturing jobs were left with high unemployment instead.

3. Previous recessions in the 1980s and early 1990s hit the labour market hard, with big drops in the number of people in work, and in the 1980s the labour market did not fully recover before the 1990s downturn began.
4. In the first half of the 1980s, unemployment rose sharply, peaking at over 3 million on both the headline Labour Force Survey measure and the claimant count.<sup>2</sup> After falling significantly during the second half of the decade, the early 1990s recession saw unemployment again peaking at around 3 million on both measures. There was a sharp rise in long-term unemployment, with the number of people claiming unemployment benefits for a year or more peaking at over a million in 1994. The number claiming incapacity or lone parent benefits increased by a million between 1990 and 1995.
5. From 1992 the economy recovered and, although growth was initially sluggish, by 1997 the employment and unemployment position was improving. However, unemployment remained historically high and serious problems persisted:
  - Over 2 million people were unemployed on the ILO measure and there were over 1.6 million Jobseeker's Allowance (JSA) claimants.
  - Over three-quarters of a million people were long-term unemployed on the ILO definition and well over half a million were long-term JSA claimants.
  - The total number of people claiming out-of-work benefits stood at 5.5 million, with 2.6 million on incapacity benefits (a massive increase from the end of the 1970s) and a million on lone parent benefits.
  - There remained an uneven spread of labour market opportunities across the country. Lone parents, disabled people, older workers, ethnic minorities and those with low skills were significantly more likely to be out of work compared to the national average.

## Government policy since 1997

6. Since 1997, the Government has pursued a strong policy to support jobs and employment – through macroeconomic management, investment to support jobs and skills, and an active labour market policy to help individuals into work.
7. Our management of the macroeconomy has supported low inflation and avoided the destructive wage-price spirals of the past. We have promoted investment, skills and flexibility to support jobs and business growth. And we have actively invested in regions to promote regeneration and jobs in areas of high unemployment such as coalfield communities and inner cities.

---

<sup>2</sup> In the UK there are two main measures of unemployment. One is derived from the Labour Force Survey of households and is based on definitions set down by the International Labour Organisation (ILO). It is referred to in this document as the ILO measure of unemployment. The other measure is derived from the payment of JSA and National Insurance Credits and is referred to in this document as the claimant count.

8. At the same time we have substantially reformed the welfare system. We have implemented a more active and individually focused approach to help people take up and remain in work. We have introduced the New Deals as a concerted attempt to deal with the hangover of long-term claimant unemployment from the early 1990s recession. At the outset it targeted long-term unemployed young people, but was later widened to cover the over-25s and those on other benefits. We have also introduced our highly successful Local Employment Partnerships.
9. This additional support has been coupled with benefits and tax reform to make work pay, but also to introduce stronger conditions on benefits to ensure people take up the help that is on offer. The whole benefits system is more active and individually focused. Receiving benefit is linked to greater conditions that the claimant has to fulfil, with a focus on getting back into work wherever possible. This change in the culture of the welfare system includes the introduction of Employment and Support Allowance (ESA), greater requirements that lone parents on benefits have to meet and the introduction of programmes such as Pathways to Work and the Flexible New Deal.
10. By 2008, the long period of steady growth and low inflation, combined with these active labour market policies, meant the labour market was in its strongest position for many years, with more people in work than ever before, and claimant unemployment at its lowest level for over 30 years. Long-term unemployment was less than a quarter of its 1997 level, with the numbers of workless households falling for the first time for decades.
11. ILO unemployment stood at 1.6 million, over 400,000 lower than in 1997. The claimant count had fallen to just under 800,000, half the 1997 figure and a level not seen for more than 30 years. The number who had been claiming unemployment benefit for over 12 months was around 100,000, less than a quarter of its 1997 level. This compares with peaks of over a million following the recessions of the 1980s and 1990s.
12. The number of people claiming a key out-of-work benefit, at 4.5 million, was also over a million lower than a decade ago. This reflected not only the improvement in unemployment, but the first falls in incapacity benefits (after relentless rises in the 1980s and 1990s) and steady falls in the number of lone parents on benefit (matched by employment rates for lone parents rising by around 12 percentage points).
13. Overall, the changes in the labour market in the period up to the recession led to a more diverse labour force and a rise in labour market participation. The headline economic inactivity rate for working-age people fell from 1997 to the end of 2007, and this tells only part of the story. In the intervening decade the number of young people remaining in post-compulsory education increased by more than half a million. Excluding students, inactivity fell from 17.6 per cent of the population in 1997 to 15.8 per cent at the end of 2007.<sup>3</sup>

---

<sup>3</sup> Economic inactivity refers to those who are not in employment and are either not actively seeking work or not available to take up a job.

## Long-term features and trends in the labour market

This paper shows that in many ways the labour market has responded differently in this recession than in past recessions.

One key feature of the labour market is its dynamism. Every year millions of people move into new jobs, move out of work or enter work. This helps to ensure that everyone has access to work, not just those people already in work. In the year to the first quarter of 2009, for example, almost 6 million people moved into employment, nearly three-fifths of whom were previously out of work.

A second key feature is the variety of hours people can work. We have a much more varied range of hours worked than in many other European countries, with fewer 9 to 5 jobs. This diversity is good for employers and employees – the great majority of people in part-time work do not want a full-time job.

A consistent trend over many decades has been an increase in the percentage of women in work (up from 56 per cent in 1971 to 70 per cent in 2008) and a fall in the percentage of men in work (down from 92 per cent in 1971 to around 79 per cent in 2008). There has also been an increasing proportion of older people in work, adding to the diversity of the workforce.

There have also been some shifts in the type of employment. Manufacturing employment has fallen from 7 million to 3 million since 1978, while the service industry has grown to employ around four in every five people. We have also seen a steady rise in the number of skilled jobs. We need to be aware of these trends when assessing the skills that people will need in the future.

## The impact of the recession

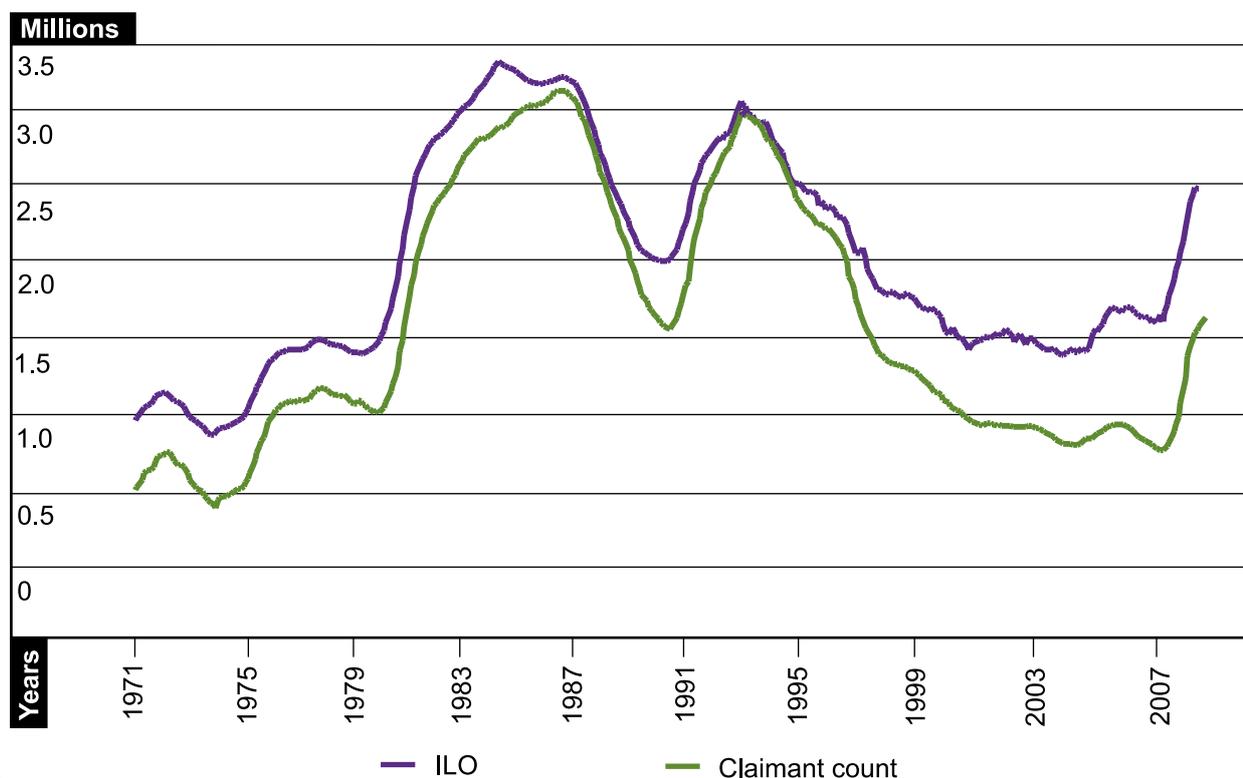
14. The world economy has faced exceptional challenges over the last year, with the financial crisis of 2008 precipitating a steep and unusually synchronised global downturn. All the world's major advanced economies have experienced recession and 2009 is expected to see the first contraction in the world economy in the post-war period.
15. The sheer scale of the global recession has hit the UK hard. Like other advanced economies, it has seen a large fall in output. The labour market impact has been felt in falling demand and fewer jobs across nearly all parts of the economy. In human terms this has meant companies cutting costs as they struggle to ride out the recession. Many people have suddenly and unexpectedly found themselves out of work.
16. Employment started falling in the middle of 2008, and then declined more sharply during the first half of 2009. The number of people in work has now fallen by around 635,000 from its peak and the employment rate is down over two percentage points to 72.5 per cent. The global reach of the recession can be seen in the fact that employment rates have fallen in 24 out of 27 EU member states over the past year. Despite the recession, the UK continues to have one of the highest employment rates in the EU.

**Figure 1 – Employment 1971–2009**



17. The recession has so far seen ILO unemployment rise by 847,000 to 2.46 million, with the unemployment rate up from 5.2 to 7.8 per cent. The number of people on JSA, which reached a low point of 788,000 in February 2008, is up 852,000, to stand at 1.64 million in October 2009. The claimant count rate is now 5.1 per cent, compared to 2.4 per cent just before the recession.
18. With rising unemployment driven by higher redundancies and much larger numbers starting claims for JSA, the main impact has been reflected in rising short-term unemployment. While most people continue to leave unemployment quickly, long-term unemployment is also now rising, though it remains low by the standards of past recessions. The number of long-term ILO unemployed is around 625,000, with about 175,000 long-term JSA claimants.

**Figure 2 – Unemployment 1971–2009**



## The Government response

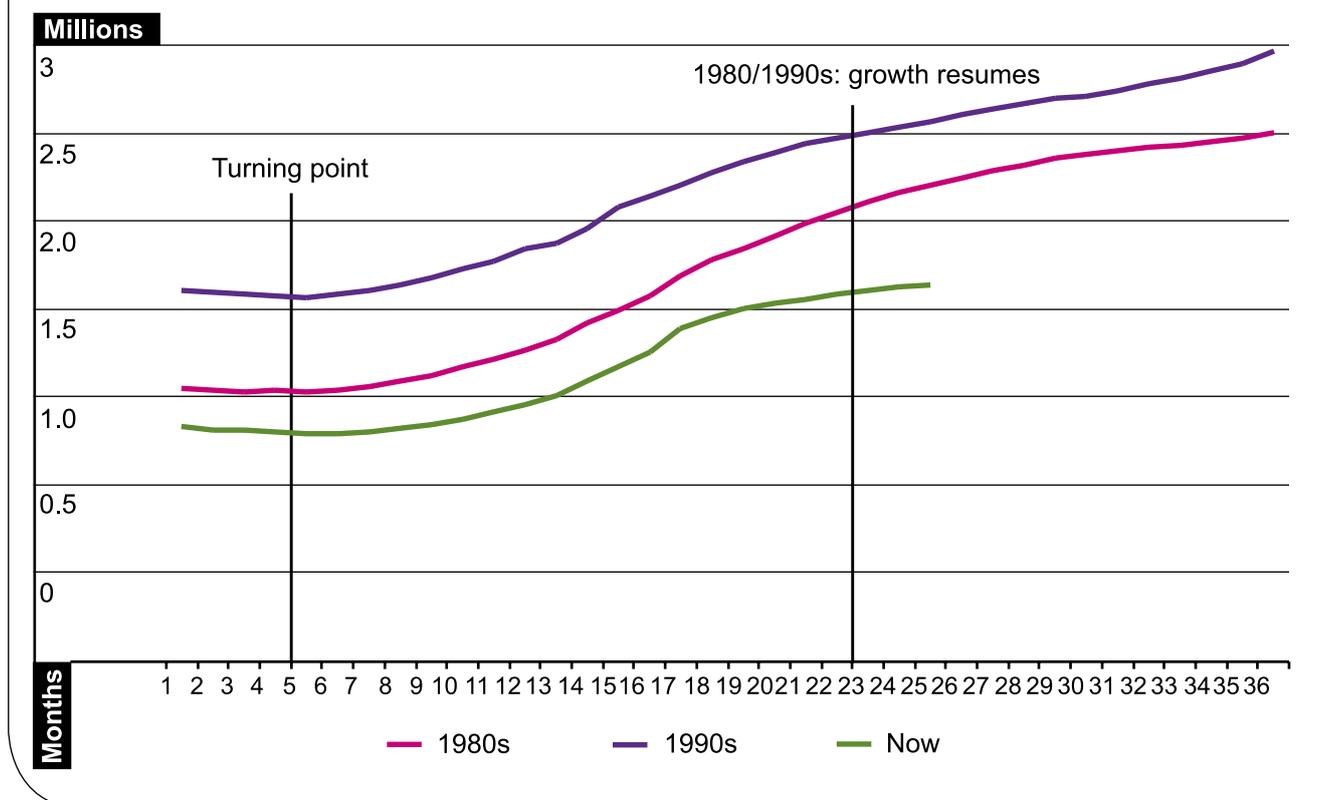
19. In response to the recession, the Government has taken decisive action to prevent the collapse of the banking sector, protect people's savings and support the economy through the downturn. Action taken by the Bank of England supported the economy by reducing interest rates to 0.5 per cent and introducing £200 billion of quantitative easing to increase the supply of money and help boost demand.
20. The Government has also been at the forefront of international efforts to increase the stability of the world's economies. Ahead of the G20 London Summit in April 2009, the Department for Work and Pensions (DWP) convened a Jobs Conference which gathered experts from across the G20 and from international organisations including the OECD, the World Bank, and the ILO. It proposed three priorities for G20 governments:
  - Helping people back into work, particularly through active labour market policies and policies to maintain or increase labour demand.
  - Supporting disadvantaged and vulnerable groups through social protection policies, linked to employment measures.
  - Developing education and skills policies to increase employability now and in the future.

21. These priorities were welcomed by the London Summit, which produced a detailed commitment to strengthen the financial system and additional resources of \$1.1 trillion to support jobs and growth across the world.
22. Government has set aside £5 billion extra to expand and increase the active labour market policies to help people back into jobs as swiftly as possible. That investment is expanding employment services through Jobcentre Plus and other providers to give people more rapid help and support, and funding extra training places, work experience and jobs. In contrast to previous recessions we are also strengthening policies to prevent people becoming inactive, and are continuing the reforms to get people who have been inactive for many years seeking work again.
23. The effect of this co-ordinated domestic and international action has taken time to work its way through. **Most forecasters now expect the UK economy to stabilise by the end of the year, with growth picking up progressively in 2010 and 2011.** The next section of this chapter looks in more detail at the way the labour market has responded to the recession, and how this compares to previous experience. The final section looks at labour market prospects in the recovery.

## The performance of the labour market

24. The labour market has so far proved considerably more resilient than in previous recessions, with higher levels of employment, lower levels of unemployment and shorter periods of unemployment for individuals than we saw in the 1980s and 1990s despite the fact that the overall shock to the economy from the world financial crisis has been much greater than in previous recessions.
25. So far the recession has seen total economic output fall by 5.8 per cent. By comparison, the 1980s and 1990s recessions saw falls of 6 per cent and 2.5 per cent respectively from the peak. Despite this, the impact on the labour market has been less than might have been expected. Employment is down by 636,000 (2.2 per cent), compared to a 1.06 million (3.9 per cent) fall over a similar period in the 1990s and 731,000 (2.9 per cent) in the 1980s.
26. **The UK continues to have a lower unemployment rate than the G7, EU and OECD averages.** The United States has seen the largest increase in unemployment in the G7 group of major industrialised countries but a below average fall in Gross Domestic Product (GDP). Germany has seen only a small rise in unemployment while experiencing a more severe fall in GDP. The UK position falls somewhere in between, with a rise in unemployment that is broadly in line with the G7 average.
27. **Trends in claimant unemployment suggest that the labour market has been better able to absorb the shock of the recession than in the past.** The claimant count has so far risen by around 850,000, compared to increases of a million or more in similar periods in the 1980s and 1990s. The current claimant rate of 5.1 per cent compares to peaks of 10 per cent or more following the recessions of the 1980s and 1990s.

**Figure 3 – Claimant unemployment has risen less than in the 1980s and 1990s**



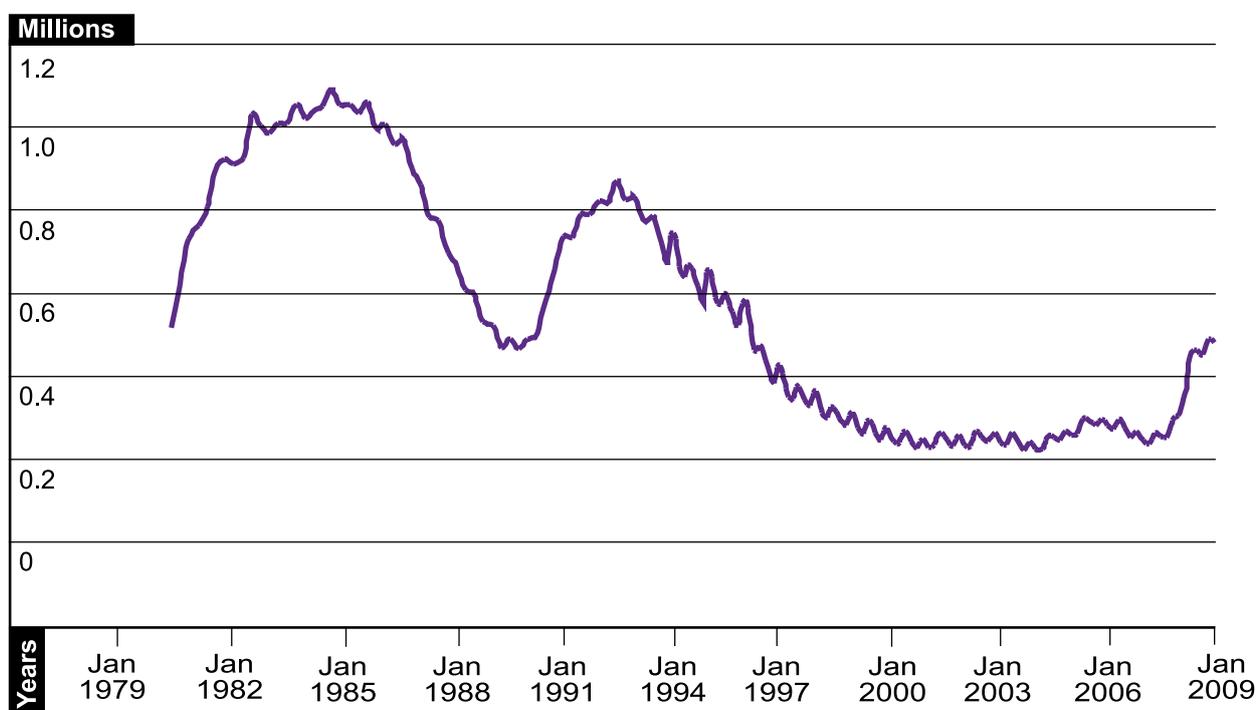
28. The impact of additional resources, in supporting an already well-established system of active employment help, can be seen in the way that the number of people leaving JSA has held up. Before the recession, the rate at which people left JSA was at an historic high. Around 60 per cent of new claimants left within three months and 80 per cent within six months. These rates have fallen back during the recession, but have now stabilised at levels well above similar points in the past. Currently, 55 per cent of new claimants are leaving JSA within three months and 73 per cent within six months. This compares to 44 per cent and 64 per cent respectively at the worst point in the 1990s recession. In the three months to September 2009 alone, around a million people left JSA. Around 550,000 recorded a reason for leaving, of whom two-thirds said they had moved into work.
29. The result is that many of those who have moved into unemployment since the recession started have already moved out again, taking advantage of the thousands of new jobs still coming up all the time. Jobcentre Plus alone has continued to take an average of at least 10,000 new vacancies every working day throughout the recession and this is only a part of the total recruitment. This is helping to reduce the rise in long-term unemployment. Additional capacity has also been put in place to support those who spend a longer period on benefit because they find it particularly difficult to overcome the problems caused by the recession. The support for long-term unemployed people is discussed further in Chapter 2.

30. In line with the experience in previous recessions, men have experienced a larger fall in employment and a larger rise in unemployment than women. In general, however, the impact of the recession on different groups and different parts of the country has been relatively more even than in the past.

## Youth unemployment

31. During the recession, youth claimant unemployment has risen broadly in proportion with that of other ages. There are currently 500,000 18–24-year-olds claiming JSA. This compares with over a million young people on JSA during the 1980s recession and over 850,000 during the 1990s recession.
32. The number of young people who are ILO unemployed is higher than the number of young people on JSA. This is partly because 16 and 17-year-olds can be ILO unemployed and partly because an increasing number of full-time students are being classified as ILO unemployed. The level of ILO unemployment today is 943,000 compared with 680,000 before the recession. However, over a quarter of ILO unemployed people in this age group (267,000) are in full-time education. As a proportion of the total 16–24 age group, around 9 per cent not in full-time education are ILO unemployed, compared to 13 per cent in 1985 and 12 per cent in 1993.
33. Within the 16–24 age group there have been falls in ILO unemployment in recent months among the 16–17 age group as a result of measures to increase the proportion of this age group continuing in education. Chapter 2 looks in more detail at policies to help young people find work or stay in education or training.

**Figure 4 – Youth claimant unemployment**



Note: The figures are seasonally unadjusted.

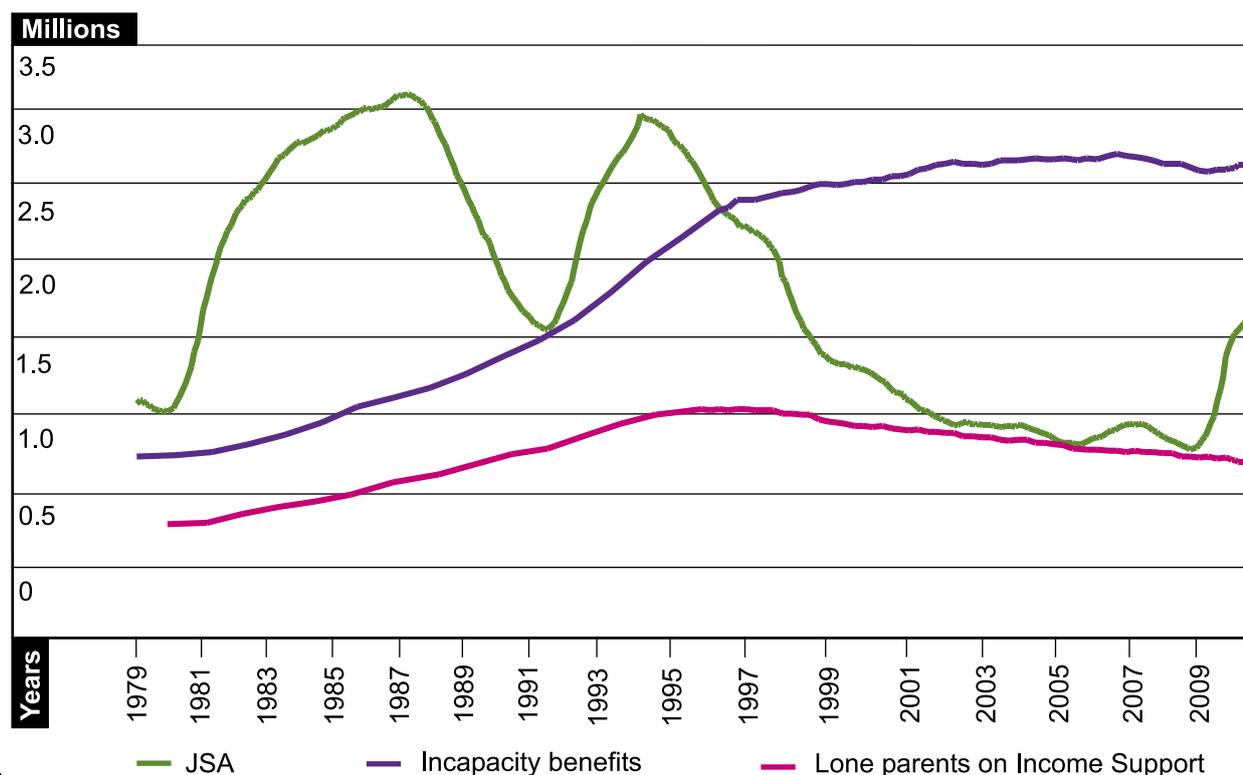
## Impact on disadvantaged groups and communities

34. Rising unemployment has affected all parts of the country. Although the impact has been spread more evenly than in previous recessions, some areas are facing bigger challenges than others. In general, areas that started the recession with relatively higher levels of unemployment have seen larger absolute increases. This has partly reversed the trend in the decade up to 2008 that had seen a significant narrowing of the gaps between one part of the country and another.
35. The impact of active labour market policies, together with greater support for at-risk areas through the Working Neighbourhoods Fund and the Future Jobs Fund, is helping to ensure that all parts of the country are in a stronger employment position than in previous recessions. Labour market disparities also remain much smaller than in the 1980s and 1990s. Chapter 2 considers further the policies needed to encourage and sustain economic recovery and employment growth across the country.
36. In general, the last year has also seen employment rates for disadvantaged groups fall by a similar amount or less than the overall average. This means that so far we are not seeing the widening gap between different groups that characterised past recessions.

## Inactivity

37. It is important to consider not just unemployment but changes in the level of economic inactivity. Rising inactivity was a feature of both the 1980s and 1990s recessions. This was driven in part by structural change, exacerbated by a lack of help and support for individuals to re-engage with the labour market or retrain. This was particularly true for lone parents and those claiming incapacity benefits.
38. The number of people claiming out-of-work benefits other than JSA rose inexorably from the end of the 1970s until the mid-1990s. The result was that in 1997 about 5.5 million people were claiming one of the key out-of-work benefits, around two-thirds of whom claimed incapacity or lone parent benefits. These trends have begun to reverse over the last ten years, supported by sustained economic growth and the extension of a more active system of help and support to all those claiming benefits.
39. **In contrast to previous experience, the current recession has so far seen no significant rise in the number of people claiming lone parent or incapacity benefits.** Between 1990 and 1991 alone, the numbers on these benefits rose by over 200,000 and by 1995 the number was a million higher than five years earlier.
40. As a result, virtually all the rise in the overall number of people claiming benefits during the recession reflects the larger number claiming JSA. The total number claiming an out-of-work benefit remains around 350,000 lower than in 1997.

**Figure 5 – Number claiming unemployment and other out-of-work benefits**



## Factors affecting labour market performance

41. There are several factors that look to be contributing to the very different labour market impact of this recession. Unemployment benefits were managed only passively in the 1980s, with many claimants allowed to drift into not looking for a job. Although this had improved by the early 1990s, the level of inactivity was again allowed to rise significantly.
42. Since that recession there has been further reform with the introduction of JSA and programmes such as the New Deal. With the creation of Jobcentre Plus there is now an integrated benefits and job finding service of a kind that has never before existed during a recession. As a result, the emphasis is now on helping people to look for and be ready to take up work. As unemployment began to rise last year, the Government responded immediately by putting in place additional resources for Jobcentre Plus. This has meant it has continued to meet its targets for getting financial support to people quickly, even in the face of much larger numbers making claims for JSA. It has also been able to maintain and strengthen the support it provides to help people find their next job.
43. Equally important, the Government has maintained its focus on disadvantaged people and people not in the labour market. It has pressed ahead with reforms to incapacity and lone parent benefits, largely closing off inactivity as an option for those affected by the recession.

44. Although the level of redundancies has increased sharply, at least some of the effect of the recession looks to have been absorbed through reduced hours and wages. Average hours worked have fallen by over 2 per cent and there has been a shift towards part-time working. This partly reflects more people working shorter hours in their current job and partly those who have lost a full-time job taking a part-time alternative.
45. There are a number of examples of firms looking to arrange pay cuts and freezes or reductions in hours to manage the impact of a temporary fall in demand and avoid or minimise the need to make redundancies. Anecdotally there is some suggestion that this kind of coping strategy may be more widespread than in previous recessions.
46. Taking account of inflation, real earnings growth appears to have been lower and for longer than in previous recessions, though the differences are not dramatic. Unit wage costs have risen by less than in equivalent periods in the 1980s and 1990s and nominal wages for new employees have fallen, providing more ability for firms to hold onto labour or continue to recruit despite overall falling demand.

### The labour market in the recovery

47. This chapter has shown that the labour market has coped better in this recession than in past recessions, and set out some of the reasons for that.
48. In recent months there have been some encouraging signs with falls in employment easing and both the claimant count and ILO unemployment rising much more slowly. The rise in claimant unemployment has fallen back from over 25,000 a week in February to around 3,000 a week in October. ILO unemployment was still rising significantly in the spring, but more recent figures have shown increases slowing sharply in line with the trend in the claimant count.
49. Looking ahead, prospects for future trends in employment and unemployment depend both on how quickly the wider economy turns around, and how fast the labour market then responds to any recovery in output.
50. In the 1980s recession, unemployment remained high for many years, with the result that many people drifted away from the labour market altogether, never to return. For young people, claimant unemployment kept rising for four years after the recession ended and remained above a million for another year after that. By the early 1990s the lag between recovery in output and recovery in unemployment appears to have shortened, but the problem of rising numbers claiming other benefits continued until much later in the decade. Again, youth unemployment continued to rise for more than a year after the recession had ended. Our challenge today is to turn things around more quickly than in the past, avoiding the scars left by long-term unemployment and inactivity.
51. There are some reasons to believe that the lag between the economy and the labour market might be even shorter now than in the 1990s recession. The fundamentals of the economy were stronger leading into the current recession, with inflation and interest rates lower and a more balanced spread of people out of work across the country. This provides an opportunity to make further and faster progress in tackling unemployment and inactivity than was possible following previous recessions, although this will happen only if we continue to take the actions necessary to promote recovery.

52. Independent forecasters' projections have improved markedly since March 2009, although they still anticipate a lag between recovery in output and recovery in the labour market. The latest average of independent forecasts is for claimant unemployment to be 1.71 million by the end of 2009 and 1.92 million by the end of 2010.
53. At the time of the Budget, the average of independent forecasts suggested that claimant unemployment would reach nearly 2.1 million by the end of this year and over 2.4 million by the end of 2010. **On the basis of current independent forecasts, claimant unemployment will end 2009 around 400,000 lower than they predicted would be the case back in March.**

### Implications for the public finances

54. These figures mean that the public finances will see lower unemployment-related spending than projected, on the basis of cautious National Audit Office (NAO) audited assumptions, in Budget 2009. This reflects in part that lower claimant unemployment leads to lower spending on Jobseeker's Allowance payments and associated benefits such as Housing Benefit (HB) and Council Tax Benefit (CTB). In addition, as lower forecasts for claimant unemployment imply more people in work than would otherwise have been the case, there are wider benefits to the Exchequer from higher tax revenues.
55. In the projections of the public finances, the Government uses an NAO audited assumption for claimant unemployment. If unemployment were to follow the latest assumption at the time of the Pre-Budget Report, this would imply savings of approximately £10 billion over the next five years from lower benefit spending alone, compared to the assumption at the time of the Budget.
56. In the Pre-Budget Report, the Treasury published for the first time a projection for claimant unemployment. This shows the claimant count rising to 1.75 million in 2010 before falling back to 1.5 million in 2012 and 1.25 million in 2014.
57. The policies in this White Paper are designed to help bring unemployment down further and faster than in previous recessions, saving billions of pounds in benefit payments as well as increasing tax revenues for the future.

### Conclusion

58. This chapter has looked at the changes that have taken place in the labour market both before and since 1997. It has shown how these changes, supported by the policies introduced since 1997, ensured that the UK was better placed to withstand the recession than was the case in the 1980s and 1990s.
59. Helping as many people as possible to be in work has wider economic benefits, as well as the obvious human ones. More people in work means more people paying taxes and fewer claiming state benefits.
60. It also means that the UK is better placed to avoid the long-term problems of persistently high unemployment and inactivity that characterised the years that followed previous recessions. Our aim is to return Britain to the levels of employment achieved before the recession. Once we have done that we want to go still further, as we set out in Chapter 3.

## Chapter 2 – From recession to recovery

### Summary

- Although the labour market has proved more resilient than in previous recessions, we still face a major challenge. Following previous recessions, unemployment, including youth unemployment, continued to rise for years and the country was left with a legacy of long-term unemployment and inactivity. We must act as decisively in the recovery as we have in the recession to achieve a better outcome this time.
- This chapter sets out the actions we will take to ensure a quick, jobs-rich recovery by promoting demand and supporting unemployed people into work.
- Helping young people is our top priority. We have published our help for 16–24-year-olds in *Investing in Potential*, covering learning and work opportunities in England.
- To prevent youth long-term unemployment, we will bring forward the Young Person's Guarantee so that all 18–24-year-olds claiming Jobseeker's Allowance (JSA) after six months will be guaranteed access to a job, training or work experience. This will be supported by over 100,000 additional places, with a requirement to take one of these after ten months.
- We will also provide a dedicated personal adviser from day one of a young person's claim; a Graduate Guarantee for all 2009 graduates unemployed for six months; and additional help for employers in England to take on more 16–17-year-olds as apprentices.
- We are also increasing our support for the over-50s, professionals and people who wish to become self-employed.
- We will encourage sectors which promote growth and jobs and create further jobs for out-of-work people through the £220 billion the Government spends on procurement.
- In England, the Regional Development Agencies (RDAs), the Homes and Communities Agency, and local authorities and their partners will all be expected to place employment at the heart of regeneration.



## Introduction

1. We are determined to avoid the damaging legacies of the last two recessions – in particular the time it took for employment to grow again and the permanent scars inflicted on too many individuals and communities.
2. In past recessions, unemployment kept rising long after economic growth returned, with youth unemployment rising for four years after the end of the 1980s recession and for about 18 months after the end of the 1990s recession.
3. Long-term unemployment peaked at over a million people. This not only delayed the return to pre-recession levels of employment, it also eroded the motivation, skills and confidence of many individuals, harming their employment prospects and holding back their life chances. Many simply withdrew from the labour market, becoming dependent on the welfare state. Their scars were all too frequently long-lasting – with future employment prospects and wage levels often damaged permanently.
4. Certain towns, cities and areas were also adversely affected. Jobs were lost, communities isolated and little support put in place to either cushion the blow or help places benefit when growth returned. It is still possible to see the scars of that mismanagement today.
5. The damaging effect on people and communities had an adverse impact on the country, with the loss of skills and productive capacity.
6. We are determined not to allow this to happen again. Our intention is not only to dampen the impact of the recession on households and business, but also to prevent the legacy of worklessness from scarring communities and writing off a generation of young people.
7. As we have seen, employment has fallen by significantly less than expected in this recession, and the labour market is well placed to benefit from a return to economic growth. One of the reasons behind this is the action the Government has taken on both the demand and supply side of the economy.
8. To meet the reduction in demand we put measures in place to get the economy moving again. We took early and decisive action, for example through the temporary cut in the rate of Value Added Tax and bringing forward large public construction projects. Add to this the significant investment to save the banking sector and the measures built into the economy to cushion sudden changes in demand. **Taken together with the actions of the Bank of England, our proactive response to the recession is estimated to have helped support up to half a million jobs.**

9. We also invested heavily in supporting unemployed people and helping those who were made redundant to remain active in the labour market, gain new skills and move back into work. Previous recessions left a devastating legacy of long-term unemployment and inactivity. We have put in place substantial investment to ensure this does not happen again. £5 billion has been set aside up to March 2011 to help unemployed people get back to work. This has increased funding to Jobcentre Plus to expand its services to job seekers, which has included increasing headcount by 15,000 staff.
10. As we now move towards a period of recovery and financial consolidation we are determined to ensure that the wider economy returns to a path of sustainable growth. We will continue to support consumption, investment and a responsible level of government spending. We will also follow through with our help for unemployed people, maintaining the increased level of support as we drive down the overall number of people out of work as quickly as possible.
11. This chapter sets out the additional policies we are introducing on both the demand and supply side of the economy. Through the action we have taken and will be taking, we are determined to deliver the jobs-rich recovery the country deserves and, in the longer-term, make progress towards our full-employment ambitions.

### Helping people back to work

12. By the start of this recession we had put in place a system of support for people out of work to keep them close to the jobs market. JSA combines fortnightly jobsearch reviews and work-focused interviews. These are highly effective in helping large numbers of people off benefit quickly, so that more assistance can be focused on those with the greatest barriers to work. Before the recession, nearly 80 per cent of JSA customers left benefit within the first six months and even now over 70 per cent do so.
13. We have learnt the lessons from previous recessions and are determined to prevent as many people as possible from becoming long-term unemployed. Any spell of unemployment can be difficult and pose challenges for those affected. However, we know it is long-term unemployment that can cause more substantial problems, including the loss of skills, confidence and motivation. This can make it harder to find new work, and result in permanent scarring through lower wages and a higher likelihood to experience unemployment in the future.
14. That is why we have geared our system to offer more support, the longer people are out of work. Many people are able to find work quickly and need only limited help at the beginning of their claim. But the longer they have been out of work or claiming benefits, the more help they may need. To make sure our investment is as cost effective as possible, we therefore target additional help on those who need it most.

## The help we offer at the moment

15. Services provided through Jobcentre Plus, private providers and the voluntary sector are already helping hundreds of thousands of people leave benefit and get back into work, taking advantage of the thousands of new vacancies still coming up every day.
16. We are also investing £5 billion extra this year and next year to put a substantial package of new support in place. This support is based on what we know will help individuals and households suffering from the effects of unemployment. We have done this by extending and tailoring our support to meet the different needs of job seekers at all stages of their claim. Included in this is more support from advisers as well as specialist support to build confidence and improve jobsearch techniques, and deliver training geared to what employers need.
17. Our help builds on the same principle of increasing support the longer the claim lasts.
18. Before people become unemployed, we have significantly increased support for people at risk of redundancy. We have quadrupled the funding of our Rapid Response Service and have offered support to more than 3,000 employers facing the prospect of making people redundant.
19. For those who become unemployed we have significantly increased the support available to all job seekers from day one of their claim:
  - Advisers can arrange Work Trials which give people the chance to try out a job and employers a chance to trial someone.
  - We have expanded Local Employment Partnerships (LEPs) between job centres and local employers, and are using them to help people from the first day of their claim. Through these partnerships, job centres work with employers to provide pre-employment training, recruitment support and work trials to place those who might not otherwise get interviews. So far they have helped more than 430,000 people into work. As a result of their great success, we have raised our original target of 250,000 jobs achieved through LEPs by December 2010 to 750,000.
20. We set out a comprehensive package for those job seekers reaching six months of a claim, including:
  - intensive support from personal advisers;
  - £1,000 to employers who recruit someone claiming JSA for at least six months;
  - additional work-focused training places;
  - volunteering opportunities; and
  - financial support and advice to help set up a business.

21. For those reaching 12 months out of work we are rolling out a major and radical increase in support through the Flexible New Deal (FND). FND is a major new personalised, individualised programme lasting 52 weeks, built on the success of the mandatory New Deals. Through FND we have established a new, unified approach for all job seekers with serious barriers to finding sustained work, whatever their age. The FND is based on evidence from Employment Zones that demonstrated the effectiveness of a tailored approach to support. The first phase of the FND successfully went live from 5 October 2009, and the programme will be rolled out nationally by October 2010.
22. We have also introduced additional targeted help for people who could benefit from extra support – including providing extra help for professionals through recruitment agencies.
23. And for those areas most heavily hit by unemployment we are investing over £300 million as part of the Future Jobs Fund in delivering 50,000 jobs to help the older (25 and above) long-term unemployed.
24. As young people have been most heavily affected, we have already introduced a substantial expansion in additional support, with over 300,000 additional youth opportunities being funded by the Government. This includes:
  - The Backing Young Britain Campaign to encourage employers across the country to provide extra apprenticeships, internships, work experience and mentoring for young people out of work.
  - The September Guarantee and a big increase in education and training places for 16–17-year-olds.
  - Big increases in higher education and further education places.
  - Big increases in apprenticeship places.
  - The £1 billion Future Jobs Fund.
  - Work-related training places.
  - A Young Person’s Guarantee that all young people will be offered jobs, training or work placements as part of this programme, and that no one will be left on benefit for more than 12 months.
25. Alongside all this help we are providing for job seekers, we have continued with our support for lone parents, and for disabled people and for people with a health condition.

## Future Jobs Fund

The Future Jobs Fund is a £1 billion challenge fund to which local authorities and other organisations can bid to create around 150,000 new jobs. This is a new approach to creating jobs and providing hope for young people and job seekers in deprived communities.

The Fund, set up at the Budget, aims to generate 100,000 job opportunities for young people on JSA and 50,000 job opportunities for adults on any benefit who live in areas with high rates of unemployment. It will help local partners tackle youth unemployment and worklessness among disadvantaged groups such as people with learning disabilities or mental health conditions, offenders and care leavers.

To date we have agreed to fund around 95,000 jobs – nearly two-thirds of the total number of jobs that the fund has been targeted to create. The first jobs created by the fund started in October.

The jobs created include sports coaches, education assistants, and roles in the green and social care sectors.

## Case study

Paula (20) secured a job with Real Baby Milk, a social enterprise that promotes breastfeeding to all parents. Paula was delighted: *“I didn’t think I’d get the job, but when I heard I’d got it, I was really proud of myself!”* Paula is making a real contribution and is a valued member of the team.

## More help to come through recession

26. But we believe more help is needed to prevent long-term unemployment and get people through the recession. In particular that means extra help for young people, but we also want to do more to help older workers, and others at risk of long-term unemployment get back into work as the economy recovers.

## More help for 16–17-year-olds

27. The measures we have put in place and set out in this section for 16–17-year-olds relate to England only, unless otherwise specified.
28. Our aim is for all young people aged 16–17 to be in education or training, including work-based learning options such as apprenticeships. This will ensure young people build the skills and qualifications they need to succeed in an increasingly competitive labour market. We passed historic legislation in the Education and Skills Act to raise the age of compulsory participation in learning to 17 in 2013 and to 18 in 2015. We have also put in place the September Guarantee, to offer every 16–17-year-old a suitable place to continue in education and training.

29. The September Guarantee is already proving successful, with a record level of 88 per cent participation among 16–17-year-olds at the end of 2008. This in turn is helping more young people than ever to develop the skills and qualifications they need for sustainable employment.
30. **We are now building on the September Guarantee by providing every 16–17-year-old who is not in education, employment or training (NEET) in January 2010 an offer of an Entry to Employment place.** Where eligible, they will also receive Education Maintenance Allowance. This will allow young people who are NEET to return to productive learning, so reducing the risk of long-term unemployment.
31. A key part of this offer is work through apprenticeships. **The National Apprenticeship Service will therefore offer subsidies of £2,500 to employers to take on 16–17-year-old apprentices. This funding will support up to 5,000 apprenticeship employer placements for this group.**
32. In addition, we will foster stronger links between Jobcentre Plus and partner agencies to provide wider support for this age group, including:
- working closely with the National Apprenticeship Service to encourage as many employers as possible to offer apprenticeship places;
  - better integrating the services offered by Jobcentre Plus and Connexions for 16–17-year-olds who are looking for work, including providing NEET young people with access to vacancies, including through LEAs, with training or as an apprentice where possible; and
  - working with Connexions to develop and deliver group sessions for the wider group of 16–17-year-olds who are NEET – these sessions will give an introduction to the local labour market and the qualifications needed for employment.
33. We know that the creation of new jobs and industries for the low carbon economy is also a major opportunity for the UK, both in terms of sustainable economic prosperity and new employment routes for young people. That is why we committed to create up to 10,000 work placements for young people. The first 5,000 of these placements will be delivered to 14–19-year-olds over the next 18 months. The Department for Children, Schools and Families has begun the process to select delivery partners for these placements and will announce the successful organisations in the New Year.

### A stronger youth guarantee

34. We want to bring all the support available to young job seekers together into an offer that is even stronger. This will include more time with personal advisers and having a more varied and comprehensive range of potential jobs, training and work experience in place earlier in the young person's claim.
35. We are making this investment because we know that the sooner we offer these sort of places the sooner young people will benefit from the skills and experience the places provide. **We know young people need extra support in the current jobs climate. We want them to have this as early as possible in their claim.** The longer they are not doing anything, the greater the risk that young people will suffer the long-term, damaging effects of unemployment.

36. **We want Government, local authorities, businesses, public sector bodies and the voluntary sector to work together to deliver hundreds of thousands of opportunities for young people next year. With the support of employers we believe our aim should be to have youth unemployment falling by the second half of next year.**
37. We will deliver the following:
- Access to a dedicated personal adviser from day one of their JSA claim, with more time with an adviser throughout their claim, and more young people fast-tracked to the support available from six months. (In Chapter 7 we set out how we will increase the amount of personalisation we can offer to customers generally.)
  - We will bring forward the Young Person's Guarantee so that all 18–24-year-olds still unemployed after six months will be guaranteed access to a job, training or work experience. This will be supported by more time with their personal adviser to draw up a personalised back-to-work plan which will draw on provision including the Young Person's Guarantee, the Six Month Offer and internships.
  - A Graduate Guarantee, so that all new graduates still unemployed at six months will have access to an internship, training or help to become self-employed, as announced in the Queen's Speech.
  - **Over 100,000 government-funded additional training, internships, work experience and job opportunities, on top of the 300,000 we have already pledged for the next 18 months, to help deliver the guarantee. This will include a target of 16,000 apprenticeship places through the Future Jobs Fund. Together, this will be sufficient to guarantee a job, training or work experience to every young person who wants one after six months of unemployment. These additional places will be supported by around £300 million of spending, money that has become available from the lower than expected unemployment numbers.**
  - A requirement that all young people take up one of the places on offer before they complete ten months on JSA.
38. On reaching six months of unemployment, young people will discuss all the provisions on offer with their personal adviser and work with them to draw up a tailored back-to-work plan. Young people will sign up to the package in their back-to-work plan and will be required to follow it through. Any young person who fails to attend the programme they are referred to will have to take part in the Community Task Force before they complete ten months on JSA. **Doing nothing will not be an option.**
39. **That is why this strengthened support will be offered to all young people who claim JSA from six months into their claim, with the requirement that they take advantage of it by month ten.**
40. In addition, anyone who is fast-tracked, including 18-year-olds who have built up a six-month period NEET, will get immediate access to this offer.

## The further support we will provide

41. We know that it is not just young people who have been hit hard by this recession. Our response to date has addressed the specific additional support that certain groups of customers require. We will now build on that substantial package of support. There will be a particular focus on people over 50 and professional customers. We will also bring forward our support for people seeking to start a new business.

### New support for people over 50

42. We know from previous recessions that unemployed people over 50 take longer to get back into work and are at greater risk of drifting into long-term unemployment or inactivity. Effectively they are retiring long before they are ready to do so. We want to avoid the legacy of long-term unemployment that was created in previous recessions. As our society ages we must maximise the potential of the increasing proportion of our working-age population that will be over the age of 50.
43. There are a number of reasons why people over 50 can take longer to return to work. The over-50s are more likely than younger people to have multiple barriers to work, such as a health condition and low or out-of-date skills. They may also experience barriers that are either unique to older people or experienced more acutely by the over-50s, such as age discrimination and difficulties in changing careers.
44. To respond to their additional needs we want to build upon the improved offer for all ages while strengthening certain elements of the service for people over 50 who need extra support. We will put in place new measures to achieve this:
- **Additional time and training for Jobcentre Plus advisers.** Jobcentre Plus advisers are a critical first point of contact and the gateway to further support for many unemployed people over 50. Extra time (additional voluntary interviews) and training on the issues faced by older job seekers will make advisers more effective at building rapport, boosting confidence, assessing needs and making referrals to additional support where needed.
  - **New specialist back-to-work support for the over-50s.** Jobcentre Plus advisers will refer those over-50s who need extra support to external providers for short courses tailored to address the specific needs of older job seekers. They will, for example, explore how the over-50s can best maximise their experience when searching for jobs. The support will mainly be provided on a group basis with one-to-one support also provided where needed.
  - **Widening access for over-50s to work trials.** Work trials enable employers to assess whether a candidate is up to the job and prospective employees to gain a greater understanding of the needs of employers. Individuals gain greater confidence in returning to employment. Research shows that work trials have been effective in helping employers overcome age-related concerns. We will change current eligibility rules to make it possible for people over 50, who an adviser thinks would benefit, to access work trials from the start of their claim to JSA.

- **Ensure that over-50s with significant barriers to employment get early access to the Six Month Offer.** Jobcentre Plus advisers have the discretion to fast-track customers to support normally only available after claiming for six months. We will add over-50s to the list of groups eligible to be considered for this fast-tracking, to ensure that advisers consider customers in this group for early access to more intensive support if they judge they have significant barriers to work.

### More help for professionals

45. We know that the existing support we have put in place for professionals has proved a success. We have had many positive reports back from customers involved, and the sessions have been well attended.
46. **We will build on this success by providing additional funding to allow all customers attending the day one workshop for professionals to attend a dedicated follow-up session with the same agency.** This additional support, from providers that understand their specific needs and situation, will provide an additional boost to help unemployed professionals overcome their particular barriers and help maintain the momentum of their journey back to work.
47. Both the initial day one workshop and the proposed follow up have been designed primarily for professionals with an established work history, but with little recent experience of looking for a job. It is, therefore, particularly relevant for our older customers from professional backgrounds who tend to change jobs less frequently.

### Long-term unemployment

48. We are doing more than ever before for those at risk of long-term unemployment; from April 2009 we introduced a reformed JSA regime supported by the FND. This new approach provides a single structure for all job seekers. The receipt of JSA between jobs is based squarely on the obligation to seek and prepare for work. We provide world-class support in return for a continuing commitment to make the most of these opportunities. As unemployment lengthens beyond six months, Jobcentre Plus provides more intensive support and requires more work-related activity to keep individuals active in the labour market.
49. As mentioned earlier in the chapter, after someone has been unemployed for 12 months they will move to specialist providers under FND. We ask our providers to work with these customers to build a package of support that is right for the individual, and the provider will be paid when they successfully help the job seeker return to and stay in work. As some of the most disadvantaged people will be fast-tracked through the system, it means that they will get access to the FND provider after just six months of their claim, if they have not found work by then.

50. Through the FND we are challenging providers to deliver innovative, flexible support for everyone, whatever their needs. But we also need to ensure that the financial incentives we give providers support this aim. We are exploring different ways of giving our providers the right incentives. Through the Personalised Employment Programme (PEP) pilots, we are testing the groundbreaking Accelerator Funding Model which will pay providers more as they get a greater number of people into work. We will look very carefully at how this works and bring any lessons learned forward into future employment support contracts.

### Reforming support from 24 months of unemployment

51. Our immediate priority is to prevent people reaching long-term unemployment with extra help when they first become unemployed.
52. For those who are unable to find work by 12 months, we are introducing a radical new form of personalised support from specialist providers who are paid by results to help people into work.
53. For the minority of people who are still struggling to find work after two-years unemployment, and who did not get work through the specialist providers, we believe more help is needed.
54. The numbers reaching very long-term unemployment of two-years or more remain low. And at this point in the recession and in the early stages of the delivery of the FND we do not know yet how many people will need this long-term help.
55. However we believe that very personalised help is needed, with requirements for work-related activity, work experience or job placements. We also believe more help is needed in areas of high unemployment.
56. We have already outlined, in 2008, our proposals to test the PEP, a single integrated programme of support delivered by specialist providers. PEP will provide support across benefit types to ensure that people receive support based on their needs, not on the benefit they are receiving. PEP will be available well before the two-year point of a claim, but the principle is one that we wish to embed in any support that we put in place for those reaching two years on unemployment benefit.
57. We are also developing two new approaches for job seekers unemployed for two years, which cover two key elements of help for this group: mandatory activity and personalised help:
- Work for Your Benefit will test a programme of employment support and bespoke work experience for up to six months.
  - Jobcentre Plus delivering intensive and personalised support at the two year stage, including the use of a personal support fund which is ring-fenced for each individual and can be used flexibly to support efforts to find and stay in work.

58. We will explore the options to go further than this, looking at the best ways to support those reaching two years of unemployment. This will include assessing the options to focus the mandatory activity and personalised support on those parts of the country that are suffering the highest levels of unemployment and considering the option to target some of the 50,000 Future Jobs Fund jobs for older workers in unemployment hotspots who are 24 months unemployed from October 2010.
59. Through these policies we will avoid the legacies of past recessions where whole communities suffered a generation without work.

### **Growth in the economy – growth in the labour market**

60. The measures we are putting into place to help unemployed people back into work need to be complemented by action to stimulate demand in the economy and ensure sustainable economic growth returns. This will help create new jobs in the economy, raise employment and incomes, and deliver a better standard of living for all.
61. The *New Industry, New Jobs* publication set out the Government's industrial strategy to support Britain's economic renewal and future growth. At the heart of this is a commitment to complement investment in the sectors in which Britain holds a competitive advantage.
62. Allied to this we must also take account of those sectors which will deliver high employment growth over the next decade. This dual approach to stimulate output and employment growth will ensure individuals and families, and the country as a whole, are able to share in the economic growth as we enter recovery.
63. **As a priority we will ensure that growth supports the success of British-based businesses and our people, both at home and in growing global markets, and so creates jobs.** Our focus is to drive sustainable economic growth, which in turn can foster the investment and business success that will create jobs in growth areas like low carbon and bioscience, as well as those sectors driven by changing demographics such as the social care, leisure and hospitality sectors.
64. The Pre-Budget Report 2009 set out the action we are taking to ensure the UK remains an attractive place to do business, and to create a strong and stable platform for growth. This includes action to put the public finances on a sustainable footing and to ensure that the financial markets are properly functioning, which are key to providing the macroeconomic stability that business needs to prosper and plan long-term investment strategies. As part of this we will continue to support business through the Business Payment Support Service that has already enabled over 16,000 businesses to spread over £4 billion of tax. We also set out the deferral of the planned increase in the Small Companies Rate of corporation tax, helping around 850,000 businesses in the UK.

65. It is also vital that the Government helps restore trust and confidence throughout the economy, and continues to steer the financial sector to a position where sustainable lending and transactions promote business growth. This is particularly important for small businesses, where the Small Business Banking Forum continues to support stronger working relationships between banks and small business. We will extend the Enterprise Finance Guarantee for a further 12 months, enabling £500 million of additional bank lending to small and medium-sized enterprises (SMEs) in the next financial year. We are introducing a Growth Capital Fund to provide a new channel to attract private sector investment into UK SMEs, alongside the UK Innovation Investment Fund planned to provide £325 million total funding.

### The role of the public sector

66. Alongside our commitment to place Britain at the forefront of the global economic recovery, it is vital we make the best use of every pound spent by the public sector. This requires a concerted effort from all parts of central, regional and local government across all departments, authorities, agencies and bodies. We must all prioritise lasting economic growth and support employment opportunities, particularly for those currently out of work.

### Harnessing the Government's buying power

67. The Government spends around £220 billion each year on goods and services. Ninety-five per cent of this is with firms with operations in the UK. All Government purchasing must represent good value for money. This is particularly important given current constraints on public sector spending. However, smart procurement can help achieve wider policy objectives.
68. In the 2009 Pre-Budget Report, Government announced its priority policies to be delivered through public procurement. These included supporting skills training, apprenticeship opportunities and tackling youth unemployment.
69. Where possible, Government will use procurement to contribute to growth and to create jobs for young people who are out of work, particularly in areas of high unemployment.
70. **To achieve this we will encourage Government providers to sign up to LEPs, or use Jobcentre Plus when recruiting. This will help business too. Over 50,000 employers have recruited through LEPs and businesses have welcomed the support and help they have received.**
71. As part of this wider ambition, we are also committed to using the power of public procurement to promote skills training and apprenticeship opportunities to young people. Over the next three years we aim to secure 20,000 apprenticeship places in England through Government procurement. We will also look to get a significant number of new jobs for young people through this procurement. This would contribute to the overall target we have of 750,000 jobs through LEPs by the end of 2010.

## West Midlands – A Procurement Framework for Jobs and Skills

The West Midlands Economic Inclusion Panel, funded by Advantage West Midlands, is driving the development of **A Procurement Framework for Jobs and Skills**.

By securing sector-wide commitment to deploy the Framework, the Panel aims to harness the public sector's immense 'buying power' to increase access to jobs and training opportunities and so tackle the high levels of long-term unemployment and worklessness across the West Midlands.

The Framework includes specific guidance on the range of support services available to prospective contractors from Jobcentre Plus and key delivery partners, including the Learning and Skills Council and the National Apprenticeship Service. A **Model Jobs and Skills Charter**, which is part of the Framework, includes a requirement that all contract-related opportunities will be advertised through Jobcentre Plus and encourages engagement with relevant LEPs.

## Bringing forward support to start a business

72. New businesses provide increased job opportunities as they develop. They help to sustain and stimulate economic optimism and growth. And they bring novel approaches and fresh competition to the economy, which in itself provides a further stimulus to growth.
73. Even during the recession, the number of people taking up self-employment has increased. Therefore, it is vital that, as consumer and business demand returns, we are well-placed to support and encourage those people who need additional help to develop new business ideas and get them off the ground. This route can be particularly important for older people, who have higher rates of self-employment and are more likely to establish a successful business.
74. Business Link in England, Flexible Support for Business in Wales and Business Gateway in Scotland already provide high-quality start-up support. They do this through the Internet, national telephone lines and workshops. These are available to anyone interested in setting up a business whether or not they are currently unemployed. The help focuses on those who are on the brink of moving into self-employment and already have detailed plans. But they may need further advice on particular aspects, such as finance, tax and health and safety. Help is also available for those who may need a wider range of specific help as they start trading.

## Help to become self-employed

- We identified that more needed to be done to give unemployed people the additional support they needed to overcome the problems with taking up self-employment, whether setting up a business or not. We therefore included help for people wishing to become self-employed as part of the Six Month Offer we introduced in April.
- This part of the Offer has two elements:
  - Additional advice and guidance services, some specifically created for the six-month customer group. These are delivered by Business Link in England, Flexible Support for Business in Wales and Training for Work in Scotland. Where particular needs are identified, customers enter a programme of intensive support and advice which is tailored to their needs. This support is provided while the customer is still claiming JSA. Where necessary, it can be provided for a further 16 weeks following the start of a business.
  - A Self-Employment Credit for anyone whose claim to JSA ends as a result of taking up self-employment or starting a business. The Credit is tax-free and is worth £50 a week for up to 16 weeks when the person starts trading. It provides extra cash help at a crucial time as the self-employed person is building up their customer base.

75. We know from customers and Jobcentre Plus staff that there is now a wider demand for these services among people who become unemployed. **We will, therefore, make available intensive support from expert partners and enable access to the Self-Employment Credit from three months into an individual's JSA claim.** Advice will be available from day one but we believe three months is the most appropriate point at which to provide this more intensive support and financial backing.
76. We are heightening the awareness of our self-employment services among our personal advisers and customers to ensure that the service we provide is simple to understand and based on the customer's specific circumstances. To help develop this service we will improve the relationship between Jobcentre Plus and Business Link. From 2010 we intend to start having experts from Business Link (in England) in Jobcentre Plus offices where both Business Link and Jobcentre Plus identify a need. This will ensure that those interested in self-employment can benefit from this extra help to make certain that their business has the best possible start.
77. Within our extended level of support there is access to a range of expert products that increase financial awareness by providing people with the skills and expertise to help secure private sector funding. However, for some of our customers funding will remain a real barrier to realising their potential in business. We will therefore work closely with the Department for Business, Innovation and Skills to explore how the existing Support for Business package can provide help to our customers who have a sound business plan but do not have access to capital.

## Increased support for those in the areas of highest unemployment

78. Our success in achieving growth and returning to full employment will not just be measured on our performance as a country, but also in ensuring that growth extends to all parts of the country. Previous recessions had a devastating impact on specific towns, cities and areas, the legacy of which is still evident today.
79. Our action over the last decade to promote growth and jobs in more vulnerable and disadvantaged areas has helped to narrow the gap and ensure economic prosperity is spread more evenly across the country. **It has also meant that the distribution of unemployment in this recession, while affecting some areas more than others, has been more even than the extreme disparities experienced in previous downturns.**
80. In England, the creation of RDAs to promote economic growth and attract inward investment and jobs has been crucial to this. We are also ensuring that regionally and locally-devolved funds deliver jobs and opportunities for deprived areas and those with high rates of unemployment. These include:
- The Working Neighbourhood Fund, which is worth £500 million each year to March 2011 and targeted on 61 disadvantaged areas with high concentrations of worklessness in England. We have recently announced a £40 million top up to promote local innovation.
  - In Scotland and Wales, area-based support is available through the Deprived Areas Fund.
  - The Local Enterprise Growth Initiative, worth £300 million to March 2011, supporting small business formation and self-employment in 26 local authorities in England with high rates of deprivation.
  - The European Regional Development Fund programmes, covering 2007–13 will receive over £3.1 billion for the English Regions and more besides for Scotland and Wales. This will improve the growth and productivity of local economies by promoting the regeneration of disadvantaged areas and the development of infrastructure and the built environment.
81. We are determined to ensure that those areas disproportionately affected by the recession are those areas that enjoy a jobs-rich recovery. To prevent the economic decline of these areas of the type seen in the 1980s, central, regional and local government will work in partnership with the agencies, organisations and employers best placed to deliver jobs and growth.

## Joining up what we offer

82. The actions of regional and local organisations can have a profound effect on job prospects in their part of the country. Cities and their wider economic areas also have the potential to make significant contributions to economic growth and improve local labour markets. The Manchester and Leeds City Region pilots, as well as other city region partnerships, will explore the contribution that these partnerships can make to supporting our customers.

83. We will work with the English RDAs as they produce the new Integrated Regional Strategies. These will set out employment and economic inclusion priorities to show how each region is tackling worklessness. As part of this process, we need to recognise the differences between local areas and respond appropriately. Local authorities are uniquely placed to have this insight. In England, the recently introduced Local Economic Assessment Duty will give a common understanding of the opportunities and challenges faced by neighbourhoods, local authorities and sub-regions. Local Economic Assessments will provide the basis for a more informed conversation between local authorities and public agencies about economic potential, regeneration and employment.

### **Fusion21 in Huyton, Merseyside**

Fusion21 in Huyton, Merseyside is an intelligent procurement social enterprise company. It started initially by combining the procurement of seven housing associations in the Liverpool City Region, creating volume efficiencies and saving public money. It has developed considerably over the years and they are now working nationally with over 70 social landlords.

The savings created are invested into its own skills centre, which works in partnership with other agencies dealing with deprivation, particularly Knowsley Council and housing associations across the Merseyside area. Working with Jobcentre Plus, unemployed people are trained in basic skills, as well as construction, Information and Communication Technologies and life skills. People are then placed into permanent employment through the contracts let by Fusion21.

The model is one of the few that has been able to successfully reach second and third generation workless people. To date they have:

- created 602 permanent jobs;
- provided vocational training to over 700 Merseyside residents, many of whom have gained National Vocational Qualifications;
- generated efficiency savings in excess of £15 million; and
- generated an estimated financial benefit to Merseyside boroughs in excess of £19 million, through regular paid work and reductions in benefit claims.

They have won a number of awards, and have so far been successful in bidding for funding through the Government's Future Jobs Fund to create a further 127 jobs out of the 6,000 earmarked for the City Region. These Future Jobs Fund opportunities aim to train workers in areas of current and future skill shortages.

84. Working together through Business Link, RDAs and Jobcentre Plus can make the offer to employers clearer. Over the last decade, RDAs have created over 200,000 jobs and helped 400,000 people to take up training and new skills. They are well positioned to exceed these figures over the next decade. This is why **we will work with RDAs to promote recruitment through LEPs with the employers they engage with and assist.**

85. There are many practical opportunities for RDAs, local partnerships and Jobcentre Plus to work together. We will strengthen these partnerships as we move into recovery. Together, these organisations can provide employers and individuals with a co-ordinated approach that covers recruitment, retention, re-skilling and up-skilling. Working together means connecting job opportunities with people who are out of work.
86. There is a clear opportunity to link growth in key industries in all areas. Working in partnership we will ensure that employment and business growth in sectors such as low carbon and associated technologies, the digital economy, and housing and the built environment provides opportunities for all. This is true whether it is higher-level skills that are needed, or routes into employment or self-employment for those with no or low-level skills.
87. Some areas of the country have been harder hit by the recession than others. Some will have particular challenges in becoming prosperous over the longer term and unlocking new opportunities for growth. Regional and local partners should offer strong leadership to tackle these problems. They should also focus on creating the right local infrastructure to support growth and help people get and sustain a job, for example by providing effective transport links and accessible childcare.
88. There also needs to be a strong supply of accessible jobs available. That is why we are placing employment at the heart of our approach to regeneration. In England, this will mean a **stronger role for Jobcentre Plus in working with local authorities, the Homes and Communities Agency and RDAs to support new employment opportunities in their local area and help workless people gain the skills to enter them.**
89. We also want to work in partnership with the many local organisations delivering jobs and making a real difference to their local area and local people.

## Conclusion

90. Our commitment is to prevent the mistakes of past recoveries where recessions left a lasting legacy of long-term unemployment and inactivity, damaging people's lives, sometimes whole communities, and the country's productive capacity.
91. Our vision is therefore for a recovery, where all people across the country can benefit from economic growth.
92. Working with employers, our aim on current trends is to get youth unemployment falling in the second half of 2010.
93. Getting more people into work will involve mobilising the resources of many parts of the Government and many other agencies. But even when jobs are available, some people may not have the necessary qualifications or face other problems about going back to work.
94. Our plans for dealing with these so-called 'barriers to work' are set out in the next chapter.

# Chapter 3 – Achieving full employment

## Summary

- Returning to growth and pre-recession levels of employment will be the Government's first priority as we deal with the recession and move into a period of recovery.
- However, we will not lose sight of our long-term aim to get eight out of ten working-age people into employment.
- We are also committed to achieving a new ambition to get over one million more people into work over the next five years as the economy grows. This is significantly greater than the fall in unemployment we have seen so far in this recession.
- The vision set out in this paper describes why it is important to help more people into work and sets out our seven key principles for realising our aspiration.



1. Britain went into the recession with a strong labour market. After 1997 we had achieved what many commentators described as full employment, meaning that rising employment had reached its natural ceiling and unemployment looked unlikely to fall any lower. By 2007, Britain had high and consistent employment and low unemployment. More people were in work than ever before. The number of people claiming unemployment benefit was the lowest for over 30 years.
2. Previous recessions have been characterised by ensuing periods of high and persistent unemployment. In the 1980s, despite a large boom in the economy, the labour market did not fully recover before recession struck again in 1990. Despite falls in unemployment in the mid-1990s, the labour market had still not fully recovered more than five years after the 1990s recession had ended. The current recession has left a large number of people out of work and the Government is determined not to abandon these people, leaving them and their families without the support they need to return to work.

3. In Chapter 2 we set out how we will follow through on our promise to help people during the recession by building further on the comprehensive support we have already pledged. Our strategy demonstrates our determination to ensure that no individual, family or community is left stranded by the economic shocks of the last 18 months. This will help us achieve our first priority: to return to pre-recession levels of employment as quickly as possible. This will provide a strong platform for us to achieve our long-term aspiration of a labour market where everyone who wants to work is doing so.
4. To realise our ambition we will need to go beyond past achievements and adopt further measures which will deliver high and sustained employment levels, with employment opportunities available to all.

### Beyond the recovery

5. Through our welfare reforms we set ourselves the ambitious **aspiration of having eight out of ten working-age people in employment**. This aspiration will become more difficult to achieve due to the changes the Office for National Statistics will make to the way working age is defined from next year. This change will reflect the incremental rise in the State Pension age for women from 60 to 65 to match the current State Pension age for men. At the moment, using this revised measurement, just over seven out of ten people are in work. It is likely to take some time for the employment rates of older women to catch up with the forthcoming change in definition.
6. Nevertheless, this paper is an opportunity for us to **restate our long-term aspiration of an 80 per cent employment rate**.
7. While the employment rate has fallen over the past year it should be noted that students make up a significant and growing proportion of working-age people who are not in work. Student numbers are now higher than ever and are set to grow in years to come. The Government is committed to increasing the number of people in education or training. We will ensure all 16–17-year-olds in England are undertaking some sort of education or training by 2015. We are also committed to getting even more 17–30-year-olds into higher education.
8. If we measure employment excluding full-time students, the current rate is 3.6 percentage points higher than the overall rate using the current working-age definition. As there is no expectation that a high proportion of full-time students should necessarily be in work, **our first priority will be the non-student working-age population**.
9. We are also committed to making real progress now and in the medium term. The actions set out in the rest of the White Paper will help us to do this, and **realise our new ambition to get over one million more people into work over the next five years as the economy grows. This is significantly greater than the fall in employment we have seen so far in this recession**.

10. Why are we committed to increasing the number of people in work? It is because:
- People deserve the **opportunity**, regardless of their circumstances or background, to work to support themselves and their families.
  - Work improves the **physical and mental health and well-being** of individuals and their families.
  - Getting more people into work helps **combat poverty, including child poverty** and breaks the cycle in which generations of families are without work.
  - Helping more people of all ages into work, and helping people to maintain a balance between their working life and retirement by working longer, is essential for the **prosperity** of the United Kingdom and for our public finances.

### Why an employment rate of 80 per cent?

Because:

- it challenges us to reach a rate which has not been seen before in the UK and is not seen in any of the other major developed countries;
- it challenges us to create the type of society in which employment is more evenly spread across different groups and communities;
- it will continually stretch us and motivate us to do more; and
- it recognises that there will always be some people not working, either because they are looking for work or have other full-time commitments such as studying or caring for young children.

### Achieving our aspiration

11. To achieve our aspiration to get eight out of ten working-age people into employment we need to take action on a number of fronts. It will not be enough to only help those who have lost their jobs as a result of the economic downturn. Even before the recession, when nearly 75 per cent of the working-age population were in work, a further 20 per cent were 'inactive', meaning they were neither in work nor seeking work.
12. Therefore, to be successful we also need:
- more people aged 50 and above in work because, as our society ages, they will become even more critical to economic sustainability;
  - more people with caring responsibilities to combine these with work to support themselves and their families;
  - more parents in work to reduce the number of children living in poverty or in households where nobody works;
  - more disabled people and people with health conditions who want to work being supported to do so; and
  - high employment rates across all parts of the country.

13. Learning from the major welfare reform successes of the last 12 years, we will deliver additional support that is both more comprehensive and more sophisticated. Our approach is set out in the rest of this White Paper and is based on seven key principles which we believe will make our vision a reality. These principles are:
- **Helping people prepare for work**

Many people who want to work require additional help to prepare for a job. We are committed to providing more support and training to those who are furthest from the labour market.
  - **Addressing obstacles to work**

There are some people who face significant obstacles to taking up a job, such as childcare requirements or a health condition. We are committed to working with people to overcome their diverse obstacles.
  - **Setting stronger obligations to take up the help that is on offer**

Alongside our comprehensive offer of support, we expect those who are able to work to actively look for a job. There is strong evidence that an approach which emphasises responsibilities as well as rights is more successful in helping people to find work.
  - **Helping people to stay in work**

Moving into work after a long period of unemployment, or when faced with a change of circumstance, can be a difficult time. We are committed to extending the support people receive as they move into a job to ensure they are able to stay in work.
  - **Helping people to progress in work**

Finding a job is only part of the story. It is also important that people are able to progress in their careers. We are committed to helping those who want to improve their position in the labour market, especially if they have low skills or a caring responsibility.
  - **Making people better off in work**

Almost everyone in the country is better off in work rather than on benefits. We are committed to ensuring that the welfare system becomes simpler to understand and administer so that the system itself is not a barrier to work.
  - **Delivering efficient and adaptable services**

Jobcentre Plus and other delivery partners have done a remarkable job in maintaining service levels during the recession. We are now committed to building on this success to deliver more personalised and adaptable services that better meet the diverse needs of our customers.

## Conclusion

14. In this chapter we have shown why we want to have more people in work than ever before and what we need to do to achieve this ambition.
15. In the coming chapters we explain how we will support increasing numbers of people into work and transform the delivery of our services.

# Chapter 4 – Helping people prepare for work

## Summary

- Supporting people who are out of work to prepare for a return to employment is vital to achieving our aspiration of an 80 per cent employment rate. But many people face difficulties preparing for work.
- Over the past 12 years we have systematically strengthened the support and assistance we provide to help people get into or back to work. In return, we have placed higher expectations on individuals to take up the support on offer. This chapter sets out how we will continue to push ahead with these reforms, providing personalised help to support people to meet their challenges in moving into work and ensure that most people are on a journey towards sustained employment.
- We will roll-out plans for new requirements on benefit claimants to seek work or prepare for work in the future, and we will **accelerate our plans to require the partners of people on benefits to look for work**.
- To make it easier for people to get the skills they need to get into work, in England we will:
  - offer **skills accounts** – a personalised, online account that will bring together all the skills training that an individual will be able to access in their local area, as set out in *Skills for Growth*;
  - **help individuals find worthwhile training that will help them into work**. Jobcentre Plus will provide improved advice to help people on out-of-work benefits make informed choices about training which will address their needs and help them find sustained work; and
  - take steps to ensure that the right training is available and delivered in a more effective way. We will join up existing funding to create a **new skills purse** which we expect to be worth around £250 million a year, to deliver a simpler and more flexible system for people out of work.
- We will do more to help parents and carers find work that fits with their family and caring responsibilities. We will:
  - provide more outreach support and advice through schools and Children’s Centres;



- ensure that new support and requirements for lone parents are family friendly, for example allowing lone parents with children aged 7–12 to look for part-time work that fits with school hours;
  - **introduce new legislation which will allow lone parents who have a youngest child aged under 16 and who are engaged in full-time study or training to claim Income Support in the summer period, instead of Jobseeker’s Allowance (JSA);**
  - **trial a low cost loan scheme** – providing parents with affordable loans to cover the upfront costs of childcare, and promote more flexible childcare;
  - promote more flexible job opportunities through Jobcentre Plus and Local Employment Partnerships;
  - develop the National Care Service to help support those with caring responsibilities; and
  - carry out a consultation on how we can help people meet their caring responsibilities while remaining in work.
- For disabled people and those with a health condition we will:
    - continue the roll out of the new Employment and Support Allowance (ESA) and Work Capability Assessment (WCA) for new and existing claimants;
    - review the **Pathways to Work programme and the support we provide for people with health needs or disabilities who receive JSA;**
    - expand our specialist disability employment programmes – Access to Work and Work Choice – to help those with the greatest needs into work; and
    - **provide extra help for people with a mental health condition to get back into work.**

## Introduction

1. We want the welfare system to provide tailored help to people who are out of work so that they are ready to get a job. Some people simply need help with active job search. Others need stronger support, perhaps to get more up-to-date skills, to manage health conditions or find childcare. Our active labour market policies are designed to help people overcome the barriers they face in getting work.

2. We want to help both those who are on JSA and others who are out-of-work or on benefits. Many people are able to work or seek work now. Others may not currently be able to work because they have young children, caring responsibilities or serious health conditions. However, we believe it is right to give them help to stay in touch with the labour market so they can prepare for work in the future.
3. Alongside the extra support, we are putting in place stronger obligations to take up the help on offer. As we roll out the changes in the Welfare Reform Act 2008, the vast majority of working-age people on benefit will be expected either to be seeking work now or preparing for work in the future, as a condition of receiving benefits.
4. Already we have introduced greater support and obligations through the New Deals, Pathways to Work, increased training, and support for childcare and flexible working. As a result, before the recession started we had seen a big drop in the number of long-term unemployed, a steady fall in the number of workless households, with more lone parents and second earners going out to work, more disabled people in employment and the first sustained falls in the number of people on sickness benefits for 30 years.
5. This chapter sets out how we will continue to strengthen and personalise the support we provide, focusing on:
  - rolling out stronger requirements to take up help that is available to prepare for work;
  - increased help with skills and training;
  - more support for parents and carers; and
  - more support for disabled people and people with a health condition.

### **Greater support, greater responsibility**

6. Our welfare system is characterised by increasing personalised support to help people move into work while raising our expectations of individuals to take up the help on offer. We want almost everyone to be on a journey back to work – either looking for work or taking steps to prepare to return to work in the future.
7. We will continue to increase support to tackle worklessness, with extra help matched by extra obligations to take up the help that is on offer. This includes:
  - Continuing the roll out of the WCA for those where health or disability is a challenge.
  - From October 2010, beginning a reassessment of all customers receiving Incapacity Benefit or Income Support on the grounds of disability for ESA.
  - Introducing job seeking requirements and extra help for lone parents with children over 7 while ensuring they can restrict their hours to school hours or family-friendly working, so they can combine work and parental responsibilities.

- Developing new help and new requirements for lone parents with children at nursery or school to start preparing for work, for example taking up training, during school or nursery hours.
  - Developing new help and new requirements for people on ESA who are assessed as able to prepare for work to take up work related activity that could help them keep in touch with the labour market or prepare for work in future.
8. It remains an anomaly that partners of benefit recipients can claim benefits through their partner even if they are able to work and do not have caring responsibilities. In line with our approach to ensure that almost everyone is on a journey back to work, we will now accelerate our plans to place similar requirements on any partners of those on benefits, provided that they are fit for work and do not have caring responsibilities which prevent them from taking-up employment. **From autumn 2011, for all new claims where at least one member of the couple is capable of work, income-related support will be available only through JSA – meaning at least one member of the couple must be looking for work.** These changes will be phased in for existing customers from April 2012.

### Help with skills training

9. For people out of work, the skills they have to offer employers are critical to their chances of finding a new job. There is a direct relationship between how good a person's skills are and what their prospects are for employment. The employment rate of those with level 2 qualifications or above is around 20 percentage points higher than those with qualifications below level 2 or with no qualifications.<sup>4</sup>
10. **We want to support individuals to get the skills that will help them get a job, stay in work and progress in their career.** This will increase social mobility and help people realise their longer-term career goals. And, of course, helping people get the right skills has wider benefits for business and the economy.
11. To achieve this, it is essential that the employment system and the skills system work together towards common goals. Much has already been done and this chapter sets out the next steps in England.

### Progress on bringing together employment and skills

12. In December 2006, the final report of the Leitch Review of Skills made a compelling case for bringing the employment and skills systems closer together. That analysis underpinned the proposals that the Government published last year in *Work Skills*<sup>5</sup>, recognising that a more integrated approach brings benefits for both individuals and employers.

<sup>4</sup> Analysis of Labour Force Survey (2009, Q3) – in England the employment rate for those with qualifications below Level 2 or with no qualifications is 58.7 per cent and for those with Level 2 qualifications or above the employment rate is 78.6 per cent.

<sup>5</sup> Department for Work and Pensions and Department for Innovation, Universities and Skills, 2008, *Work Skills*, Cm 7415, TSO.

13. Since the publication of *Work Skills*, our policy approach has been to move towards better integration of the employment and skills systems. To that end we have run trials of an Integrated Employment and Skills service in 12 areas of England<sup>6</sup>. The evaluation of the first phase will be published shortly.
14. Since summer 2008, the recession has required even more urgent joint action by the Department for Work and Pensions and the Department for Business, Innovation and Skills. We have provided new pre-employment training programmes and increased funding for apprenticeships. The new pre-employment training programmes are a great example of the employment and skills systems working together to better help people who are unemployed. They also help employers who want to recruit people with the right skills.
15. Indeed, improving the way we work with employers – understanding what skills they need and providing relevant training to job seekers – has been a key aspect of our approach. We have brought together – through the Integrated Employer Offer – Jobcentre Plus’ vacancy advertising and recruitment support with Business Link’s wider skills and business support. This has enabled us to provide a single offer to employers grouped around three key components: recruitment; planning for growth; and support for redundancy. And for large national employers we now provide an integrated account management service.

### More to do

16. It is clear, however, that there is still much to do. This section sets out how we will build on the progress already made to deliver a joined-up system which makes it easier for people to:
  - identify their skills needs;
  - identify available training; and
  - get the right training that meets those needs, helping them find a job and progress in work.
17. Chapter 6 sets out how we will improve the skills support that is available once people move into work.

### Identifying skills needs – better support

18. We will provide more support to people who are out of work to help them make informed decisions about training so that they choose courses that will address their needs and help them move into sustained employment and develop their skills.

---

<sup>6</sup> Scotland has also been running Integrated Employment and Skills trials, but no trials have been established in Wales yet.

19. The role of Jobcentre Plus advisers will be critical here. Throughout the duration of an individual's claim, advisers will help the customer to accurately assess their skills needs and understand what skills are in demand in the local labour market. Based on this information, the adviser will steer and guide the individual to identify the right training for them. This support will include helping individuals to make informed decisions about any course at a college or other provider funded by the Department for Business, Innovation and Skills or the Learning and Skills Council, including that for which there is fee remission because the individual is unemployed. The support will help ensure that our expenditure on skills in England is targeted as effectively as possible to help people find work and progress.
20. The adult advancement and careers service will also be part of this approach. In England, everyone reaching six months of unemployment with an identified skills need will be referred to the adult advancement and careers service for a formal skills assessment to help identify any extra support they need to move into work. In addition, the service will be signposted from day one and Jobcentre Plus advisers will be able to make referrals earlier than six months if they think it necessary.
21. We will develop the capability and capacity of Jobcentre Plus advisers to have a consistent and meaningful discussion about skills and to review the skills needs of people on benefits. We will consider what training and guidance might be needed to better equip advisers to perform this role. In addition, to ensure advisers have the ability to effectively assess customers' skills needs, we will develop appropriate support tools which take account of the skills diagnostic tool already being developed for the adult advancement and careers service. In screening and assessing customers, Jobcentre Plus advisers will need to work closely with providers and with the adult advancement and careers service to ensure the most appropriate person undertakes each intervention and that the services complement each other.

### Identifying available training – skills accounts

22. We want everybody to be aware of the full range of skills provision they can access – be that the provision we have made available for unemployed people or wider mainstream training at a college or other provider, funded by the Department for Business, Innovation and Skills.
23. For those who want to have them, we will use the new skills accounts to do this. The introduction of skills accounts in England was announced in *Skills for Growth – The National Skills Strategy*. They will be a personal online account through which individuals will be able to see the skills training they can access in their local area. It will set out a record of the qualifications that individuals gain and, over time, will allow the individual to build up a portfolio of their skills and learning.
24. The Government is also encouraging local authorities and their partners, including skills providers, to develop work and skills plans. These plans will bring transparency to how local resources are being used to best effect in addressing worklessness and raising skills levels.

## Getting the right training – a new approach

25. We also need to ensure that the right training is provided. This means quality courses that are focused on helping people get a job, stay in work and progress in their career by giving them the skills employers want.
26. Much high-quality provision currently exists. But the pre-employment offer is targeted at different groups, with different eligibility criteria and a different focus to each element. This can be confusing for advisers looking to make appropriate referrals, and for customers who need to know what options they have. It also makes it more difficult for providers to bid for contracts and play to their strengths.
27. **We will introduce a new, single purse in England, jointly owned and funded by the Department for Work and Pensions and the Department for Business, Innovation and Skills.** From 2011, we will bring together money currently spent by both the Department for Work and Pensions and the Department for Business, Innovation and Skills to help people who are on out-of-work benefits, primarily those on JSA, gain the skills they need to get a job they can progress in. Subject to the next spending review, we expect this new single purse to be worth around £250 million a year. It will be used to purchase a range of different training opportunities and wider support. The contracting will be overseen by a joint commissioning board, to ensure that the right suite of provision is available and that there is no duplication across contracts.
28. We will run this new purse to help deliver a set of objectives agreed by the two Departments (see box) and will use it to purchase training that is specifically designed to get people a job, to stay in work and progress in work. We will engage key local partners in the development of this provision to ensure that we are providing training relevant to the labour market and local economic development planning.

### Shared objectives for provision

#### For individuals

Individuals have access to the training they need and get skills which help them find sustained work as quickly as possible.

Individuals stay in work, and do not move in and out of the benefits system.

Individuals progress in work and, where they can, achieve vocational qualifications.

#### Employers

They have a greater say in the type of training provided.

They get people with the skills needed for their vacancies, and jobs emerging.

They get a simpler system – making it easier for them to get the support they need.

29. Through the single purse we will develop a new training offer, specifically designed for people who are unemployed in England to get them into work and start them on a longer learning journey. The purse will provide a training package which meets individual needs and is relevant to the needs of the local labour market and employers. It is likely to include:
- sector-specific pre-employment training – giving a grounding in the skills needed to enter a specific sector, such as hospitality, leisure or social care;
  - CV writing, job search support and interview preparation;
  - employability skills;
  - other training which helps people get skills to secure employment; and
  - literacy, numeracy and English for Speakers of Other Languages.
30. The training provided through this new purse will be tailored to people who are on out-of-work benefits to help them secure employment. We will aim to ensure that the right training will be available to people at the most appropriate time. Generally, this is likely to be from the six-month point of a claim for JSA, but whenever a skills need is identified which is a barrier to people getting a job – particularly if it relates to basic skills or employability or where there is a history of repeated unemployment – we want to have the flexibility to refer people to the necessary training as quickly as possible. There will also be provision to support those at risk of redundancy or who are newly redundant to help them move quickly back into sustainable employment.
31. In addition, whilst we expect the typical course to be part time, we want to maintain the flexibility to move people onto full-time courses for up to eight weeks at the six-month point of the claim, supported by a training allowance where that is the most appropriate way forward.
32. And we will ensure that training purchased through the new purse will reward providers for getting people into sustained employment with progression. In developing this portfolio of provision, we will look to design success measures and incentives that further encourage this.

### Supporting people to take up training

33. We know that some people who are out of work face specific barriers to taking up training and improving their skills. Particular barriers include the cost of paying for travel to take up training, or childcare costs while training. **So, in Great Britain, at any point up to when an individual is referred to Flexible New Deal (FND), JSA customers going into part-time training with the agreement of their personal adviser will be able to have their travel and childcare costs paid.** This will ensure consistency with measures currently available to people accessing full-time training.
34. In addition in England, the adult advancement and careers service will provide access to a wide range of advice and support on tackling the barriers people can face in taking up training, including understanding employment rights, getting advice on housing and health, and finding suitable childcare.

## Help for parents and carers

35. We know that the surest way to address child poverty is to support more parents into work; work which pays and work that enables parents to manage the careful balance between employment and family life.
36. But if work is to be sustainable for parents, allowing them to manage their employment and family responsibilities, we need to do more to help parents work flexibly and get the childcare, help and support they need.
37. Recent research on lone parents in work<sup>7</sup> and non-working parents in couples<sup>8</sup>, for example, points to the priority that parents place on working hours that suit their needs, including those which are compatible with school hours and so minimise the need for paid childcare.
38. Living in an ageing society can bring additional caring responsibilities to families. We need to ensure that balancing paid work with care is a real choice for as many carers as possible and that the rising demand for care does not reduce the number of people active in the labour market.
39. In addition to the action taken to improve the gains to work (set out in Chapter 5) the Government has done much to support parents at work, promote flexible working and increase childcare provision:
  - We have invested well over £25 billion in childcare and many more families are now benefiting from new rights and services. These include the introduction of over 3,000 new Sure Start Children's Centres, an entitlement to free childcare for all 3–4-year-olds and doubling the number of childcare places.
  - We introduced the New Deal for Lone Parents in 1998 and 980,000 people have received help from the programme. More than 638,000 have moved into work as a result.
  - We have significantly improved maternity and paternity arrangements and introduced a right to request flexible working for parents of children aged 16 and under or whose child is disabled.
40. The lone parent employment rate has increased by over 12 percentage points since 1997, an increase of 365,000 lone parents in work.
41. We have also taken action to help carers:
  - In 2008, we published *Carers at the heart of 21st century families and communities: a caring system on your side, a life of your own*. This announced ambitious plans to support carers and families in England. By 2011, the Department of Health will have invested over £1.7 billion for councils to use to support carers through the Annual Carers Grant.

---

<sup>7</sup> Ridge T and Millar J, 2008, *Work and well-being over time: lone mothers and their children*, Department for Work and Pensions Research Report No 536.

<sup>8</sup> Collard S and Atkinson A, 2009, *Making decisions about work in one-earner couple households*, Department for Work and Pensions Research Report No 560.

- We are investing up to £38 million to help carers move into paid work through Jobcentre Plus carer specific commitments. Since the beginning of December, Replacement Care has been available to support carers to make the transition back into work. Replacement Care pays for care when the carer is undertaking an activity such as Jobcentre Plus approved training; attending interviews; and going to meetings to secure care services.

42. This section sets out how we will build on these measures by:

- tailoring our services and the benefits regime to the needs of parents;
- promoting family-friendly working practices;
- improving arrangements for carers; and
- providing additional support with childcare.

43. Further measures are set out in Chapter 5 which explains how we will provide the right financial support to help people make the move into work. Chapter 6 sets out proposals to encourage more high-quality jobs on a flexible and part-time basis, alongside measures to improve in-work support and to promote a labour market that is free from discrimination.

### Tailoring our services and the benefits regime to the needs of parents

44. Through the School Gates Employment Initiative, local authorities in 25 areas are working with Regional Development Agencies and Jobcentre Plus to provide employment and enterprise support to parents in and around their child's school. Through reaching out to parents, and providing a co-ordinated package of support, tailored to their needs and in a setting where they feel comfortable with, we are able to engage and support those parents who might not traditionally engage with mainstream employment services. Outreach services are already operating in Children's Centres to help parents of young children.
45. We will expand outreach services to reach more parents, particularly mothers, who might not otherwise be reached by traditional job centre services, including through support linked to schools for parents of older children.
46. To ensure that lone parents on JSA can seek work for the hours that fit best with family life, we will allow lone parents with a youngest child aged 12 and under at school the right to restrict availability for employment to hours that reflect the child's normal term-time school hours. We also intend to provide additional support to help lone parents moving onto JSA to balance their work and family life by ensuring that all lone parents have the opportunity to meet with a lone parent adviser within the first two weeks of their claim to discuss what extra support they need, notably through the New Deal for Lone Parents. Support for partners of benefit claimants will be provided through the New Deal for Partners.
47. Lone parents with older children who are studying full time and receiving non-benefit-related funding like a student grant may need to claim benefits in the summer vacation period. **We will introduce new legislation which will allow lone parents who have a youngest child aged under 16 and are engaged in full-time study or training to claim Income Support in the summer period, instead of JSA.**

## Promoting family-friendly working practices

48. We believe that encouraging flexible and family-friendly employment opportunities is good for individuals, families, employers, and the wider economy. Offering employees the opportunity to work flexibly can raise their productivity, and encourage more people to enter and stay in work, contributing to tackling child poverty and meeting the challenges of an ageing society. It also supports individuals' and families' well-being, enabling families to spend time together.
49. Since 1997, we have significantly improved maternity and paternity arrangements and want to continue to extend parental support, particularly for families with young children. We have also recently established a new right for employees to request time to train. These measures are set out in more detail in Chapter 6, alongside the announcement of a new taskforce on family-friendly working hours to focus on the quality and accessibility of part-time work and flexible working patterns.
50. There are a number of steps we can take to encourage a family-friendly labour market. As well as supporting employers to manage diverse working practices and encouraging more of those who are eligible to feel able to request flexible working, we will encourage the sharing of best practice between employers, helping them to see the benefits and assisting them with the practicalities of speculative flexible applications.
51. Before any period of employment starts, during the advertising and application process, anyone can ask – if it is not already set out in the job description – whether an employer would consider flexible working patterns. Many employers already operate this way and do come to arrangements with applicants before contracts are signed. It is this behaviour of **pre-work enquiry and consideration that we wish to promote, and will make a real difference to those requiring flexible employment to enable them to work.**
52. In line with this, Chapter 6 sets out our proposals to improve our IT systems to better help people find jobs with opportunities for flexible working and to help facilitate job share arrangements. Jobcentre Plus will continue to encourage employers to advertise vacancies as part-time or suitable for flexible working wherever this is appropriate. (These types of vacancies currently make up about one in three of those offered through Jobcentre Plus.) And the Cabinet Office has a programme to encourage understanding of best practice in recruitment, further helping to increase the number of vacancies advertised on a part-time or flexible basis.
53. In addition, many small and medium-sized enterprises already operate informal flexible arrangements with their staff, but may not recognise or refer to them as family-friendly or flexible-working practices. We want to encourage these employers and recognise the need for more support for those employers who have no experience of flexible working and who want to implement practices that meet both the needs of their business and their staff.

## Improved arrangements for carers

54. When trying to balance employment with caring responsibilities, many people tell us that a particular difficulty is that they currently have to shape their lives around the care system when it should be the other way round.
55. **We will carry out a consultation on how we can help individuals meet their caring responsibilities while remaining in employment.** This might include additional unpaid leave for planned responsibilities, such as hospital visits, and for carers of someone with a terminal illness.
56. In July 2009, we published *Shaping the Future of Care Together* which sets out a vision for a new care and support system in England, including a National Care Service that is fair, simple and affordable for everyone. We will bring forward detailed plans for the National Care Service in 2010.

### What people can expect from a National Care Service

#### 1. Prevention services

The right support to help you stay independent and well for as long as possible, and to stop your care and support needs getting worse.

#### 2. National assessment

Wherever you are in England, you will have the right to have your care needs assessed in the same way. You will have a right to have the same proportion of your care and support costs paid for wherever you live. You will be able to take your needs assessment with you wherever you go in England, enabling you to live the life you want wherever you want.

#### 3. A joined-up service

All the services that you need will work together smoothly, particularly when your needs are assessed. You will only need to have one assessment of your needs to gain access to a whole range of care and support services.

#### 4. Information and advice

When you need care and support, or are preparing for it, you will find it easy to get information about who can help you, what care you can expect and how quickly you can get it.

#### 5. Personalised care and support

Your care and support will be designed and delivered around your individual needs. As part of your care and support plan, you will have much greater choice over how and where you receive support, and the possibility of controlling your own budget wherever appropriate.

#### 6. Fair funding

Your money will be spent wisely and everyone who qualifies for care and support from the state will get some help meeting the cost of their care and support needs.

## Additional support with childcare

57. Despite the progress we have made, childcare is still sometimes cited by out-of-work parents as a reason for not working. According to the *Childcare and Early Years Survey of Parents* in 2008, just over half of mothers not working (52 per cent) agreed with the statement that if they could find good quality, convenient, reliable and affordable childcare, they would prefer to go out to work.<sup>9</sup>

### How do we meet the challenges?

58. We are seeking to embed an extended, more flexible, free entitlement to early learning and childcare, which supports employment, better suits families' needs and promotes take-up. In the *Ten-Year Childcare Strategy* (2004), we announced our intention to extend the entitlement to free childcare for all 3–4-year-olds from 12.5 hours a week to 15 hours across 38 weeks and increase its flexibility within the week according to parental demand. We are now implementing this requirement. All local authorities should now be offering the new flexible offer to 25 per cent of the most disadvantaged 3–4-year-olds – and to all 3–4-year-olds by September 2010. Early evidence from the pathfinder authorities trialling the new flexible 15-hour offer is that longer and more flexible provision significantly increases participation, particularly from currently under-represented groups.
59. The new Code of Practice for local authorities on provision of the 3–4-year-olds' entitlement has been published in draft for consultation, to come into force in September 2010. The Code sets out new responsibilities for local authorities to drive up quality and to work in partnership with a range of providers to secure an entitlement which balances parental demand with what providers can supply.

### Extended services attached to schools

By 2010, all maintained schools will be offering access to extended services, two elements of which are childcare and a varied menu of activities. At Sir Thomas Boteler School in Warrington, young people use The Boiler Room as a place after school to relax, do their homework, and use as a base between their after-school activities. The young people themselves say that they appreciate being somewhere where they can be with their friends before going home; their parents know they are in safe, supervised surroundings which fit in with working hours.

60. We will investigate how Children's Centres can link with schools more effectively to ensure that their childcare arrangements are convenient for families. We will also explore how childminder networks and other partners in the private, voluntary and independent sector, working alongside Children's Centres, can contribute to making childcare arrangements, where families use a mixture of provision, as integrated and seamless as possible. The Government will develop this option further in the forthcoming Green Paper on families and relationships.

<sup>9</sup> Speight S, Smith R, La Valle I, Schneider V, and Perry J, 2009 *Childcare and Early Years Survey of Parents 2008*, Research Report DCSF-RR136.

## Case study

**Coin Street Family and Children's Centre** serves an area on the border between the London Boroughs of Lambeth and Southwark. During term time, the centre runs a breakfast and after-school club service for children aged 4 to 11 years. The breakfast club service runs from 7:30am until the start of school – children can enjoy a light nutritious breakfast, play quiet games or finish homework. The after-school club runs from 4:00pm to 6:00pm – programmes are developed through child observation and include a variety of fun, varied, educational and well-structured activities, including gardening, cooking, arts and crafts, imaginative play, free play, outdoor play, plus sports and group games and mentoring by 14–15-year-old students from City of London Boys School. The centre offers a walking bus service to ensure that children arrive safely and punctually. Parents drop the children off at the centre for the morning breakfast club, then they are escorted to school safely by the walking bus which covers six local schools – there is a ratio of 1:8 (staff:children). In the evening, centre staff collect children from their schools and walk them back to the centre for the after-school club; a light tasty healthy snack is also provided. The parents then pick their children up from the centre.

61. Building on the significant progress to date, the Government will explore further how effectively families are supported in their efforts to balance work and childcare, including how to help families take full advantage of their entitlement to free childcare and support through the Working Tax Credit system.
62. The requirement to pay childcare costs upfront (including fees in advance, deposits and retainers) may also create a significant barrier to starting or returning to work. Since April 2008, Jobcentre Plus has been piloting a scheme in London which provides financial support for upfront childcare costs for qualifying lone parents. One of the Childcare Affordability Pilots which is testing the payment of the actual costs of monthly childcare (as opposed to a monthly payment of parents' average childcare costs across the year which is the current system) gives parents an option of accessing a transitional payment of up to £500 to cover the first four weeks of their childcare costs. The Government will use the evaluation of these pilots to test and strengthen the evidence base about the barriers that parents face to entering work. In addition, we will **trial a low cost loan scheme** – providing parents with affordable loans to cover upfront costs – so that we can understand the effectiveness of this alternative approach.
63. We also want to ensure that parents are not disadvantaged by their childcare requirements in terms of their ability to take up training to improve their skills and move into or progress in work. Currently, funding for childcare support for parents undertaking training is administered in a number of ways. Earlier in this chapter, we set out proposals to support Jobcentre Plus customers to take up part-time training. In addition, as part of the forthcoming Green Paper on families and relationships, we will consider how far we can simplify the system to ensure that parents have a clear offer of support. We are also exploring the feasibility of allowing people to check their entitlements to childcare through skills accounts.

## Health and disability

64. Too many disabled people and people with a health condition are out of work. Around 2.6 million people are receiving incapacity-related benefits. Over half have been receiving these benefits for over five years.<sup>10</sup> And the problem does not stop there – other people claim JSA, or lone parent benefits – but also have a health condition or a disability.
65. It is vital that we do more to help these people get into or back into work. It is vital for the individuals concerned – **we know that work is generally good for people whether they are disabled or not**. Work promotes better physical and mental health, increases happiness and life satisfaction, and improves financial security. And it is also vital if we are to reach our goal of full employment.
66. In the past, if a person had a health condition or a disability, they were often written off: many people made an automatic assumption that you could not work, and, all too often, never would again. But we know this is not true: where someone with a particular disability or condition is not employed, others with similar conditions will be working. This tells us something very important. It is not only, or often even primarily, a person's condition which defines whether they can work: it is so often more about people being given the opportunities and support they need; or about barriers being put in their way, from understandable fear of the unknown to outright discrimination.

## Providing opportunities and support; removing the barriers – progress so far

67. We have already introduced major reforms to the benefits system to strengthen the focus on work rather than, as in the past, consigning people to a lifetime of 'incapacity'. We have:
  - introduced, in October 2008, ESA, a new benefit regime for people claiming out-of-work benefits because of sickness or disability. Together with a new WCA, the new system focuses on what people can do rather than what they cannot do, and ensures that everyone who is able to prepare for a return to work in future receives the support they need;
  - provided extra help for those who are disabled or have health conditions. In particular, we introduced Pathways to Work, a programme providing a single gateway to a range of support and advice with a personal adviser helping each individual consider their options and needs; and
  - for people who require more intensive support – for example, some people with a mental health condition, some people with a learning disability and those experiencing multiple disadvantages – we have introduced a range of specialist support. Disability Employment Advisers, WORKSTEP and Work Preparation are three of the key components of this support and together have helped 17,000 people into supported employment and 1,500 into open employment in 2008/09.

---

<sup>10</sup> DWP Information Directorate: 100 per cent. Work and Pensions Longitudinal Study – February 2009.

## Pathways to Work

Caroline was living with severe depression. She said: “I was feeling in utter despair, I had no self-esteem and felt worthless. When I received a letter from Jobcentre Plus asking me to attend a work-focused interview, I really had to ask myself what was the point?”

However, Caroline’s fears were soon put to rest when she met her Pathways to Work adviser, who suggested that she attend the Condition Management Programme, run in conjunction with the NHS. After six months of this and of seeing her personal adviser, Caroline felt well enough to consider looking for work. With the help of Jobcentre Plus, she prepared a CV, applied for jobs, had advice and practice with interview techniques, and undertook some work experience.

Caroline was successful in finding work as an employment adviser which she describes as “a job that I love ... where I can make a difference to someone’s life”.

*I was feeling in utter despair, I had no self-esteem and felt worthless. When I received a letter from Jobcentre Plus asking me to attend a work-focused interview, I really had to ask myself what was the point?*



*a job that I love ... where I can make a difference to someone’s life.*



68. And, as we provide more help and support, it is right that we expect more in return. On all out-of-work benefits the majority of our customers, including those with a health condition or disability, are now expected to engage with us in their journey back to work.
69. The disability employment rate now stands at 48 per cent compared to 42 per cent 10 years ago, with the gap between the overall employment rate and the disability rate narrowing significantly<sup>11</sup>. But we need to go much further.

## Reforming the system – next steps

70. At the moment, support is too predicated on which benefit you claim, and how you ‘reach’ us through the system. We want a system where ultimately, each individual gets the help they need, tailored around them. To do this, we need to provide services focused on each individual, to provide greater personalisation and control, and ensure our services help more of the people who need them the most.

<sup>11</sup> Ridge T and Millar J, 2008, *Work and well-being over time: lone mothers and their children*, Department for Work and Pensions Research Report No 536.

## Rolling out a new benefit regime

71. From October 2010, we will begin reassessing all customers receiving Incapacity Benefit or Income Support on the grounds of disability to move them onto Employment and Support Allowance, so that by 2013/14, everyone who is able to work will have access to greater support to help them back into work, or to prepare for work in the future.

## Renewing employment support for disabled people and those with a health condition

72. Pathways to Work was originally developed to help disabled people and people with health conditions on old-style incapacity benefits. The programme's early performance was very encouraging, but more recently the evidence has been mixed. Customers continue to provide positive feedback on the support they have received, but when Pathways to Work was extended to new areas, following the initial pilots, no employment impact was found. And the early performance of the private and voluntary sector in delivering Pathways to Work has been disappointing.
73. We are taking practical steps to improve performance and use resources better. For example, in many places, Jobcentre Plus advisers now conduct the first work-focused interviews on provider premises, making a simpler journey for the customer. But we want to see a real step change in performance.
74. **We will, therefore, take forward a review of the support we offer to people claiming out-of-work benefits because of a health condition or disability, or who are managing a health condition while actively looking for work.** This review will consider the Pathways to Work programme, but also how we can strengthen support for customers regardless of what benefit they are on – including support for people on JSA with a health condition or disability. The review will also look at whether the support we have in place to help people manage their condition in the workplace – currently delivered through the Condition Management Programme – remains right.

### Work Preparation

Michael is 46 and has not worked for over six years, due to suffering from an extreme fear of socialising and a downward spiral of depression. Michael's condition ruled his life and made normal everyday events that other people take for granted very daunting. Combined with other personal problems, Michael started to spend more and more time alone, draining him of his self-esteem, confidence and general positivity.

Jobcentre Plus put Michael in touch with a local company who, after assessing Michael's needs, arranged a work placement through the Work Preparation programme at a local kennels, where he would not have to come into contact with many people.

Michael was supposed to start by doing a few hours a day, but not only did he work full time he volunteered to do extra shifts and nothing was too much trouble for him. His efforts were rewarded because his employer was so impressed with his work and enthusiasm that he offered him full-time employment working 45 hours a week.

75. Our four key principles – for customers on whatever benefit – for future reform are:
- The customer journey should be clear and easy to understand. This will allow both customers and advisers to focus on the most important issue – the journey back to work.
  - The support on offer should be flexible, specific to the customer’s individual circumstances, including their skills level and their training needs, and be offered in a way to best meet customer need, regardless of what out-of-work benefit they are claiming. We should trust advisers more to work with customers to establish the package that will work best for them. In doing so, we must ensure that our advisers have the skills and tools to support them to identify the help that customers need.
  - Rights and responsibilities should remain at the heart of the relationship between the customer and personal adviser. Customers able to prepare to return to work will be expected to engage at different stages throughout their benefit claim. However, the nature of this engagement should change, as the customer’s needs change and the longer they remain on benefit.
  - Ensure, as we do with all our programmes, that employment support for disabled people and those with health conditions provides good value for money.
76. We will be working over the coming months with interested stakeholders to develop more detailed proposals. **We will bring forward proposals in the spring.**

### Helping those who need it the most

77. We will increase funding for our specialist disability employment programmes, supporting those with the greatest needs into work. Chapter 6 sets out our plans for increasing the support that the Access to Work programme provides, enabling us to help more disabled people get and keep jobs. And we will look, with stakeholders, at the relationship between Access to Work and the Disability Living Allowance to see if there are other ways to improve support for work.
78. We are also taking action to simplify and streamline the support on offer, to make it easier to understand, easier to access and to help more people reach open employment. Work Choice will replace WORKSTEP, Work Preparation and the Job Introduction Scheme. The new programme will be modular and will be designed to provide a flexible support service. It will be focused on helping those disabled people who face more complex barriers to accessing and remaining in work, who could not obtain sufficient help through other Department for Work and Pensions programmes. We are particularly keen to ensure that the programme contributes to an increased level of employment for customers with learning disabilities and mental health conditions.

## More support for people with a mental health condition

79. Over a million people on benefits have a mental health condition. Around 42 per cent of the 2.6 million people currently on out-of-work health-related benefits are claiming primarily because of diagnosed mental health conditions – up from 28 per cent in 1976. In addition, there is evidence suggesting that people with a mental health condition will remain out of work for longer. Eighty-six per cent of people who are on out-of-work health-related benefits due to a mental health condition remain on these benefits for more than three months, compared to 76 per cent for all other people claiming the benefits.<sup>12</sup>
80. Given this, it is clear we need to do more. The first National Mental Health and Employment Strategy *Working our way to better mental health: a framework for action*<sup>13</sup> was published on 7 December. This document sets out a strong framework, looking at people with mental health conditions in employment through to those out of work. It calls for action across all Government departments, the wider public sector, employers and individuals to promote the value of employment for people who have mental health conditions, to tackle stigma and discrimination and to improve well-being at work for all.
81. As part of the development of this framework, we launched an independent review to examine how we could better support more people with mental health conditions who are workless back to work. This review, led by Rachel Perkins of SW London and St Georges Mental Health Trust, also reported on 7 December<sup>14</sup>.
82. We welcome this important review, which sets a wide-reaching and ambitious vision for change across Government. *Work Recovery and Inclusion*<sup>15</sup>, also published on 7 December, sets out in detail the Government's response to the review across employment and health services. As part of our response, the Department for Work and Pensions will:
- improve and expand the Access to Work scheme so that it can better support employers, especially small and medium-sized employers; and meet the needs of people with mental health conditions, as well as other under-represented groups – more details are set out in Chapter 6;
  - double the capacity of the Jobcentre Plus mental health co-ordinators to ensure appropriate support and signposting is put in place for customers with a mental health condition;
  - ensure greater join up between employment advisers, whether from Jobcentre Plus or employment programme providers, and local health and social care provision; and
  - pilot the provision of time-limited internships for people with a disability or health condition who have been out of work for a long period, or who have never worked.

<sup>12</sup> Health, Work and Well-being Programme, 2009, *Working our way to better mental health: a framework for action*, Cm 7756, TSO, pg 7.

<sup>13</sup> Health, Work and Well-being Programme, 2009, *Working our way to better mental health: a framework for action*, Cm 7756, TSO, pg 7.

<sup>14</sup> Perkins R, *et al*, 2009, *Realising ambitions: Better employment support for people with a mental health condition*, Cm 7742, TSO.

<sup>15</sup> HM Government, 2009, *Work, Recovery and Inclusion: Employment support for people in contact with secondary care mental health services*, HM Government.

## Conclusion

83. We have clearly demonstrated that we have robust plans to overcome the obstacles that many people face in looking for work.
84. We now turn to how the benefits system needs to be adjusted to ease the movement off benefit into work and to make work pay.

# Chapter 5 – Better off in work

## Summary

- The vast majority of people are significantly better off in work than on benefit. Reforms such as tax credits and the minimum wage have led to major increases in the incentives and rewards from work.
- But we know that some people moving into work find the interaction between benefits and their earned income complicated and uncertain, and it can make the decision to move into work seem difficult and risky.
- In the long term, we want to move to a simpler system potentially based around a single working-age benefit which could simplify the system and make it easier for people to see the gains from work.
- In the short and medium term we will take further steps to simplify the benefits system, making the gains to work clearer, and addressing some of the uncertainties people face in moving into work.
  - We will extend our campaigns to build understanding and awareness of the benefits system, and improve our use of the Better off Calculator.
  - We will also introduce measures that make the gains to work clearer:
    - ~ **We will introduce a guarantee that everyone who has been on out-of-work benefits for 26 weeks or more will be at least £40 a week better off on moving into work.**
    - ~ **We will provide better incentives for lone parents with younger children who want to work for just a few hours a week.**
  - We will increase the amount carers can earn before their benefits are affected.
  - We will extend free school meals to more parents in work so that costs don't increase when they move into work.



- We will introduce a Working Tax Credit (WTC) for older workers working part time past retirement age.
- We will consider the scope to passport people moving from Employment and Support Allowance into work on to the disabled worker element (worth up to £48.50 a week) and 16-hours rule in WTC.
- We will also reform Housing Benefit (HB) to support work incentives and to make it fairer too. We are consulting in parallel on changes to:
  - provide fixed period awards for those in work and starting work to provide more stability; and
  - ensure the benefits system does not support customers to be housed in very high-cost accommodation which would be unaffordable if they moved off benefit.

## Introduction

1. In earlier chapters we described how, over the past 12 years, we have radically changed the welfare system for the better – increasing support to help people move into work while raising our expectations of individuals to take up the help on offer.
2. At the same time we have provided additional help for people on low in-work incomes through the tax credit system and the National Minimum Wage. As a result, almost everyone is now better off in work than on benefits.
3. However, the complexity of the tax and benefits systems means that, for some people, these gains are not always clear, and a move from out-of-work benefits to employment can seem risky, with an uncertain financial outcome.

### Case study: Better off in work

Anne Marie Nicholls is a lone parent with a 4-year-old daughter Maya. Anne Marie has recently returned to work, having successfully secured two jobs as a lunch-time supervisor and after-school club assistant at The Grove Primary School in Stafford. Anne Marie came to Stafford Jobcentre Plus in August 2008 to see lone parent adviser Steve Burns. During the course of the interview, Steve completed a Better off Calculation for Anne Marie to show her how much financially better off she would be if she was working 16 hours a week or more.

Anne Marie was so keen to get back into the workplace she volunteered at the nursery attached to The Grove Primary School, and attended college to become a qualified classroom assistant. During this time, Anne Marie was offered three jobs within the school, enabling her to come off Income Support and claim tax credits. Anne Marie returned to the Jobcentre Plus at Stafford and her Better off Calculation was rechecked. Steve also put in a claim for WTC, and the Income Support team were notified of her status. Anne Marie was also eligible for a Job Grant of £250 and In-Work Credit.

*Working in the same place as where my daughter Maya attends school is perfect. It was really important to me that I found something that would fit around my daughter and this is ideal. By working for a living, I just feel so much better about myself. It has lifted my confidence and the extra money enables me to do a lot more with my daughter.*

**Anne Marie**



4. This chapter sets out the action we will take to overcome these problems to encourage people to move off benefits and into work.

### The gains to work

5. The introduction of tax credits, the National Minimum Wage and other changes have meant that the vast majority of people are better off in work than on benefits<sup>16</sup>. Table 1 shows that these gains are often very significant – since 1999 the minimum income guarantee from full-time work has increased by around 30 per cent in real terms.

<sup>16</sup> Adam S, Brewer M, and Shephard A, 2006, *The poverty trade-off: Work incentives and income redistribution in Britain*, JRF.

**Table 1 – Weekly minimum income guarantees<sup>17</sup>**

	April 1999	April 2010	Percentage increase in real terms (2)
Family (1) with 1 child, full-time work (35 hours)	£182	£309	28%
Family (1) with 1 child, part-time work (16 hours)	£136	£240	33%
Single person, no children, 25 or over, full-time work (35 hours)	£113	£198	32%
Couple, no children, 25 or over, full-time work (35 hours)	£117	£234	50%
Disabled person (single), working full-time (35 hours)	£139	£247	33%
Disabled person (single), working part-time (16 hours)	£109	£178	23%

*Assumes the prevailing rate of the National Minimum Wage and that the family is eligible for Family Credit/ Disability Working Allowance and Working Tax Credit/Child Tax Credit. Full-time work is assumed to be 35 hours. Part-time work is assumed to be 16 hours.*

*1. Applies to couples with children and lone parents alike.*

*2. Based on historical Retail Price Index, and projections from HM Treasury economic forecast.*

6. We have dramatically reduced the number of people on in-work benefits who see little gain when their earnings increase. Marginal deduction rates (MDRs) show how much of each additional pound of earnings is lost due to taxes and the withdrawal of benefits or tax credits. The number of families facing MDRs of over 70 per cent has more than halved since 1997. There has been an increase in the numbers facing MDRs of between 60 and 70 per cent but this reflects the introduction and increased generosity of tax credits, which has extended financial support to many more households including, for the first time, those without children.<sup>18</sup>

<sup>17</sup> HM Treasury, 2009, *Securing the recovery: growth and opportunity – Pre-Budget Report*. December 2009, TSO.

<sup>18</sup> *ibid.*

7. Many families moving into work will also benefit from the extension of free school meals announced in the Pre-Budget Report (PBR)<sup>19</sup>. The PBR also announced that from April 2011, people aged 65 and over will qualify for WTC if they work at least 16 hours a week, rather than 30 hours as currently. This will increase the flexibility of the Government's support for older people and expand the choices available for those wishing to work after retirement (this is discussed further in Chapter 6).

## The remaining challenges

8. Despite the fact that most people are clearly better off in work, research shows that for some people, taking the decision to move off benefits and into work continues to seem difficult and risky. To tackle this, there are three interlinked challenges that we need to address:
  - **Complexity of the benefits system** – the complex system of support can make the journey back to work hard to plan and can obscure the financial gains. For instance, research shows that many people are unaware of the in-work support that is available to them – in particular, the fact that HB is available for people on low earnings<sup>20</sup>.
  - **Uncertainty about the financial gains of moving into work** – we know from research<sup>21</sup> that worry about returning to work is widespread among people on out-of-work benefits, with the top three worries being: not having enough money to live on; not coping financially until the first payday; and not having enough money to pay the rent or mortgage during the first weeks in work. Where there are additional costs from moving into work such as travel, childcare or the loss of 'passported' benefits, this can add to people's fears that they may be worse-off in work.<sup>22</sup>
  - **Fear of leaving out-of-work benefits** – even if people understand their entitlements, experience of difficulty and delay with the claims process can add to worries about the risk of starting a job. People worry that it will take time for any new in-work benefit entitlements to come through and that they will be left without benefits if they cannot stay in their job.

---

<sup>19</sup> *ibid.*

<sup>20</sup> Turley C, and Thomas A, 2006, *Housing Benefit and Council Tax Benefit as in-work benefits; claimants' and advisors' knowledge, attitudes and experiences*, DWP Research Report No 383.

<sup>21</sup> Woodland S, Mandy W, and Miller M, 2003, *Easing the transition into work (part 2 – client survey)*, DWP Research Report 186.

<sup>22</sup> Harries T, and Woodfield K, 2002, *Easing the transition to work, A qualitative evaluation of transitional support for clients returning to employment*, DWP Research Report 175.

## Tackling complexity

9. Our long-term ambition is a simpler system, potentially based around a single working-age benefit. At the moment there is a range of different benefits with different rules and processes. Each of these serves a purpose, but the result is a benefits system that, for some people, can be too complex, leaving them uncertain about the support available to them and how to claim. A single working-age benefit could hugely simplify the system – enabling people to see much more easily what support they would be entitled to in and out of work, helping make the gains to work much clearer and reducing the perceived risks of going back to work (as well as allowing for greater efficiency and helping reduce fraud and error).
10. Moving to such a system will, however, take time. We have previously said that such a major change has to be made in several stages – this is the only way to ensure safe delivery and minimise disruption for our customers. In the meantime, we will take steps to ensure that people are supported to navigate the system effectively and to understand and take up the benefits available to them.

## Improving understanding of the benefits system

11. We know that some customers and welfare advisers, including some staff in Jobcentre Plus, have a low awareness and understanding of benefits that are available to people in work or making the transition to work. We are already seeking to address this with an HB and Council Tax Benefit (CTB) awareness and understanding campaign that is running from autumn 2009 to spring 2010. Based on the lessons learned, we will extend the campaign to cover other in-work benefits and transitional payments and support. We will increase awareness of the support available for people moving into work by:
  - promoting incentives to work, financial inclusion and personal responsibility for benefits customers in handling their finances;
  - informing people of the entitlements available and how to access them by highlighting the support available and where they can get it;
  - explaining how a person's entitlement to benefit changes if and when they take a job; and
  - helping customers navigate through the complex landscape of support when moving between benefits and work.
12. Many tenants living in social housing are workless. While the core business of social landlords is housing, some are already involved in the jobs and skills agenda, and tend to be trusted by tenants. We are therefore considering how social landlords might do more to help tenants, for example by signposting where further support can be provided to help tenants into work.

## Take Up Taskforce

13. We know that some children are in poverty because their families do not take up all the benefits and tax credits to which they are entitled. If take-up could be increased, so that the families of 10 per cent of these children began claiming all of the benefits and tax credits for which they are eligible, 40,000 children could be lifted out of poverty. This is why we worked with local government to set up the **Take Up Taskforce**, made up of representatives from across Government, local authorities and other organisations working with families. The Taskforce looked at ways of increasing the take up of financial support that is available.
14. The Taskforce published its findings in July 2008<sup>23</sup>. It made a number of recommendations for Government, local authorities and their partners. They included:
  - better signposting to the benefits and tax credit providers;
  - raising awareness of the financial support available; and
  - advising providers on how to share data to target potential customers.
15. A cross-Government working group has been set up to take these recommendations forward. It is now developing materials to help staff encourage the families that they work with to take up the financial support to which they are entitled.

## The Better off Calculation

16. Jobcentre Plus advisers can provide a calculation, which indicates the financial impact of moving into work. It shows the financial impact of moving into a job based on expected earnings and the in-work support that would be available. This Better off Calculation also allows for the costs of being in work, if these can be identified. It is potentially a very powerful tool for encouraging people to see the financial advantages of moving into a job.
17. This autumn, we made available to the public a similar facility on the Government website, Directgov.<sup>24</sup> The Benefits Adviser Service also offers an online calculation of the financial advantages of moving into work.
18. While the Better off Calculation and the Benefits Adviser Service offer a powerful illustration of the financial gains to work, the outcome depends on the information provided. If outgoings such as in-work costs are not included, the results may be misleading. In the past, this has led people to mistrust advice on this issue. In addition, these calculations may be counter-productive, shifting the focus from other aspects of the job (such as making full use of skills or relating to personal interests) and limiting long-term financial planning.

---

<sup>23</sup> Take Up Taskforce, 2008, *Take Up The Challenge*, Child Poverty Unit.

19. To address these points, we will improve awareness for our Jobcentre Plus personal advisers so that they are able to signpost customers for financial advice. We will also make links between the Better off Calculation and sources of money advice guidance or debt advice as appropriate. By these means we will enhance the contribution that the calculation makes to tackling financial exclusion and debt.
20. In taking forward recommendations from the Perkins Review we will also explore how we ensure local health and social services are aware of and can use the Better off Calculation to promote the importance of work.

## Making the gains to work clear

### A Better off in Work Credit

21. In December 2007 we announced<sup>25</sup> that the Department for Work and Pensions would pilot a Better off in Work Credit (BWC). The purpose of the credit was to ensure that people who had been on out-of-work benefits for at least 26 weeks would see a clear financial gain from moving into work. Anyone in this group whose in-work income (including in-work benefits and WTC) was less than £25 a week more than they received from their out-of-work benefits would be entitled to a credit to bring their income up to this amount. The credit would be paid for up to a maximum of 26 weeks.
22. The pilot was evaluated by the National Institute of Economic and Social Research and their report<sup>26</sup> will be published at the end of January 2010. The evaluation confirmed that, because of the availability of other in-work payments, the number of people who might be entitled to the BWC is not high. However, for the minority who would otherwise have had more marginal gains to work, the BWC could provide a valuable additional source of support, particularly helping with transition costs in the early stages of employment. Customers who received the credit found the claiming process simple and the credit useful once they were in work.
23. This fits our existing understanding that back-to-work payments, including in-work credits like the pilot, help make the gains to work clear and reassure people considering going back to work that they will be able to manage financially during the transition. Continuing to pay out-of-work benefits for a period after the beginning of a job also provides security of income during the financially challenging early weeks in work. And, although these payments cease after a set period of time, there is evidence to indicate that their impact carries over into a longer-term commitment to staying in work.
24. We intend to build on the lessons learned in the recent pilots and develop a national BWC. **This will be an enhanced credit which will guarantee that people who have been unemployed for six months or more are at least £40 a week better off in work.** We will be implementing the credit in one region from October 2010 as the first step towards a national roll-out. We expect the credit will be available nationally from January 2011.

---

<sup>25</sup> Department for Work and Pensions, 2007, *Ready for work: full employment in our generation*, Cm 7290, TSO.

<sup>26</sup> *The Better off in Work Credit – incentives and experiences* report from the National Institute of Economic and Social Research will be published in the Departmental Research Report series in January 2010. This work outlines customer and staff experiences of the credit and modelling work on the types of households that would be eligible for the credit.

## Supporting lone parents and carers into sustainable work

25. We recognise that some people with caring responsibilities – in particular lone parents with young children – may not be able to work for over 16 hours a week (the point where people move off out-of-work benefits). However, wherever possible, we want people to return to work in the longer term and want to provide them with the support they need to do this.
26. Chapter 4 set out how we will support people to prepare for work, for example, by improving their skills. In addition, we believe the experience of a job – even if it is just for a few hours a week – can also help people prepare for leaving benefit. Furthermore, jobs of less than 16 hours a week can allow people who would not be able to work longer to gain experience, motivation and an enhanced sense of self-worth, which can in turn improve their confidence and employability. Employers place a high value on the soft skills that recent experience of work can demonstrate and develop.
27. The benefits system already recognises the stepping-stone effect for people who are getting Employment and Support Allowance, through the permitted work provision. This allows people to work up to the equivalent of 16 hours at the National Minimum Wage for a time-limited period without any impact on benefit payments. By contrast, other people who are not expected to be ready for full-time work do not have this opportunity. Lone parents on Income Support see their benefit reduced pound for pound on any earnings over £20 a week. This provides a very weak incentive for these people to try out work while on benefits.
28. We believe we should improve work incentives for lone parents. In 2010 we will test an increased disregard for lone parents in our progression to work pathfinders, and we are currently looking at the optimal form for that higher disregard to take. This will provide an incentive for lone parents with a youngest child aged below 7 to try out work of a limited number of hours so that they are better prepared to re-enter the labour market when their child is older. We will assess the experience of operating this in the pathfinders. In light of that experience we will take a view on implementing the enhanced disregard on a national basis.
29. Working parents will also be helped by the announcement in the PBR that we will extend eligibility to Free School Meals to primary school pupils in working families with a household income below £16,190. Our aim is that, from September 2011, all primary school pupils in low-income working families will be entitled to receive Free School Meals, benefiting around 500,000 children.
30. We also want to provide better support for carers. Chapter 4 set out our proposals to help people balance their work and caring responsibilities. We will also **raise the earnings limit within Carer's Allowance from £95 to £100 a week**, broadly in line with increases in average earnings.

## **In-work and out-of work benefits: smoothing the transition**

### **Housing Benefit and Council Tax Benefit changes**

31. The administration of HB is much improved and the move to work is now treated as a straightforward change in circumstance rather than a whole new claim. However, complexity and uncertainty around entitlement is still an issue for some people returning to work. HB and CTB are weekly benefits and any changes in income can affect entitlement each week. It is clear for many, in particular those who are just starting a job and have yet to establish a regular earnings pattern, that this can cause great uncertainty. The need to report each change can also place a substantial administrative burden on people struggling to get used to the demands of a job.
32. In addition, we need to ensure that the HB system does not subsidise families to live in more expensive accommodation for prolonged periods that act as a disincentive to work.
33. Because of these and other issues it is clear that further changes are needed. In parallel with this paper we have published a consultation on proposals to reform HB. The consultation includes measures to improve work incentives and to help people make the transition from benefits into work. In particular:
  - helping to make the transition into work easier by fixing HB payments at the out-of-work rate for three months when an individual moves off benefits and into work;
  - reducing the uncertainty surrounding HB payments by moving to fixed period awards of up to six months; and
  - dealing with excessive rents by ensuring that the benefit system does not support customers to be housed in higher cost accommodation which would be unaffordable if they moved off benefit.
34. The consultation also sets out measures to control the costs of HB by reforming the way in which Local Housing Allowance rates are set to more closely reflect the housing choices of other working households not eligible for benefit.

### **More support for people moving from Employment and Support Allowance**

35. Incapacity benefits provide a higher level of support for people who are out of work than the support provided for job seekers. This can mean that financial incentives to move into work are relatively poor. WTC rules mean that people moving off Employment and Support Allowance will normally receive additional support through the disabled worker element and access to WTC when working 16 hours a week or more. However, access to this improved provision can only be determined after someone has gone into work. This means that the real gains to work are not always apparent to people on Employment and Support Allowance who are thinking about taking up a job.

36. We will explore the possibility of new provisions to address the uncertainty faced by people moving into work from incapacity benefits. **We will consider the scope to passport people moving from Employment and Support Allowance to the disabled worker element (worth up to £48.50 a week) and 16-hours rule in WTC.**

### Simplifying back-to-work payments and improving administration

37. There are around 30 transitional payments with widely different entitlement conditions and payment arrangements. Personal advisers find the range of options confusing and few customers are likely to be able to understand the range of support available to them.
38. We intend to simplify this system by combining and rationalising existing payments that serve a similar purpose (for example, to cover transport costs). **We will introduce a single Personal Work Support Account and a streamlined payment process.**
39. **We will also roll out the In and Out of Work pilot to the whole country by March 2010.** Whereas in the past, information has been required by a number of organisations when someone moves into or out of work, we will move to a system where Jobcentre Plus collects all the information needed by Her Majesty's Revenue and Customs and local authorities. This system will enable tax credit and HB/CTB claims to be opened, amended and closed more quickly. We will consider how to apply the lessons from this project more widely to support people into work.

### Helping people to manage debt as they move into work

40. There is already a strategy for financial inclusion across Government<sup>27</sup> that includes expanding access to money guidance (the Financial Services Authority's Moneymadeclear and money guidance pathfinders) and face-to-face debt advice for people with problem debts. However, we believe that we can do more to integrate the financial inclusion strategy with our welfare-to-work goals.
41. We know that debt can have an impact on people's plans for a return to work. As well as the prospect of debt repayments reducing or eliminating financial gains to work, the impact that debt can have on self-confidence and the ability to plan ahead is well documented.
42. People who lose their jobs or who have their hours reduced often need to borrow money. At the same time, people who have reduced incomes are less able to access credit from mainstream lenders. This can lead to people borrowing from high-cost lenders and loan sharks, and getting into a spiral of increasing debt. High levels of debt can be a barrier to getting a job when the economy improves, because when people move into employment, creditors are more able to chase them effectively. People out of work and on low incomes often have to put up greater security to get a loan.

---

<sup>27</sup> HM Treasury, December 2007, *Financial inclusion: an action plan for 2008–11*.

43. As part of our strategy for improving work incentives, we will look to address the impact of financial exclusion and debt. We want to do more to build on the Government's financial inclusion strategy to help more people make the transition to work. Examples include using intermediaries, and improved signposting of Jobcentre Plus customers to appropriate sources of money guidance and debt advice.
44. The Department for Work and Pensions' Growth Fund provides affordable loans via credit unions and Community Development Finance Institutions<sup>28</sup> to people on low incomes, including those who have lost their jobs or are working reduced hours, who might otherwise be reliant on high-cost lenders. Access to these affordable loans prevents people getting into the spiral of unsustainable debt that can flow from using high cost-lenders.

## Conclusion

45. We have taken steps, through the introduction of tax credits, the National Minimum Wage and other changes, to ensure the vast majority of people are better off in work. Ensuring that people on out-of-work benefits can easily see the gains from moving into work is good for them and good for the country. People who are out of work do not have the same opportunities as people in work to make full use of their talents and enjoy the opportunities for wider self-realisation that a job can offer.
46. Further action to address the constraints imposed by existing systems on people looking for work is essential if we are to avoid the problems seen in previous recessions. Then, many people were left behind on benefits. Ensuring that everyone returns to work as soon as they are ready to do so will help accelerate the recovery in the economy.
47. This chapter has set out how we intend to make clear the financial advantages of a return to work. The roll out of the Better off in Work Credit will ensure that everyone who has been out of work for six months or more will see an increase in their weekly income of at least £40. Simplifying the support available and improving communications will reduce uncertainty and help people plan their journey back to work.
48. These changes further increase the focus of the welfare state on supporting independence, promoting work incentives and tackling poverty.
49. We explain next how we will support jobs to be long-lasting and fulfilling.

---

<sup>28</sup> See <http://www.cdfa.org.uk/cmframe.php?prmid=1200> for more information about Community Development Finance Institutions.

## Chapter 6 – Better, more fulfilling work

### Summary

- The challenge we face is not solely about helping people back into work. It is also about helping people progress in work, develop careers and effectively balance their work and family lives.
- For a start, that means helping people get the skills and qualifications to progress in work.
- To address this, we will provide **in-work skills support and advice in England** through the new adult advancement and careers service that will offer personalised information, advice and guidance.
- For **disabled people and people with a health condition** we will do more to help them retain their jobs and progress in work by supporting early intervention, piloting **the new Fit for Work service**, and **improving the Access to Work programme**.
- We will do more to promote a labour market that is **free from discrimination** by promoting the **Know Yourself** tool with employers.
- To help carers, parents and others struggling to balance work with other commitments, we will work with employers to **promote flexible working practices**. Our long-term ambition is to ensure that flexible working practices are embedded in all businesses across the UK, so that all employees are able to discuss opportunities for flexible working with their employer from day one of employment, or even pre-employment.
- Achieving this will raise the employment rate and productivity as well as improve the quality of life of employees.



## Introduction

1. A return to full employment means helping as many people as possible make the journey back into work.
2. However, it is not enough to simply move people into a short-term job. We need to support people into lasting employment, with the opportunity to progress in work and to find fulfilling employment that is compatible with the responsibilities of modern family life.
3. Some people take several spells in and out of work before finding a job that suits them and offers them the right opportunities to remain in work and progress. Other people are trapped in low-paid jobs below their skill level, often because they cannot find quality work that is compatible with their out-of-work commitments, such as caring or childcare.
4. This chapter looks at the ways in which the Government plans to help ensure that the labour market reflects the needs of the modern family and enables people to stay in work and, where possible, to progress to better work.

## Helping those with a history of repeat spells on benefit

5. While for many people taking several spells in and out of work before finding a suitable job is a natural occurrence that does not damage their longer-term prospects, for some cycling between work and benefit does become a problem and can harm the individual's ability to find a sustainable job.
6. Evidence shows that a pattern of repeat claiming can be problematic for those with existing poor work histories, those with no qualifications or a lack of key work skills, and some young people. We also know that people can face challenges in keeping a job through life events such as the development or worsening of a health condition or disability, or a change in circumstance, such as a caring responsibility which has made full-time work impossible.
7. To help combat this we already fast-track those with significant disadvantages and those with a recent history of benefit receipt to a point where they receive greater support with their jobsearch. We will review this practice to ensure it captures as many as possible of the people most at risk from repeated cycling between work and benefit. And, as set out in Chapter 2, we will, in particular, fast-track more young people to the support available at six months and give Jobcentre Plus advisers the discretion to fast-track people over 50 to the same point.
8. In addition, as set out below, we are aligning our Jobcentre Plus services with the new adult advancement and careers service in England.

## Skills support for people in work

9. Getting a job is a good start, but while most people expect to progress in work, many lack the skills or the help to do so. The adult advancement and careers service, which from August 2010 replaces *nextstep* and the Careers Advice Service in England, will provide independent and impartial information, advice and guidance to help people assess their skills and make choices about training and career paths. This advice will be provided face to face, by telephone or online, to meet the needs of the individual.
10. To provide a seamless service to help people get, keep and progress in a job, in England the adult advancement and careers service will work closely – and co-locate where possible – with Jobcentre Plus. Jobcentre Plus and existing *nextstep* careers advisory services are already testing this approach in 12 areas.
11. In England, all customers leaving Jobseeker's Allowance (JSA) will receive a letter informing them how to access support from the adult advancement and careers service.
12. We want to target this support at those who are more likely to cycle in and out of work. Therefore, from April 2011, all customers who enter work after claiming JSA for between 6 and 12 months will be encouraged to make contact by telephone with the adult advancement and careers service.
13. Anyone moving into work after receiving JSA for more than 12 months will receive ongoing support from the Flexible New Deal provider that helped them into work. Our services for disabled people or people with a health condition, Pathways to Work and Work Choice (from October 2010), also provide a follow-up service when people need extra support once they have left the programme.
14. As described in Chapter 4, the new skills accounts in England will be a valuable part of this new system of support. They will provide a personal online account that will enable an individual to see the skills training they can access in their area. It will set out a record of the qualifications that individuals gain and, over time, will allow the individual to build up a portfolio of their skills and learning.
15. We also want to support and encourage employers to improve the skills of their employees. Through Business Link, employers in England can access advice about the Government support that is available, including tailored advice about training. The Train to Gain service provides Government funding, especially for those with basic skills needs or without formal qualifications, to complement employers' investment. We also want to encourage as many employers as possible to take on apprentices. Apprenticeships are an effective means of improving skills, combining a mixture of work-based training and theoretical learning. The Government supports the costs of training – in some cases covering these costs completely – and we have published ambitious plans for future growth.

## In-work support for disabled people and people with a health condition

16. Many disabled people and people with health conditions are flourishing in work. But too many people continue to fall needlessly out of work, so it is vital that we provide better support to help them retain and sustain work, as well as to gain a job.

## Retaining work

17. **When someone in work develops a disability or their health deteriorates, the priority must be to help them manage their condition and retain their job.** Evidence shows that personalised support for the individual and their line manager can make the difference in reducing preventable health-related job loss and on-flow to benefits.
18. Our strategy has three key elements:
  - changing the culture by giving consistent messages across the health and welfare systems about the value of work;
  - supporting early intervention; and
  - achieving a new balance of responsibilities between Government, employers and individuals.

## Culture change

19. Too often employment support and health services have operated separately. If we are to help more people retain work we must provide a coherent, personalised service and offer consistent messages.
20. We have started this culture change. Many of our employment initiatives are jointly led with the Department of Health and the health departments of the Welsh Assembly Government and Scottish Government, and focus on identifying what people can do, not what they cannot do.
21. Underpinning this, we are introducing a new statement of fitness to work, or '**fit note**' to replace the old fashioned 'sick note'. This helps GPs facilitate return-to-work discussions for people off sick. It will also:
  - help inform discussions between individuals and their employers about whether there are changes to the employee's work environment or job role which could help in achieving an early return to work;
  - help employers in retaining staff and their skills;
  - provide individuals with information about steps they can take which will help them towards an early return to work; and
  - promote a positive attitude to the role of work in aiding recovery.

## Supporting early intervention

22. Early intervention is key to helping an individual who is struggling in work due to disability or a health condition. Good healthcare and workplace management, together with extra help for those who need it, could reduce long-term sickness absence and the numbers of workers going onto incapacity benefits by up to 60 per cent.<sup>29</sup> Yet services have often lacked the flexibility or co-ordination to provide early support.

---

<sup>29</sup> Waddell G, Burton AK, and Kendall N, 2008, *Vocational Rehabilitation: what works, for whom and when?*, p.43.

23. We are changing this by testing early intervention services, such as the Fit for Work Services, with people who have a job and have been on sickness absence for around a month.
24. **In addition, a number of psychological therapy services across Britain are embedding employment advisers and a work focus in their services.** This will test how co-ordinated mental health and employment support can best improve job retention and reduce health-related job loss for the estimated one in six people who experience mild to moderate mental health conditions. They are already delivering positive results.

### A new balance of responsibilities between Government, employers and individuals

25. The employer's role is crucial in helping people stay in work and it is in their business interest to do so, but the balance of responsibilities between state, employers and individuals is not clear, and the current system does little to prompt early action by employers.
26. Small businesses often lack access to occupational health services which can make it difficult to respond effectively when an employee has a health condition and difficulties arise at work. We are piloting an **occupational health adviceline** to provide advice and support to address specific health problems that individuals face in the workplace. We are also making funding available through the **Health Work and Well-being Challenge Fund** to encourage small employers and local partnerships to implement innovative health and well-being initiatives for their employees.
27. The costs of ill health and the business case for employing and supporting a diverse workforce are often not well understood by employers. We are redesigning our **business healthcheck** online tool to help business quantify the cost of ill health and promote simple ways of reducing costs and encouraging well-being at work.

### Sustaining work

#### Clear responsibilities and support for employers

28. Employers have a responsibility enshrined in the Disability Discrimination Act to make reasonable adjustments to help disabled people work. Many adjustments do not cost anything at all. In other cases there may be a need to spend money on adjustments

#### Examples of success: The NHS and employers working together to co-ordinate mental health and employment support

Margaret was an experienced teacher who recently returned to work after being off with panic attacks and anxiety for seven months. In conjunction with NHS talking therapy, Margaret received an assessment and agreed a return to work plan.

This plan enabled Margaret's employer to make reasonable adjustments to support her return to work. She was offered the chance to re-familiarise herself with her work and was able to successfully undertake a phased return to work.

but employers will only be required to pay for these where the adjustments needed are reasonable in light of the resources available to the employer. In cases where it would not be reasonable for employers to pay for adjustments, programmes like Access to Work can provide assistance.

### Access to Work

29. Access to Work is a specialist disability programme that helps disabled people overcome work-related obstacles. It is flexible, easy to access and shows high levels of satisfaction from disabled people and their employers. It is recognised by the National Audit Office as highly cost-effective, and so we committed in December 2008 to doubling the budget to £138 million by 2013/14.
30. As well as increasing the budget for Access to Work from April 2010, we have been working to improve the programme. We are taking forward the proposals of the Perkins Review to ensure the programme helps people with mental health conditions more effectively. We have also developed a range of improvements that will improve its focus and value. These include:
  - asking larger employers to make a more substantial contribution towards aids or equipment to help their disabled workers, in line with their responsibility under the Disability Discrimination Act. We will consult stakeholders on the appropriate amount. This will free up resources which can go to those working for smaller employers;
  - enabling customers to have an even more personalised package of support, with an individual action plan to help them overcome their particular difficulties, more frequent reviews, and more intensive discussion about building independence and self-reliance;
  - offering a 'pre-certificate' which job seekers could present to employers to demonstrate they would, in principle, be eligible for Access to Work assistance (although the actual support offered would remain firmly linked to a specific job offer);
  - trialling part funding the replacement cover for workers temporarily unable to work due to mental health or other fluctuating conditions;
  - extending support for job coaches, likely to particularly help people with learning disabilities, enabling support for longer periods and at different points as they settle into their new job; and
  - focused marketing, including joint campaigns with mental health, learning disability and ethnic minority-focused charities, to ensure that disabled people who need help from Access to Work know it is available.
31. We will discuss these proposed improvements with stakeholders early in 2010, with the intention of beginning implementation from April 2010.

## Encouraging quality work

32. The ways employers go about recruiting people and the terms and conditions on which they are employed can act as a deterrent to people getting a job and then making a success of it<sup>30</sup>. For example, back-to-work pilots targeted at people claiming health-related benefits found that customers aged 50 and over identified age discrimination by employers and the need for part-time work as the main issues that prevented them from returning to work.
33. Yet good employment practices, with fair recruitment, flexible working arrangements and support for workers with health conditions, provide clear benefits for workers and their employers.
34. **For the benefit of business and the people they employ, and to encourage higher levels of labour market participation and a family-friendly labour market, we want to do more to improve employment practices and encourage quality work.**

### Tackling discrimination

- Data from the Citizenship Survey shows that 7 per cent of the working population have experienced discrimination in relation to getting or progressing in a job in the past five years.
- Our recent research report *A test for racial discrimination in recruitment practice*<sup>31</sup>, supports this finding, and revealed that there is significant discrimination in recruitment against candidates with ethnic minority names.
- Employers across all sectors need to capture the best talent to make a significant contribution to the economic stability of the UK. In the current economic climate this needs to be at a minimal cost to employers.
- We will work with those involved in recruitment to help them learn to recognise and address any biases and prejudices they may have. To achieve this we have developed, with Ernst & Young, an online tool called Know Yourself<sup>32</sup> that employers can use.

(continued)

### Examples of success: Access to Work

Robert has been partially sighted for the past eight years. Following a period out of work, Robert got a job at a small company that provides precision instruments for the oil industry.

Robert's new employer invited Robert to come in and identify any difficulties he had with the machinery. Working with the employer, Access to Work funded a new digital display that Robert would be able to read with ease. This display means there is no task that Robert is unable to undertake.

<sup>30</sup> Wood M *et al*, 2009, *A test for racial discrimination in recruitment practice in British cities*, Department for Work and Pensions Research Report No 607.

<sup>31</sup> *ibid*.

<sup>32</sup> Annex 1 Employer Engagement Project Group Campaign.

- This is part of a five-point approach to tackling discrimination:
  - Know why it matters: not to overlook any demographic groups, to protect your business from discrimination cases, win government contracts and know where to find out more information.
  - Get to know your workforce: through good communication, effective data collection and collation, and sharing of results.
  - Know yourself: take the online bias test and evaluate the results before asking five colleagues to do it too, until all managers and supervisors 'know themselves'.
  - Know your colleagues: talk to five people and find out five new things about each of them; ask questions and build relationships.
  - Know what to do: ensure fair and open recruitment, instigate networking events, share good practice, and engage and enthuse all employees.

### **The Equality Bill: working to tackle discrimination**

The Equality Bill, which is currently going through Parliament, will:

- streamline existing equality law, helping people understand their rights and helping businesses comply with the law, by replacing nine major pieces of anti-discrimination legislation;
- introduce a new duty on public sector bodies to consider reducing socio-economic inequalities which will affect how public bodies make strategic decisions about spending and service delivery;
- put a new Equality Duty on public bodies to promote equality, eliminate discrimination, and advance equality of opportunity;
- ensure that public bodies focus on public procurement as a possible means of improving equality;
- provide a power to require gender pay reports, initially just in the public sector with extension to the private sector in 2013 if insufficient voluntary progress is made in the meantime. This will help to make pay in workplaces more transparent, alongside a ban on secrecy clauses that prevent employees discussing their pay with colleagues; and
- extend the scope to use positive action, by giving employers the choice to make their workforce more diverse when selecting between two job candidates who are equally suitable.

### **Flexible working**

35. We believe that encouraging flexible working is good for individuals, families, employers, and the wider economy. Offering employees the opportunity to work flexibly can raise their productivity and encourage more people to enter and stay in work, contributing to tackling child poverty and meeting the challenges of an ageing society.

### Benefits for individuals and families

36. There are clear benefits for individuals when flexible working is promoted in the workplace. Flexible working enables more people to move into and do well in work, and improve their quality of life. And it can encourage people to apply for jobs who would not otherwise have done so.
37. By helping people – for example, those with caring responsibilities – to better balance the competing demands of their home and working life, flexible working can significantly improve their quality of life and support family relationships. For example, it can help parents to balance the responsibilities of work and parenting, and to spend more quality time together as a family and to engage in their children’s learning.

### Benefits for employers

38. Flexible working also delivers significant benefits for employers, including increased productivity, reduced absenteeism, improved morale, increased retention of skilled and experienced staff, and an associated reduction in recruitment costs. Recent evidence showed that nearly eight out of ten people said that it was either quite important or very important that any job offered included flexible working.<sup>33</sup>
39. By promoting flexible working and combating discrimination, employers are likely to be able to attract a more diverse workforce, which gives organisations a greater range of expertise to draw on and can lead to greater understanding of the needs of their customers.

### Learning lessons from the recession

In response to the current recession, many employers opted to offer opportunities for flexible working to their staff for the first time, keeping in place the skills and expertise that will be vital for when business picks up.

A recent survey conducted by the Confederation of British Industry showed that in the current recession almost two out of three employers introduced, or considered introducing, changes to working patterns.

In the majority of these cases, changes have proved successful and popular. For example, since KPMG offered employees the option of working four days a week in response to the current recession, 85 per cent of employees have applied to do so<sup>34</sup>.

It is vital that we take the opportunity to encourage employers to embed these new working practices so they are kept in place during the upturn.

### Benefits for the economy: supporting older workers

40. That we are living longer is something we should celebrate, but it also raises challenges for individuals and for society. In 2007, for the first time in the UK, there were more people over State Pension age than children. A key part of our response to these challenges must be enabling and encouraging people to work longer. Higher employment rates will sustain national wealth, while longer working provides a greater opportunity for people to build provision for their retirement through private saving.

<sup>33</sup> Internal DWP analysis of the Caring and Flexible Working Module on the BMRB omnibus survey June 2008.

<sup>34</sup> EHRC report, October 2009.

41. Encouraging more flexible working and better employment practices is part of the support that can help older workers remain in work. Indeed, half of those who retired between 50 and 69 reported they would have worked longer if they could have accessed flexible working<sup>35</sup>.
42. We have said, since we introduced the Default Retirement Age (DRA), that our long-term aim was to move away from the use of fixed retirement ages. We announced in *Building a society for all ages* that, in response to changing economic circumstances, we would be bringing forward the review of the DRA, originally set for 2011, to 2010. The Department's **Age Positive** initiative continues to encourage employers to recruit, train and retain older workers.

### Age Positive

Age Positive is a Government initiative working with employers and leading business organisations. It shares the business benefits that employers have found from employing older workers, offering flexible working and ending compulsory retirement ages.

### Progress made so far: Increasing rights, promoting opportunities

43. Since 1997, we have led the way in driving fairness, flexibility and effective employer-employee partnerships to achieve productivity and competitiveness.
44. We have taken steps to define workers' contractual rights and have promoted flexible working by introducing the right to request flexible working for parents of children aged 16 and under or whose child is disabled, as well as for the 80 per cent of carers who care for relatives or where the person cared for lives in the same house as the carer.

*We have job-sharing, flexible retirement and part-time working, helping us to attract and retain staff. Quite simply, employing older people makes good business sense to our company.*

**Glynis Frew**  
**HR Director at**  
**Hunters Estate**  
**Agents, Age Positive**  
**Employer Champion**



<sup>35</sup> McNair S, et al, (2004). *Changing Work in Later Life: A Study of Job Transitions*, Centre for Research into the Older Workforce, University of Surrey.

45. We have recently extended the right to request flexible working to an additional 4.5 million parents, taking the total to over 10 million employees who have the right to make this request.
46. Jobcentre Plus encourages employers to advertise vacancies as part time or suitable for flexible working wherever this is appropriate. These types of vacancies currently make up about one in three of the vacancies offered through Jobcentre Plus – higher than the number of people working this way in the economy as a whole.

### Promoting improved employment practices

47. The evidence suggests that progress has been made. But, if we want to create a family-friendly labour market, raise employment levels and help reduce child poverty, there is still more we can do to **raise awareness of existing rights and to promote the benefits of flexible working to employers.**

### Awareness of flexible working

New research from the Government Equalities Office<sup>36</sup> which will be published shortly found that:

- Just under two-thirds of working parents are aware of the right to work flexibly, as introduced in 2003, and only 12 per cent of working parents are aware that the right to request flexible working has been extended to all parents of children aged 0–16.
- Three in ten working parents have made a request to work flexibly and 81 per cent of those requests have been granted.
- One in ten working parents have made a request to work flexibly in the last six months.
- Just over a third (34 per cent) of working parents are likely to make a request to work flexibly, or more flexibly, in the next 12 months.
- Working parents perceive requesting to work flexibly could have negative consequences. A third (33 per cent) were concerned it would mark them out as uncommitted to their job.
- Fifteen per cent of working parents have heard about flexible working in the media in the last six months. Of those parents who have heard about flexible working in the media, half of them mentioned they had heard flexible working mentioned on the television.

### Family Friendly Working Hours Taskforce

48. We have established a **Taskforce on family-friendly working hours**, to focus on the quality and accessibility of part-time work. We know that many parents, particularly mothers, wish to undertake part-time work, but that the positions available on a part-time basis tend to be in lower paid and less skilled occupations than full-time positions. Increasing the supply of quality part-time work could help these parents to increase their family income, and so the recommendations of the Taskforce will feed directly into our child poverty strategy.

<sup>36</sup> Online survey with a representative sample of 1,004 working parents of children aged 0–16 in Great Britain, who use the Internet.

49. The Taskforce is bringing together employers and organisations that act on behalf of employers. It will provide **published recommendations** in the spring on how to **encourage and support more employers to implement flexible working practices that benefit both business and employees**. As part of this we will ask the Taskforce to consider how employers can be helped to provide more flexible working opportunities, job design, recruitment and workforce management.
50. The Taskforce will be jointly chaired by Emma Stewart of 'Women Like Us' and Amanda Rowlatt from the Department for Work and Pensions.
51. The Taskforce's report will support an ongoing piece of work that Emma Stewart is leading on for Government about improving part-time work opportunities in London. Both pieces of work will report early in the New Year.

### Further steps to improve opportunities for flexible working

52. A number of independently developed standards already exist to promote business best practice. We are keen to explore how these could be used to promote flexible working, and to **highlight those employers with exemplar flexible working practices**. We are already considering, and recently consulted on, developing a voluntary National Equality Standard kitemark. Depending on the outcome of the consultation we will explore including a **family-friendly flexible working strand** in this kitemark. From April 2010, we will also work with the UK Commission for Employment and Skills to evaluate the case for developing a family-friendly flexible working strand to the current Investors in People standard.
53. **We will use improved Government IT and develop online media to explore opportunities to promote and enable flexible working.** Existing jobsearch sites, such as LinkedIn and Women Like Us, already put people in contact with employers who have jobs with opportunities for flexible working. The Jobcentre Plus vacancy database can also be searched for part-time or flexible hours jobs. We will use these developing online media, and the next generation of Jobcentre Plus IT, **to offer 'job-brokering' services** that will help people to find **the right job and help job-share arrangements**.

### Case study

*Promoting Parents* is Sefton Metropolitan Borough Council's Local Authority Innovation Pilot to tackle child poverty, funded by the Department for Children Schools and Families. A key element of the pilot is the development and implementation of a 'Promoting Parents' kitemark to recognise an employer's commitment to – and progression towards – developing family-friendly policies and procedures for its workforce. It will cover elements such as flexible working arrangements, family-friendly policies, staff and workforce development, and health promotion, for example supporting returning mothers or green transport and travel. The kitemark will recognise and complement other local and national initiatives on work-life balance and become an asset for both the employer and the workforce.

**We will work with Sefton when developing our plans nationally.**

54. Research shows that many of the vacancies currently advertised as full time would be suitable for people working part time or on a flexible basis. We will work closely with employers to encourage them to consider the opportunities to advertise vacancies on a part-time or flexible basis. **To support this, the Cabinet Office has a programme to encourage understanding of best practice in recruitment.**
55. **We will also introduce a new National Guidance Initiative to help employers create new job opportunities for older workers.** This new initiative will provide each of the main occupational sectors with dedicated contracted resources, for sector leaders working in partnership with Government, to open up more flexible working opportunities that meet the needs of older workers and businesses alike. With over half of people aged 60 to 64 not working nor looking for work, our aim is to enable those who need flexible or part-time work to be able to have it, so they can stay in work longer or return to work. We will particularly focus on helping employers to maximise the business benefits they can gain from an ageing workforce and address employer questions on workforce management without fixed retirement ages, 'gearing down', productivity and fair dismissal, with sector-specific solutions.
56. We have asked for evidence to inform a review of the default retirement age next year, including businesses' experience of operating without a set retirement age. We are particularly interested to learn from the flexible approaches to retirement adopted by some businesses, such as the offer of more flexible or reduced hours for workers staying on past 65. As part of the review of the DRA we will examine how Government can provide better support for those approaching retirement.
57. As set out in Chapter 4, to improve arrangements for carers we will carry out a broad consultation on how we can help individuals meet their caring responsibilities while remaining in employment, and next year we will bring forward detailed plans for the National Care Service in 2010.

### Improved family leave arrangements

58. Since 1997, we have significantly improved maternity and paternity arrangements through, for example, increasing Statutory Maternity Leave and Statutory Maternity Pay and introducing paid paternity leave to enable parents to take time off around a child's birth.
59. We want to continue to extend parental support, particularly for families with young children, and have announced the introduction from April 2011 of Additional Paternity Leave and Pay for fathers, which will allow parents to share a period of paid leave in the child's first year.

### Requesting time to train

60. As was set out in the *Skills for Growth* White Paper, we will work with business to ensure a smooth introduction of the recently established new right for employees to request time to train. The new right will apply to the 11 million employees working in businesses with 250 or more employees in Great Britain from April 2010, and to all employees from April 2011. The right will generally be open to employees who have worked for their employer for 26 weeks or more, including part-time employees.

## Conclusion

61. In this White Paper so far we have set out a wide range of coherent measures that will help as many people as possible to find and keep jobs that make them clearly better off than they would be on benefits.
62. In the final chapter we concentrate on modernising and improving our services to deliver these policies.

# Chapter 7 – Reforming how we deliver services

## Summary

- Having the right policies is critically important. But they will count for nothing if they cannot be successfully delivered at a quality that our service users have every right to expect.
- The last year has shown strong service delivery. Jobcentre Plus has been faced with considerable challenges as unemployment rose sharply in the early months of the year and demand for its services increased dramatically. It is a tribute to the organisation that it has responded so well.
- In addition, we have strengthened partnership working between Jobcentre Plus and other organisations, including specialist private and voluntary sector providers, local employers through successful Local Employment Partnerships, and local authorities and other organisations through the Future Jobs Fund.
- We have also introduced a radical new way of delivering personalised support for the unemployed through the Flexible New Deal (FND), and contracts with specialist providers that pay by results.
- However, the recession has inevitably created some new demands on the delivery system. To support people back to work effectively, Jobcentre Plus has needed to deliver personalised support despite increasing demand. As the pressure on the organisation begins to diminish, we need to make another step change forward in terms of the quality of our service delivery. We need to ensure that we continue and increase this focus on personalisation, making it a guiding principle of our services.
- This chapter sets out how, in line with the new ways Government wants to work with citizens, we intend to create a welfare delivery system fit for the 21st century by:
  - developing different models of flexible, personalised support, including a delegated flexibility model in Jobcentre Plus;



- developing further the work with private and voluntary sector specialist providers, including better ways to pay by results, extending to other benefits and early referrals;
- introducing new technologies to provide a more efficient service for people looking for a job and for employers while tackling the issue of digital exclusion among our customers; and
- integrating the support offered by Jobcentre Plus and other providers, such as charities and local authorities, ensuring that services are joined up and tailored to the specific needs of local communities.

1. In this chapter, we set out our vision of how the welfare-to-work delivery system should work in the future, in partnership with individuals and communities.
2. The Government last week published *Putting the Frontline First*, a White Paper establishing three core principles for developing ‘smarter government’ that delivers the services people want in the way they want them. The White Paper commits to:
  - strengthening the role of citizens and civic society, giving people the tools they need to help shape services;
  - recasting the relationship between the centre and the frontline, freeing up the frontline to respond to local challenges and need; and
  - streamlining central government for sharper delivery, freeing up efficiencies for the frontline.
3. Building on these principles, we want Jobcentre Plus and its partners to offer universal, personalised services, using the latest technology and making the best use of local and national provision. We want to work with customers to provide a personalised service which addresses their specific needs and helps people to find, stay in and progress in work.

4. In Jobcentre Plus we want to empower managers and advisers to respond to the specific needs of individuals and local areas, ensuring that all local provision complements, and does not duplicate, the national core.
5. We want to offer a simplified service to our customers, with all providers measured by a coherent system of performance targets, based on sustained employment outcomes.
6. This White Paper sets out the concrete steps we are taking towards these goals.

#### **What this means for customers:**

- A more informed choice, made in partnership with expert advisers.
- More tailored, personalised support that responds to their own circumstances.
- More chance to influence their route to work, while still meeting their responsibilities.
- A seamless service that opens up access to a variety of local support that meets their needs.
- Greater opportunities to use technology and learn new skills in the process.

#### **What this means for employers:**

- Closer engagement, bringing employers to the heart of Jobcentre Plus and the wider delivery system.
- An increased role in customers' journeys into work.
- A better package for the employer as a customer, offering an efficient universal recruitment service.

#### **What this means for staff:**

- More responsibility and empowerment to address their customers' needs.
- A dynamic and personal relationship with customers, supported by training and better information.
- A more outward-looking approach, working closely with communities and partners.
- Clear career development and opportunities, sharing expertise with, and learning from, partner organisations.
- Piloting greater discretion in allocating budgets.

## The delivery system in the recession

7. Since its launch in 2002, Jobcentre Plus has gone from strength to strength, working with its delivery partners to create a highly effective system for getting people into work and paying the right benefits at the right time.
8. The way these services are arranged means they can adapt quickly to change. This was illustrated by the way the Department for Work and Pensions, Jobcentre Plus and their partners responded to the economic downturn and implemented new programmes such as the Future Jobs Fund. The extra menu of provision available from day one (as set out in Chapter 2) has demonstrated the ability of the service to provide a range of options from which advisers and customers can select the most appropriate support to move back into work.
9. **Even during the recession, despite increasing numbers of people making claims, over half of all new Jobseeker's Allowance (JSA) claims last less than three months.** Around seven in ten people leave JSA within six months. The changes we have made in terms of what we require of those claiming benefits, and the extended employment support we offer to lone parents and disabled people, have put us in a strong position to build towards a jobs-rich recovery. Extra provision in Jobcentre Plus has been complemented by a range of social and family support services, such as talking therapies and relationship support, which tackle the social impacts of recession and are helping people to bounce back from the shock of losing a job.
10. Employers can advertise their jobs for free on the Jobcentre Plus and Directgov websites. Many access additional help such as sifting for interviews, matching people to their jobs and local labour market advice. The flexibility of the delivery system has also been the basis for the success of Local Employment Partnerships. These have offered employers much greater input into what support measures on recruitment and workforce development they use.
11. However, we recognise how much the recession has changed the volume and make-up of our customer base and what support they need, including bringing many people into the system who have never been unemployed before. We need to use our knowledge of what does and does not work to create a system fit for the changing world, a service that can work for everyone.
12. We need to build upon the best of what we already have. Fortnightly Jobsearch Reviews are proven to have a positive effect on the rate at which people leave JSA and we will keep them at the heart of the new system. We also know from the experience of Employment Zones that a more personalised service results in better outcomes than more regimented systems. We have learned from Jobcentre Plus, and from our private and voluntary sector partners, that advisers with the necessary capabilities, time and flexibility to decide how best to support customers are key to an effective service. We know we need to learn not just from our own experience here in the UK, but also from the best practices of employment services around the world.

13. We also know we can do more, and that one size no longer fits all. We need to ensure that we offer a universal employment service that responds to the needs of customers and employers to help people into work quicker and then to support them through their career.

## **Working with private and voluntary sector providers**

14. Over the last 12 years we have been developing the way we work with private and voluntary sector employment programme providers. Our guiding principles are to ensure that we use the most of all the available expertise – public, private and voluntary sectors – and to ensure that we achieve value for money for the taxpayer.
15. In Jobcentre Plus we have a public service organisation that is highly efficient and cost effective at moving the significant majority of its customers back into work. Before the recession, about 60 per cent of people left JSA within three months, about 80 per cent within six months and well over 90 per cent in 12 months. Even today, those figures remain high.
16. However, we also benefit from using private and voluntary sector providers – both to provide additional, specialist help from day one of a job seekers claim, and also to take on the overall role of helping job seekers into work.
17. As well as working with the private and voluntary sector for job seekers, we have also worked with them when developing the groundbreaking help introduced for lone parents, for disabled people and for people with a health condition. Our Pathways to Work programme, for example is 60 per cent private and voluntary sector-led and 40 per cent Jobcentre Plus-led.
18. Where private and voluntary providers offer the best solution we will work with them in a way which maximises their expertise and which rewards positive outcomes. There are job seekers, for example for whom more intensive support is required earlier, which is why we fast-track some of them to that support, including earlier access to private and voluntary sector specialist providers. This White Paper sets out how we will extend the scope for such fast-tracking.
19. With the FND we have, as set out in Chapter 2, taken a radical step forward. The contracts for FND have been based on a new commissioning model which offers a provider considerable freedom in how they go about moving people into work, but in return links the majority of their payments to getting people into work. Payments are paid where someone moves into work for at least 13 weeks and a further payment for 26 weeks. This is a step change from the traditional system where payments were made for activity provided rather than for the actual outcome of securing sustainable employment.
20. The FND contracts begin once job seekers have been out of work for 12 months. At earlier stages, there are still relatively high numbers of job seekers finding work or leaving benefit themselves and therefore the costs and benefits of contracting and paying by results are much less competitive.

21. However we want to go further. Having built up experience with specialist providers we are moving to the next stage, so that the UK continues at the international forefront of employment service delivery. We believe that the support people receive should depend primarily on their personal characteristics rather than the benefit they are on. In the Personal Employment Programmes (PEPs) we are piloting from March 2011, we will ask contractors to take on customers across all the benefit groups and pay them for moving them into sustainable work.
22. As part of PEPs we will also be trialling a radical new funding system, known as the Accelerator Model. Under this innovative approach, the higher the proportion of their customers a provider moves into work, the higher the payments they receive. This is a way of discouraging providers giving up on their hardest customers because they know the financial rewards increase as they get more people into work.
23. Contracting in this way is innovative and has the potential to deliver strong results. However, the contracts are inevitably complex and there are considerable sums of public money at stake. Designing the contracts in the wrong way could lead either to high costs and poor value for money for the taxpayer or, at the other extreme, to contractors pulling out or failing to deliver part way through a contract. We therefore believe it is important to ensure that these approaches are properly trialled and developed to ensure value for money and sustainable services.
24. We are clear that the future lies in having contracts which cover customers on all benefit types. We are also clear that we need to hone our system of financial incentives to encourage providers to focus on helping everyone back into work. By piloting these measures we are taking a bold but responsible approach as we continue our journey towards ever stronger working with private and voluntary sector providers. This will be of benefit to taxpayers and people on out-of-work benefits alike.

## Our vision

25. As the economy recovers we will need to do more to help everyone. This is true whether those concerned are unable to work, progressing towards work, actively seeking work, at risk of losing work or wanting to change their job. The future welfare system must be able to deliver a service that is personalised, based on the customer and their family's specific circumstances, rather than determined by the benefit they receive. The system must allow individuals to take a greater role in devising their own route to work, to ensure the support fits each individual's circumstances.
26. At present, support is determined largely by the time on benefit, currently the best measure we have of people's need. While an individual's circumstances may determine the benefit they receive, we need to be more sophisticated in understanding the help and support that person needs to move off welfare dependency into work. **Support, and funding, should be wrapped around the individual, not the benefit.**
27. We also recognise that if we are to achieve our goal of a jobs-rich recovery, we need to improve our service to employers. We must support employers to find and recruit staff easily and efficiently.

28. The Government is developing new ways of working that delivers services to people in a more personalised way. To achieve this, the future delivery system will be built around four key principles:
- **Flexibility:** a personalised service that is focused on the needs of customers and employers, and responds to changing economic and family circumstance.
  - **Efficiency:** a joined-up service that is easily navigable and makes the best possible use of resources, technology and a range of different partners, each playing to their strengths.
  - **Empowerment:** a system that allows people to take an active role alongside advisers in finding their route to employment, underpinned by personal responsibilities and the expectation that people who are able to work will actively try to find a job.
  - **Partnership:** integrated local planning, coupled with tailored customer services that respond to local circumstances and involve all relevant local delivery partners.
29. In this chapter we show how we intend to shape the new system around these principles.

### Creating a more flexible system

30. We have already taken a number of steps towards a more flexible system.
31. The support offered and what is required of those claiming JSA is successful in helping the majority of people to leave benefit within six months. People with a history of time spent unemployed or with particular disadvantages can be fast-tracked to intensive support from a personal adviser. Evidence suggests that this can significantly reduce the time spent on benefit. All customers see a personal adviser regularly from the six-month stage of their claim. Beyond this core service, we have introduced measures to help those at risk of, or currently experiencing, long-term unemployment.
32. For those out of work for more than 12 months we have introduced the FND, offering tailored support provided on a competitive basis by a range of public, private and voluntary bodies.
33. For those on incapacity benefits we have introduced Pathways to Work, a programme of more personalised support aimed at helping disabled people and those with health conditions back to work. We are now reviewing the Pathways to Work system to find the most effective way of offering flexibility and improved employment outcomes (see Chapter 4 for further detail).
34. Through the Local Performance Framework, the Working Neighbourhood Fund, the Local Enterprise and Growth Initiative and Deprived Area Fund we have provided local partnerships with the funding and flexibilities to experiment with new means of service delivery and to support the most deprived communities.
35. Where we have introduced flexibility into the system we have seen good results, such as through the Employment Zones, the success of which contributed to the introduction of FND, and also the Adviser Discretion Fund in Jobcentre Plus.

## Employment Zones: an example of personalised support

In 2000, Employment Zones were introduced to test a new, flexible, market-orientated approach to reducing long-term unemployment. Employment Zones were established in 15 of the most deprived areas of the UK, given considerable freedom to determine the appropriate type and level of support, and funded by the achievement of sustained job outcomes. Employment Zone providers were able to offer much more intensive, personal support, based around the relationship between personal advisers and customers. Customers were encouraged to take an active role in determining their route into work. Between 2000 and 2007, Employment Zones helped 74,000 job seekers into work and almost 60,000 job seekers into sustained work.

### Case study

Michelle is a lone parent with one child. Once her child was in full-time education Michelle began to look for part-time work. She first met with her adviser in January 2009 for a work-focused interview, and went away from this to work on updating her CV. Two weeks later her adviser contacted her about a vacancy at an employer who worked with Jobcentre Plus as part of a Local Employment Partnership.

Michelle attended an open day for the employer, held at Jobcentre Plus. An interview was carried out and she was offered a part-time position. Initially, this was on a Work Trial basis, with flexible hours to fit around caring for her child. The employer provided a uniform top, but Michelle needed to buy some black trousers and flat shoes to go with it, so her adviser used Adviser Discretionary Funds to pay for these.

After completing her Work Trial, Michelle started a permanent job with the same employer in March 2009.

*I had never worked and I was in and out of prison since I was 15. I didn't want to work anyway, I had the attitude that I didn't want to work ... They put me onto the Employment Zone programme and I was lucky enough to see someone who understood the situation I was in and the first time I ever went to the programme, I left with a job. I had never wanted to work but they got me a job that I liked, caretaking, I did all the hours I could and got promoted to a supervisor's job as well ...*

**Employment Zone customer**

36. We want to build upon this success and go further. So far, flexibility has been introduced in response to specific events and triggers. Our vision is for flexibility to be a guiding principle of the system. Support should be determined by need, providing a more personalised and higher quality service for customers where it is in their interests and those of the taxpayer. Increasing flexibility will also allow us to cater better for the wider customer base we now deal with, enabling us to tailor help for all our customers.
37. To move towards this goal, we will address three key points: identifying need; building adviser capability; and managing performance across the delivery system.

### Identifying need

38. The current system works well for most people receiving JSA. It is important that appropriate support is carefully targeted at customers: more help for those who need the most support to return to work, light touch support for others where that best suits the customers' needs. Personalised welfare particularly needs to help those customers most at risk of long-term unemployment or repeated spells of unemployment, people currently receiving Employment and Support Allowance or incapacity benefits, and people who face social barriers which place them at a disadvantage.
39. We are committed to providing help to those customers who need it most – such as customers with a mental illness or learning disabilities, people leaving care, and ex-offenders – who we wish to see returning to work quickly so they can make a constructive contribution to their communities.
40. To offer the most appropriate help to those who need it most, we want to find a more accurate way of identifying those who are at risk of long-term unemployment or inactivity before they reach that point. We will be introducing systems that allow us to develop deeper insight based on our knowledge about customers' histories, skills and aspirations (see *Increasing efficiency* section). We will examine a range of different methods, including greater adviser discretion, assessing the efficacy of existing administrative rules and drawing on the specialist knowledge of local partners.
41. Many countries around the world use statistical profiling to help target support. We are trialling a profiling tool for job seekers, based on the model currently used in Australia. This tool considers both behavioural and circumstantial factors to identify those for whom additional, more flexible support would be most beneficial. We will test if it is successful in the trials and will consider using this to help support advisers' judgement. We expect results from these trials in early 2011.
42. We will consider the strengths and weaknesses of each model to determine what the most effective system might look like. This could involve a combination of all these methods to give our advisers the greatest amount of knowledge possible about the customers they see and allow them to tailor services appropriately, while ensuring all job seekers receive a high-quality service. We have already begun to explore giving advisers the flexibility to use their diagnostic skills, alongside other decision support tools, to identify those who need the most help so that they can spend their time more effectively in helping more people move quickly into work.

## Building adviser capability

43. Jobcentre Plus advisers are at the heart of the welfare-to-work system and they provide an excellent service. For customers furthest from the labour market, the relationship they develop with their personal adviser is often what makes the difference to their success in finding work. Over a series of interviews and discussions, personal advisers can identify the barriers customers are facing in finding work. More importantly, they gain their customers' trust and commitment to taking actions to overcome those barriers and move closer to work.
44. We accept that greater personalisation in the system requires expert advisers building strong, well-informed relationships with customers. From January 2010, Jobcentre Plus will start to create teams of specialist advisers to work with young people. This will enable advisers to build stronger relationships with their customers over time and to understand their needs better.
45. Many customers require support from other local services to overcome barriers to work. This support might come from debt advisers, housing services, the adult advancement and careers service and training providers for advice on skills development, health services or childcare providers. To offer customers a personalised service that meets all their needs, Jobcentre Plus advisers need to have a wide awareness of the support on offer to their customers, and be able to signpost and broker this support when necessary. This will require close partnership working between Jobcentre Plus advisers and frontline staff in other local services.
46. As set out in Chapter 4, we will consider what training and guidance personal advisers will need to ensure they have the capability and capacity to help them identify individuals' skills needs, and to help customers make informed choices about training.
47. To build the skills of advisers, staff in Jobcentre Plus advisory teams will, in the future, have a clear career path from adviser to personal adviser to adviser manager. A revised learning and development structure will offer advisers accreditation of their advisory skills and will provide ongoing professional development opportunities to build and enhance their skills throughout their career.
48. Employers generally display high levels of satisfaction with Jobcentre Plus. But some would like to see advisers having better knowledge of local labour market conditions. We will look to build adviser capacity in this area to make them experts on the local labour market and recruitment practices. Worklessness assessments and, where relevant, work and skills plans will help provide an improved local context on the labour market, and help to determine local priorities.
49. Every Jobcentre Plus office has a dedicated Labour Market Recruitment Adviser to help local businesses fill their jobs. Since October 2009, Local Employment Partnership advisers have been working in every district across the country, offering local employers tailored help with their recruitment needs.
50. We also recognise that personalised services require more than just increased time with clients. They depend fundamentally on the quality of the relationship between the adviser and the client. We will explore further ways of increasing the skills of advisers – including the use of motivational interviewing and learning modules on the social barriers to employment and on working with other agencies – to help them implement the more personalised service we will be offering.

## Managing performance across the delivery system

51. We remain committed to testing the Invest to Save payment model for private and voluntary sector providers. This involves providers making an initial investment in getting people back to work and then generating revenues out of the savings in benefit expenditure. We intend to trial this in five areas from spring 2011. We believe this model will encourage innovation and allow providers to vary their services to fit local conditions and needs.
52. Currently, Jobcentre Plus performance is driven by a range of different objectives, targets and measures. Our vision is for the success of Jobcentre Plus and all players in the welfare-to-work delivery system to be measured by a single system of coherent and consistent performance incentives and rewards. This is in line with the wider Government strategy to reform and simplify performance management. It will be based on sustained employment outcomes rather than the implementation of specific processes.
53. To achieve this, we will review the Jobcentre Plus performance management framework to make sure the system of incentives fully complements the new delivery model.

### **Personalised Employment Programmes: personalising the wider welfare-to-work system**

We will pilot a new Personalised Employment Programme (PEP) from March 2011. PEP will include customers from various benefit groups (JSA, Employment and Support Allowance and, on a voluntary basis, lone parents with younger children), and will be delivered by private and voluntary sector providers.

PEP providers will be required to deliver a minimum core of quarterly work-focused interviews, but will otherwise be allowed to tailor the support they offer according to specific needs, with providers rewarded on the basis of outcomes. Funding for all customers on PEP will come from a single stream, allowing providers complete flexibility over provision.

As part of the PEP pilots, we will also be trialling an accelerator funding model which rewards providers more per person, the more people they get into work. This will incentivise providers to help more people enter sustained employment and reward them for successful work with those furthest from the labour market.

## Delegating power to Jobcentre Plus districts

54. As well as running PEP pilots delivered through private and voluntary providers, we will pilot a new model of flexibility in four Jobcentre Plus districts, starting from April 2010.

55. These pilots will give district managers and advisers far greater flexibility and discretion over the support that is offered and the responsibilities required from customers to test how far delegation can and should go. Our aim is to give Jobcentre Plus in these pilot areas the same kinds of freedoms that we want to offer private and voluntary sector providers and assess both in terms of the outcomes they achieve for customers. We hope that this ‘black box’ approach will:
- **give customers access to a more tailored menu of support.** In partnership with their personal adviser, we want to give customers more influence about what support they access and when, in a way that better matches their personal journey back to work rather than their time on benefit;
  - **empower Jobcentre Plus managers and advisers to innovate and work creatively with partners and employers at a local level.** This might mean:
    - more locally designed employability training to suit local employers’ need, building on the success of the LEP model;
    - deploying resources more effectively and creatively, in partnership with other local organisations;
    - playing a greater role with local partners to identify smarter ways of working to avoid duplication, fill local gaps in provision and build shared success strategies and success measures; and
    - greater flexibility for advisers in how they manage their caseloads and refer to provision;
  - **result in better and more sustained outcomes for our customers.** We want to design success measures that safeguard our most disadvantaged customers. With greater flexibility, advisers should be empowered to work with all customers to access the support that is most appropriate to their needs; and
  - **enable us to learn lessons for the wider delivery system** both from formal evaluation and real time monitoring.

### Providing support where it is needed

56. Providing personalised support that meets the needs of customers involves providing support in locations that are accessible and convenient to them, where they feel comfortable and able to engage.
57. Increasingly, Jobcentre Plus advisers are working in the community, including Children’s Centres, schools and health centres, offering support to customers at a time and place that works for them, and working in partnership with other providers to address all their customers’ needs.
58. Jobcentre Plus already has community-based teams tackling workless households and intergenerational worklessness on housing estates in Merseyside, South Tyne and Wear, and South London.

59. We will expand this locally-driven outreach approach by developing new ways of working for advisers that includes some working in more community settings.
60. This approach will focus on neighbourhoods with large proportions of workless people and on areas with significant proportions of ethnic minority people, who are more likely to be unemployed and isolated from mainstream services. In those areas with Working Neighbourhoods Funding or Deprived Areas Funding, the outreach service will enhance and complement local skills and employment approaches, and local service delivery to tackle worklessness. In areas without allocated funding, the outreach service will tackle small, geographically-focused concentrations of worklessness.
61. We know that social housing providers have a key role to play in supporting their tenants by delivering on the jobs and skills agenda, by, for example:
  - raising aspirations;
  - equipping tenants with confidence and skills;
  - signposting job and training opportunities offered by others; and
  - offering apprenticeships, employment, and social enterprise initiatives directly, or through procurement contracts with suppliers.
62. We will work with local partnerships, including housing and training providers, to identify where this support is needed most and ensure it links effectively into wider economic planning and locally-agreed priorities. We will explore ways that social landlords can encourage tenants to move from welfare to work.
63. **As well as looking to place more Jobcentre Plus advisers in the community, we will look to bring advisers from other organisations and providers into Jobcentre Plus offices, where space allows.** As outlined earlier in this White Paper, where possible, advisers from the adult advancement and careers service and Business Link will be based in Jobcentre Plus offices to provide joined-up support on skills and self-employment.

### Family Intervention Projects

64. As well as extending the outreach work undertaken by Jobcentre Plus, we will also work closely with wider government schemes such as Family Intervention Projects (FIPs). FIPs deliver and co-ordinate intensive multi-agency support to tackle the problems of some of the most vulnerable families and deliver a wide range of child, family and community outcomes. We have already announced that these projects will be rolled out to support the 50,000 most chaotic families by the end of the next Parliament (10,000 families a year from 2012).
65. We will ensure that every family's contract under these projects will include a commitment to move closer to the labour market, even if this is a longer-term aim to be addressed after barriers to work, such as anti-social behaviour, drugs and alcohol misuse, are dealt with.

66. To achieve this, Jobcentre Plus will be involved as a key partner from the outset in supporting families, and Jobcentre Plus will work closely with FIP keyworkers to provide benefits advice and back-to-work support to family members, alongside the support provided by other agencies.

### **Increasing efficiency**

67. Efficiency not only improves the experience for customers and employers, but ensures that resources are being used in the best possible way. By increasing efficiency we can redirect financial resources and adviser time towards those who need it most across all benefits. In addition, by improving the service we provide to employers, we would expect more vacancies to be advertised through Jobcentre Plus, improving our customers' access to employment.

68. The Department and Jobcentre Plus have already made major efficiency and customer service improvements in the drive towards a more efficient system. Thirty per cent of new claims for contribution-based JSA are now submitted online and a variety of services and advice, including a groundbreaking online Benefits Adviser service, are available through the Directgov website.

69. As part of our vision, and the Department's overall Change Programme, we are looking to:

- automate further our services wherever we can;
- ask the customer only for information we need and ask for it only once; and
- increase our self-service facilities enabling customers to communicate with us online and through various channels.

70. We are also working to smooth the transition for customers who need to move between different benefits and to improve the quality of customer contact through the telephone. The Department has trialled text messaging for a number of purposes. The trials have shown that the use of texting helps to reduce incoming telephone calls and increase attendance at appointments, thereby increasing efficiency and improving customer service.

71. As resources allow, we will roll out the use of text messaging and similar channels more widely throughout the Department and Jobcentre Plus.

### **Our vision for our digital services**

72. The way people access services has changed rapidly and it is important that the welfare delivery system reflects these changes. Digital channels play an increasingly important role across Government, and we recognise that digital inclusion offers huge benefits for our customers in their interactions with the delivery system and in their wider lives. Households can save, on average, more than £500 a year by shopping and paying their bills online.<sup>37</sup>

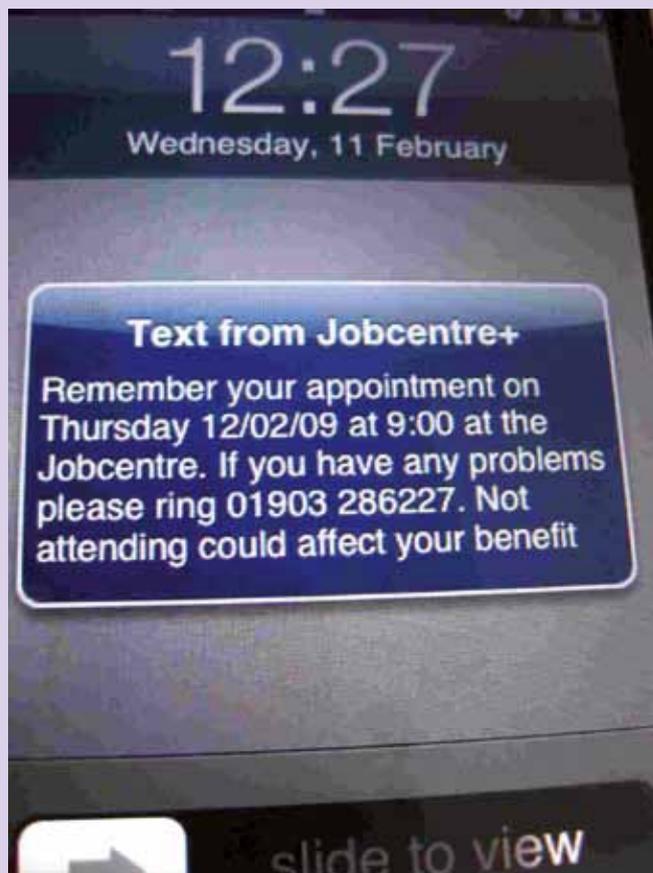
---

<sup>37</sup> The Case for Digital Inclusion, Champion for Digital Inclusion/PricewaterhouseCoopers [http://raceonline2012.org/sites/all/themes/raceonline/files/pwc\\_report.pdf](http://raceonline2012.org/sites/all/themes/raceonline/files/pwc_report.pdf)

73. Increasing the use of digital channels offers customers access to a wider range of jobsearch sites (and so a wider range of vacancies), greater availability of skills and employment advice, and the opportunity to develop IT skills which will make them more attractive to potential employers. Research commissioned by the Champion for Digital Inclusion suggests that the potential economic benefit of increasing access for the unemployed to online employment support could be up to £560 million<sup>38</sup>, so ensuring wider access to online resources should be considered a key priority of the Department and wider government.

### **Text messaging case study**

Trials across the Department have allowed staff to send text messages to customers from their computers, for purposes such as sending reminders about appointment dates or acknowledging receipt of claims for Employment and Support Allowance. Texting was shown to be quicker and cheaper than a telephone call or letter, but equally effective at reminding lone parents to attend work-focused interviews.



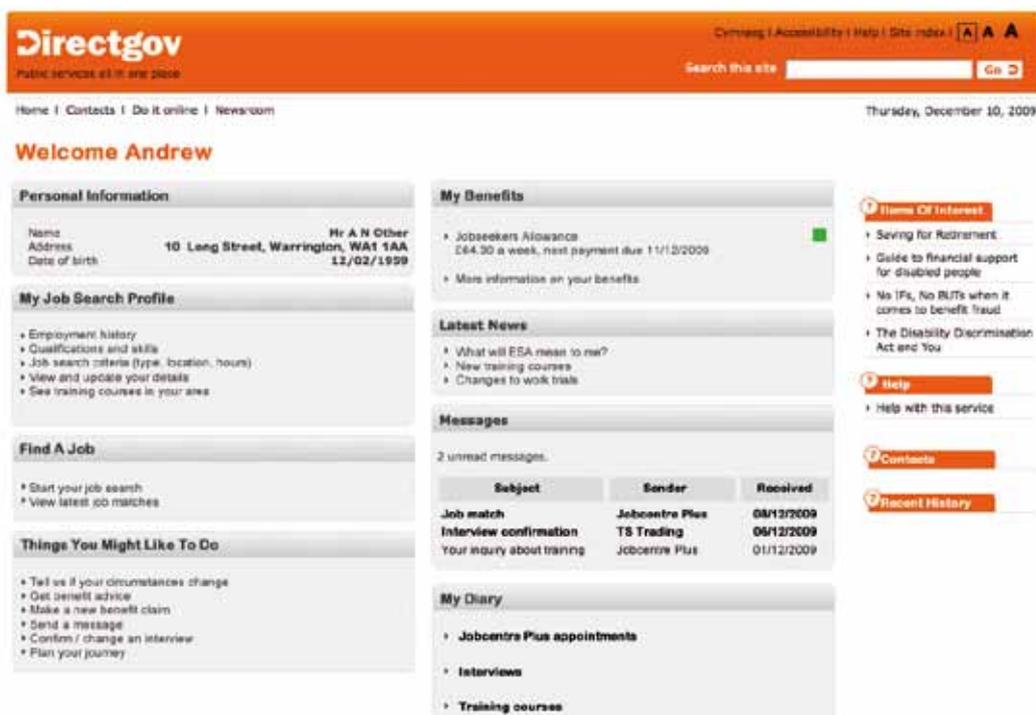
**Illustration of text message to customer**

<sup>38</sup> *ibid.*

74. Where possible and where it suits the customer's needs, we believe that digital channels should be the primary route for customers to access the services that Jobcentre Plus offers, where face-to-face interaction is not more effective. We want to ensure that the process for claiming benefits is as efficient and automated as possible so that our resources can be focused on helping people find work. We need to maximise the amount of time advisers have to help customers and ensure they can use this time in the most effective way, offering high quality, personalised contact rather than spending time on processes that could be done elsewhere.
75. To achieve this, we need to improve radically the services that are available online and help our customers who are digitally excluded.
76. We believe that our digital systems should offer:
- a world-class service for individuals that is easy to use and responds to customers' needs, that helps those out of work to find employment and helps those in work to explore new career options;
  - the ability for employers to connect more easily with suitable candidates;
  - up-to-date, relevant information for our staff, helping them to deliver more personalised contact and more effective support into work for our customers; and
  - the opportunity in the long term to link to other services and providers, allowing the exchange of information while ensuring that customers' details are kept secure.

### Improving our digital services

77. Over the next year we will develop a programme to extend our current jobsearch facility for customers and make it easier for employers to create and post vacancies. We will create an improved and integrated system where employers can directly manage their vacancies, customers can register their profiles and both can receive automated matches based on their requirements. An illustrative screenshot is shown below.



78. From January 2010, we will test a system to make vacancies from other recruitment sites and employers' own websites available through our Jobs and Skills search facility. We will link directly with larger employers' recruitment systems to allow them to advertise their vacancies automatically and provide an improved interface for small and medium-sized businesses.
79. This modernised jobsearch system will offer help not only for job seekers, but also for people in work who are looking to move into a different job, offering a universal recruitment service. We will work with the Department for Business, Innovation and Skills to establish appropriate links between this and the online offer through skills accounts and the adult advancement and careers service, ensuring we join up our support for customers in or out of work.
80. We also aim to develop a web platform through which customers will be able to apply for jobs, enabling the tracking of customers' jobsearch activities. This and other information available through personal logins will help Jobcentre Plus advisers tailor services more closely to the needs of customers and the demands of the local labour market. Increasing the use of automated services will also increase efficiency, allowing advisers to spend more time on the kind of intensive contact necessary to help some customers into work.

### Creating communities

81. As part of our digital strategy, we want to enable job seekers to help each other and share their collective experiences. We will look to establish peer-to-peer online communities for claimants to share advice and information about their jobsearch.
82. We want to enable customers to connect with 'mentors' who have already found work, and allow individuals to offer support and guidance to each other to supplement what Jobcentre Plus and our other providers can offer.

### Increasing digital inclusion

83. In recognising the advantages of digital services, we also recognise that tackling the issue of digital exclusion cannot be separated from improving our services if we are to achieve our aim of making as much contact as possible available through digital channels. There is a significant body of evidence to suggest that our hardest-to-help customers are most likely to be digitally excluded, which makes it harder for them to look for and apply for work.
84. Alongside investing in new, more customer-friendly digital services, we will put digital inclusion at the centre of our services to customers, by promoting the importance of basic IT skills. We will help all our customers to have an email address and online CV within two months of our first contact with them, unless there are specific reasons why this is not appropriate. Advisers will ensure that customers are aware of the free supported internet access already available through UK online centres (and their equivalents in the devolved administrations).
85. We will also explore options to further strengthen our links with UK online centres (and their equivalents in Scotland and Wales), by looking into the possibility of locating some UK online centre support in Jobcentre Plus offices, particularly in the most deprived areas. We will also look at sending Jobcentre Plus outreach staff into UK online centres.

86. We are looking at other innovative approaches to ensure that our customers are digitally included and able to take advantage of the opportunities this offers. We are developing ways to make our services available through a wider range of electronic channels, including digital TV and portable devices such as mobile phones.
87. We recognise that digital exclusion is an issue that can only be handled by working across Government. We will work to join up our services with other Government initiatives, such as the Home Internet Access Scheme, the Digital Life Skills programme and the Department for Culture, Media and Sport's Library review, and explore other avenues in partnership with the Digital Inclusion Champion.
88. We will look to develop a range of local and national solutions to tackling digital exclusion for our customers. Working with our partners, we will develop innovative methods of raising digital inclusion tailored to local need, and thereby raising the chances of individuals finding a job. As part of the broader Government strategy we will find ways of helping customers who are currently digitally excluded to utilise online employment support and take advantage of the wider social benefits of access.
89. For customers unable to access digital services, we will ensure that other forms of provision remain available, so we are able to provide support to all our customers in the most appropriate way.

### **Supporting employers to conduct pre-employment checks**

90. Employers are required to check that the people they intend to employ have the right to work in the UK. Jobcentre Plus will remind employers of their obligations when they are placing vacancies and will include the information for employers that is available from the Home Office website and the UK Border Agency on the Jobcentre Plus website. Only people who are entitled to work in the UK are entitled to receive JSA and applicants are checked by Jobcentre Plus. So employers can expect that job candidates who are receiving JSA will have the right to work in this country (although this does not remove the obligation on employers to conduct their own checks).
91. Employers in certain sectors are required to ensure that people they intend to employ have been subject to criminal records checks. We will explore, with the Home Office and their agencies, whether people who want to work in those sectors can have checks done, where practicable, before they apply for jobs so they can take up their post more quickly after being appointed.

### **Empowering customers**

92. Welfare is a partnership between the state and the individual. We want to give customers the tools, with the help of advisers, to find their own way back to work and then develop their skills.
93. We want customers to have a larger role in determining their tailored route to work, but this does not mean that people will be allowed to do anything they want or nothing at all. We expect customers who can work to look for a job. The journey back to work agreed with advisers should be in line with the expectations we have of everyone claiming out-of-work benefits.

94. It is possible to give customers more choice while meeting these conditions. Many will choose to claim benefits, gain skills and look for work using the range of online tools we are developing. The face-to-face relationship will remain vital. We will ensure that all customers will be able to change their adviser, when, in exceptional circumstances, that relationship is not working.
95. To deliver a more flexible service we need to give our customers access to as much information as possible to enable them to help themselves.

### **Right to Control**

96. The Right to Control, which forms part of the recent Welfare Reform Act, would give disabled people the legal right to control the way in which certain services they receive are delivered.
97. We intend to trial the Right to Control in around eight local authority areas from autumn 2010. These Trailblazers will evaluate the best ways to implement the Right to Control and will be used to inform decisions about any wider roll-out.
98. In the Trailblazers, authorities will work together with the customer to develop a support plan that sets out how the available funding will be used to achieve agreed outcomes. It will include a number of funding streams, including specialist disability employment programmes such as Access to Work and Work Choice. This personalised approach will enable the individual to achieve their full potential both at work and as part of society.
99. We will be working closely with other delivery partners, including local authorities, throughout the Trailblazers to align processes across funding streams. The aim is to develop the best approach to giving our disabled customers choice and control over the funding they receive.

### **Bringing skills and employment together**

100. As part of our aim to offer a universal service to customers, whether they are in or out of work, we will work more closely with skills and training providers.
101. As set out in Chapter 4, from 2011/12 we will be introducing a single purse to fund work-focused training for people on out-of-work benefits. This will be focused on customers receiving JSA, but will be available to recipients of other benefits as resources allow. For those who have them, skills accounts will give Jobcentre Plus customers information on a wide range of training available in their local area.
102. We will continue to align the services offered by Jobcentre Plus and the adult advancement and careers service, offering a joined-up service that will help customers gain skills that are relevant in the labour market. All JSA customers in England who move off benefits will be signposted to the adult advancement and careers service. In addition, from April 2011, all customers who enter work after claiming JSA for between six and 12 months will be encouraged to make contact by telephone with the adult advancement and careers service. This group has been identified as being at particular risk of leaving work and going back onto benefit.

## Simplifying what we offer

103. To improve the customer experience and enable customers to take greater responsibility for their own route to work, we recognise the need to offer a clearer deal for our customers. The Department's Customer Charter<sup>39</sup> sets out our commitments to, and expectations of, our customers. More widely, in our White Paper *Raising Expectations and Increasing Support* we reiterated the arguments for simplification of the benefits system. This is needed to help meet our objectives for social security, including increasing the work focus of the system and helping people move into work. We pointed out that a single system of benefits would mean that the claims and payments process could be more easily automated, enabling staff to focus on helping people with their journey back to employment.
104. For these reasons and those set out in Chapter 5, we are attracted to the idea of a single working-age benefit. While radical simplification of this kind offers many advantages, it can only be delivered through gradual change. For this reason, we are continuing to explore whether a single benefit is the right long-term direction for the UK's benefits system and how it could be delivered.

## Delivering locally in partnership

105. Many customers face a number of barriers and constraints that make it difficult for them to find suitable opportunities and enter work. Tackling these issues requires contributions from a range of local services, working closely in partnership. This is of particular importance in disadvantaged areas, where our customers are more likely to face multiple barriers to work, or for disadvantaged customers who want to work but receive most of their support from services without an explicit employment focus, such as social services. By working with local partners, Jobcentre Plus can help to shape local labour markets, and shape local service provision to meet customers' needs.
106. Circumstances vary from place to place and it is right that services in every area should:
- be tailored to meet specific local needs;
  - reflect local conditions, organisational structures and partnership arrangements; and
  - complement the national core of services and not duplicate what is already available.
107. Through local, sub-regional and regional partnerships, it has been demonstrated that working together with partners at these levels can support people in their communities to overcome the barriers they may face. This can help them enter and progress in sustainable employment, as well as access appropriate financial support that helps them to maximise their income once in work. Through driving regional economic performance and sustainable growth, they also help create prosperity and employment. We want to build on the local partnership working that already exists, not least as a part of the Government's Total Place approach.

---

<sup>39</sup> Link to DWP Customer Charter can be found at <http://www.dwp.gov.uk/about-dwp/customer-delivery/>

108. The implementation of the Future Jobs Fund has already demonstrated both the ability and interest of local authorities and local organisations to play a greater role in the delivery of back-to-work support that can make a real difference to people's lives. We have mentioned earlier in this White Paper our long-term intention to bring together local partners to deliver support to those people facing the longest periods of unemployment.

### **Tackling child poverty locally**

109. Local partners play an important role in tackling child poverty. The Child Poverty Bill will place a duty on local authorities and their partners to conduct a needs assessment that will fully demonstrate the level of child poverty in their area and the needs of local families. Local authorities and their partners will then have to use the results of their needs assessments to develop joint child poverty strategies – setting out how their co-ordinated services will tackle child poverty in their area up to 2020.

110. These strategies should link to Sustainable Community Strategies, and include how local partners will work together to increase the number of parents entering suitable and sustainable employment.

### **Total Place and the Houghton Review**

111. As part of this commitment to finding local solutions to local problems, we will learn from the 13 pioneering local areas testing out the new Total Place model. Total Place is founded on the premise that, wherever possible, decision making should be made closer to the frontline, with agencies brought together locally to develop cost-effective solutions focused on a shared goal. These pilots aim to demonstrate how a co-ordinated approach, involving shared budgets and strong local leadership, can improve efficiency and customer service.

112. A key principle of Total Place is the value of in-depth local understanding of social and economic circumstances as a basis for driving the effective delivery of services. This complements the approach taken in the Government's response to the Houghton Review. Upper-tier local authorities in England now have a statutory duty to assess the economic conditions in their area and undertake worklessness assessments. Building on this improved local understanding, Government is also encouraging and supporting local authorities, where relevant, to develop integrated local work and skills plans.

113. In preparing their work and skills plans, we will expect local leaders to reach out beyond the core employment and skills partners and actively involve the voluntary sector, Primary Care Trusts, housing providers and others who hold the key to addressing the social barriers to employment and the social impacts of recession. As they would in Total Place, some areas might also use work and skills plans to identify synergies in funding streams and service delivery, and potential efficiencies through better alignment of resources. Alongside this document we will publish a short report that will show how tackling the social impacts of recession is important not only in meeting immediate needs, but also in preventing the downward spiral into long-term worklessness that we have seen in the past.<sup>40</sup>

---

<sup>40</sup> *Learning from the past: Tackling worklessness and the social impact of the recession*; Cabinet Office [http://www.cabinetoffice.gov.uk/social\\_exclusion\\_task\\_force](http://www.cabinetoffice.gov.uk/social_exclusion_task_force)

114. The work and skills plans are expected to provide a framework through which local partnerships can better group their resources and efforts locally and alongside those directed at the regional and national level. They should also provide the basis for improved dialogue and collaboration between local, regional and central government agencies, as well as the private and voluntary sectors.

### Joint commissioning

115. In the White Paper *Raising expectations and increasing support: reforming welfare for the future*, we set out our policy to achieve greater local involvement and influence over the Department's contracted employment programmes. We have already demonstrated our commitment to this policy, for example by agreeing co-commissioning arrangements in the new Jobcentre Plus Support contracts in a number of localities.
116. Going forward, local partners will have greater influence and involvement in commissioning. As a minimum, we will consult partners on all procurement exercises for employment provision. Where the interest, capability and resources can be demonstrated, we will consider co-commissioning, where it is jointly agreed this could significantly improve the design and local fit of the contract. This co-commissioning is likely to take a number of different forms, depending on the local circumstances and the partners involved. In particular, we are actively looking at co-commissioning opportunities (alongside the National Offender Management Service and the Learning and Skills Council) as part of our services for offenders.
117. Increasing integration of employment and skills provision and greater alignment of central and local funding streams will continue to be a priority. Therefore, over time, as we develop our relationship with local partners and gather evidence and experience on the contribution they can make and their influence in generating improved outcomes from our contracts, we will explore what more extensive role these partners can play in the commissioning of our employment contracts.

### Co-commissioning case study

Manchester Forerunner City Region pilot has invested additional funds in the Jobcentre Plus Support contract to increase capacity for JSA customers. The Support Contract is a national Departmental programme delivering a range of vocational and personal development services to support Jobcentre Plus customers and help move them towards the job market.

By co-commissioning with the Department, the City Region has joined up services locally and ensured a further 4,500 customers will be able to receive extra back-to-work support.