



July 2008

**No one written off:  
reforming welfare to reward  
responsibility**  
Public consultation



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Department for Work and Pensions

# No one written off: reforming welfare to reward responsibility

Public consultation

Presented to Parliament by the Secretary of State for Work and Pensions by  
Command of Her Majesty  
July 2008

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## Prime Minister's foreword



In 1997, this Government inherited a welfare state weighted heavily towards rewarding and supporting people who were not actively seeking to improve their situation, whether by looking for work or by taking part in training.

Too many people lacked both the aspirations and the support to get back into work – their talents and potential wasted by a system that offered too little too late. Over the last ten years we have sought to change that, introducing policies like tax credits and the New Deal to create a more active labour market.

There are now one million fewer people on inactive benefits than there were ten years ago, with a record number of people in employment – major achievements that show how determination and the imagination to try new approaches can deliver real results.

And in a globalised world, we simply cannot afford the high price of large numbers of people on benefits. Instead, we need people in work, making the best use of their talents and helping us compete. I want to build a more prosperous and fairer Britain, and we will only create lasting prosperity by ensuring that the talents of our country are fully employed – and that rights are met with tough responsibilities that respect taxpayers as well as those claiming benefits.

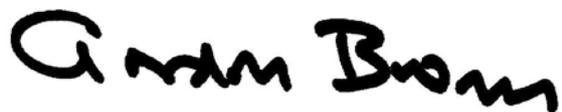
So, to help us build that fairer Britain this Consultation Paper continues the overhaul of our welfare system, ensuring that the everyone on out-of-work benefits are subject to an active regime that offers more support but expects more in return.

Quite simply, we want everyone who can work to work – and that means more help with gaining skills alongside a requirement to take up these opportunities. It means medical support alongside an expectation that when treatment is successfully completed people will return to work. It means treatment for drug misusers coupled with clear consequences for those who fail to take it up. And it means channelling savings from all these measures towards real help for disabled people – supporting them to do the work that they are able to and not writing them off as unemployable.

These reforms will ensure we have a world-class welfare system that maximises the numbers in employment and minimises the numbers on benefit. They reflect our drive towards world-class public services across the board – delivering personalised services tailored to individual needs, giving more freedom to frontline professionals and increasing people's control over the services and support they choose to access.

And they will put us well on the way to achieving an 80 per cent employment rate, getting one million people off incapacity benefits by 2015, eradicating child poverty by 2020 and reaching our vision of equality for disabled people by 2025.

I believe that all of us will feel the benefits of the proposals set out in this consultation paper, and I hope that everyone with an interest will have their say, working with us to build a fairer and more prosperous Britain where all our citizens are able to unlock their full potential and to play their part.

A handwritten signature in black ink that reads "Gordon Brown". The signature is written in a cursive, slightly slanted style.

**Gordon Brown**  
The Prime Minister

## Ministerial foreword



*The third principle is that social security must be achieved by co-operation between the State and the individual. The State should offer security for service and contribution. The State in organising security should not stifle incentive, opportunity, responsibility...*

The Beveridge Report, 1942.

Beveridge based his reforms on three principles: first, that a revolutionary time called for revolution, not for patching. Second, he wanted to attack not just Want, but Disease, Ignorance, Squalor and Idleness too. This second principle, the need to attack the Five Giants, became the foundation of the post-war consensus over the welfare state.

But his third principle – that social security should not stifle incentive, opportunity and responsibility – was too easily forgotten. In particular, from the 1960s onwards, the responsibility to work was eroded. By the mid-1980s, all requirements to look for work were suspended – resulting in unemployment rising further than it need have done, to over 3 million.

Reforms over the last decade have been returning the third principle to the centre of the welfare state. This Consultation Paper is the next step along this path. It proposes a benefit system that rewards responsibility, gives people the incentive to do the right thing, and encourages them to look for work and to seek the skills they need for the future. But it also ensures that opportunity is available to everyone: it seeks to end the current injustice whereby too many people are written off to a life on benefits and excluded from help to get back to work. In short, it is based on a simple deal: more support, more responsibility.

It is inspired by the reforms proposed by David Freud in his report on the welfare state. It implements them all, including supporting Incapacity Benefit claimants back into work by paying private, public and voluntary sector providers from the benefit savings they achieve.

But it also takes those reforms further, by proposing:

- giving private and voluntary providers the right to bid for any back-to-work service;
- requiring jobseekers to do more the longer they claim, including working full-time in return for their benefits at any stage where it would be effective;
- building on *Work Skills* by taking legislative powers to require those with skills barriers to undertake training to help them back into work;

## 8 Ministerial foreword

- expecting partners, as well as lone parents, to look for work when their youngest child is seven;
- strengthening parental responsibility by letting parents keep all of their maintenance payments and requiring both parents to register the birth of their child;
- giving more help to the most severely disabled people, as well as doubling the Access to Work budget to help around an extra 25,000 people a year to stay or get back into work;
- giving disabled people a 'right to control' over the range of public funding to which they are entitled, by taking it as an individual budget; and
- simplifying the benefit system to remove perverse incentives and reduce fraud and error.

This Consultation Paper proposes new thinking on welfare. These ideas need to be tested before they are applied nationally. That process starts with your views about these ideas. I look forward to hearing them and working with you to reach our goal of an 80 per cent employment rate through a welfare state that does not write anyone off, but instead requires and rewards responsibility from each person.



**James Purnell**

Secretary of State for Work and Pensions



## Executive summary

## Executive summary

### Introduction

1. Our economy depends more than ever before on our people – on them making a contribution, aspiring to reach their full potential and taking responsibility for their skills needs. This matters for the individuals themselves and their families too – people making the most of their talents promotes social mobility and independence. To help achieve this, we need a welfare system that enables people to become the authors of their own lives.
2. In 1997, we inherited a largely inactive welfare state. For the last 11 years, the Government has gone about transforming it into an active one. Eleven years ago, we created the New Deal, which embodied the idea that rights entail responsibilities. In return for extra support, young people were expected to take up jobs and training or see their benefits cut. It was the beginning of the end for the idea that people could sit at home and claim benefits if they were able to work and had the offer of a job.
3. As we saw this approach working – with long-term youth claimant unemployment virtually abolished – we extended it to other groups, such as lone parents and new claimants of Incapacity Benefit (IB). At every stage, we ensured that support and conditions reflected an individual's circumstances and needs. Together with a growing economy, these reforms moved a million people off key out-of-work benefits, including almost halving claimant unemployment. As a result, we are spending over £5 billion less on benefits for unemployed people, releasing resources to substantially increase the amount we spend on helping people back to work and the support we give to the most severely disabled people.
4. Our aim now is to continue this process of reform. Getting the welfare system right is crucial, whatever the state of the labour market. Our motivation is the compelling evidence about the benefits of work for people's well-being and their children's life chances; it is about the need for people to get the skills to progress in an increasingly competitive and globalised society. Our foundation for doing so is a decade of lessons about what works in helping people to move from benefits into employment.
5. Our goal is simple: to make sure that no one is written off. We want to provide support that is tailored to each person's needs and to give everyone the opportunity to develop skills so they can find, and get on in, work. In return, we will require people to make full use of the support from which they could benefit.

6. Our objective is a social revolution: an 80 per cent employment rate – the highest ever – and reducing social exclusion by improving employment prospects for people facing the greatest disadvantage; ending child poverty, for the first time ever; and equality for disabled people, the next step in the onward march of equal rights. This Green Paper sets out how we intend to make progress towards achieving these goals.

## An obligation to work

7. We will enshrine the responsibility to work at the heart of our approach in a simple deal: more support but greater responsibility. We will help people find and retain work through support more personalised to individual need but, in return, those who are able will be expected to take a job if it is available. For those who are capable of working, there will be no right to a life on benefits.
8. This ‘something for something’ approach applies to everyone. However, we recognise that some there will be people with multiple and complex problems who need additional support to meet their responsibilities. This is why we are committed to ensuring that conditionality is personal, appropriate and fair for every individual.
9. The most severely disabled people or others with full-time caring responsibilities would not be required to look for work. We will, however, expect everyone else to take active steps towards employment and to take suitable jobs.
10. As part of this, we believe a lack of skills should no longer mean that people simply remain on benefit. We will take legislative powers to require those who need it to undertake training to help them get into work. We will consult on whether this should include lone parents with children above the age of five and people on incapacity benefits or the Employment and Support Allowance (ESA).
11. The vast majority of unemployed people want to work and nine out of ten people claiming Jobseeker’s Allowance (JSA) leave the benefit within a year. This is thanks, in part, to the high-quality support they receive from Jobcentre Plus, which is focused on a rapid return to work. We have learned what has worked in the New Deal – personal action plans, help with writing a CV and interview preparation, job search and training – and are now applying it to all jobseekers through the Flexible New Deal, our replacement for the previous New Deals.
12. Throughout the course of their claim their responsibilities will increase. The longer people claim benefits, the more they will be expected to do.

13. This system works well for most claimants. But some people could be getting back to work quicker or staying in work for longer. We are, therefore, reforming the system so that the longer someone is on out of work benefits, the more help we offer and the more activity we require of them.
- We are tackling basic skills needs from the outset of unemployment as we reform JSA from 2009 – at the initial interview for benefit, there will be a simple screening of basic skills and where someone has an evident gap, they will be referred to help from the local skills services. We will record this and pursue the claimant's actions to improve their skills as the claim lengthens. We would also like to test the approach of requiring people to deal with their skills needs or risk losing benefit.
  - At three months and then six months, jobseekers will be expected to intensify their job search activity and comply with a challenging back-to-work action plan, including a skills health check and appropriate training.
  - After 12 months on JSA, jobseekers will be transferred to a private, public or voluntary sector provider who will be paid by results. No one who completes 12 months with a provider without moving into work could do so without having undertaken at least four weeks of full-time activity. This is a commitment for both the claimant, to refresh work skills, and for providers. But that is a minimum. If the customer's action plan requires it, the full-time activity can last as long as needed. The only condition is that it should remain relevant, in preparation for the goal of sustained work.
  - For those still on JSA after two years, we will expect even more. This Green Paper sets out our proposal to test full-time work programmes with private and voluntary providers, as well as other approaches such as requiring daily attendance at the Jobcentre Plus office.
14. We also propose introducing legislation to further underpin people's obligations to work, including:
- tougher sanctions for those who fail to take steps to get back into work or refuse to take a job; and
  - a requirement for those identified as having problems with crack cocaine or opiates to taken action to stabilise their drug habit and to take steps towards employment, in return for receiving benefits.

## No one written off – more support, more responsibility

15. As now, the system for unemployed people will be the most demanding but we also need to do more to help into work those receiving other benefits into work. Over 2.6 million people – far more than receive JSA – receive incapacity benefits. Most want to work but many have been left abandoned on these benefits for years. Indeed, the way that Incapacity Benefit (IB) was designed actively discouraged people from looking for work. That is why we plan now to reform IB and ensure no one is written off.
16. We have already legislated to replace incapacity benefits with a new benefit – ESA. ESA will be introduced in October 2008. We will now take forward our plans to move existing IB claimants onto ESA. Between 2009 and 2013, all incapacity benefits claimants will be reassessed using a medical assessment called the Work Capability Assessment (WCA).
  - Some will no longer qualify for incapacity benefits and will be able, instead, to claim JSA and receive active back-to-work support through that regime.
  - Those who qualify for ESA will be placed either in what we call the Work Related Activity Group or the Support Group. Those in the Work Related Activity Group will be expected to engage with a personalised programme of back-to-work support; those in the Support Group will be able to participate in this programme on a voluntary basis and will receive a guarantee of a higher basic rate of benefit than on IB.
17. In the light of the evidence that work is generally good for people's well-being, we will review this medical assessment to make sure the right people receive the right benefits and we will, in future, re-assess customers more frequently, giving them extra opportunities to talk to a medical professional about their back-to-work plans.
18. In the past, being on IB could mean being left forever without receiving any help to manage or improve a medical condition so as to prepare for a return to work. In 2003, we piloted Pathways to Work, a ground-breaking programme to provide such support, supporting claimants to better manage their medical condition and a £40 a week Return to Work Credit. The Return to Work Credit will be available for all eligible IB and ESA claimants for 52 weeks after their return to work. Evaluation of Pathways showed that the programme increases the chance of a new customer being in work from 28 per cent to 35 per cent 18 months after the claim was made. Since April 2008, Pathways has been available across the whole country and is mandatory for most new claimants.
19. All existing customers who are placed in the Work Related Activity Group will receive personalised support modelled on our successful Pathways to Work programme. For the first time ever in this country, no one who has the potential to work will be abandoned to a life on benefits. For everyone in this group, we will improve the help they get, for example with counselling for those suffering from depression or pain management for those with musculo-skeletal problems.

20. For the vast majority, ESA will be a temporary benefit, supporting people until they recover from their health problem or are able to adapt to their new circumstances. In return for this support, we will require people to engage with us, working with a personal adviser to draw up a timetabled back-to-work action plan. We will enact powers in the Welfare Reform Act 2007 to require new customers in the Work Related Activity Group to undertake general work-related activity. Customers who do not meet these requirements will have their benefit reduced. We will also extend throughout the first two years of a claim, the period during which new customers are required to engage with us by introducing Work Focused Interviews.
21. We want to ensure everyone can benefit from personalised support. Those with the greatest needs will be in the Support Group in ESA and will be able to volunteer for Pathways. They will also receive a higher basic rate of benefit from October this year – £102.10 a week compared with £86.35. We will also increase funding for our supported employment programmes, which provide help and training for people who have the greatest barriers to work.
22. We are also inviting views on what more we should be expecting of people undertaking the new personalised support on offer in the Work Related Activity Group.
23. We will use private, public and voluntary sector providers to deliver this back-to-work support. They will be able to invest more up front and then be rewarded from the benefit expenditure they save – the model proposed by David Freud in his report to the Department for Work and Pensions, published in March 2007.<sup>1</sup> As he recommended, we will test this approach in five cities and sub-regions, to learn what works before extending it.
24. These measures will complete the reform of IB. They will create a system focused on what people can do rather than what they cannot. Everyone will have the support they need to overcome their health problem and move into sustainable work. In return, we will make it clear that for the vast majority, ESA will be a temporary benefit and people will be expected to take reasonable steps to move into employment.

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<sup>1</sup> Freud D, 2007, *Reducing dependency, increasing opportunity: options for the future of welfare to work*, Corporate Document Services

## Helping people remain in work

25. Helping people to stay in work when they become disabled or have a period of ill-health is the best way to keep them in touch with work and to reduce the numbers moving onto benefits. Dame Carol Black's report into the health of Britain's working-age population warned that there was insufficient access to support in the early stages of sickness.<sup>2</sup> She also found that the present sicknote system focuses too much on what people cannot do and can impede recovery and a quicker return to work.
26. She called for an overhaul of the sicknote system and for an improvement in back-to-work support services provided by the National Health Service and the Department for Work and Pensions. We will, therefore, pilot her recommended Fit for Work service, bringing together health and employment support to help people in the early stages of sickness absence. We will also work with doctors and employers to ensure that the sicknote system is focused on helping people to stay in work or make a rapid return to work whenever appropriate.
27. When people become disabled, many could stay in work with greater help – or get back into work subsequently. Our successful Access to Work programme provides this help – with specialised computer equipment or a British Sign Language interpreter, for example. But at the moment, too many people do not find out about this help and are left out. We will double the budget for Access to Work so that we can help many more people to find and retain a job – a step that will move us closer to our aspiration that everyone who is eligible for support through this scheme will receive it.
28. We are also providing financial support to help people who move from benefit to work to stay in work. We have already introduced In-Work Credits, giving eligible lone parents £40 a week (£60 a week in London) throughout their first year in work. In addition, and following on from an extensive evaluation of the Employment Retention and Advancement demonstration project, a package of support to aid retention during the first six months in employment was introduced for lone parents from April 2008. This will offer access to discretionary payments (of up to £300) to manage minor financial emergencies, as well as in-work advisory support from Jobcentre Plus.

## Devolving power to personalise support

29. We need to move from the standardised approach for different categories of claimants, to one personalised to the needs of each individual. To achieve that personalisation, we need to devolve power so that our services can be flexible. We, therefore, plan a triple devolution: to our advisers, to our providers and to local communities.

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<sup>2</sup> Black C, 2008, *Working for a healthier tomorrow*, TSO

30. Jobcentre Plus is recognised as one of the best back-to-work agencies in the world. Its staff have unrivalled knowledge of their customers and their needs; and have a superb record of delivering core back-to-work support. We will support Jobcentre Plus in continuing to improve, by giving its advisers greater flexibility to tailor their support to the individual needs of their customers.
31. As we said in *Work Skills*, the Department for Work and Pensions and the Department for Innovation, Universities and Skills (DIUS) have already started bringing together core elements of the employment and skills system.<sup>3</sup> Devolving responsibility opens up opportunities to go further, with exciting developments occurring in many of our major urban areas.
32. We will devolve power to our private and voluntary sector providers too. That is why, in December 2006, the Government asked David Freud to examine how we could give a greater role and greater incentive to these providers. This Green Paper sets out how we will implement all of his recommendations, including how providers will be paid by results on the basis of outcomes, out of the benefit savings they achieve. We will experiment with contracts that cover both jobseekers and those on incapacity benefits, to encourage further innovation.
33. We will devolve power to the local level. We will give local partnerships more influence in drawing up contracts for back-to-work services and monitoring their performance. For the most ground-breaking areas, we will go further. Communities will need to prove their leadership and show they are bringing additional resources to the table to experiment with new approaches such as the Fit for Work services or full-time activity programmes. Where they do so, we will give them the power to choose providers and even allocate European funding.
34. Our aim is to make the most effective use of the public, private and voluntary sectors in realising our ambitions. The question is not which sector delivers but who, within any of those sectors, can deliver it best. To that end, we will introduce a new 'Right to Bid' for public, voluntary and private providers that believe they could deliver any part of our services more effectively. By making our services contestable in this way, we will improve the performance of existing providers and open up our system to new and better approaches.

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<sup>3</sup> Department for Work and Pensions and the Department for Innovation, Universities and Skills, 2008, *Work Skills*, Cm 7415

## A right to control for disabled people

35. We want our most significant devolution of power to be to individuals themselves. A commitment to personal responsibility must mean giving power to the individual wherever possible. So we will experiment with allowing claimants to choose their back-to-work provider, while ensuring that this is not used to avoid tough conditions on their job search.
36. We also propose a step forward in the rights of disabled people by introducing a right to request control over the support they get. This would build on the experience of individual budget pilots. Many disabled people have little effective control over the services they rely on for support. Instead, these pilots have given people a budget for support and enabled them to decide how that budget was used.
37. We will consult on how this approach could be extended. In particular, this might include giving disabled people the ability to pool the funding from more of the different types of support they receive. We would aim to give them the right to know the value of the support to which they are entitled and the ability to request that support as an individual budget. The disabled person would need an agreement about the outcomes for which they will use the budget and how they will go about doing it. This approach could empower disabled people to shape support to their own needs or to choose a different provider if they were not getting the help they need.
38. Evidence shows that individual budgets can be successful in improving people's satisfaction with the services they receive. There are big potential benefits if they can also provide better value for money and if we can get this right

## Simplifying the benefits system

39. A too-complex benefits system obscures choices and obligations and creates perverse incentives. It is complicated for both our staff and customers and, despite the progress that we have made, it makes it harder to tackle fraud. Simplifying the benefits system can help to direct people towards work and reduce the still significant overpayments caused by fraud and error. For these reasons, we have previously said we are interested in moving to a single system of benefits for people of working age.
40. We want to ensure that the system as a whole fits together properly, meeting specific needs in a timely way. The changes in incapacity benefits proposed in this Green Paper will build on existing plans by taking steps towards aligning benefit rates across incapacity benefits and ESA. We will take a power to abolish Income Support so we can move towards a system based on two benefits – JSA and ESA.

## Conclusion: ending child poverty

41. These reforms will help those who have been written off for too many years. They will ensure the right people are receiving the right benefit and that everyone will get the personalised support they need – drawing on the expertise and innovation of the public, private and voluntary sectors. We will transform support for disabled people – by ensuring that everyone can access help to get back to work and giving people far greater control over the support they receive.
42. In return, people will be required to engage with this support and take reasonable steps to prepare for, and then move into, work. For those who have been unemployed for a long period or who are thought to be playing the system, we will test strong measures – including full-time work in return for benefits. There should be no choice between working and a life on benefits. If people can work and there are opportunities available to them, they will be expected to do so.
43. All our proposals are driven by a core belief – using the power of a responsive State to increase people's life chances, opportunities and capabilities. Nowhere is this more clearly demonstrated than our goal to eradicate child poverty by 2020. Our goal in reforming welfare is to switch spending from propping up failure to investing in the future. Over the coming months we will work with stakeholders on the shared vision for 2020 and the steps we must all take to reach our ultimate ambition of a society free from child poverty – where all children enjoy a good childhood and no one's life chances are limited by their background.
44. To contribute to this mission, the proposals in this Green Paper will support many more parents into employment – the best and most sustainable route out of poverty. It introduces a full disregard for child maintenance payments, supported by the requirement for both parents to be registered on the birth certificate, except where this would not be in the best interests of their child.
45. Over the last 11 years we have been turning the welfare state from being essentially passive to profoundly active. The reforms in this Green Paper complete that transformation, to create a system that promotes a work culture rather than a welfare culture, rewards responsibility and ensures that no one is left behind. It will be delivered by a network of public, private and voluntary service providers, focused on the individual needs of the customer where the rights to benefit are matched with personal responsibilities.



## Chapter 1

# Promoting opportunity and realising potential

## Chapter one – Promoting opportunity and realising potential

- 1.1 In the last ten years, the labour market has faced many new challenges, including globalisation and demographic change. To meet them, the Government has modernised the welfare state, delivering high and stable levels of employment. This chapter sets out:
- the challenges we faced in 1997;
  - the considerable progress we have made to raise employment opportunities for all; and
  - the strategic context for our approach to reform.

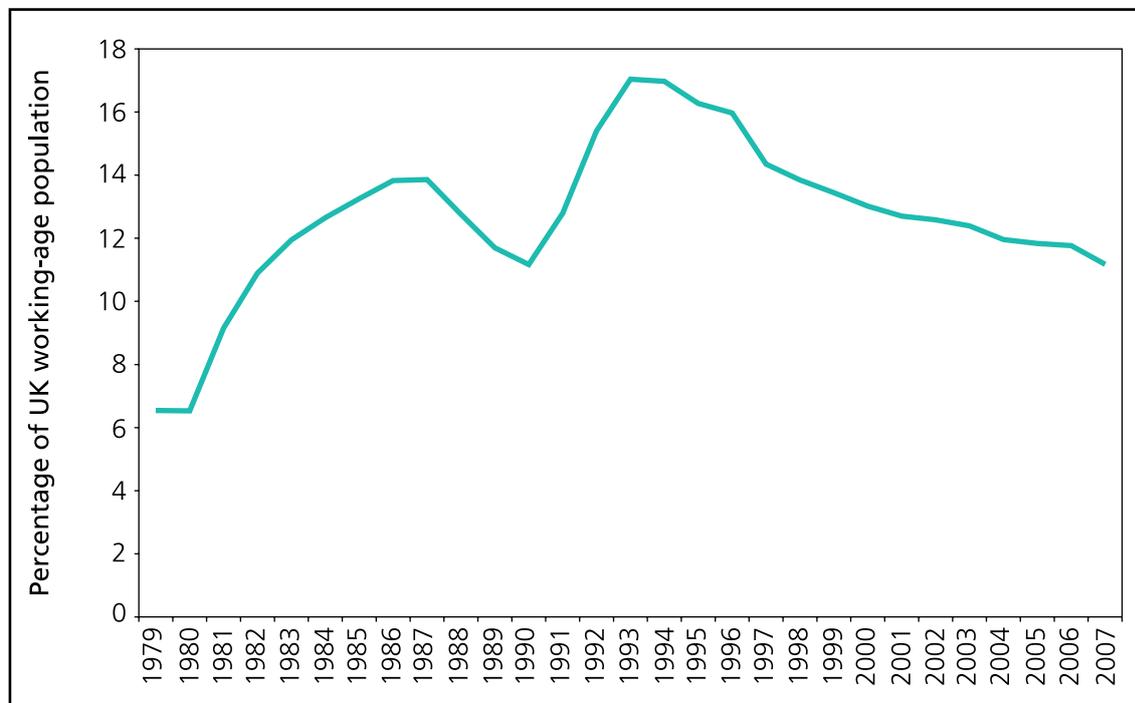
### Rewarding responsibility

- 1.2 The social and economic case for encouraging and supporting people to use and develop their talents is clear. So too is the price of failure. It is essential that, as a society, we ensure that the right support is available to enable people to become independent and lead fulfilling lives. People must have a safety net for times of need, such as during a spell of sickness or unemployment. However, with the right to support comes a responsibility to pursue independence. This principle remains just as relevant today as it ever did – if not more so.
- 1.3 The founders of the modern welfare state never saw it replacing people's own efforts or initiative. Welfare provision was built around the idea of shared rights and responsibilities. That must remain the foundation of the welfare state today – with the Government enabling people to achieve success for themselves and their families by helping remove unfair barriers.
- 1.4 This, of course, fits in with the ambitions of people in the 21st century. We want, and exercise, more choice than ever before; we expect personalised services which are flexible and responsive to our needs; but alongside this increased choice comes the responsibility to exercise it wisely.
- 1.5 The State should and will continue to support people during times of change or need. There remains, however, the need for a contract between the individual and society, where the individual's right to support comes in exchange for taking clear steps to improve their own circumstances.

## From a welfare state that encouraged dependency...

- 1.6 In the past, the welfare state did not give enough emphasis to the contract between the State and the individual. Nor did it keep up with changes in society. Welfare provision remained rooted in a time, for example, when disabled people were written off to a life of State support and when the prospect of people recovering from many illnesses was highly unlikely.

Chart 1.1: Claimants of Jobseeker’s Allowance, Incapacity Benefit and Income Support for lone parents<sup>4</sup>



- 1.7 By the mid-1990s, the welfare system was also failing to tackle many of the barriers to employment faced by individuals. At its best it provided a one-size-fits-all solution that did not address an individual's particular needs. At worst, it encouraged benefit dependency, wasted talent and obstructed opportunity. Too often, welfare provision gave people little incentive to help themselves. The requirements placed on people on Income Support (IS) or incapacity benefits were far fewer than they are today. There was little expectation for people to look for work and little support if they did.

<sup>4</sup> Chart 1.1 shows Jobseeker’s Allowance, Incapacity Benefit, and Income Support for lone parents (IS(LP)) claimants as a proportion of the United Kingdom (UK) working-age population. The UK working-age population figure is taken from the Labour Force Survey. The JSA figures are from the Office for National Statistics (ONS), are UK-based and are consistent over time. Both the IS(LP) and IB data are GB-based; the source for both from 2000 onwards is Work and Pensions Longitudinal Study (WPLS) 100 per cent; data between 1997 and 1999 is WPLS five per cent sample data. This means that there is a discontinuity in the series for both IS(LP) and IB between 1999 and 2000 and the data is not directly comparable. In addition, IB data before 1997 is five per cent sample data which excludes short-term IB, though the impact of this appears not to be significant

- 1.8 By 1997, the missed opportunities were clear. There were over two million more people on inactive benefits than in 1979, some 15 per cent of the working-age population (**Chart 1.1**), and:
- the Government was spending £2 billion<sup>5</sup> a year on employment support even though there were over 1.6 million people claiming unemployment benefits, after the numbers peaked at around three million in both the mid-1980s and early 1990s;
  - nearly 0.25 million young people were trapped in long-term unemployment;
  - around 2.6 million people were claiming incapacity benefits with the numbers more than trebling between the late 1970s and mid-1990s;
  - some 3.4 million children were living in relative low-income poverty – the proportion having doubled over a period of 20 years;
  - attitudes towards, and opportunities for, lone parents and disabled people, were negative and discouraging; and
  - there was considerable discrimination against disabled people, both in and out of the workplace, with little legislative redress available to them.

### ...to one that is active and enabling

- 1.9 Since 1997, the Government has worked to modernise the welfare system. Our reforms have tackled many of the barriers that people face. They have shifted the focus back towards an active and enabling welfare state.
- 1.10 At the heart of our approach is the belief that paid work is the route to independence, health and well-being for most people. Work promotes choice, supports an inclusive society and increases community cohesion. By increasing employment – with an emphasis on sustaining and progressing in work – we can increase economic growth. We can also ensure that we are well placed to respond to economic change and reap the benefits.

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<sup>5</sup> Based on annual Department for Work and Pensions returns to the Organisation for Economic Co-operation and Development. £2 billion is the amount spent in 1997–98 in today's prices in order to make comparisons in real terms over time

1.11 Our goals are to:

- achieve an employment rate of 80 per cent of the working-age population – the highest of any major industrialised country;
- reduce the number of incapacity benefits claimants by one million, help 300,000 more lone parents into work and see one million more older workers;
- halve the number of children living in poverty by 2010 on the way to eradication by 2020; and
- provide equality for disabled people by 2025.

1.12 We recognise, however, that not everyone can work. So we have made sure that the right support is available to people who are out of work to allow them as much control as possible over their lives, whatever their circumstances.

1.13 We have introduced a stronger framework of rights and responsibilities. Benefit claimants are now no longer treated as passive recipients but expected to take active steps to return to work. This includes training where lack of skills is a barrier to obtaining and retaining work.

1.14 We have moved away from a one-size-fits-all approach to benefits for different groups, such as lone parents or disabled people, towards a personalised approach to employment support that is tailored to individual need.

1.15 Building on a platform of macroeconomic stability, which has seen a record period of sustained economic growth, we have:

- **Introduced innovative employment programmes to help people into a job:** for instance, our New Deal for Young People (NDYP) has supported 800,000 people up to the age of 24, into work. The rights and responsibilities agenda at the heart of NDYP has been gradually extended to other groups.
- **Transformed the delivery of employment support:** we created Jobcentre Plus out of the merger of the Benefits Agency and the Employment Service to deliver a personalised system where all new claims start with a Work Focused Interview to assist customers back to work and provides support for those who cannot work.
- **Improved financial support through the tax and benefits system:** in combination, Child Tax Credit and Child Benefit are providing support for every family with children, with greater help for those families most in need. This support works alongside Working Tax Credit and In-Work Credit pilots which, underpinned by the National Minimum Wage, are helping to ensure that work pays.

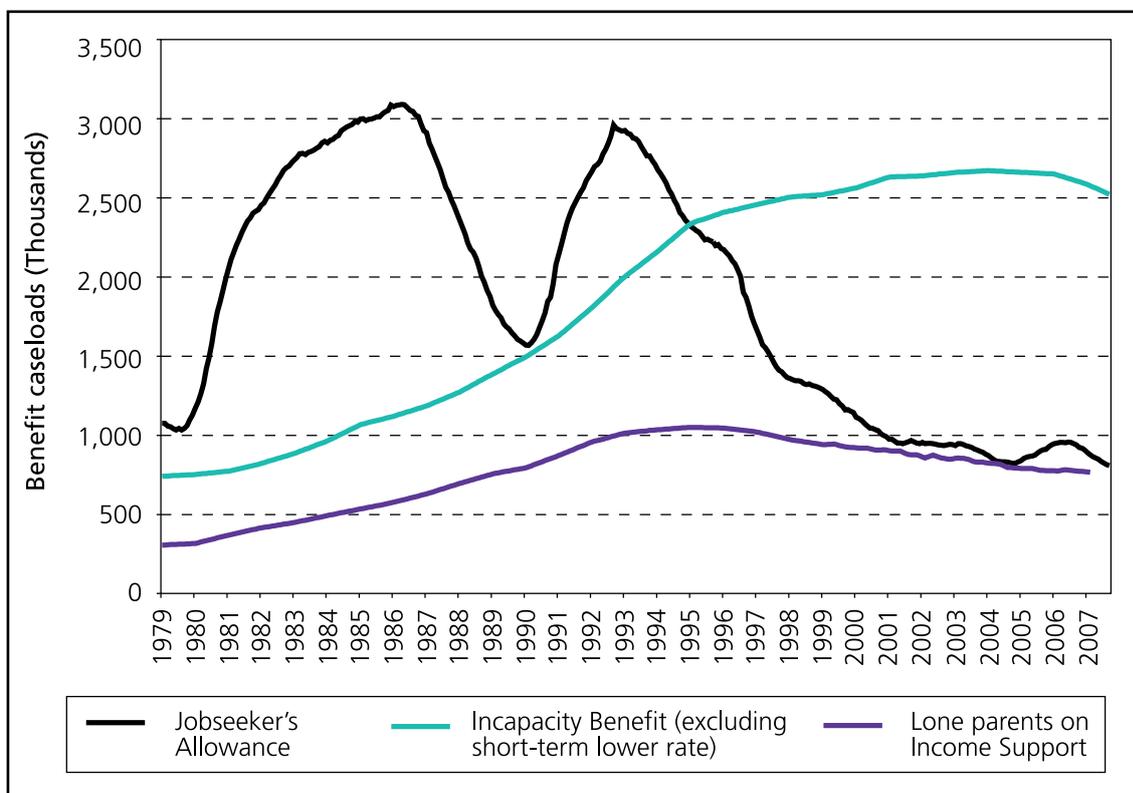
- **Improved the help and advice** available on training and careers and the training available to help those on out-of-work benefits gain the skills necessary for obtaining and retaining work.
- **Delivered greater choice and control for disabled people:** today Disability Living Allowance plays a crucial role in the lives of more than 2.9 million disabled people, helping them to maintain their independence – and we have piloted giving disabled people a broader right to control the money spent in providing their support.
- **Modernised and simplified equality legislation:** we have transformed the legislative landscape to support an inclusive society, including new rights for disabled people, women and people from ethnic minorities.

## Improved outcomes since 1997

- 1.16 The positive economic and social results from the active welfare state we have developed and put in place are clear to see.
- Overall, there are around 1 million fewer people on IS, JSA and IB than in 1997, as shown in **Chart 1.2**.
  - Claimant unemployment is near its lowest level for 30 years. More people are in work than ever before – an increase of 3.1 million compared to 1997.
  - We are spending £500 million a year more in real terms on back-to-work support but over £5 billion less on unemployment-related benefits.
  - Fewer than 36,000 young people are long-term claimant unemployed – down by three-quarters since 1997.
  - We have ended the year-on-year increase in the number of people on incapacity benefits, with the number of claimants some 140,000 fewer than at the peak in 2003.
  - The lone parent employment rate has increased by 12.5 percentage points. Overall, there are now around one million lone parents in employment, 335,000 more than in 1997.
  - The ethnic minority employment rate, while lower than the general population, has risen by 3.7 percentage points since 1997, to be consistently above 60 per cent over the last year – the first time on record that this has happened.

- The employment rate of people aged 50 to pension age has increased by over seven percentage points since 1997 with 500,000 more people who are over State Pension age remaining in work.<sup>6</sup>
- Between 1998–99 and 2006–07, 600,000 children were lifted out of relative poverty and the number of children living in absolute poverty was halved.
- Over 400,000 fewer children are living in workless households in Great Britain than in 1997.

Chart 1.2: One million fewer people on key out-of-work benefits<sup>7</sup>



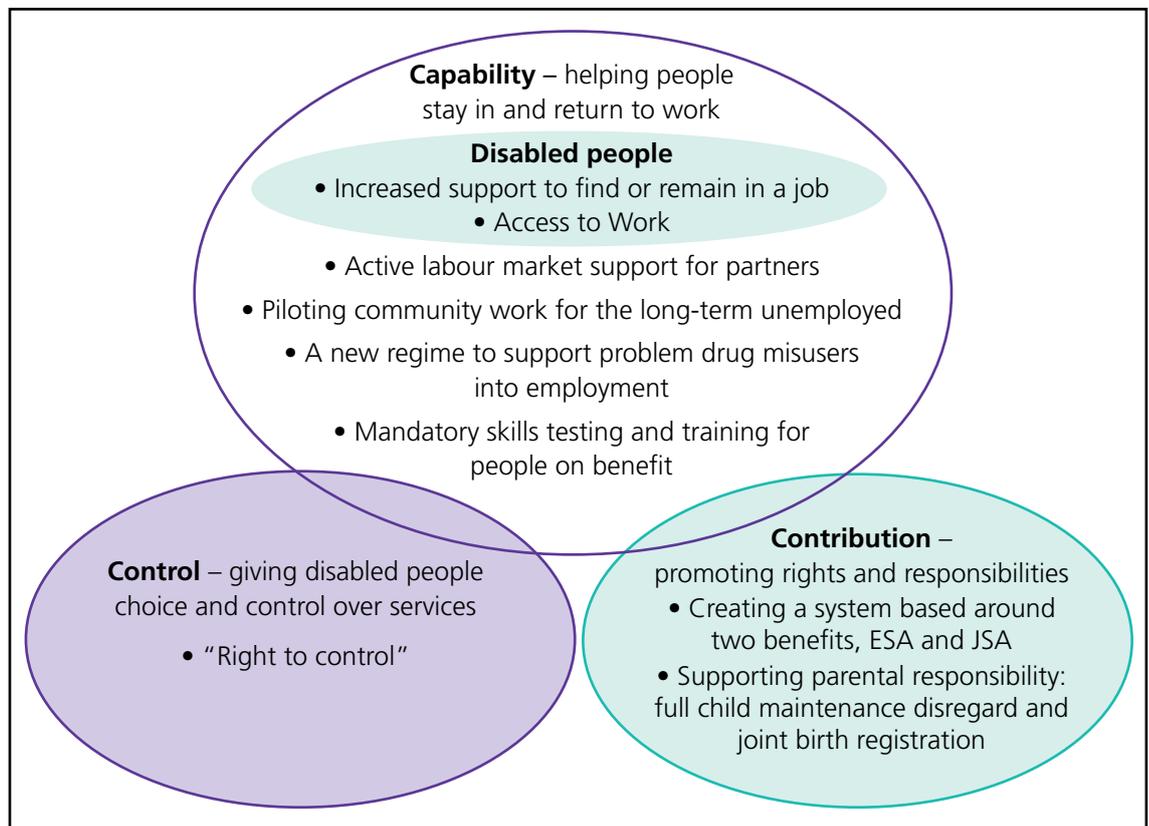
<sup>6</sup> March to May 2008, Labour Force Survey, ONS: UK seasonally adjusted. Data used to report on Public Service Agreement targets is not seasonally adjusted and covers Great Britain only

<sup>7</sup> JSA figures are from the Office for National Statistics, are UK-based, and are consistent over time. Both the IS(LP) and IB data are GB-based; the source for both from 2000 onwards is WPLS 100 per cent; data between 1997 and 1999 is WPLS five per cent sample data. This means that there is a discontinuity in the series for both IS(LP) and IB between 1999 and 2000 and the data is not directly comparable. In addition, IB data before 1997 is five per cent sample data which excludes the short-term lower rate of IB, though the impact of this appears to not be significant

## Looking ahead

- 1.17 The progress that we have made means that we are well placed to move towards our long-term aspiration of an 80 per cent employment rate; a rate that would be easily the highest in the major industrialised world and the highest, on record, that this country has ever seen. This Green Paper, therefore, sets out a package of reforms that will move us further towards this long-term ambition, as set out in **Chart 1.3**.

Chart 1.3: The Green Paper proposals – progressing control, capability and contribution



- 1.18 As we move forward, we will do so with three key principles in mind:
- people should be in **control** of their own lives and take personal responsibility for making the most of the opportunities available;
  - people should be supported by an active and enabling welfare state to build their **capability**; and
  - people should be aware of the **contribution** expected from them in return for help and support through the welfare system.

- 1.19 The changes that we are proposing build on a programme of welfare reform that is already well developed, and was furthered by the announcements in *Ready for work*, summarised in **Box 1.1**.<sup>8</sup>

**Box 1.1: Summary of the proposals in *Ready for work***

These changes include:

- reforms to IS and JSA, with lone parents of older children losing eligibility for IS. Those who can work will be eligible for JSA, with increased obligations in return for increased pre-work preparation and in-work support, including skills, with much of this extra support in place from April 2008;
- a modernised and more flexible New Deal supported by an improved JSA regime which offers more support to people the longer they are unemployed, including personalised back-to-work support to people unemployed for 12 months, for up to a year, via specialist providers;
- the integration of employment and skills provision, including: skills screening for all new claimants and full skills health checks for those who need it; and tailored provision for those with skills needs; and
- increased access to training allowances for JSA claimants which will play a crucial role in helping jobseekers get the right balance of job search and training to help them into sustained employment and to progress in their career.

## An obligation to work

- 1.20 Everyone who can work should work. This means that everyone, other than the most severely disabled people, carers or parents with young children, should look for work, train for work or take appropriate work. We will create a system that provides more support but requires people to take up the opportunities on offer. **Chapter 2** of this Green Paper sets out the next steps we will take to prevent people being written off by being trapped into long-term dependency on benefits.
- 1.21 The ‘something for something approach’ applies to everyone. However, we recognise that some vulnerable people with multiple and complex problems need additional support to meet their responsibilities. This is why we are committed to ensuring that conditionality is appropriate and fair for every individual.

<sup>8</sup> Department for Work and Pensions, 2007, *Ready for work: full employment in our generation*, Cm 7290

## No one written off

- 1.22 Since 1997 we have reshaped the culture and expectations of being on incapacity benefits by focusing on the hopes of many claimants to return to work. In the last decade, attitudes to illness as a barrier to work have changed. We now know that 80 to 90 per cent of people who move onto incapacity benefits want, or expect, to return to work. Research has shown that being in work generally improves people's health.<sup>9</sup> Increasingly, doctors agree that remaining in work is often in their patients' best interests and should be seen as an indicator of a successful clinical outcome.<sup>10</sup>
- 1.23 However, many existing claimants have yet to engage with, and benefit from, the personalised support on offer. The employment rate for disabled people, while increasing by almost seven percentage points since 1999, still remains low compared to other groups. So this Green Paper proposes a package of reforms that will build on the success of our ground-breaking Pathways to Work programme and the forthcoming introduction of ESA.
- 1.24 This package is set out in detail in **Chapter 3**.

## Rewarding parental responsibility

- 1.25 The Government has done much to help parents to provide the best possible support for their children. For parents, as for others, paid work is the most sustainable route out of poverty. As part of the next phase of welfare reform, the Government has already announced that, by 2010, lone parents with a youngest child aged over seven who can work, will be required to seek and take up work. We also propose to pilot a requirement for lone parents to address skills gaps that act as a barrier to work, in return for benefit.
- 1.26 **Chapters 2 and 4** of this Green Paper set out a package of measures that will encourage parents to play a more active role in providing for their children.

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<sup>9</sup> Waddell G and Burton A K, 2006, *Is work good for your health and well-being?*, TSO

<sup>10</sup> In March 2008 leaders of the healthcare profession signed a Healthcare Professionals' Consensus statement on Health and Work. The Statement recognises that work can be good for patients and that supporting patients to remain in, or return to, work should be part of their clinical duties

## A right to control for disabled people

- 1.27 We have made a commitment that by 2025 disabled people will be respected and included as equal members of society with full opportunities to fulfil their potential. We have made progress in many ways. The Disability Discrimination Act, for example, is already making a real difference to disabled people's lives. In addition, by 2013, all new homes will be built to the basic accessibility requirements of the Lifetimes Homes Standards and by 2018, all buses and trains will be accessible.
- 1.28 However, there is a long way still to go to support disabled people in having control over their lives. In **Chapter 5** we set out our next steps.

## Simplifying and streamlining the benefits system

- 1.29 The benefits system is very complex for people to claim and for the Government to administer. This obscures choices and obligations, negates personal responsibility and disempowers people. Simplifying and streamlining the benefits system goes hand in hand with measures to help people unlock their potential. We have previously said we were interested in moving to a single system of benefits for people of working age.
- 1.30 **Chapter 6** sets out how we intend to take a major step towards a simpler system of working-age benefits. When resources allow, we propose to abolish IS, moving current claimants onto income-based JSA, with appropriate conditionality. This moves us to a dual-benefits system, with ESA for disabled people and people with long-term health conditions and an expanded JSA for those actively seeking work or with temporary barriers to work. This would be a significant change in its own right and a step towards the creation, in the longer-term, of a system based on a single working-age benefit.

## Empowerment and devolution

- 1.31 Since 1997, the Government has increasingly delivered services to customers through a variety of providers in the public, private and voluntary sectors. By using their skills and expertise, we have improved the quality of services, allowed more local flexibility, given individuals more control over the services they receive and achieved better outcomes.

- 1.32 Jobcentre Plus' role today is not just about advising and providing back-to-work support. It is also about managing partnerships which have transformed the lives of millions of people.
- 1.33 We now want to go further by devolving more power to individual customers, to local partnerships and to providers, to improve the quality and effectiveness of services.
- 1.34 **Chapter 7** sets out how we will carry out this triple devolution by:
- bringing together Government programmes to improve and unify services;
  - giving customers increased power to choose who provides their services;
  - allowing providers greater freedom to innovate and deliver services through a new 'Right to Bid' process; and
  - handing a bigger role to local partnerships in developing, monitoring and even deciding contracts for services.

## Next steps

- 1.35 These measures will continue to reduce welfare dependency and emphasise personal responsibility within a simplified, modernised and more flexible benefits system. Our reforms to date have been based on consultation. From all our previous conversations, we know that there is support for the principles that underpin the direction of travel we are taking. **Box 1.2** summarises public attitudes towards the welfare state.

### Box 1.2: Public attitudes to the welfare state

In taking forward its welfare reforms, the Government wants to understand wider views and attitudes towards the welfare state. Research suggests that the general public increasingly believe that people should take responsibility for themselves wherever possible. There is also a high level of belief that there should always be State support available to help the most vulnerable people.

Against this background, research also suggests that the general public believe that:

- there are positive economic, social and psychological benefits from employment, such as improved self-confidence and new skills;
- suitable work is good for an individual's mental and physical health, even for disabled people or those with a long-term illness or disability;
- for the welfare state to operate effectively, there needs to exist a contract of rights and responsibilities between the State and its citizens;

*continued*

- people should be empowered to work. This could be achieved with the provision of accurate and tailored information or through helping people see the value of work, for instance by engaging long-term unemployed people in community or voluntary activity; and
- alongside empowerment, a series of sanctions could operate to ensure that those people who can work take up the opportunity to do so.

- 1.36 We know, however, that as we move forward we need to continue to build on the experience and expertise of people across the country, in all walks of life. This Green Paper is intended to inform a major national consultation on the future of welfare, so that together we develop a system that rewards responsibility.
- 1.37 We would like to ensure as many people as possible will be able to participate in this consultation. The way that we are consulting on this Green Paper and the opportunities to contribute are explained in **Chapter 8**.

## Working with the devolved administrations

- 1.38 The challenges we are determined to address exist for people and communities throughout the United Kingdom, and it is right that the benefit of the reforms we propose should be felt across the United Kingdom, including those proposals that relate to problem drug users and education. This means building on the excellent working relationship that exists with the devolved administrations in Scotland, Wales and Northern Ireland. For example, while employment policy applies across Great Britain, health services and education are devolved in Scotland and Wales. Criminal justice is also devolved in Scotland. Our proposals for problem drug users need to reflect this. We will explore, in consultation with the Scottish Executive and the Welsh Assembly Government, how those measures that relate to the benefits system and specialist employment support, might be extended to Scotland and Wales, in a way that is consistent with their respective drug strategies.
- 1.39 Some of the proposals which will extend to the whole of Great Britain from the outset include those which simplify the benefits system, engage with employers, tackle long-term benefit dependency and address skills needs for lone parents.
- 1.40 Decisions on both employment and social security matters are devolved in Northern Ireland. We will continue to work closely with the devolved administration in Northern Ireland to seek to maintain a single system of social security across the United Kingdom. The Northern Ireland Executive will consider the most appropriate arrangements for Northern Ireland, for example, in relation to employment and skills.



## Chapter 2

## An obligation to work

## Chapter two – An obligation to work

### Summary

Our vision is a welfare state where no one is written off and everyone is expected to contribute. We want to do more to prevent people from drifting into long-term unemployment or inactivity and becoming detached from the labour market.

This chapter sets out the next steps we will take so that people do not become locked into long-term dependency on benefits. Our proposals include:

- toughening the Jobseeker's Allowance (JSA) sanctions regime, by introducing automatic benefit sanctions for people failing to attend a mandatory interview without good cause and new rules that would tackle violent behaviour as it undermines everyone's efforts to seek and sustain employment;
- taking and testing powers to require long-term unemployed people and those not participating in back-to-work support to engage in a programme of full-time, community-based work experience in order to improve their employability skills and build up their work habits;
- expecting problem drug users on benefits to take appropriate steps – such as drug treatment or employment provision – that support a return to work;
- new measures on skills, including piloting mandating jobseekers, lone parents and people on incapacity benefits, to train; and pilots for lone parents with younger children to undertake agreed skills-related activity to support their path into work, in return for increased benefit payments.

The support available will help to break down the barriers that prevent many people from fulfilling their potential. However, we are clear that individuals themselves need to meet their responsibility to make the best of these opportunities.

These reforms will go further in shaping an active, work-focused welfare state, with increased support and higher expectations in return. The approach is central to – and will take us a long way towards – achieving our long-term ambition of an 80 per cent employment rate.

*continued*

Our reforms take their inspiration from effective welfare systems in other countries, such as in Denmark and the Netherlands, which have mutual obligations at their heart. These systems rest on a fair deal between citizen and State, where people claiming benefits are offered personalised support, including work experience to improve their employability and work habits, backed up by a strong requirement to participate.

## Tackling inactivity and long-term benefit dependency

- 2.1 The Government's priority in 1997 was to tackle long-term unemployment, especially among young people aged 18–24. This approach was gradually expanded to other age groups and types of claimant, from lone parents to disabled people, as described in **Box 2.1**.

### Box 2.1: Labour market focus of benefits system has changed for the better

The disconnect between benefits and the labour market focus reached its nadir in the 1980s when, between 1982 and 1986, it was no longer necessary for unemployed claimants to visit jobcentres. Analysis shows that unemployment grew as a consequence of reduced job search requirements. The introduction of JSA in October 1996 brought greater conditionality to the payment of benefits to unemployed people.

Since 1997, we have incrementally introduced a series of measures, building on evidence of what works, to extend and deepen conditionality principles to people receiving out-of-work benefits. We began by tackling the blight of long-term unemployment. New Deal for Young People (NDYP) was introduced in 1998 and the conditions applied to New Deal for 25 Plus (ND25+) were strengthened in 2001.

These further increased conditionality for long-term jobseekers by requiring them to take up offers of extra help in return for financial support. In 2001, we introduced Work Focused Interviews for some lone parents, gradually extended these to all lone parents by 2004 and introduced mandatory action plans in 2005. From 2001, we also began applying conditionality to new Incapacity Benefit (IB) claimants and we have again built this up over time, together with increased support available through Pathways to Work.

- 2.2 These reforms have helped raise the level of employment by 3.1 million since 1997 and lower the number of people on key out-of-work benefits by a million. They also contributed to the virtual eradication of long-term (over 12 months) youth claimant unemployment and the reduction of long-term adult claimant unemployment to close to its lowest level for 30 years.
- 2.3 The New Deals achieved this success through more intensive support, backed by clear conditionality linked to benefit sanctions. However, a programme now ten years old inevitably needs to make changes to ensure it is ready for the next decade; the rigid distinction between programmes on the grounds of age was no longer appropriate. The New Deals needed to become more flexible and personalised as outlined in last year's consultation *In work, better off* and the Government's response *Ready for Work*.<sup>11</sup>

## A more personalised approach

- 2.4 We are already modernising JSA and the current mandatory New Deals to give people more support to help them get back to work from 2009. We are making changes to JSA to reduce the number of people who become long-term claimants by increasing both support and conditionality in a series of easy-to-understand stages of job search as the duration of a person's claim lengthens.
- 2.5 As part of the new claims interview, all jobseekers will be screened to identify whether they have skills needs and will be referred for a skills health check with the adult advancement and careers service, where appropriate. In the first few weeks of self-managed job search we will embed this approach by adding a mandatory back-to-work group session from around week six of a JSA claim to reinforce the importance of work and encourage people to use all the help that Jobcentre Plus offers.
- 2.6 Those still in receipt of benefit after three months will enter a more demanding regime – the 'directed job search stage'. They will be required to widen the scope of jobs they look for and will be submitted for any suitable employment. To increase this focus on finding work, they will be required to sign on every week, rather than every fortnight, for up to six weeks.
- 2.7 After six months, around 80 per cent of people claiming JSA have left the benefit. At this stage, called supported job search, those still claiming JSA will be allocated to a particular personal adviser. They will, in any case, be referred to suitable jobs regularly at the risk of a 26-week benefit sanction if they don't attend or take a job, if offered. A challenging action plan will be agreed, including a timetable for specific activities to improve employability and then find work.

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<sup>11</sup> Department for Work and Pensions, 2007, *In work, better off: next steps to full employment*, Cm 7130; Department for Work and Pensions, 2007, *Ready for work: full employment in our generation*, Cm 7290

- 2.8 There will be an additional two-week benefit sanction for failure to comply with agreed activity in the action plan, such as the occupational skills assessment, seeking advice about debt or housing, or undertaking a work trial. We will also check on the claimant's progress with action to improve their basic skills. If necessary they can be directed (or risk losing benefit) to attend a skills health check at the new adult careers and advancement service (or its equivalents in Scotland and Wales). In this stage of more intensive contact between adviser and customer, there is scope for additional flexibility to help deliver more job outcomes. This autumn, in Derbyshire and South West Wales, we will trial a more flexible approach for greater discretion so that advisers can focus their time and support where it can have maximum impact, in a more personalised service.
- 2.9 We are going to fast-track directly to this supported search stage, people who have a recent history of long-term unemployment and 18-year-olds who have spent the previous six months out of education, training or employment. They will be mandated to this stage. Others who are at a disadvantage in the labour market can volunteer to be fast-tracked to this stage, subject to capacity. These groups include ex-offenders, residential care leavers and drug or alcohol misusers.
- 2.10 After a year, about nine out of ten claimants have left JSA. For those who have not, we will, in future, refer them to an external provider for further, specialist help through the Flexible New Deal. Evidence from the Employment Zones has demonstrated the effectiveness of a more tailored approach to support. People who move across to an external provider will remain on JSA and will continue to attend a Jobcentre Plus office every fortnight. Participation with an external provider and compliance with the agreed action plan will be mandatory. Non-compliance can lead to loss of benefit for increasing periods of time, up to 26 weeks or more if non-compliance continues.
- 2.11 As part of these improvements, starting in April 2009, we want to look at other ways that we can strengthen requirements the longer someone is claiming.

## A stronger sanctions regime

- 2.12 Benefit sanctions have been successful for the majority of jobseekers. Of those claimants who are sanctioned, most (73 per cent) are only sanctioned once – claimants say they would not repeat the behaviour that led to the sanction. Research shows that most jobseekers agree with this approach – even 40 per cent of those who are sanctioned think their own sanction was fair. We also know that around half of all jobseekers say they are more likely to look for work because of the threat of sanctions.

- 2.13 We want to make it clear that everyone has an obligation to take up the support that is now on offer, and so we will further improve the conditionality regime.
- Jobcentre Plus is looking at how to speed up and improve the effectiveness and quality of its decision-making processes. Jobcentre Plus will also explore ways of improving communications to jobseekers to make sure they are fully aware of their responsibilities and the circumstances in which they could incur a benefit sanction, as well as ensuring decisions are communicated quickly and accurately when they are made.
  - A significant minority fail, repeatedly, to attend appointments and interviews with Jobcentre Plus advisers or to sign on in time. It is clear that for them, the current penalty is not effective in changing behaviour. We propose that someone failing to attend a fortnightly job review or appointment without good cause would automatically lose that week's benefit, unless they could demonstrate there had been a strong reason, such as an emergency, that prevented them from attending.
  - We want to look at escalating sanctions so that a second failure to attend or another failure to comply with work preparation activity without good cause, would mean the loss of two weeks' benefit.
  - We believe the use of actual violence or the threat of violence by a small, but very disruptive, number of claimants towards staff in Jobcentre Plus offices and organisations delivering services, is both unacceptable and undermines everyone's efforts to seek and enter sustained employment. We will also explore imposing a similar sanction in these instances.
- 2.14 Jobcentre Plus's back-to-work support is world class. We want to ensure it remains at the cutting edge. To that end, we will commission a review of conditionality systems in other countries and explore how personalised conditionality can best be designed to influence behaviour. As we have with the introduction of automatic enrolment into pensions, we will study how behavioural economics can be applied to welfare.

## 'Work for your benefit'

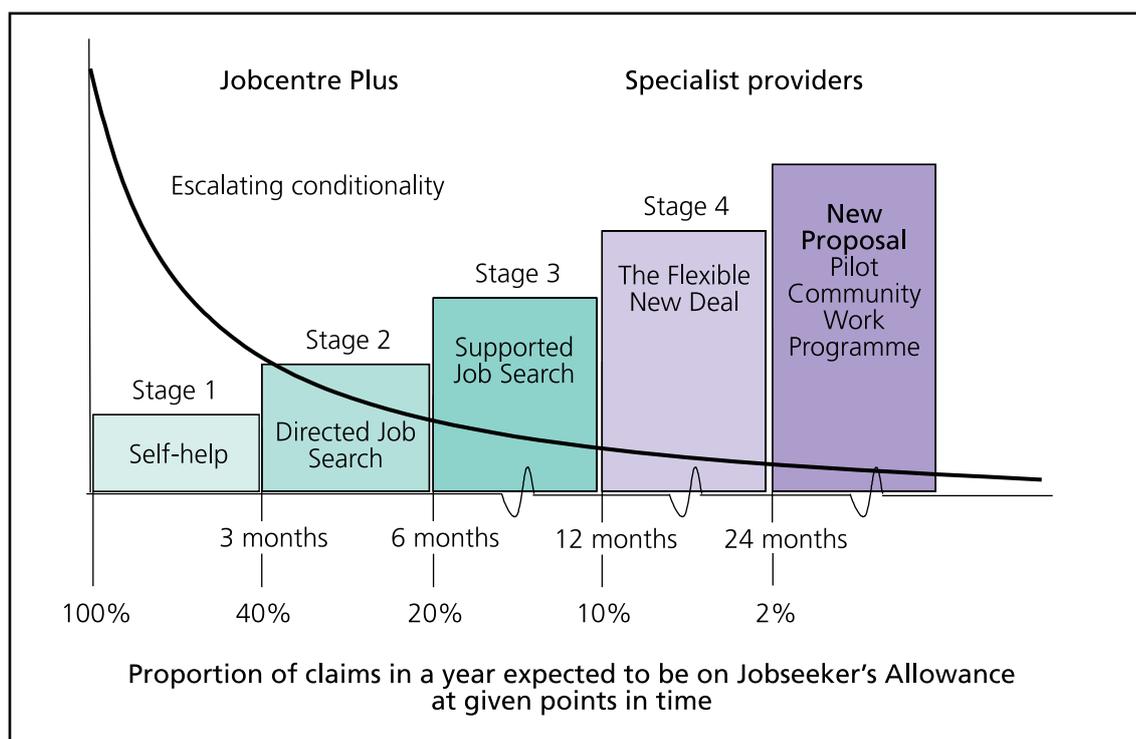
- 2.15 When we announced our plans for the Flexible New Deal in last December's Command Paper, *Ready for work*, we also said we would look at what expectations we should have of those who remain unemployed at the end of the period with providers.<sup>12</sup> This group of people would not have been in work for some time and may face considerable barriers before they can move into employment. Similarly, we cannot ignore a small number who wish to avoid moving into work or are working and fraudulently claiming.
- 2.16 We want to make sure that we continue to increase what we expect of people the longer they've been on benefit. We have already announced that everyone in the Flexible New Deal will be required to work or undertake work-related activity for at least four weeks; if the customer's action plan requires it, the full-time activity can last as long as needed in the duration of the Flexible New Deal, so long as it remains relevant and in preparation for the goal of sustained work.
- 2.17 We now plan to test extending this approach of working for benefits to long-term unemployed people. In the first place we intend to introduce a review by Jobcentre Plus of every case in which someone reaches the end of the Flexible New Deal without work. This will involve the provider in this review of progress and activity during this time. We want to ensure that we have a clear idea of the barriers and circumstances in which someone would have been continuously unemployed and on benefit for perhaps two years and find out why JSA and the Flexible New Deal does not work for a small minority of unemployed people. The review may find that a few require different support or another benefit to which they will be directed by Jobcentre Plus at this stage. For others who continue to meet the labour market conditions, JSA will remain appropriate but with a stronger degree of conditionality so that they return to patterns and habits of regular work.
- 2.18 We believe there is real value in long-term unemployed people working full-time to develop their work habits and employability. So we will contract with public, private and voluntary providers to test out a number of models of mandatory, full-time activity for those who have not found work at the end of the Flexible New Deal process. We also want to be clear that community work is not about introducing compulsory volunteering or forcing people to volunteer. Instead we want to send out a clear message that people capable of work but who have not found a job by this stage will be required to work full-time or undertake full-time, work-related activity in return for their benefits.

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<sup>12</sup> Department for Work and Pensions, 2007, *Ready for work: full employment in our generation*, Cm 7290

- 2.19 We plan to run pilots in a number of Jobcentre Plus districts from 2010, requiring participation by those who finish their period with a flexible New Deal provider without finding or having had recent experience of work. We recognise that creating opportunities for community work will not be cost free. We want to seek views on the precise content of these programmes, but they will involve individuals engaging in a variety of full-time activities of value to themselves, their community and prospective employers. **Chart 2.1** illustrates the JSA regime together with the addition of this new pilot. In piloting a new 'work for your benefit' programme for long-term unemployed people, the Government wants to learn from international best practice, as discussed in **Box 2.2**.

Chart 2.1: The Jobseeker's Allowance regime and a new Work for your benefit programme pilot



- 2.20 We will also explore giving advisers the power to require full-time activity of claimants at any stage of their claim if they believe it would be of benefit. We will consult on when this should be used, but would propose to focus on those who are repeatedly claiming JSA.
- 2.21 We will also make it clear that people in the pilot areas cannot avoid this full-time work experience by leaving benefit and then reclaiming in an attempt to rejoin JSA at an earlier stage with weaker requirements on them. In these circumstances, they could only continue to receive benefits if they return immediately to the 'work for your benefit' programme.

### Box 2.2: Community work experience – learning from best practice

We want to learn from experience elsewhere in the world. In Canada, the USA, the Netherlands, Denmark and Australia mandatory work experience in the community is already an established part of welfare programmes.

We have been looking at the current evidence from other countries.\*

There is evidence that full-time activity leads to improved job outcomes: between a half and two-thirds of leavers found unsubsidised work at some point in the three years after leaving. Australia's 'Work for the Dole' had a 7 per cent net increase of participants going into jobs compared to non-participants.

Insisting on job search as part of a package is more likely to tackle the problem of some customers drifting on the programme without ever finding work in the open labour market. Some evidence shows that results are best when linked to tackling other barriers to work, including drug and drink problems and basic employability skills.

\* Forthcoming DWP research paper: Crisp R, Fletcher R (2008)

- 2.22 Requiring some people to sign on regularly has been a central, and very effective way of keeping unemployed people focused on job search. As part of our look at what will work better in tackling long-term unemployment, we will consider requiring some people to attend a Jobcentre Plus office to sign daily and a duty to account for their activity to secure work.

**Question 1: How long should 'work for your benefit' last at different stages in the claim?**

**Question 2: How could capacity and capability to provide full-time work experience in the community sector be provided and incentivised to produce the best employment outcomes for participants?**

**Question 3: Is full-time 'work for your benefit' as an alternative to a sanction of loss of benefit for repeated non-compliance with work search requirements an effective option for some jobseekers? How should it be targeted?**

## Fraud

- 2.23 We have a comprehensive and successful strategy for tackling benefit fraud based on prevention, detection and deterrence. Benefit fraud is now at the lowest level ever recorded, with our latest estimate showing that by September 2007, we had reduced fraud across all benefits to 0.6 per cent of benefit spend, that is just over half a penny of every £1 of benefit expenditure.

- 2.24 International benchmarking by the National Audit Office (NAO) shows us to be at the forefront of understanding, measuring and responding to benefit fraud and our expertise is widely sought by other countries and international organisations. But we are not complacent and continue to seek to identify new ways to tackle fraud, such as Voice Risk Analysis. We are also testing data matching with Credit Reference Agencies to identify previously undetected cases of people claiming separately but living together.
- 2.25 A key aim of our strategy is to deter people from committing benefit fraud in the first place by making the benefit system more active and tougher on those who do not play by the rules. Proposals elsewhere in this Consultation Paper set out plans to review Work Capability Assessments, pilot a 'work for your benefit' scheme, increase conditionality and launch a review of the sanctions regime.

## Current criminal sanctions regime

- 2.26 As well as recovering any overpayment resulting from fraud we have in place a range of criminal sanctions to dissuade people from committing benefit fraud. Since 1999 cautions and administrative penalties have been offered to customers for less serious cases of benefit fraud, with criminal prosecution pursued in more serious cases. We also have a policy of referring all suitable cases for financial investigations under the Proceeds of Crime Act (POCA) with a view to applying to the courts for restraint and/or confiscation of identified assets (£6.6 million in assets were seized in 2006–07). For repeat offenders, Two Strikes is a fixed 13-week benefit disqualification period on conviction for benefit fraud in two separate proceedings within a five-year period.
- 2.27 Benefit fraud is theft of honest taxpayers' money. We are considering whether there are further sanctions that are appropriate for those people who have chosen to abuse a system that is there to support those in need. We intend to ensure that we have effective deterrents and punishments in place. Views are, therefore, invited on whether we should develop our sanctions regime further, with a view to increasing the deterrent effect by reducing or withdrawing entitlement to benefit after a first offence.

**Question 4: What penalties do you think would be most effective to deter more people from committing benefit fraud?**

**Question 5: Do you think it would be appropriate to reduce or withdraw entitlement to benefit after a first offence? How long should the sanction period be?**

## A new regime for problem drug users – breaking the cycle of dependency

- 2.28 The social and economic cost of drug misuse is unacceptably high. We estimate that up to 240,000 people in England are in receipt of out-of-work benefits and are dependent on opiates or crack cocaine ('problem drug users').<sup>13</sup> This is around three-quarters of the estimated total number of people who are dependent on these drugs. Drug addiction is not, in itself, grounds for claiming benefit, but it is clear that many people who are dependent on benefit are also dependent on drugs.
- 2.29 The Government published its ten-year Drug Strategy for England in February this year.<sup>14</sup> It describes the costs of problem drug use to the individual, families and society. Drug use causes short- and long-term damage to health, particularly mental health. It causes crime and family breakdown and it contributes to social exclusion.
- 2.30 The Drug Strategy sets out a number of key objectives including:
- targeting those most at risk;
  - improving the quality and effectiveness of treatment;
  - a wider use of new treatment approaches; and
  - a radical new focus on services to help problem drug users to re-establish their lives.
- 2.31 The Department of Health, Department for Work and Pensions and the Department for Communities and Local Government are taking the lead on developing this new focus on reintegration. Helping drug users into work has a major role to play. It not only reduces the risks of poverty and social exclusion and improves health but can be critically important, in itself, in helping individuals to recover from drug dependency. This underlines the importance of taking an integrated approach to drug treatment, employment support and the range of barriers that recovering drug users may face.

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<sup>13</sup> Hay G and Bauld L, *Population estimates of problematic drug users in England who access DWP benefits: A feasibility study*, Department for Work and Pensions Working Paper No 46

<sup>14</sup> Home Office, 2008, *Drugs: protecting families and communities – The 2008 drug strategy*

### Case study – Drug Action Teams – joint working in Merseyside

Jobcentre Plus has been working closely with Sefton Drug Action Team (DAT) in setting up their 'Move On' project. This project is aimed at people who have just come into treatment and are not yet ready to look for work. It has included setting up a new IT suite alongside a programme based on education opportunities (particularly around 'life skills'), relapse prevention and developing confidence and motivation. A housing officer is linked into the DAT and they are about to employ an employment officer.

Jobcentre Plus has had major involvement with the Wirral Drug and Alcohol Action Team (DAAT) for several years. Through an innovative new 'Train the Trainers' Goals motivation programme, 12 drug workers (including one Jobcentre Plus member of staff) will be working with drugs professionals and Jobcentre Plus to enable better outcomes to help problem drug users recover and work.

In Liverpool, Jobcentre Plus chair the Employment, Training and Education subgroup of the DAAT and at the moment are training frontline drug workers to make them aware of how to engage their clients with the role of employment and training as a tool to aid relapse prevention.

Jobcentre Plus is a full member of all the crime reduction partnerships, Drug Intervention Programme steering groups, treatment groups and Joint Commissioning groups in the five DAT/DAAT areas in the North West, and has participated in contracting rounds for new provision in the areas. This has included initiatives on reducing re-offending as well as drug treatment, housing and alcohol dependency.

- 2.32 The Drug Strategy commits the Government to improving the way that agencies work together to support problem drug users. We will also explore how different funding, commissioning and case management approaches could deliver improved outcomes. This will build on many examples of good practice. Local DATs already bring together treatment services, criminal justice, housing services and employment. Through the Progress2Work scheme, we invest £20 million a year in specialist, integrated employment support benefiting over 10,000 recovering drug users.
- 2.33 However, it is clear that we must go further. Up to 100,000 problem drug users on benefits are not in drug treatment. So the Drug Strategy makes a commitment that the Government will use Jobseeker Directions and Work Focused Interviews to refer problem drug users to a drug treatment provider. Failure to meet that provider could result in a benefit sanction. Taxpayers cannot be expected to support a drug-dependent lifestyle, so where drug treatment is available and considered appropriate, then there should be an obligation that individuals will take it up.

The Drug Strategy goes on to state:

*“...we will explore the case for introducing a new regime for drug misusers which provides more tailored and personalised support than is currently provided by the existing Incapacity Benefit or Jobseeker’s Allowance regimes. In return for benefit payments, claimants will have a responsibility to move successfully through treatment and into employment.”*

- 2.34 This Consultation Paper sets out our proposals for this new regime for problem drug users. The first priority is to ensure that we can effectively identify problem drug users in the benefits system. At the moment, this is not systematically recorded.
- 2.35 Only 400 people on JSA are recorded as having a drug problem (less than 0.05 per cent of the total) and around 2 per cent of those on incapacity benefits. This compares with estimates that 7 per cent of all JSA and incapacity benefits recipients are problem drug users. We cannot help people through drug treatment programmes if we don’t know who needs them.
- 2.36 We need to develop a new approach to identification – based on using interventions in the new Employment and Support Allowance (ESA) and Jobseeker’s Allowance (JSA) – alongside information shared with the criminal justice system, and balancing this with incentives to declare problem drug use and accept treatment.
- 2.37 So for those claiming incapacity benefits, we will more systematically build identification of problem drug use into the new claim process for ESA. In JSA, we will strengthen guidance for advisers to help them to identify claimants who may be dependent on heroin or crack cocaine. As set out in the Drug Strategy, those identified will then be required to see a drug treatment provider.
- 2.38 We also propose to legislate to enable us to share information between Jobcentre Plus and the police, probation services and prisons. This will require primary legislation and will need to be in line with our responsibilities on handling personal data – under the Data Protection Act – and on respecting individuals’ right to privacy – under the European Convention on Human Rights. We propose to do this in three ways.
- In 23 police authorities, individuals who are arrested for certain offences are tested for heroin or crack and powder cocaine. Those who test positive (there are around 80,000 positive tests a year) are referred for a Required Assessment by a drugs worker, which in nearly half of cases leads to an agreement to engage with treatment and support. We propose that Jobcentre Plus should be told about those attending or refusing to attend their Required Assessment.

- Around 16,000 people a year agree to Drug Rehabilitation Requirements as part of a community sentence in the courts. These include treatment, regular testing and court reviews of progress. We propose that Jobcentre Plus should be told about individuals who agree to these Requirements.
- Up to 100,000 people leave prison and start a benefit claim every year. Estimates of problem drug use vary, but up to 50 per cent of this group could be drug misusers. We will explore options for sharing information between the Prison Service and Jobcentre Plus to enable us to fast-track support for identified problem drug users.

2.39 We also invite views on the merits of changing benefit rules to require all applicants for benefit to declare whether they are addicted to heroin or crack cocaine. This could include bringing in sanctions such as recovering overpayments and investigations for fraud against those who mislead. If we were to take this forward, then those investigations could include information sharing with the police and, in a small number of cases, contracted-out drug testing. There are attractions to this approach but there are also drawbacks. In particular we need to think about the broader impact of this change. For example, 2.5 million people apply for JSA every year, and we estimate that less than half of one per cent of these are problem drug users. This change would take time to implement and would have resource implications.

2.40 However, making the declaration of a drug problem and taking steps to address it as a condition of benefit in certain cases would be consistent with the wider obligations on those in receipt of welfare help. It would send out a clear signal that we believe that drug misuse is a serious cause of worklessness and that individuals have a responsibility to declare it and take steps to overcome it.

**Question 6: Do you agree with the proposed approach for identifying problem drug use? How should it be implemented? Do you think that everyone claiming a working-age benefit should be required to make a declaration of whether or not they use certain specified drugs?**

2.41 Once problem drug use has been identified, those who are not in drug treatment already will be required to see a drug treatment provider. However, we also propose that problem drug users on benefit should be required, where appropriate, to see a specialist employment adviser and to draw up, with their help, a rehabilitation plan. This plan would set out the steps that they will take to stabilise their drug dependency, move towards recovery, tackle the problems they face and get into work.

2.42 This approach will build on our Progress2work programme, which provides specialist support for recovering drug users. Problem drug users are more likely to have health problems, particularly mental health problems, more likely to have basic skills needs, more likely to be vulnerably housed, socially excluded and in debt. So as with Progress2work, the specialist support will need to address these barriers.

- 2.43 In return for this access to drug treatment and specialist employment support, there will be an obligation on individuals to take it up. Failure to do so without good cause would result in a referral back to Jobcentre Plus and a potential benefit sanction. This approach will take account of the range of barriers that many drug-dependent claimants face (often including chronic health conditions).
- 2.44 We also invite views on making changes to the benefit system in order to introduce a 'Treatment Allowance' that would replace normal benefit payments while problem drug users stabilise in treatment. This could be time-limited, for example to only apply whilst an individual stabilises their condition. After this they would be paid benefit in line with JSA and ESA.

**Question 7: What elements should an integrated system of drug treatment and employment support include? Do you agree that a rehabilitation plan would help recovering drug users to manage their condition and move towards employment?**

- 2.45 Employers will have a key role to play in these proposals. As discussed in more detail in paragraphs 2.79 to 2.82, the Government is already working closely with employers to help people move into the labour market, for ex-offenders a necessary step in their integration into society. Through Local Employment Partnerships (LEPs), Jobcentre Plus and its partners strive to understand employers' recruitment requirements and get claimants with disadvantages ready for work. In return, participating employers undertake to give people a fair shot at the job – through a range of measures, including an adjustment to recruitment processes, Work Trials or guaranteed interviews, work placements and mentoring.
- 2.46 We will build on our networks, and the Ministry of Justice's corporate alliance of 100 employers, to ensure their close integration into the Drug Strategy.
- 2.47 These proposals will require careful development in order to establish the most effective ways to identify problem drug users and to target treatment and support. We, therefore, propose testing and evaluating approaches. Based on the evaluation evidence, we will then move towards full rollout. We intend to begin by appointing drug co-ordinators within Jobcentre Plus by the end of 2009, as proposed in the recent Health Inequalities Strategy. This will be funded by the Department of Health and will enable us to better link up treatment provision with employment support.
- 2.48 We will initially focus efforts on those dependent on opiates and crack cocaine. Over time we will consider the case for extending this approach to others – for example, those dependent on cannabis, powder cocaine or dependent on alcohol.

- 2.49 The benefits system applies across Great Britain. However, health services are devolved in Scotland and Wales, while criminal justice is also devolved in Scotland. Many of these proposals will, therefore, only apply in England. We will explore, in consultation with the Scottish Executive and Welsh Assembly Government, if those measures that relate to the benefits system and specialist employment support might be extended to Scotland and Wales, in a way that is consistent with their respective drug and substance misuse strategies.

## A work-focused regime for people aged 60 to 65

- 2.50 Since 1997, the employment rate of people aged between 50 and State Pension age – currently 60 for women and 65 for men – has increased by over seven percentage points. This represents an extra 1.4 million people in employment. Currently around 1.3 million people have remained in or returned to work beyond State Pension age, over 500,000 more compared to 1997. Demographic change means that we will be seeing fewer young people coming into the job market in future. So more older people will be needed to fill future vacancies. We also as a society can't afford to write off the skills and experience of older people.
- 2.51 Many of those aged 60 or over who do not have a job would like to work but are concerned that they will be considered too old and do not have the right skills. We are committed to increase their employment opportunities. We want to give these people the same level of support as we provide for younger people. So we have already made it unlawful to discriminate in training, recruitment and employment on grounds of age.
- 2.52 People are no longer considered 'over the hill' at age 60. In the recent publication *Framework for a Fairer Future – the Equality Bill*, we set out our determination to outlaw age discrimination and promote equality for older people.<sup>15</sup> This will build on the existing Age Regulations covering employment and outlaw age discrimination in the provision of goods and services.
- 2.53 As we bring State Pension Age for men and women together between 2010 and 2020, people aged 60 to 64 who are out of work will become eligible for working-age benefits. Under current rules they are not required to attend Work Focused Interviews. We intend to change the law to allow people aged 60 and over access to the additional back to work support offered by a Work Focused Interview.
- 2.54 To help ensure there are jobs for older people, our Age Positive initiative is also promoting the benefits to employers of recruiting, training and retaining older workers who, by 2020, will comprise 30 per cent of the workforce.

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<sup>15</sup> Government Equalities Office, 2008, *Framework for a Fairer Future – the Equality Bill*, Cm 7431

## Work skills

- 2.55 Without the right skills we cannot compete effectively in the world market. Without the right skills many individuals will not feel the full benefits – to their health, self-esteem and income – of being in work.
- 2.56 In *Opportunity, Employment and Progression*,<sup>16</sup> we announced our intention to increase the requirement for those out of work and claiming benefit to identify and address their skills needs. We built on these proposals in the Command Paper, *Work Skills*,<sup>17</sup> which also gives more details of the support that will be available. *Work Skills* sets out our plans to improve guidance and support to all individuals – whether in or out of work – and to update key training provision so that it is designed around what people really need, and what fits in with their lives. Our plans include:
- a skills health check that will help individuals on benefit assess their skills needs;
  - flexible and personal advice from the adult advancement and careers service – often co-located in Jobcentre Plus offices; and
  - a Skills Account, with direct access to the support and funding the Government provides to help the individual take up training and which they can continue to use as they move into sustainable employment.

### Case study – Innovative ideas in Scotland

Such an approach, which supports people in improving their skills, is exemplified in the successful football-based welfare-to-work scheme in Scotland, which started with Celtic and Rangers football clubs. Sixteen clubs, including all 12 Scottish Premier League clubs, are already participating, with more clubs about to join. The clubs make their premises, players and facilities available to support a pre-employment programme, the primary aim of which is to equip people with the skills and abilities necessary to secure suitable, sustainable employment. We intend exploring means of adopting a similar approach to issues of worklessness through football clubs in the English Premier League.

<sup>16</sup> Department for Innovation, Universities and Skills and the Department for Work and Pensions, 2007, *Opportunity, Employment and Progression: making skills work*, Cm 7288

<sup>17</sup> Department for Work and Pensions and the Department for Innovation, Universities and Skills, 2008, *Work Skills*, Cm 7415

- 2.57 We are making training available to help low-skilled individuals get back into work more readily. In return, we believe that individuals should accept more responsibility for helping themselves by taking up these new opportunities. This is why we want to place a duty on people who are out of work to have their skills assessed and test the approach of requiring them to take the training they need to acquire skills. All people on benefits will have a skills screen at the start of their claim. Depending on the benefit being claimed, there will then follow different requirements to identify and address skills needs.

## Skills for jobseekers

- 2.58 In *Work Skills* (the skills strategy for England) we made it clear that our expectations of people claiming benefits are changing. We set out our plans to increase the requirement for those claiming JSA to identify and address the skills gaps preventing them from finding work.
- 2.59 People entering stage three of the Flexible New Deal – those who have been receiving benefit for six months or identified by their personal adviser at the start of their award as needing additional support – will be required to do more to improve their skills. From this autumn, we will be piloting the requirement for jobseekers who have not volunteered for a skills health check to take one if their adviser believes this to be necessary. We will also test a requirement for claimants at this stage to attend relevant skills training where this addresses those skills gaps that have been identified as a barrier to starting work.

## Skills for those claiming Employment and Support Allowance

- 2.60 Many incapacity benefits claimants also lack the skills they need to return to work. Those who have been out of work may need to retrain for a new job or update their skills to be competitive in their previous field of employment. It is right that we look at ways we can support our claimants to overcome this skills gap.

2.61 Where a skills need has been identified as a major barrier to employment, we believe it is important people should work with us to improve their skills. In *Opportunity, Employment and Progression*,<sup>18</sup> we committed to ensuring that every new ESA claimant has a light-touch basic skills screen and, where appropriate, a mandatory skills health check later in their claim. We intend to test this before rolling it out nationally. We are also consulting on whether to require ESA recipients to attend training when they do not do so voluntarily.

**Question 8: When is the right time to require ESA claimants to take a skills health check?**

**Question 9: Should ESA customers be required to attend training in order to gain the identified skills they need to enter work?**

## Skills for lone parents

2.62 Helping more lone parents into work will reduce child poverty. From 2010, lone parents whose youngest child is seven or over will, where they can, be required to look for paid work. Those able to work will move onto JSA and be covered by its conditions. This will ensure they get the support they need to help move into employment and provide better life chances for themselves and their families.

2.63 To coincide with this change, and using the emerging evidence from the Employment Retention and Advancement (ERA)<sup>19</sup> project, we have introduced a support package of pre-work and in-work measures to help lone parents move into paid work, make work pay, and help sustainability and progression in work. This includes the national rollout of:

- an In-Work Credit of £40 a week (£60 a week in London) to eligible lone parents;
- an In Work Emergency Discretion Fund to help overcome unexpected financial barriers; and
- In Work Advisory Support to help resolve any in-work difficulties and promote career progression.

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<sup>18</sup> Department for Work and Pensions and the Department for Innovation, Universities and Skills, 2008, *Opportunity, Employment and Progression: making skills work*, Cm 7288

<sup>19</sup> Riccio A *et al.*, 2008, *Implementation and second-year impacts for lone parents in the UK Employment, Retention and Advancement (ERA) demonstration*, Department for Work and Pensions Research Report No 489, Corporate Document Services

### Case study – Anita Page

For single Cardiff mum Anita Page, ensuring she could successfully balance work while her son was being properly looked after was a key factor when she approached her local Jobcentre Plus for help.

Anita said:

*“My 12 year old son was starting to go to after-school activities. I thought I could be doing something with this spare time – its a really long day when you’re on your own”.*

After seeking advice from her adviser at Jobcentre Plus, Anita decided she would take her first step to starting a new career, by joining an IT course.

Her adviser arranged for Anita to attend Skill Build at Act Ltd, where she successfully undertook a key skills and computers course alongside an NVQ in IT. With her newly gained skills, and after a work placement at Schools Assist, she was offered a full-time job in administration.

Anita said:

*“I now work for the team that organises the training for teaching assistants. Some of the people starting working were just like me, so I can understand their worries. Working has totally changed my life; I have extra money for me and my son and a better quality of life. But more than that, he is really proud of me!”*

- 2.64 We expect the new arrangements for lone parents with older children to lift around 70,000 children out of poverty. However, that leaves around 450,000 lone parents with a child under seven, who often wait until their children are older, to access extra help.
- 2.65 We need to see how we can help lone parents with younger children prepare for a return to employment when appropriate. We want to emphasise that looking for work, when they are in a position to do so, is not only a responsibility but will have positive effects for them and their children. We think that there is a case, when resources allow, for moving all lone parents onto JSA instead of keeping those with young children on Income Support (IS), traditionally an inactive benefit.
- 2.66 Lone parents with younger children would not be required to look for work or take a job until their youngest child is seven, but moving all lone parents who can work, whatever the age of their child, onto JSA would underline the message that we see work as the best way for them to improve their family’s prosperity.

- 2.67 This change would also make things simpler for lone parents by reducing the number of benefits they have to deal with and, as **Chapter 6** explains, would enable JSA to be established as the cornerstone of a simplified benefits system. This would be a modernised and personalised JSA which would provide tailored help as customers' circumstances change.
- 2.68 Those with children aged under seven currently attend regular Work Focused Interviews in order to let them know what opportunities are available. However, whatever decisions are made about the structure of benefits for lone parents, it makes little sense to have such a sharp increase in the expectations on lone parents once their child reaches seven. So we are considering whether we could introduce extra activity, as appropriate, when a lone parent's youngest child becomes five and goes to school full time, so that preparation for work becomes a natural progression rather than a sudden step up.
- 2.69 As such, our proposals for lone parents with a five or six year old are to:
- require lone parents to attend a skills health check when their youngest child reaches five, where the adviser believes this to be necessary and this has not been undertaken voluntarily; and
  - pilot a requirement for lone parents whose youngest child is five or six to attend relevant skills training where this addresses those skills gaps that have been identified by the skills health check as a barrier to starting work. Clearly, there would be safeguards to recognise the caring and family responsibilities of lone parents in accessing such training.
- 2.70 We believe this approach holds out many advantages for lone parents. But to encourage those with children under five to take part in these activities voluntarily at an earlier point in time, we will also pilot a 'skills for work' premium for agreed activity, on top of existing benefit entitlement.
- 2.71 Lone parents would take part in a skills health check and other agreed qualifying activities designed to equip them with the skills they need and to support their path into work. These activities will include specific training and education courses. The Learning and Skills Council offers in England, through the providers it contracts with, a range of free training courses. The 'skills for work' premium will give parents incentives to take up this offer.
- 2.72 We will evaluate the 'skills for work' pilot to shape the development of future policy on the appropriate level and type of skills and work-related activities for lone parents with younger children.

**Question 10: In view of the need to help lone parents develop the skills they need to find work, are we right to require lone parents to have a skills health check and training as a condition of receiving benefit?**

**Question 11: Should we pilot extra benefit payments for lone parents in return for training, and if so, when the youngest child is what age?**

## Improving access to full-time training

- 2.73 Lone parents with younger children and those on IB (and in the future, ESA) can currently train full time without losing these benefits. JSA, however, is currently only paid to people who are both available for and looking for work. In **Chapter 6**, we propose moving, when resources allow, to a model where IS is abolished and JSA forms the main out-of-work benefit for people who can work. JSA is not intended to support full-time education.
- 2.74 This means we would need to introduce more flexibility than now so lone parents with younger children on JSA could continue to access full time training. There are other individuals who need full-time skills training to improve their chances of employment. While there is flexibility under the present arrangements to enable this, we recognise it is not fully understood and have therefore reviewed the 16-hour-rule.
- 2.75 From this autumn, we will begin to introduce changes that mean that the 16 hour study rule in JSA will no longer be a barrier to employment focused training. Those who have been receiving JSA for more than six months – or those whose personal advisers believe need urgent help to update skills – will be able to take part in full-time employment-related training for up to eight weeks while receiving a training allowance. We will ensure that this option to refer claimants to full-time training is well publicised and will encourage Jobcentre Plus personal advisers to use it at a local level. We are also ready to consider requests to extend the eight week limit from the most effective City Strategy Pathfinders, or to look at other innovative proposals.

**Question 12: Are there any other circumstances where customers cannot get the skills they need to enter employment under present and planned arrangements?**

## Supporting second-chance learning

- 2.76 Young people who have been in care or are from chaotic family backgrounds often miss out on the full benefits of education first time round. We are determined to give them a second chance.
- 2.77 Those who have suffered disrupted schooling are typically two to three years behind in their education. We propose that they should be able to study full time for A-levels or their equivalent until they are 21, while receiving benefits. Extending the age cut-off (currently 20) for those who qualify for IS (and therefore, Housing Benefit) will enable the majority of them to complete their courses.
- 2.78 This is an inclusive measure which will give vulnerable young people who are motivated to return to education, the chance to do so.

## Engaging with employers

- 2.79 LEPs commit employers to consider offering more opportunities to jobless people who might otherwise have been overlooked in the labour market. They are based on a simple 'deal' with employers in which:
- the Government, through Jobcentre Plus and its partners, takes steps to understand employers' requirements and gets disadvantaged people ready for work; and
  - employers with vacancies give disadvantaged people a fair shot at the job – through a range of measures which might potentially include adjusting recruitment processes, offering work trials or guaranteed interviews, work placements and mentoring.
- 2.80 LEPs are intended to help lone parents, people with disabilities and long-term unemployed people among others, and are a key component of an integrated employment and skills model which we are introducing to enable people moving into work to improve their skills.
- 2.81 In addition through campaigns such as 'Employ ability' and other work with employers and organisations, we are engaging at a corporate level to encourage good recruitment and retention practices and address issues, locally, where day-to-day recruitment and retention decisions are made.

### Case study – Gallery 37 Plus

Run by the National Foundation for Youth Music and funded by the Big Lottery Fund, Gallery 37 Birmingham and Gallery 37 Plus run summer arts programmes lasting five weeks, to support young people's aspirations and give them the opportunity to explore their creative talents. Gallery 37 Birmingham was launched in 1998, and Gallery 37 Plus, comprising of five new locations (Bristol, Leeds, London, Oldham and Newark and Sherwood) has run programmes since 2007.

Gallery 37 Plus' intensive periods of 'apprenticeship' are targeted at 16–24 year olds, who are selected for interview for a place based on their 'not in employment, education or training' (NEET) status and needs. The challenges they face are varied – many live with a disability while some are looked-after. Many are young offenders or are at risk of offending.

Out of the 274 young people who signed up for the 2007 Gallery 37 Plus summer programmes, 172 were unemployed at the start of the course. For many 'apprentices', Gallery 37 Plus acts as the catalyst for change: *"I don't want to go back on the dole, I am determined to get a job after this. I feel much more confident in the skills I have and being able to go for jobs"*. Gallery 37 Plus works to maintain links with local industry and provide support and encouragement to participants in gaining employment after the summer schools are over.

Out of the 274 young people who registered for the 2007 summer programmes, 210 completed the course – an achievement not unnoticed by youth workers and parents. *"[This young person] has not attended anything for more than three days consecutively. I am amazed that the project has engaged her so much that she has attended for all 20 days"* – wrote one Connexions advisor. 110 of these 210 young people went on to Further Education, eight went in to Higher Education and nine entered employment.

## Volunteering and developing skills for work

- 2.82 Voluntary activity can have many advantages for unemployed people as well as the wider community. It can help keep them in touch with the labour market. It can offer opportunities to obtain the skills and experience that can make moving into work easier. These benefits were emphasised by the Morgan Inquiry on volunteering and young adults.

- 2.83 The Third Sector Taskforce was launched in June 2008 to involve the third sector more strongly in the delivery of welfare reform. With representation across a range of voluntary and charity organisations, their challenge will be to look at the role of the third sector and in particular what it can bring to welfare to work reforms that others cannot. The Taskforce is chaired by Tony Hawkhead, Chief Executive of Groundwork UK, and David Freud is the Vice Chair. It is expected to publish its recommendations in early 2009.
- 2.84 Volunteering should not be seen as an alternative to a paid job. But we want to ensure benefit conditions do not prevent people taking part in voluntary activity that might help them back into paid work. We are proud that Jobcentre Plus works successfully, both nationally and locally, with a vast array of organisations from the Voluntary and Community Sector (VCS), providing real benefits for our claimants and the wider community. The Department for Work and Pensions is committed to building further partnerships between the VCS and Jobcentre Plus.
- 2.85 Working-age people who are claiming benefits can do unlimited voluntary work so long as they continue to meet all the usual entitlement conditions. Indeed, we have relaxed the rules for volunteers, giving them 48 rather than 24 hours to attend an interview and allowing them a week to take up a post rather than immediately. Any money paid to refund expenses incurred during voluntary activity is fully disregarded when working out benefit entitlement.
- 2.86 Our general view remains that the benefit rules strike a proper balance between allowing benefit recipients to pursue voluntary activity that is beneficial to the community, while at the same time encouraging them to retain a clear focus on moving off welfare into paid employment. But there is scope to build on the solid foundations now in place and we will remain receptive to ideas for different approaches in which volunteering can support individuals in moving into sustained employment. We can also consider how we might better publicise existing flexibilities to DWP staff, to potential volunteers and to volunteering organisations. We would welcome views on whether we could do more to promote volunteering.
- 2.87 In direct response to the Morgan Inquiry, however, Jobcentre Plus is setting a new project with key organisations from the VCS, designed to explore how, within the rules for receipt of working-age benefits, we can make the most of volunteering opportunities.

**Question 13: How might we build on the foundations of the current rules so that they do not discourage unemployed people from volunteering as a deliberate back-to-work strategy, while retaining a clear focus on moving off welfare into paid employment?**

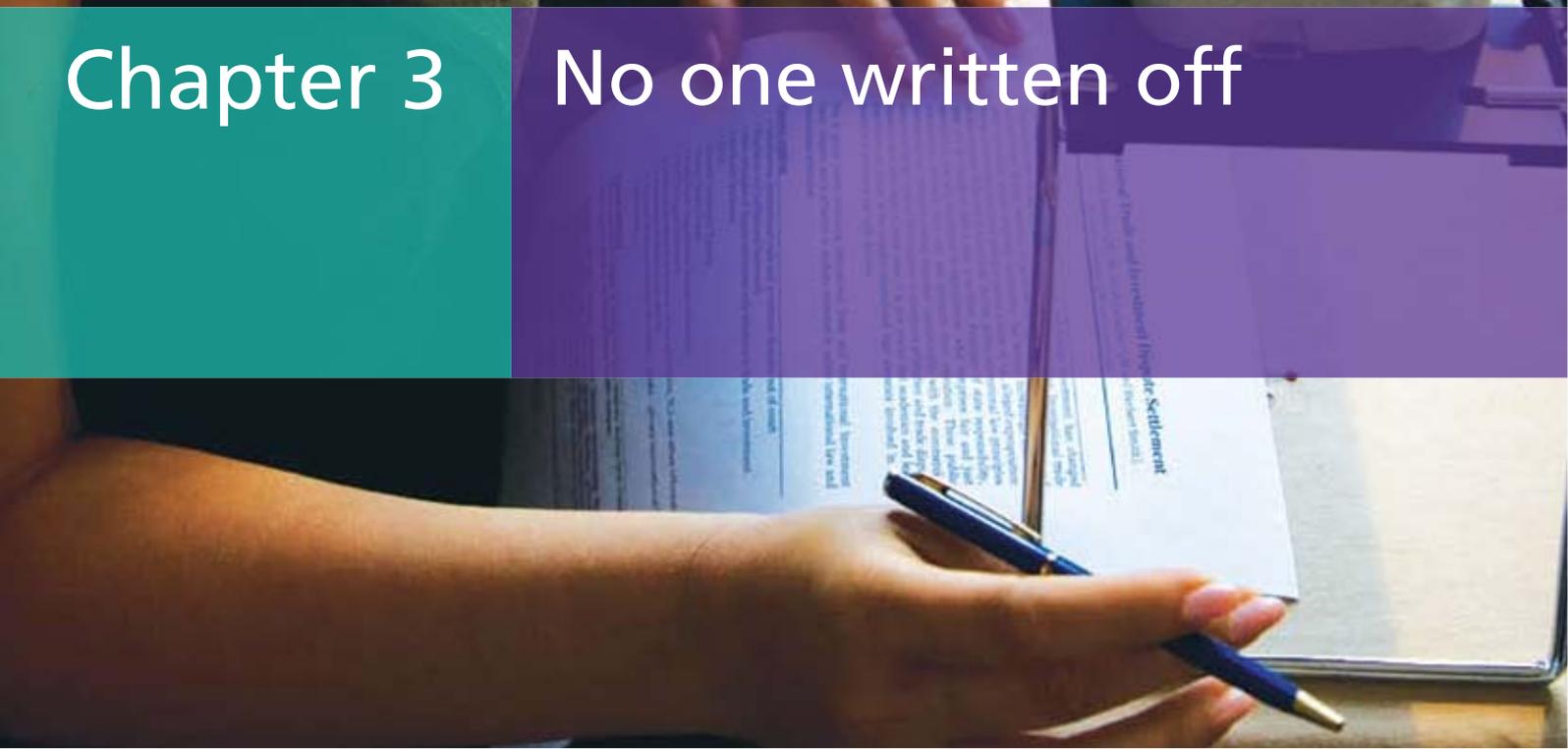
## Conclusion

- 2.88 We opened this chapter by setting out our vision for a welfare state where no one is written off and everyone is required to fulfil their responsibilities to prepare for, look for and take up work. In the last decade we have helped many more people achieve their ambition of entering and remaining in work with all the additional advantages that regular work brings for individuals and families.
- 2.89 However, we know that some people have not managed to make or maintain that transition from unemployment to a stable working life. These reforms will make sure support is offered to and responsibility required of everyone.



## Chapter 3

## No one written off



## Chapter three – No one written off

### Summary

Most disabled people or people with a long-term health condition either have a job or would like one. However, despite an increase in the employment rate of disabled people over the last decade, too many people are excluded from work and left behind on benefits for long periods. This is bad for their health and well-being, their risk of poverty and their independence and autonomy. It is also bad for the economy and for society as a whole, as too many people fail to reach their potential. That is why we reformed Incapacity Benefit (IB), which rewarded people the longer they remained on it. Our aim now is to complete this reform process so that no disabled people or people with a long-term health problems are abandoned to a life of dependency on benefits.

We will ensure everyone has the personalised support they need to help them address their particular barriers to work and move into sustainable employment. We will increase support and help for both new and existing claimants but, in return, most people on incapacity benefits will be required to take up the opportunities on offer to help them back into work, or face benefit sanctions. The most severely disabled people will receive extra financial assistance and will be able to access support on a voluntary basis.

We will deliver our vision by:

- using the new Work Capability Assessment (WCA) to re-assess all existing incapacity benefits claimants for eligibility to the Employment and Support Allowance (ESA) – to ensure people are receiving the right benefit and their personal needs are identified;
- making a universal offer of personalised back-to-work support for all new and existing claimants of incapacity benefits – building on the success of Pathways to Work. For the vast majority, ESA will be a temporary benefit as people recover from, or adapt to, their condition and prepare for a return to work;
- contracting with private and voluntary sector providers and paying them by results out of benefit savings – the funding mechanism recommended by David Freud;
- piloting Fit for Work services which will bring together health and employment support to help people in the early stages of sickness absence to stay in touch with work;
- doubling the budget for Access to Work and investing more in our supported employment provision so that we can move closer to realising our aspiration that this support should be available for everyone who needs help to fund the cost of essential workplace adjustments, beyond what is reasonable for an employer to bear;

*continued*

- reviewing the medical assessment in line with a capabilities approach to focus it on what people can do rather than what they cannot, with repeat assessments at more frequent intervals that take better account of changing circumstances; and
- seeking views on whether, in the future, we should move towards a system that makes an assessment of the types of work someone on ESA may be able to do on the advice of a doctor and asking people to look for work in these areas – recognising that there will be limitations to the types of work considered, based on the nature of the health condition or disability.

The aim of these proposed reforms is to deliver a step change in support and expectations for people currently written off and trapped on benefits as a way of life. These reforms mark a radical shift towards a truly active and personalised welfare state, boosting employment and tackling long-term benefit dependency. They increase support and raise the expectations of disabled people – backed up by positive action by Government and employers to help them make a reality of their aspirations. They will go a long way to helping us achieve our goal of reducing the number of people on incapacity benefits by one million.

## An active welfare state – focused on what people can do

- 3.1 Between 1979 and 1997, the number of people claiming incapacity benefits more than trebled to 2.6 million. At a time of few jobs and fewer prospects, these benefits were increasingly used as an early retirement pension. This wrote off the talents of far too many people, denying them the support to get back into work, and reinforcing a culture of low expectations and a belief that disabled people, and those with health conditions, could not hold down a job. Too many employers contributed to this situation, through being unwilling or feeling unable to recruit or retain disabled people.
- 3.2 This situation has begun to change. There are more disabled people in employment today than at any time in the past decade. We have begun to see a transformation in attitudes to illness as a barrier to work. There is a compelling body of medical evidence that work generally helps, rather than hinders, health and recovery,<sup>20</sup> as well as reducing the risk of poverty and increasing the control people have over their own lives and future. We also now know far more about what is effective in helping people move into work and then to stay there and prosper.

<sup>20</sup> Waddell G and Burton A K, 2006, *Is work good for your health and well-being?*, TSO

- 3.3 This is why we are undertaking a far-reaching programme of reform to change the focus of incapacity benefits to providing active support to the vast majority of incapacity benefits claimants who we know expect, or want, to return to work. Reforms so far include:
- **New Deal for Disabled People** (NDDP), which provides support and training tailored to the individual. It has helped over 170,000 people into employment since July 2001;
  - **Pathways to Work** (Pathways), a new, personalised approach to supporting disabled people or people with a health condition into employment. Under the programme, individuals can receive a Return to Work Credit of up to £40 a week, ground-breaking Condition Management Programmes and, in return, are required to participate in Work Focused Interviews. Independent research shows that Pathways improves the chances that new claimants will have a job after 18 months, by around 25 per cent as set out in **Box 3.1**;
  - **ESA, introduced from October 2008**, to replace IB, alongside a new medical test, the WCA which will assess entitlement to benefit based on what people can do, not what they cannot. In return for improved financial and employment support, ESA increases requirements that those receiving the benefit will take up opportunities to prepare for work; and
  - **stronger legal rights**, particularly through the Disability Discrimination Act, preventing discrimination in employment against disabled people and people with health conditions.
- 3.4 These policies have helped to reverse the long-term increase in the number of people claiming incapacity benefits. The numbers of new claimants coming onto incapacity benefits has fallen from one million a year in 1997 to around 600,000 today. But we need to go further and faster in helping the large number of existing long-term claimants on IB who want to get back into work.
- 3.5 Most disabled people or people with a health condition who do move onto benefits leave within two years. But for those who do not, skills, confidence and expectations diminish rapidly. After 12 months on benefit, 38 per cent of people say they never expect to return to work – a percentage that increases the longer people remain on benefit. There is a real danger that without active help, people will become trapped on benefits for the rest of their lives.
- 3.6 This is bad for the individual, bad for the economy, which loses their talents, and bad for the taxpayer who has to foot the benefits bill. That is why we have set ourselves the challenge of reducing those on incapacity benefits by one million.

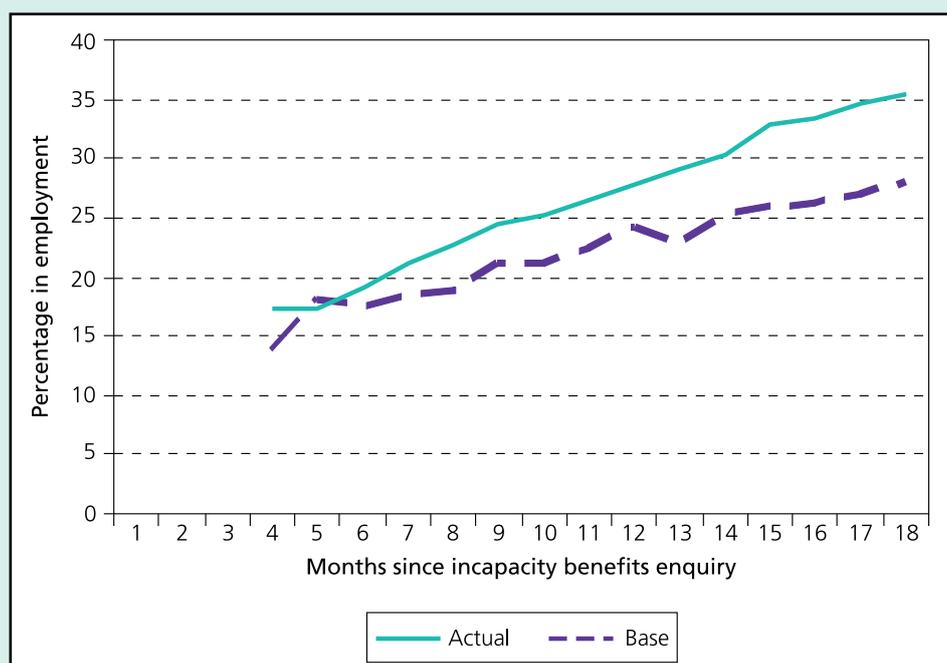
### Box 3.1: The success of Pathways to Work

Pathways to Work is a ground-breaking programme that has been developed in partnership between the Department for Work and Pensions (DWP), the Department of Health and the National Health Service. Customers have access to a wide range of support including Condition Management Programmes, employment support and financial information.

More than 64,000 people have now been helped into employment through Pathways to Work:

- 18 months after the start of a claim Pathways was found to:
  - increase the chance of a new claimant being in employment by around 25 per cent, as shown in the chart below; and
  - reduce the probability of respondents reporting that they had a health condition or disability that limited their ability to carry out their everyday activities 'a great deal' by 11 percentage points;
- following attendance at Work Focused Interviews more than half (53 per cent) agreed to look for work or undertake research into jobs, while others agreed to undertake activities such as exploring training or other voluntary support elements; and
- almost all claimants (93 per cent) were happy to carry out the actions agreed with their adviser, and in the majority of cases (81 per cent) they did so.

#### Pathways to Work: impact on employment over time



## Ensuring people receive the right benefit and the right support – the Work Capability Assessment (WCA)

- 3.7 We need to make sure that people who can work do not get trapped on benefits. It was for this reason that we overhauled the process of assessing people's capacity to work. There was strong evidence that the old system – the Personal Capability Assessment – was identifying too many people as incapable of work who, with the right support, would be able to work. There was too much emphasis on whether they could still do the jobs they had previously done rather than looking at what jobs they could do in the future. This consigned far too many people to a life on benefits.
- 3.8 That is why we will introduce a new WCA for all those applying for ESA from October this year. Between 2009 and 2013, we will also re-assess all existing IB claimants using the WCA, to ensure people are receiving the right benefit and their individual needs are identified. From this point, all IB claimants will be subject to the ESA regime.
- 3.9 For both physical and mental health conditions, the WCA focuses far more on what an individual can do rather than what they cannot. Individuals judged eligible for ESA will either be assigned to the Work Related Activity Group (and expected to take active steps to prepare for a return to employment) or the Support Group (where the most severely disabled people will receive a guarantee of a higher basic rate of benefit and can still volunteer for back-to-work support if they wish).
- 3.10 In the light of the growing consensus that work is good for people's health, we will further review the WCA to ensure that the right people receive ESA, with those able to look for and work in a wide range of jobs straight away being placed on the more active JSA regime. We will explore how the WCA could take better account of the degree of adaptation to a health condition or disability – reinforcing the focus on ability rather than disability. We will also look again at some of the measures of impairment we use in making the assessment, to check that they are consistent with the real capability of individuals in a modern labour market.
- 3.11 Currently, many people leave benefit during the first three months of a claim because they have recovered or adapted to their illness or disability, because they are able to work, or because other circumstances have changed. We expect that, following the planned review, the proportion of ESA claimants who will be assessed as able to look for a wide range of jobs straight away and eligible for JSA by the time they complete the WCA at around the three-month point, will rise by around 10 percentage points.

## Improving the focus on work – ESA as a temporary benefit for the majority

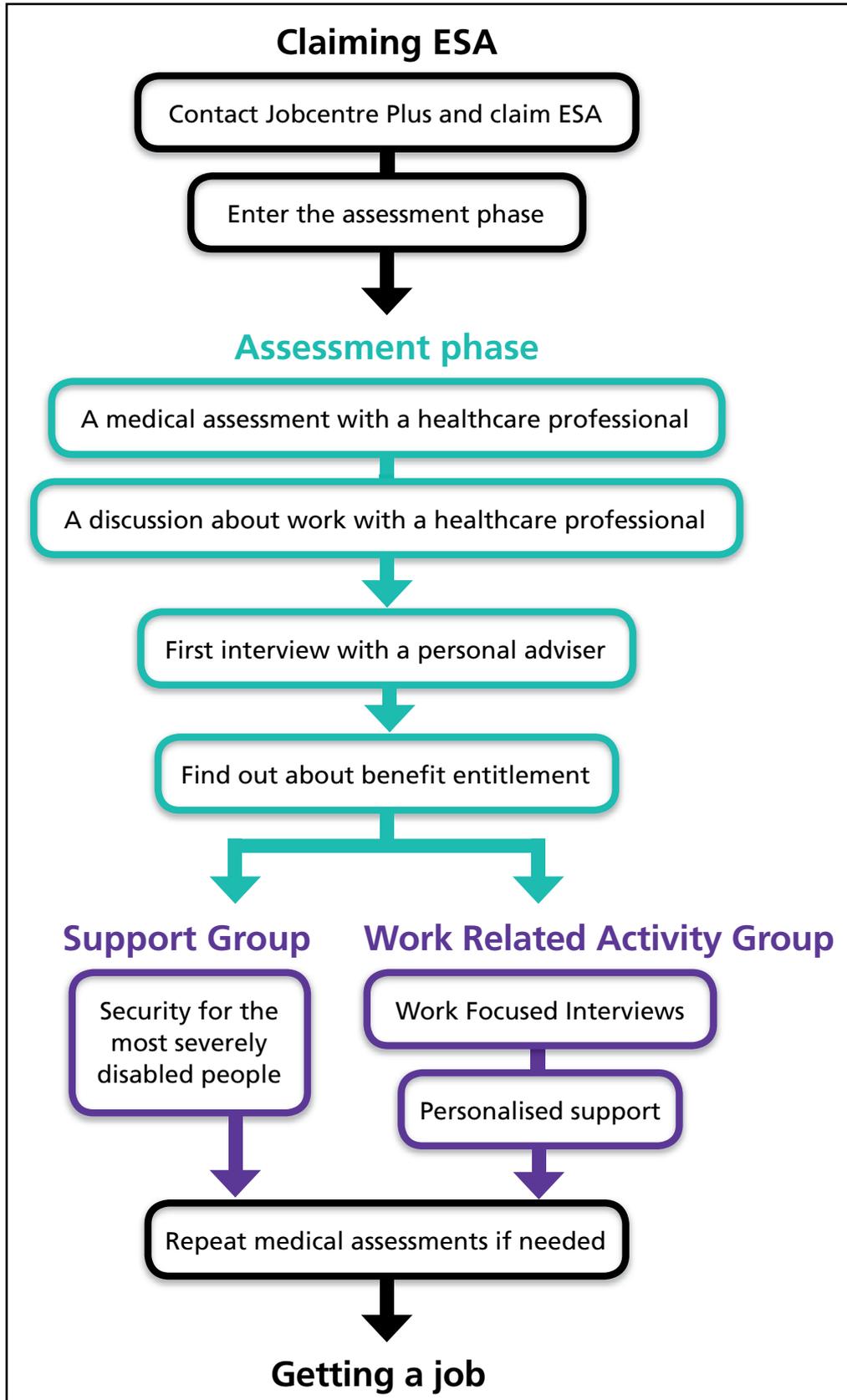
- 3.12 We want to make sure that people on ESA do not remain on the benefit longer than they need. Only the most severely disabled people or those people with health conditions – those in the Support Group – should see ESA as a long-term benefit.
- 3.13 During the initial WCA, healthcare professionals will advise when the individual being assessed might be expected to return to work. This period may range from a few months to several years for conditions that need a longer period of treatment or adaptation to the disability. A date will be determined for a follow-up assessment.
- 3.14 For new ESA claimants, from 2010, we will extend the engagement we require and the support we offer, to ensure that the majority move into work within the first two years of a claim, supported by up-to-date and relevant medical advice.
- 3.15 This will be facilitated by the new Work-Focused Health-Related Assessment (WFHRA), which will follow the WCA. This will provide an opportunity for individuals to discuss, with a health professional, the type of work which might best suit them when they have recovered or adapted to their condition – as well as the steps they could take towards this goal. The information from the WFHRA will be shared with the individual's personal adviser and used to develop a plan of action for an eventual return to employment.
- 3.16 To underpin the message that we expect ESA to be a temporary benefit for the vast majority, we will ensure, in future, that the maximum interval between medical assessments is two years. At the same time, we will also ensure that each claimant has the opportunity to discuss steps to get back to work with a medical professional, not just at the start of their claim but also in the event that their return to work takes longer than expected. We propose that WFHRAs will also be repeated at key points in the claim so that the personal adviser has access to the best professional advice and information about a claimant's work prospects in drawing up a back-to-work plan.

**Question 14: Do you agree that the WCA and WFHRA should be re-focused to increase work-related support?**

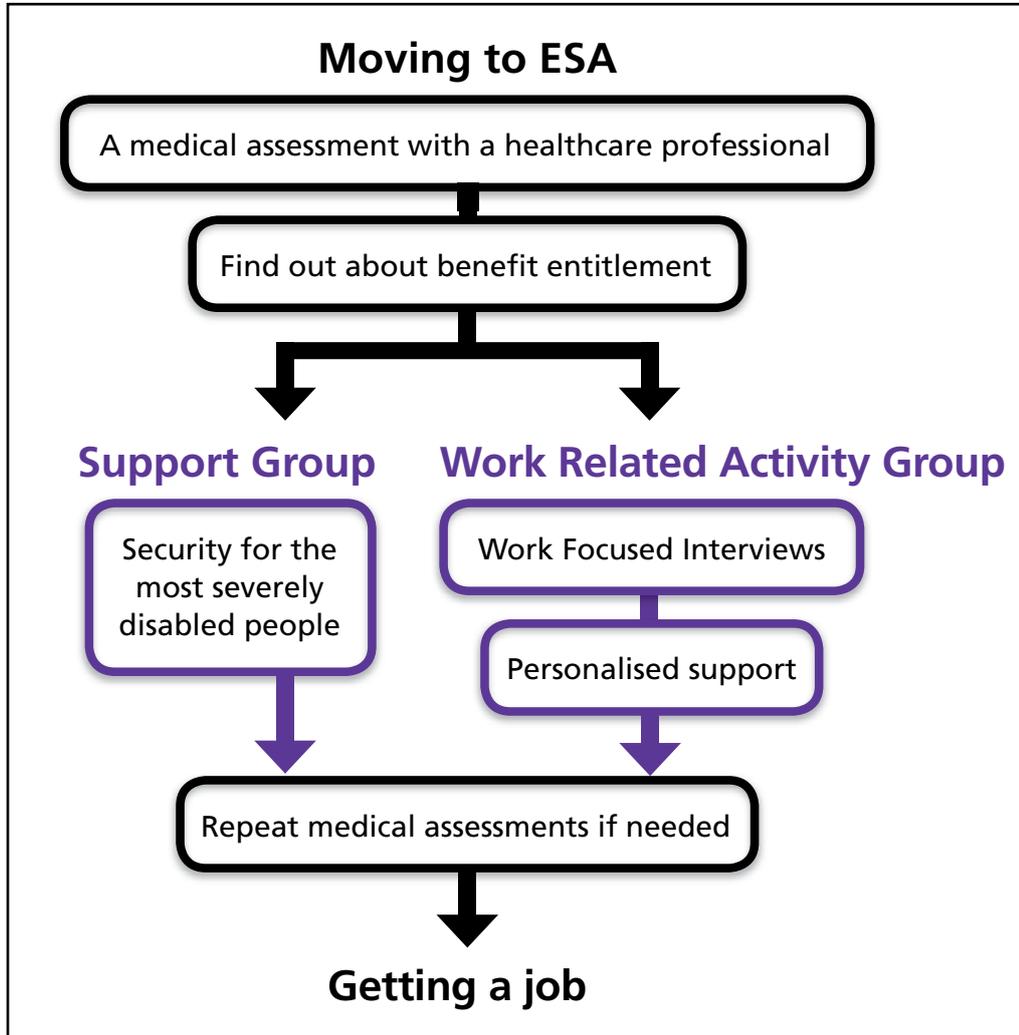
## More support: a universal offer of personalised back-to-work support

- 3.17 Our reforms so far have focused largely on new claimants of disability benefits. From this October, those applying for ESA will undergo the new WCA assessment to determine their eligibility for benefit. Those placed in the Work Related Activity Group will receive back-to-work support through Pathways to Work. Those in the Support Group will receive extra financial help and voluntary access to Pathways.
- 3.18 We have built up a strong base of evidence about what works. But until now we have not been able to extend the successful Pathways model to large numbers of existing claimants. This has meant that around two million people – the vast majority of those on IB – have not received the support they need to prepare for a return to work and to achieve sustainable employment. People on benefit for a long time risk losing confidence and contact with the labour market – exacerbating their disadvantage.
- 3.19 Many may also lack the skills they need to get back to work. These are major barriers to helping them back into employment and may be contributing factors to the low numbers of people who come forward for voluntary support.
- 3.20 But there is now welcome evidence that barriers such as these can be overcome. The initial findings from a pilot which extended Pathways to Work to existing IB claimants showed that it substantially increased their prospect of getting a job, even if they had been on benefits for several years. By 18 months, the employment rate for existing claimants doubles from around three per cent to around six per cent for those who have a WFI in the first six months.
- 3.21 So we will now step up help for this group so that they can also gain from the individual support on offer and make sure that no one is abandoned to a life on benefits. As people are transferred from IB to ESA, we will ensure all those placed in the Work Related Activity Group are given a personalised programme of back-to-work support based on Pathways to Work.
- 3.22 Building on our current plans to deliver Pathways support to existing claimants aged under 25, we will now extend this to all existing claimants under the age of 50. For those over 50, who are more likely to have been on benefit for a longer period and, therefore, face greater barriers to work, we will introduce a lighter-touch approach. However, we will continue to gather evidence on what is most effective for this age group, piloting a more intensive model in some districts.
- 3.23 Boxes 3.1a and 3.1b set out the journey for existing IB and new ESA claimants.

Box 3.1a: The new ESA customer's journey



Box 3.1b: The existing IB customer's journey



## Harnessing the innovation of the private and voluntary sectors

- 3.24 A key component of extending personalised support to existing IB claimants as they are re-assessed and transferred to the ESA Work Related Activity Group will be a radical new approach harnessing the innovation and expertise of the private and voluntary sectors.
- 3.25 In his March 2007 report to the Department for Work and Pensions,<sup>21</sup> David Freud set out a vision for funding upfront investment in helping individuals with complex needs to get back to work through future benefit savings (the so-called 'AME-DEL' financing mechanism). The model he proposed involved paying providers for achieving sustainable employment outcomes but allowing them freedom in how they achieved these goals.
- 3.26 We believe this approach has the potential to deliver improved outcomes for significant numbers of those currently excluded from back-to-work support – while also achieving long-term savings for the State. We recognise that this constitutes a big shift, in both the potential scale and nature of back-to-work support. Therefore, we plan to run a number of pathfinder projects in various regions of the country. This will enable providers gradually to build their capacity, while enabling everyone to learn what works best.
- 3.27 The contracts with providers will be underpinned by a new and innovative financing arrangement between the Department for Work and Pensions and HM Treasury, which will allow the Department to directly capture the benefit savings, out of which providers will be paid, but offset by increased obligations. The pathfinders will allow us to test:
- new types of outcome-based contracts – encouraging providers to focus on those with more complex barriers to work and the achievement of sustained employment;
  - the degree to which innovation by providers can improve employment outcomes for this group of benefit claimants;
  - the market price for supporting people into sustained employment;
  - the ability of providers to invest upfront to increase support and reduce benefit expenditure; and
  - the risks and rewards of the innovative financing arrangement between the Department for Work and Pensions and HM Treasury.

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<sup>21</sup> Freud D, 2007, *Reducing dependency, increasing opportunity: options for the future of welfare to work*, Corporate Document Services

- 3.28 The initial pathfinders will run for three years, starting in the 2010–11 financial year. The regions in which they will take place are:
- Greater Manchester;
  - Norfolk; and
  - Lambeth, Southwark and Wandsworth.
- 3.29 In the following financial year, we will establish a further two three-year pathfinders.
- 3.30 This choice of regions will allow the Government to test what works in different parts of the country, as well as any differences in price and outcomes between cities and less urban regions. It will also ensure that sufficient numbers of providers are given the opportunity to build up their experience and knowledge. On the basis of the lessons and learning from the initial pathfinders, we aim to expand this approach. Our goal is simple: to maximise the innovation and expertise of the public, private and voluntary sectors to become world leaders in back-to-work support for disabled people and people with health conditions.

## Higher expectations: increasing the requirement for back-to-work activity

- 3.31 Our plans for a universal offer of personalised support for all new and existing claimants of incapacity benefits constitutes a revolution in back-to-work assistance for disabled people and people with health conditions.
- 3.32 To match extra support with higher expectations, we will introduce further requirements for claimants to undertake work-related activity. The Welfare Reform Act 2007 already provides powers to require ESA claimants to undertake general work-related activity. We will bring this requirement into force from 2010 for all new ESA claimants who are assessed as being in the Work Related Activity Group.
- 3.33 But we want to go further. The current ‘all or nothing’ system, where people on JSA are required to look for and take a wide range of jobs whereas people on incapacity benefits and, in future, ESA are not required to look for work at all does not accurately reflect people’s aspirations and capabilities. Many people on IB do look for work, and apply successfully for jobs.

- 3.34 We recognise that although increasing numbers of disabled people are in work, job options may be more limited for disabled people and people with health conditions a health condition, and this will be fully taken into account. In addition, our reforms to Access to Work will make it easier for employers to employ disabled people. We invite views on what the expectations should be of people undertaking the personalised support we will now be offering to everyone in the Work Related Activity Group and whether this could include specific job search.
- 3.35 Raising the expectations of disabled people or people with a health condition to prepare for work requires the Government to go further than making a universal offer of personalised support. We must also take proactive steps and make smart investments to tackle barriers and increase individuals' capabilities. The rest of this chapter sets out our plans to do exactly this.

**Question 15: What expectations should there be of people undertaking the personalised support we will now be offering in the Work Related Activity Group? Could this include specific job search?**

## Increased support from Access to Work

- 3.36 Access to Work is a popular and effective programme which helps disabled people move into work and stay in employment. It provides funding to remove the practical barriers which can prevent a disabled person working on equal terms with a non-disabled person – where it is unreasonable to expect an employer to fund these costs.
- 3.37 Help can be for continuing support such as meeting the cost of sign language interpreters or support workers and subsidising the use of taxis for those people unable to travel by public transport. It can also be used to buy specialist technological equipment for visually or hearing impaired people and to help adapt work premises to make them more accessible. In addition, one of the most valued aspects of the service is the ability for employers to use expert advice on adjusting the workplace or work practices. Indeed, these often turn out to be much simpler and have lower cost than employers expected, leaving them willing and able to fund the adjustments themselves.

- 3.38 Funding for the Access to Work programme has increased from £15 million in 1997 to £69 million in 2008–09. This funding will help around 24,000 people to gain employment or to stay in their job this year. In addition, we estimate that around 16,000 people are continuing to benefit from special aids and equipment paid for by Access to Work in the last two years alone.
- 3.39 A recent consultation found that Access to Work was both highly regarded and seen as effective by users, employers and disability groups. Indeed, respondents believed that, despite the four-fold increase in funding over the last decade, there was a clear need to expand the service to help more people and reassure employers that support is there if required. As we place greater responsibilities on people to look for work, it is right that we offer greater help.
- 3.40 We will, therefore, double the Access to Work budget. This will enable us to expand the reach of the programme, enabling us to reassure employers, benefits claimants and people seeking help to retain their jobs, that support will be available to all those that need it. We estimate that this would expand the programme's capacity to around 48,000 people by 2013–14.
- 3.41 As well as helping more people, the extra resource also provides an opportunity to improve the way the Access to Work support is delivered. An independent evaluation of the programme is due to report shortly and we will use these findings, together with responses to our specialist disability employment consultation and this Green Paper, to make sure the additional funding is spent in the most effective way. This will include a close look at the delivery of the provision to ensure that it is delivered in a personalised, flexible and timely way for our claimants and employers.
- 3.42 The additional funding will also enable us to examine the scope of the programme. For example, we are keen to explore how we can make Access to Work more responsive to the needs of claimants with fluctuating conditions – including mental health conditions.

**Question 16: How can we make Access to Work more responsive to the needs of claimants with fluctuating conditions – including mental health conditions?**

**Question 17: What additional flexibilities in the system or forms of support would claimants with multiple and complex problems need to enable them to meet the new work-focused requirements proposed in this Green Paper?**

## New specialist disability employment provision

- 3.43 Claimants with complex disability-related barriers to work sometimes require more specialist support, for example specialised job entry help and longer-term job coaching once they have entered employment. This support is currently provided under a range of different Government programmes. These can include:
- Work Preparation – which helps people with complex disability-related barriers move closer to the labour market;
  - WORKSTEP – which provides specialist tailored support for people in paid employment – primarily in a wide-range of mainstream businesses;
  - Job Introduction Scheme – which provides small amounts of initial financial support directly to employers of disabled people; and
  - Jobcentre Plus Disability Employment Advisers – who coordinate a range of services for the people with the greatest disability-related barriers to work and provide specialist one-to-one, back-to-work support.
- 3.44 These services improve the lives of thousands of disabled people every year but we know we can do better. For example, we wanted to offer greater clarity of service and support for disabled people and offer more help to employers to create accessible workplaces and increase their confidence to make greater use of the skills of disabled people.
- 3.45 We are clear that the new specialist disability employment programmes must meet the specific needs of those furthest from the labour market. We recognise that people with moderate to severe learning disabilities, for example, may need specialist support; and may need this support to continue at some level for as long as the individual is in work. We are clear that the new contracting arrangements must allow for this specialist provision.
- 3.46 Earlier this year we consulted customers and employers on the benefits of bringing this support together to provide a more comprehensive and seamless service. This new provision is designed to ensure that we meet the specific needs of those furthest from the labour market.

- 3.47 The consultation responses were overwhelmingly positive on our proposal to merge this provision and, as with Access to Work, there was also a clear desire to see an expansion of the services. In light of this strong support we will now press ahead with the reforms with a view to awarding contracts to the public, private and voluntary sector providers in late 2009 – contracts that deliver for those with specific and high support needs. These reforms will help drive progress towards a number of Government priorities including the Public Service Agreement on adults at risk of social exclusion. A fuller summary of responses to the consultation will be published over the summer.
- 3.48 We will also expand our supported employment budget to help with the introduction of the new service and enable us to help more disabled people to get and keep a job.

## Engaging employers

- 3.49 We know that to take this important agenda forward, it will be essential to work with employers to encourage good recruitment and retention practices and address issues locally, where day-to-day recruitment and retention decisions are made. The Local Employment Partnerships (LEPs), referred to in **Chapter 2**, will encourage employers to increase the diversity of their workforce including disabled people and those with long-term health conditions.
- 3.50 In addition, we have put in place specific activity to improve the recruitment and retention of disabled people. We have asked key committed employers, disability-focused employer groups and other stakeholders to help us establish an employer-led campaign to promote good corporate and delivery practices. There will be a series of events to give committed employers the opportunity to share good practice and develop an employer 'agenda for change' to increase employment opportunities for disabled people.
- 3.51 These events will build on the existing 'Employ ability' media campaign which is engaging directly with employers and talking to them, in business terms, about the wider talent pool they might be missing out on. Key messages include:
- people identified as disabled or having long-term health conditions should not be defined by their clinical diagnosis;
  - equal treatment – each person should be judged as a unique individual, on the basis of their capability, characteristics and potential; and
  - disabled people and people with long-term health conditions are an under-utilised pool of talent with skills and abilities of value to their business.

## Keeping people in work – an active partnership

- 3.52 The best way to prevent the long-term exclusion of disabled people and those with ill-health from the labour market is to help people remain in work or to return to their jobs quickly. This is not a role for Government alone but needs a partnership between Government, employers, healthcare professionals and private and voluntary sector providers.
- 3.53 The need for greater emphasis to be given to supporting the health and well-being of the working-age population was central to Dame Carol Black's report to the Government in March 2008.<sup>22</sup> We are currently working across Government to consider the detail of her analysis and will respond formally to her recommendations later this year. However, in a number of key areas we are already able to indicate our direction of travel.

## Making the case for employers investing in health

- 3.54 Dame Carol's review found that the business case for health and well-being among their workforce is not adequately understood by many employers. She recommended that Government should work with employers and representative bodies to develop a robust model for measuring and reporting on the benefits of businesses investing in the health and well-being of their staff and that employers should use this to report progress to their boards and in company accounts. A pilot of such a model was launched in July, in partnership with Business in the Community; and a number of organisations across the private and public sector have already indicated they are intending to pilot the tool. We will also explore how to provide appropriate incentives for employers that might further encourage investment in health and well-being programmes.

### Case study – Employers supporting staff to remain in work

#### **Ginsters**

Ginsters, the Cornish pasty manufacturer, has invested in an active workplace project.

The project has provided an on-site fitness suite and around 15 fitness-based activities. Healthy options have been added to the staff canteen menu and free fruit is available. Advice is also offered on slimming, giving up smoking and avoiding heart disease and cancer.

Around 90 per cent of the 500+ staff employed by Ginsters have been involved in the project and Ginsters report that average days lost to sickness absence each week have fallen from over 50 days to 30 days during the last 18 months.

<sup>22</sup> Black C, 2008, *Working for a healthier tomorrow*, TSO

## Reforming the sicknote

- 3.55 We also need to ensure the medical certification system helps, rather than hinders, recovery and a quick return to work. Dame Carol found that this was not always the case with the present sicknote system which could leave people with the impression that you have to be 100 per cent fit or well to be in work. But there is an increasing consensus that, for many people and for many conditions, staying in work can actually help recovery.
- 3.56 We need a change of emphasis to ensure patients are getting the best possible advice about the benefits of staying in, and returning to, work – preventing the risk of people becoming detached from the labour market. Together with medical bodies and employer representatives, we are reforming the statutory medical certificate or ‘sicknote’ to get the balance right. We will be consulting on a new certificate in autumn 2008, with the intention to introduce the new form during 2009.

## New back-to-work action plans between employers and employees

- 3.57 We know that people are more likely to get back to work when they and their employers talk about their plans for returning to employment. So we intend to encourage employers to agree action plans with staff who face long absences with health conditions. Action planning is a proven technique to help people focus on positive outcomes and establish specific goals. It will also help employers consider the steps they can take to enable an employee to make a swifter return to work.
- 3.58 We think that ‘light-touch’ action plans, agreed between employers and employees, could be a powerful tool to help people keep their job when they become ill. We will be working with key stakeholder organisations to see how we can support this approach.

**Question 18: What are the key features of an action planning approach that would best support employees and employers to take the steps for the employee to make a swifter return to work?**

## Helping people return to work quickly

- 3.59 At the heart of Dame Carol's review was her recommendation for a Fit for Work service, providing timely access to a wide range of back-to-work support for people in the early stages of sickness absence to assist their recovery and to consider how they might be helped when they return to work.
- 3.60 Dame Carol emphasised that such a new model of early intervention would support General Practitioners (GPs) with new options for referral. It would provide a minimum level of work-related health support to all employees, especially important for those in organisations without any form of occupational health provision. A prompt, holistic assessment of individuals' needs would be followed by an individualised action plan for achieving recovery, with a focus on staying in work or returning to appropriate work at the appropriate time.
- 3.61 We are accepting her recommendation to pilot the Fit for Work service. The Government will be looking at opportunities to challenge successful City Strategies to develop innovative proposals to run some of the pilots as part of the broader pilot programme for the Fit for Work service.

## Joining up our services

- 3.62 We are also currently piloting a Pathways Advisory Service with Jobcentre Plus advisers located in GP surgeries to offer advice for patients looking to return to work and signposting provision offered under Pathways to Work. The initiative has been running for two years and has had over 1,000 referrals to advisers working from surgeries in six Jobcentre Plus districts. This is just one example of the ways in which Jobcentre Plus staff work closely with NHS staff in delivering more joined-up services to our customers.
- 3.63 Research shows that GPs are enthusiastic and positive about the approach, which they value for giving them direct and easy access to employment and social security expertise, enabling them to support their patients in more constructive ways than before. Patients also commented upon high levels of satisfaction regarding the meeting with the adviser, with 91 per cent rating it as either 'very' or 'quite' helpful. Because of these successes, we are currently developing plans for an expansion of the service.

## Improving employment retention

- 3.64 For those at risk of losing their employment when they become disabled, or when an existing impairment worsens, we will work with key stakeholder organisations as we develop our commitment to deliver the Independent Living Strategy. As part of this, we will explore, with stakeholders, the effectiveness of Employment Retention Assessments in helping disabled people stay in work. The expansion of our Access to Work provision will play a critical role here.

## Improved support for people with a mental health condition

- 3.65 Mental health conditions are now the single biggest cause of absence from work and of claims for incapacity benefits. Less than a quarter of people with mental health conditions are in employment, compared with around half of all disabled people.

### Case study – Best practice examples of employers providing support for employees with mental health issues

#### **BT**

In October 2006, BT launched a major programme to tackle problems such as anxiety, depression and stress in its workforce. The company worked with its trade unions to create the Work Fit – Positive Mentality campaign which provides practical guidance to its 104,000 employees across the globe on how to improve their mental health at work and at home. This was the first time a UK company had launched a health awareness programme on this scale to tackle mental health issues.

#### **Abbey**

Abbey's commitment to providing a healthy workplace has led to the adoption of a formal Health and Safety Management System, supported by a broad range of initiatives to promote the physical and mental health of its staff. The company provides clear guidelines on managing pressure and stress across its business, training for its line managers and, where required, a formal stress risk assessment procedure.

- 3.66 People with mental health conditions move off benefit more slowly, with only 15 per cent leaving incapacity benefits within the first three months, compared with 20 per cent of other claimants. And evidence on the effectiveness of Pathways to Work for people with mental health conditions is mixed.
- 3.67 Dame Carol's review stressed the importance of improving support for people with mental health conditions. There is a need to tackle stigma and discrimination in the workplace, to help individuals better manage their condition and to give practical support to managers. The aim should be to enable people with mental health conditions to stay in, or return to, work quickly.
- 3.68 The Government is committed to improving support for people with mental health conditions. Over the next three years, recurrent funding, rising to £173 million, has been allocated to improving access to psychological therapies. Further funds will be made available to test the impact of employment support advisers working within the Improving Access to Psychological Therapies programme. Working alongside the therapists, these advisers will support people to stay in work, find new, more suitable job roles or return to work after sickness absence or from welfare benefits.
- 3.69 We will be building on this progress over the coming months by setting out a National Strategy for Mental Health and Employment. For the first time we will co-ordinate, across Government, a response to the employment challenges faced by people with mental health conditions. This will provide an unprecedented opportunity for Government and its partners to consider options for improving support within a coherent strategic framework.
- 3.70 We have asked a steering group of specialists, chaired by Dame Carol, to oversee the development of the strategy. They will be assisted by members with business and third sector backgrounds to advise on all aspects of mental health and employment. In particular, they will focus on how mental health provision can be better tailored and integrated to help people find, stay in or return to, work.

## Conclusion

- 3.71 The aim of these proposed reforms is to deliver a step change in support and expectations for people currently written off and trapped on benefits as a way of life. These reforms mark a radical shift towards a truly active and personalised welfare state, boosting employment and tackling long-term benefit dependency. They increase support and aim to raise the expectations of disabled people – backed up by positive action by Government and employers to support them to make a reality of their aspirations. They will go a long way to helping us achieve our goal of reducing the number of people on incapacity benefits by one million.



## Chapter 4

## Ending child poverty

## Chapter four – Ending child poverty

### Summary

Ending child poverty is a social, economic and moral imperative; an historic shared endeavour for our country. The Government believes every child, whatever their background, should be able to enjoy a fulfilling childhood and have a fair chance to reach their potential and realise their aspirations. This is the hallmark of a fair society.

Growing up in poverty affects children's childhood and limits their life chances. That is why we have committed to eradicate child poverty by 2020. We have announced measures in recent Budgets that will lift around 500,000 further children out of poverty. Last year we created the Child Poverty Unit to develop the strategy for the next decade. In March 2008, we set out the next steps towards the 2020 child poverty goal, including an investment of £125 million in pilots over the next three years, to explore pioneering policy approaches and discover those that deliver the best results and can make a long-term and sustainable impact in tackling child poverty.

The Government cannot eradicate child poverty on its own. It requires sustained national, regional and local effort, involving devolved administrations, across all agencies, service providers and professionals and including communities and businesses. Families need to be active participants in this process – to meet their responsibilities and do their best for their children. Government and service providers also need to provide the support to families to enable parents to work and to close the gaps in opportunities and achievement for poor children.

Our welfare reform measures also aim to accelerate progress towards this goal by providing additional support while strengthening parents' responsibilities to contribute financially and emotionally to their children's upbringing. These include:

- allowing parents on income-related benefits to keep every penny of child maintenance they receive, to maximise the incentive for separated parents to meet their obligations to support their children;
- introducing measures to promote the joint registration of births and shared parental responsibility; and
- requiring most partners of benefit recipients to seek work under the Jobseeker's Allowance (JSA) regime.

These policies underline our determination to work with parents to give every child the best start and chance in life. Measures in previous chapters will support more parents into employment – the most sustainable route out of poverty. The full maintenance disregard, combined with existing reforms to the child maintenance system, and to support lone parents with older children into work, will lift up to 200,000 children out of poverty.

## Introduction

- 4.1 Eradicating child poverty is not just a moral imperative; it is also the springboard to a fairer society. Children who grow up in poverty do worse at school and have poorer health. They miss out on many of the experiences and opportunities that others take for granted, limiting their later life chances and making it much harder to escape poverty and social exclusion.
- 4.2 That is why we have set ourselves the ambitious target to eradicate child poverty by 2020. We have already made significant progress: 600,000 children were lifted out of poverty between 1998–99 and 2006–07, in part reflecting our concerted and strategic action to increase employment and raise incomes, improve financial and material support for families and tackle deprivation in communities. We have announced measures in recent Budgets that will lift around 500,000 further children out of poverty.
- 4.3 Last year we created the Child Poverty Unit to work across Government to develop the strategy for the next decade. *Ending child poverty: everybody's business*, published alongside the Budget 2008, set out the emerging vision for 2020 and announced further research and £125 million of new pilots to inform and shape future policy.<sup>23</sup> In Wales, the Welsh Assembly Government is currently consulting on its proposals for 'Taking Action on Child Poverty'.

## A national consensus to eradicate child poverty

- 4.4 All the proposals in the Green Paper are driven by a core belief – in using the power of a responsive State to increase people's life chances, opportunities and capabilities. Nowhere is this more clearly demonstrated than our goal to eradicate child poverty by 2020.
- 4.5 The Government cannot eradicate child poverty on its own. It requires sustained national, regional and local effort, involving devolved administrations, across all agencies, service providers and professionals and including communities and businesses. Families need to be active participants in this process – to meet their responsibilities and do their best for their children. Government and service providers also need to provide the support to families to enable parents to work and to close the gaps in opportunities and achievement for poor children.

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<sup>23</sup> HM Treasury, Department for Work and Pensions, Department for Children, Schools and Families, 2008, *Ending child poverty: everybody's business*

- 4.6 To contribute to this mission, the proposals in this Green Paper will support many more parents into employment – the best and most sustainable route out of poverty.
- 4.7 Over the coming months we will consult widely on the shared vision for 2020 and the steps we must all take, to reach our ultimate ambition of a society free from child poverty – where all children enjoy a good childhood and no one’s life chances are determined by their background.
- 4.8 This chapter sets out the next stages we will take to strengthen the contract that exists between parents and the State so that we provide them with the support they need to do the best for their children. These steps include:
- disregarding maintenance fully in out-of-work benefits;
  - encouraging unmarried parents to register the birth of their children jointly; and
  - requiring parents who are partners of someone on benefit to look for work.
- 4.9 Measures in previous chapters will support more parents into employment – the most sustainable route out of poverty. The full maintenance disregard, combined with existing reforms to the child maintenance system, and to support lone parents with older children into work, will lift up to 200,000 children out of poverty.

## A new system of child maintenance

- 4.10 The Government is implementing wide-ranging reforms to the child maintenance system. At the core of these reforms is a new approach that is more clearly focused on tackling child poverty. This aims to promote parental responsibility by enabling and encouraging parents who are living apart to arrange maintenance payments.
- 4.11 We are establishing a new Child Maintenance and Enforcement Commission (the Commission) to run the statutory maintenance scheme, which will provide parents that need support with a more effective process for assessing, collecting and enforcing payments. The primary objective of the Commission will be to maximise the number of effective maintenance agreements that are in place. The Commission will also have a statutory requirement – for which it will be accountable to Government and Parliament – to raise awareness among parents and society, more generally, of the importance of parents taking responsibility for the maintenance of their children.

## A full child maintenance disregard

- 4.12 One of the reasons for setting up the Child Support Agency was to police the benefits system. The Commission, however, is different. Its overriding objective is to maximise effective maintenance arrangements – in other words to get more money to children. In the past, some or all of the money paid in maintenance payments could be recouped by the State through reducing means-tested benefits to the parent with care. We recognised this was a disincentive for maintenance agreements and payments.
- 4.13 As part of our new policy framework we said that we would increase the amount of maintenance that parents with care on benefits can keep before it affects the level of benefits they receive.<sup>24</sup> This amount is known as the maintenance disregard.
- 4.14 In the 2007 Pre-Budget Report we announced that by the end of 2008, maintenance payments will be disregarded completely in working out Housing Benefit and Council Tax Benefit. For other income-related benefits, we announced that we would increase the maintenance disregard to £20 a week by the end of 2008 and double it to £40 a week from April 2010.
- 4.15 We believe, however, that we should go further. This Green Paper, therefore, proposes to disregard child maintenance fully in all out-of-work benefits from April 2010. This would allow parents with care on benefit to keep every penny of their maintenance, where maintenance is paid.
- 4.16 This should give both parents an even stronger incentive to make and keep to a maintenance arrangement. It will also chime with the public view that all of the maintenance paid should benefit the children.

## Strengthened enforcement powers

- 4.17 The focus of the reformed child maintenance system is to encourage and support parents to come to their own arrangements. However, we have been clear in shaping these proposals that we would take firm action to enforce payments where necessary. As part of the Child Maintenance and Other Payments Act 2008, we took strong new enforcement powers to ensure that non-resident parents comply with their obligation to support their child financially.

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<sup>24</sup> Department for Work and Pensions, 2006, *A new system of child maintenance*, Cm 6979

- 4.18 Alongside the firm enforcement action already being taken as part of the Child Support Agency's Operational Improvement Plan, we will implement the new enforcement powers and exercise them against those who fail to meet their obligations to support their children financially. We will continue to see if these powers need to be strengthened and made more effective, drawing on the experience of the Commission's counterparts in other countries.

## Promoting joint birth registration as the natural first choice of parents

- 4.19 In June 2008, we published a White Paper setting out our proposals for the joint registration of births.<sup>25</sup> Our ambition is to promote child welfare and parental responsibility by significantly increasing the number of birth registrations which hold the details of both mother and father, while continuing to protect vulnerable women and children.
- 4.20 We will introduce legislation to require unmarried parents to jointly register the births of their children, unless it would be impossible, impracticable or unreasonable to register jointly. We want more men to realise that fatherhood is a serious responsibility that starts with the duty to acknowledge their child and we want mothers and fathers to accept that, wherever possible, a child has a right to be formally acknowledged by both parents.
- 4.21 That is why we intend to promote and support joint birth registration. The White Paper outlines a raft of measures to publicise and encourage joint registration, particularly for parents who may be harder to reach, and proposals to consult with key stakeholders about how we could simplify the registration process.

## Work is the best route out of poverty

- 4.22 We have set out a vision for a sustainable approach to ending child poverty – improving outcomes at the same time as raising incomes to break corrosive intergenerational cycles of poverty once and for all.

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<sup>25</sup> Department for Work and Pensions, 2008, *Joint birth registration: recording responsibility*, Cm 7293

- 4.23 Workless families have the highest risk of poverty but work also has positive impacts that go beyond increased income: improving well-being and raising aspirations for both children and their parents. The Government's aim is to see more parents in work, to help them to balance work and family life and to ensure that those in work can escape poverty. The Government is committed to a vision where everyone who is able to work should have the opportunity to do so and should be given the support appropriate to their individual needs.
- 4.24 The proposals in previous chapters will take us further towards this goal and help to break intergenerational cycles of poverty.

## Supporting more partners into employment

- 4.25 The risk of poverty for children in workless couple families is 68 per cent – more than three times the UK average.<sup>26</sup> Over 400,000 children in these families are poor, representing 15 per cent of all children in poverty. But while we are insisting that many lone parents take up opportunities to help them into work or risk sanctions and are doing the same for couples without children on JSA, we make less demands on two-parent families where both partners are out-of-work.
- 4.26 Entitlement to Income Support (IS) and income-based JSA is worked out on a family basis, providing financial support for both adults in a couple. This means approximately 350,000 partners also receive support through the benefits system. While many partners in these cases are capable of work, only the person who makes the claim has been generally required to undertake any significant steps towards work. The other partner has not been required to meet the responsibilities that are usually attached to benefit payments.
- 4.27 Supporting partners into work would also help them meet their own aspirations. We know that many partners of JSA claimants want to work. Nearly nine in ten JSA partners with children expect at least one of the couple to be in work over the next couple of years, with a third expecting both partners to be working at least 16 hours a week. In addition, almost all partners of someone on JSA state that they would be happy for their partner to take over childcare responsibilities if they got a job.

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<sup>26</sup> Households Below Average Income, 2007

## A more active regime for partners

- 4.28 From later this year we will start requiring lone parents with older children to look, and be available, for employment. JSA conditionality has been improved to take into account the specific needs of being a parent, including the difficulties of working without access to appropriate and affordable childcare, including during school holidays.
- 4.29 We recognise that all families face challenges in balancing work and caring responsibilities. But in many ways it should be easier for a couple to combine work with family responsibilities than it is for a lone parent. So we consider that it is appropriate to expect partners of benefit recipients to take active steps to look for work once their youngest child is seven years old.
- 4.30 For those partners who would be expected to look for, and return to, work, it will be important to provide a tailored and personalised approach that is reflective of the particular benefit they are on. Table 4.1 sets out how this might work in practice.

Table 4.1: Benefit conditionality for partners

Main claimant	Partner capable of work?	Children?	Current conditionality for partner	Proposed conditionality for partner
JSA	Yes	Yes – youngest seven or over	Worked Focused Interview every six months and access to New Deal for Partners	Full JSA conditionality
IS and Employment and Support Allowance (ESA)	Yes	No	Worked Focused Interview at six-month point only and access to New Deal for Partners	Partner becomes part of a new joint JSA claim
IS and ESA	Yes	Yes – youngest seven or over	Worked Focused Interview at six-month point only and access to New Deal for Partners	Partner becomes part of a new joint JSA claim

- 4.31 Under our proposals, we will require couples who are claiming JSA and who have a youngest child aged seven or over, to make a joint claim for the benefit. As with the changes proposed for lone parents, we believe it is reasonable to expect both parents to look for work once a child is settled in school. This will mean that both partners will be required to address their skills needs, look, prepare for and take up available work. We recognise, of course, that there will be some partners who cannot work. As in the case of other parents on JSA, there will be exemptions and flexibilities.
- 4.32 We also propose that claimants on IB and ESA claiming an income-related increase on account of a partner, will no longer receive an automatic uplift in their benefit if their partner is capable of work. Instead, the couple should be required to make a claim to JSA. While the original claimant would still be entitled to their personal IB or ESA, any extra benefit would be dependent on the partner fulfilling the JSA conditionality regime.
- 4.33 This requirement would not be placed on partners who are incapable of work due to sickness or disability or who have substantial caring responsibilities for which they receive Carer's Allowance. Neither will it apply to couples with children under the age of seven. For these couples the current arrangements will remain in place.

**Question 20: What approach might be suitable to assist partners of benefit claimants who can work into employment?**

## Conclusion

- 4.34 The Government believes that only through working in partnership can child poverty be eradicated and will be consulting widely on the steps we all must take to achieve this.
- 4.35 Families have an important role to play in this partnership. The Government has made a commitment to help families overcome the barriers they face and provide all families with a clear route out of poverty. We also look to families to make a commitment to improve their situations where they can and do the best for their children's well-being and development.
- 4.36 The proposals in this and previous chapters will take us further towards our goal of ending child poverty by 2020. Many more parents will be supported into employment – the best and most sustainable route out of poverty – helping to break intergenerational cycles of poverty by ensuring that fewer children grow up in a household where nobody works. The full disregard of child maintenance in benefits will have a direct impact on raising incomes. This change provides every reason for non-resident parents to pay maintenance for their children, which, supported by our proposals to promote the joint registration of births, will encourage parents to play an active role in their children's lives.



## Chapter 5

# Delivering choice and control for disabled people

## Chapter five – Delivering choice and control for disabled people

### Summary

Over the last decade, the Government has taken significant steps to improve rights and opportunities for disabled people. This is underpinned by our commitment that by 2025 disabled people will be respected and included as equal members of society with full opportunities to fulfil their potential.

To support this goal, we will consult on a series of possible further changes that would give disabled people greater choice and control over their lives, giving disabled people a right to request control over a range of public funding to which they are entitled, allowing them far greater choice over how best to spend this money so as to meet their needs.

The aim of these changes would be to ensure support is targeted to those who need it most, while increasing the independence and autonomy of disabled people. We recognise this is a major change so we will consult widely on the potential opportunities and challenges of a redistribution of power from the State to the individual.

### Delivering equality for disabled people

- 5.1 In the last ten years, the Government has taken significant steps to improve rights and opportunities for disabled people. This is reflected in a commitment to equality for disabled people by 2025. This will ensure that disabled people will be respected and included as equal members of society, with full opportunities to fulfil their potential.
- 5.2 The reforms outlined in **Chapter 3** form part of a comprehensive strategy to address the severe disadvantages that disabled people can face in employment. In the past, incapacity benefits reflected an attitude which focused on what disabled people cannot do rather than what they can. This belongs firmly in the past. The proposals in this Green Paper are based on an understanding that welfare provision should support people to gain independence. This reflects disabled people's own wishes that they should be "*the experts in their own lives*".
- 5.3 In many areas disabled people now do have far greater control over the support that is available. The principle that people should be free to choose how to spend their benefits to meet their individual and family needs is already a feature, for example, of Disability Living Allowance. We introduced the Local Housing Allowance in Housing Benefit to give people more control over where they choose to live and how much to spend on rent.

5.4 Overall, however, disabled people still lack control over many aspects of their lives and the services they receive that non-disabled people take for granted. This chapter sets out how we intend to help change this position.

## A new right to control for disabled people

5.5 Disabled people still, too often, do not enjoy full and equal citizenship and equality of opportunity. Closing this gap may require additional support but also needs us to remove physical obstacles and prejudice which prevent disabled people playing their full role in society. Above all, we need to help disabled people take control of their lives and provide the support they need to live independently.

## Our progress towards delivering choice and control for disabled people

- 5.6 We are making progress in removing the barriers that prevent disabled people participating in society as equal citizens.
- The Disability Discrimination Act has given disabled people comprehensive and enforceable rights, including a duty for public services to promote equality of opportunity and eliminate discrimination.
  - We are simplifying the law so that people can better understand their rights and responsibilities through a new Equality Bill.
  - The Office for Disability Issues has worked with other Government departments and with disabled people to develop a five-year strategy to make progress on independent living.
  - The Independent Living Strategy sets out the Government's policy commitments and the difference that these commitments are intended to make and how progress will be measured and monitored.
  - The cross-sector concordat *Putting People First* recognises that the sector will work across agendas with users and carers to transform people's experience of local support and services and give people access to a personal budget for their social care.
- 5.7 In June 2008, we published our review of the National Carers Strategy, which aims to take full account of the needs of carers and those for whom they care. This strategy covers the whole area of Government responsibilities where they impact on carers.

- 5.8 The new local government framework, combined with £0.5 billion investment by the Department of Health is incentivising local government to modernise and personalise social care. These reforms are culminating in a new momentum at local level to work across the boundaries of care, housing and health, to give individuals more control over the support local government provides.
- 5.9 But there is still a long way to go, as the stories in **Box 5.1** show.

### Box 5.1: Rose and Lucy's stories

#### **"I want to be in the driving seat" – Rose's story**

Rose has multiple sclerosis and is finding it increasingly difficult to walk. She is currently holding down her job as an office administrator but will require an electric wheelchair and some assistance to get to work if she is to continue. Aged 38, Rose has also had bouts of severe depression throughout her adult life and currently receives services from her local Community Mental Health Trust. In the current system, Rose will need to look to three different systems and sets of professionals to meet her needs. The Physical and Sensory Disability Team for her local authority will carry out an assessment of her needs while she is not at work; she will apply for support at work through the Access to Work programme; and her mental health support needs will be addressed by the Community Mental Health Team. She has already experienced some conflict between the three different sets of professionals involved as to who is responsible for what. Rose wants to be put in the driving seat of sorting out what support she needs in order to live an ordinary life.

#### **"I could go from somebody very out in the world to somebody in my house all the time" – Lucy's story**

Lucy has Osteogenesis Imperfecta, the more commonly used name for it is brittle bones. Lucy told us:

*"I am academically able and I have a strong character and lots of friends. I went to school and university in the mainstream system and it worked well for me in terms of developing who I am as a young adult and the kind of aspirations I have for myself. I'm a development worker at the moment, for an organisation that builds capacity for other organisations to involve children and young people. I've had some really good professional support me, the kind that are on my side and who want me to be in charge. But then somebody took over my case who hasn't even met me and what they want is for me to have this very set timetable. There was no concern about the fact that I go from being somebody very out in the world and able to, kind of, interact with people to somebody that should just be in my house all day, every day, waiting for somebody to come and get me dressed, cook me food, turn on the telly and then put me to bed. What I would really like to see for the future is all professionals becoming allies and I and other people have that power."*

## Right to control

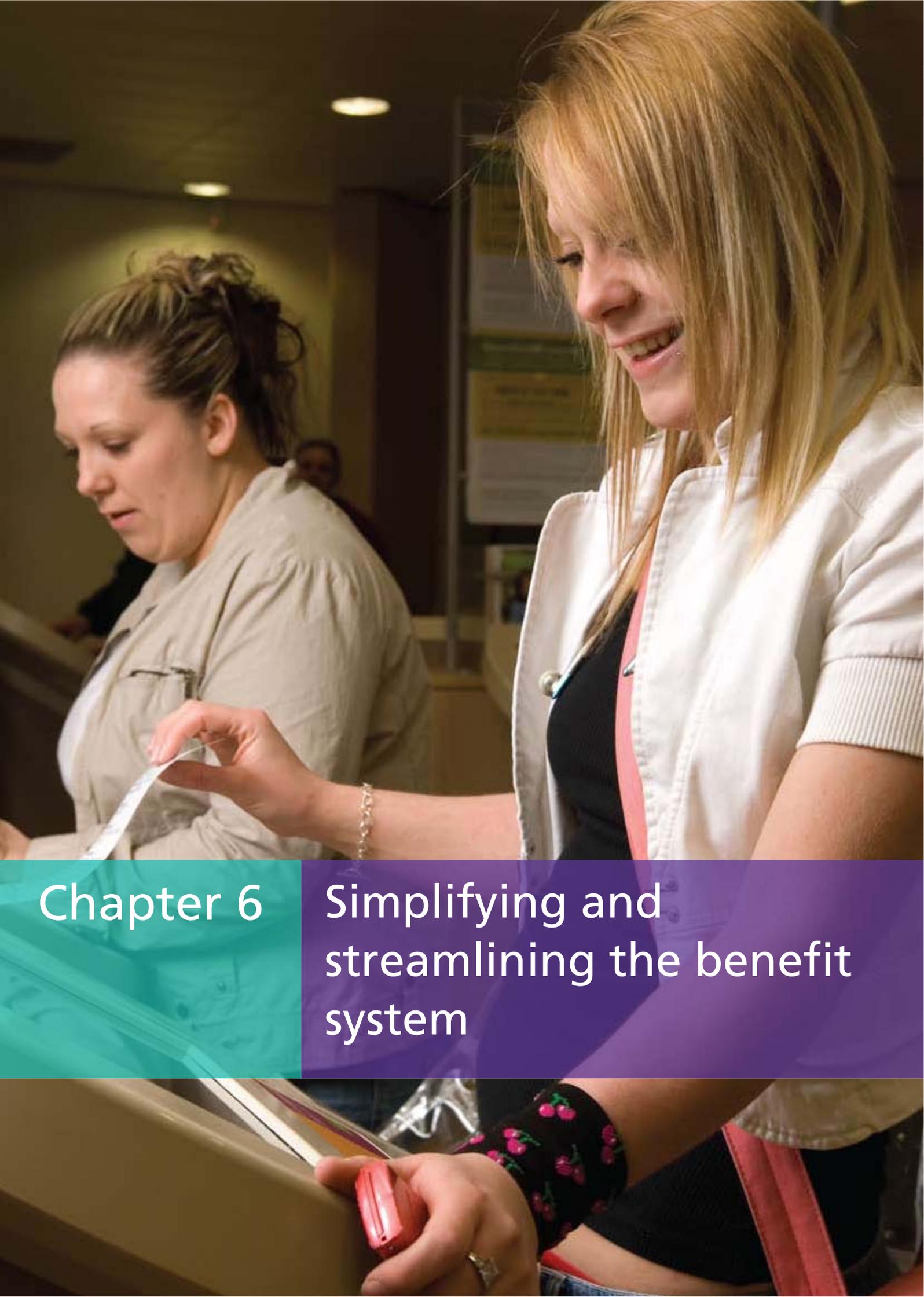
- 5.10 When people understand the resources that the State is prepared to spend to support them and are able to have an effective say in how those resources are spent, it can lead to a more satisfactory outcome for the citizen. It moves people from being under control, to in control, as active citizens. In Control was set up by the Department of Health and Mencap in 2003 to explore new ways in which people with learning disabilities could be given more choice and control in six local authorities. Evaluation of the first phase of In Control, between 2003 and 2005, found that almost three-quarters of those taking part believed they now had more choice and control over their own lives.
- 5.11 An evaluation of the individual budget pilot programme undertaken in 13 local authorities is expected later in the year. We want to explore how we might extend this by giving disabled adults greater control over the combined budget which the Government spends on their support. There are many models of individual budgets and programmes we could build on. We are keen to hear views about what steps the Government should take but we consider that a system to give disabled people greater choice and control – could include the following:
- the outcomes to be achieved from public resources should be agreed with the individual;
  - people should be told the resources available (expressed as an amount of money) to meet the agreed outcomes, and any shortfall should be made explicit;
  - people should have choice and control over how these resources are used in order to meet the agreed outcomes;
  - this process should cover as many of the individual's support needs as possible with the aim of preventing fragmented support plans that span across different agencies, budgets and programmes;
  - people should have access to advice and, where possible, be sign-posted to advocacy services if they need support to decide how best to use the resources available to them; and
  - safeguards so that public money is not abused.

**Question 21: What are the next steps in enabling disabled people, reliably and easily, to access an individual budget if they want one? Should they include legislation to give people a right to ask for a budget or will the other levers the Government has got prove sufficient? What are the safeguards that should be built in? How can this be done?**

- 5.12 We are piloting one model of individual budgets at the moment using six funding streams. We believe that we should consider whether this broad approach could be applied in other areas. So we want to explore the principles which could underpin the process in deciding which areas might be included and who should be covered. Possible principles might include the following:
- the funding streams should be subject to a needs assessment, rather than being universal services;
  - it should be possible to estimate a budget with reasonable reliability;
  - it must be possible to make the budget subject to an agreement about its use; and
  - any new system would be restricted to those disabled people already eligible for selected current funding streams.
- 5.13 We are interested in exploring how disabled people might receive a reliable and equitable service when requesting choice and control of the funds used to meet their needs, and whether public authorities could be expected not to unreasonably refuse such a request.
- 5.14 The National Health Service is shortly to begin piloting personal health budgets. Likewise, the Department for Children, Schools and Families and the Department of Health are shortly to begin piloting individual budgets in support of disabled children. Our aim would be to build on this innovative approach once we have reviewed the results and have a better understanding of the risks and benefits.
- 5.15 This would be a radical new approach and we will need to consider the implications carefully. This approach is one which could affect a huge number of citizens, central and local government and have an impact on providers in the voluntary and private sectors. We will want to involve disabled people and other stakeholder groups in developing these proposals. We have started this process by setting up an advisory group to help the Government chart the way forward. We will work with this group to consider the responses to this Green Paper. With their advice we will publish more detailed proposals later in the year.

## Conclusion

- 5.16 For disabled people, support which they can direct themselves is an important requirement for equal citizenship. Each disabled person has their own ambitions and their own capability but too often they are not given an equal chance to realise them. The changes in this chapter emphasise our ongoing commitment to disabled people, ensuring that they receive support in a way that promotes independence, control and personal responsibility.



## Chapter 6

# Simplifying and streamlining the benefit system

## Chapter six – Simplifying and streamlining the benefits system

### Summary

We believe that continuing to simplify the benefits system and updating it to reflect modern society is central to delivering better outcomes for individuals and the country as a whole.

Reducing unnecessary complexity means that people can better understand and more quickly access the support they need. It is also an essential part of focusing the welfare system more actively towards work and underpinning more personalised employment support and conditions. It will also help modernise those aspects of the benefits system which were designed for an earlier era and don't meet the needs of 21st century families and society.

This must be a long-term goal. It cannot be achieved overnight. But this chapter sets out a series of proposals to accelerate progress including:

- abolishing Income Support (IS) and so creating a system based around two benefits, Jobseeker's Allowance (JSA) and the Employment and Support Allowance (ESA), when resources allow;
- seeking views on how carers and others who receive IS can be provided for within this structure;
- reducing the differences between existing rates of incapacity benefits and ESA; and
- changes to the contribution conditions for ESA and JSA.

These proposals signal our commitment to continue the process of simplifying and streamlining the system of benefits for people of working age. Some of the proposals are radical but we believe that they are necessary to revitalise the benefits system and produce better outcomes for individuals.

### A modern system of support

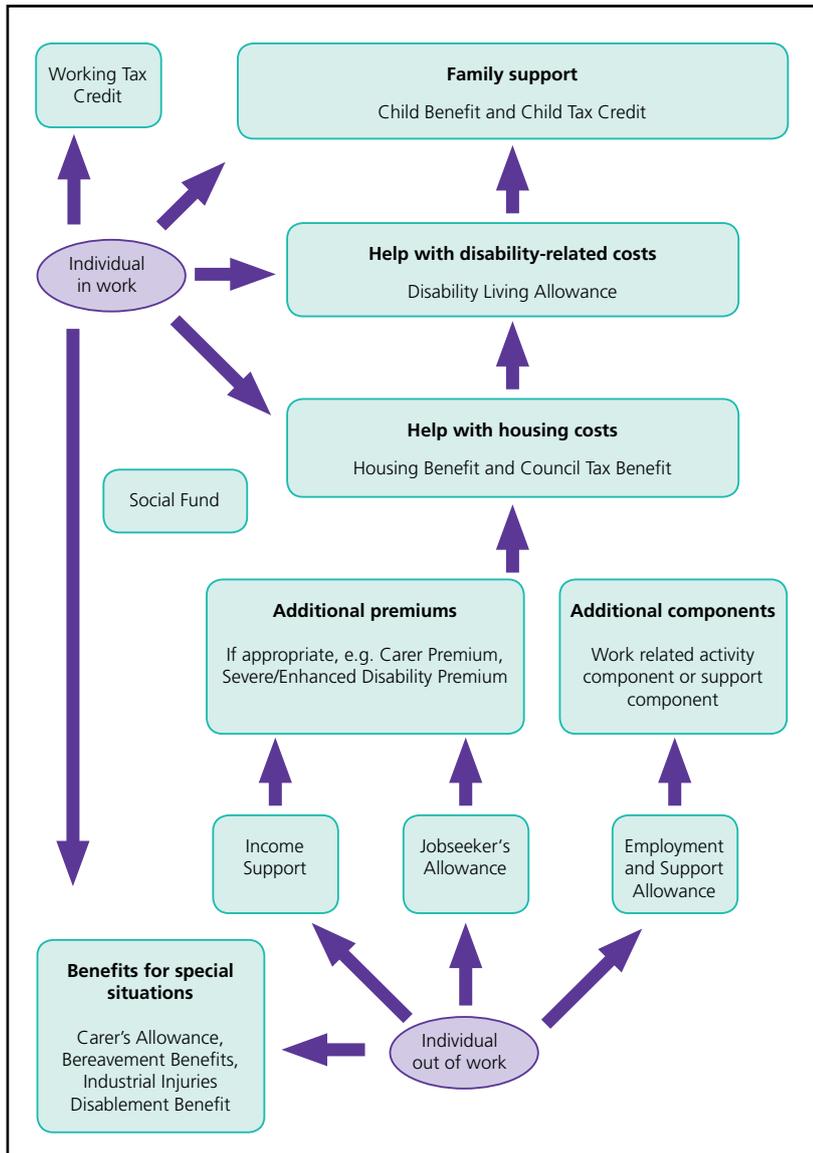
- 6.1 Today's benefits system is expected to do much more than pay money to those in need. Getting money to people during difficult times is essential and there are, of course, those who need continued support. But we have to ensure for the vast majority that the welfare system helps people to help themselves rather than encouraging dependency. Cash transfers alone will not encourage this personal responsibility. A modern system needs to help people to prepare for, and return to, work; to learn new skills and to identify new opportunities. We need a system which ensures that those claiming benefits work with us to help develop their potential.

6.2 The benefits system of the future must consistently develop and encourage a greater sense of personal responsibility and instil the message that, for the vast majority, benefits are a temporary help in times of need. It must also be clear and encourage people to do the right thing rather than, as was the case in the past, to give them incentives to stay on benefit.

## Working-age benefits: the need for change

6.3 Figure 6.1 shows how the working-age benefit structure will look from October 2008.

Figure 6.1: Structure of working-age benefits



- 6.4 The benefits system deals with millions of claims from millions of people – all with individual needs and circumstances. This means there will always be some complexity in the system. But at the moment the current tangle of conflicting and overlapping benefits leads to confusion for customers and our staff.
- 6.5 For customers, the complexity of the system can obscure their choices and mask what they can expect from us – as well as what we expect of them. The benefits of moving into employment are not always easy to see, creating doubt and uncertainty about leaving the benefits system. Although creating a simpler system is a worthy goal in itself, our changes are driven by our desire to improve the experience and expectations of our customers.

## Working-age benefits: the way forward

- 6.6 Radical streamlining of the benefits system is not a new idea. The concept of reducing the number of working-age benefits has gained momentum in recent times. The Institute for Public Policy Research (IPPR),<sup>27</sup> David Freud<sup>28</sup> and others have proposed models for a single benefit. We believe that the idea of reducing the number of benefits has great merit – a radical, modernising reform to remove some of the complexity inherent in the current system.
- 6.7 In designing a simpler system, we must still recognise that people's needs are many and varied. Any welfare system must have the flexibility to cope with these diverse needs. But that does not prevent us transforming the way in which people engage with the system. A simplified system of income-replacement benefits would free staff from juggling the administration of different benefits and give them more time to help our customers understand their entitlement and the support we can offer.
- 6.8 Such a system would be based more on individual need and less on the type of benefit received. For those capable of work in the longer-term but with significant barriers or responsibilities, activity would start gently and increase as they are able to manage more activity. We want to explore whether, over the long-term, this can be achieved in a single benefit drawing on the best features of JSA, IS and the new ESA.

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<sup>27</sup> Sainsbury R and Stanley K, 2007, *One for all: active welfare and the single working-age benefit*, The Institute for Public Policy Research

<sup>28</sup> Freud D, 2007, *Reducing dependency, increasing opportunity: options for the future of welfare to work*, Corporate Document Services

**Question 22: Is a system based on a single overarching benefit the right long-term aspiration? How could a simpler system be structured so as to meet varying needs and responsibilities?**

- 6.9 In **Chapter 2** we set out our proposals to move lone parents from IS to a modified income-based JSA, improving outcomes for them and their children. We think there is a strong case for going further and abolishing IS altogether as it is a largely passive benefit that expects very little from its recipients and does nothing to prepare them for a life after benefits. In fact, its very name implies financial dependence and inactivity. We therefore propose to take powers to abolish IS, and to use these powers as soon as resources allow.
- 6.10 With the proposals to move lone parents to a modified JSA and disabled people and people with long-term health conditions claiming IS to ESA, IS would be a benefit mainly for carers plus an assortment of much smaller groups. We want to consult widely on how the best interest of these groups and in particular carers, can be best served within the benefits system.
- 6.11 We fully recognise that people currently on IS cannot be expected to be immediately available for work or be actively seeking a job. If IS was abolished, either ESA or JSA could be used to provide them with the same amount of financial support as now without any additional conditionality. However, there may be a case for keeping ESA as a benefit that specialises in supporting disabled people and people with long-term health conditions, with JSA as the benefit for other groups.

## Carers on Income Support

- 6.12 As we move towards abolishing IS, when resources allow, we need to consider how we support carers. Carers are one of the primary groups on IS and are not currently subject to any work-focused activity, as we recognise the importance of their caring responsibilities.
- 6.13 But for many, their caring is a temporary role. Over 50 per cent of working-age carers not in employment say they would like to work either now or in the future.
- 6.14 As we committed to in the recent Carers Strategy<sup>29</sup> we need to work towards creating a benefit system that cannot only adapt to the specific needs of carers, but also helps prepare them for their future. We will continue to do this, using the principles outlined in the Carers Strategy. We believe that it is only right that carers are able to gain from the same opportunities as others within the benefit system.

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<sup>29</sup> Department of Health, 2008, *Carers at the heart of 21st-century families and communities*

- 6.15 It may make sense to move those carers currently on Income Support onto a modified form of JSA. This would not require them to undertake work-focused activity to keep their benefit, but would be consistent with the strategy's focus on helping those who would like to combine caring with paid work, or prepare for work later. Those carers who do not feel able to combine paid work with caring would not be required to do anything more than they do at present and there would be no change to their benefit income.
- 6.16 Carers who wanted to undertake paid work alongside their caring or prepare for work at some point in the future, would still be able to volunteer for increased support from Jobcentre Plus. This includes working with a personal adviser to build a plan for returning to work or undertaking training to learn a new skill. This increased interaction would help some carers to combine caring with work immediately and make it easier for others to rejoin the labour market when their caring responsibilities changed.

**Question 23: Would moving carers currently on IS onto JSA be a suitable way of helping them to access the support available to help combine caring with paid work or preparing for paid work?**

## Moving other IS claimants to JSA

- 6.17 As well as lone parents and carers, there are approximately 80,000 people claiming IS for very diverse reasons, such as people involved in a trade dispute, some foster parents, refugees learning English and jurors. With such diversity there is scope to consider how each group could be best served in a system based on JSA and ESA, when resources allow.

## Smoothing the transition to ESA

- 6.18 ESA is a new benefit with a very different structure of rates and allowances. Over time, we believe it is fair to make sure that everyone receiving benefit because of sickness and disability, is treated equally.
- 6.19 To smooth the transition from existing benefits to ESA, we will begin the process of aligning rates from April 2009 in advance of incapacity benefits claimants being moved to ESA. People in receipt of higher benefit rates because they started claiming at younger ages (Age Additions) will have their benefit rate gradually brought into line with the rate they are entitled to under ESA.

- 6.20 Age Additions have been abolished in ESA. We no longer presume that those on incapacity benefits will never work again. In future, most claimants who are out of work because of sickness or disability will receive the same rate of benefit. Instead of using Age Additions as a proxy for those with the greatest needs, we will be able to target them directly through the higher benefit rates in the Support Group of between £5.00 a week and around £16.00 a week extra.
- 6.21 These changes will be made in a way which ensures no existing customers lose out in cash terms. They will continue getting the higher cash payments until their entitlement under ESA reaches the same rate. For those who could be getting a higher level of benefit once they move onto ESA, we will delay the start of alignment until we have confirmed their level of entitlement at the first Work Capability Assessment (WCA).
- 6.22 As part of these alignment measures, we will also change the basis on which incapacity benefits are uprated. Future uprating will be according to the Rossi index rather than Retail Prices Index (RPI) on current projections. In the first few years from April 2009, this measure will result in an increase in benefit payments overall, compared to uprating under the previous formula. Uprating both incapacity benefits and ESA by the same index will prevent differences in benefit rates widening over time. This will ensure that customers with similar circumstances are treated equally.

## Reforming the contribution conditions

- 6.23 At the moment, people can qualify for contributory IB and JSA by working for as little as four weeks. We propose to strengthen the link between claiming contributory benefits<sup>30</sup> and periods of recent work by:
- reducing the number of contribution years in which a claimant can qualify for ESA from three years to two. This will ensure that qualification for ESA is based on recent work. This measure simplifies the benefits system by bringing this aspect of the ESA rules into line with those for JSA;
  - modernising the qualifying contributions period for benefit so that people can qualify only after a reasonable period of work. In future, our reforms will ensure that people have to work for around six months before they can qualify for contributory ESA and JSA.
- 6.24 We will retain existing protections that allow disadvantaged groups such as carers and young disabled people to qualify for ESA. Other qualifying conditions for contributory ESA, for example those that apply to self-employed people, will remain unchanged. People who no longer qualify for contributory ESA under the new arrangements will be able to apply, instead, for income-related ESA.

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<sup>30</sup> The contributory principle is at the heart of our welfare system. Broadly, people pay contributions while they are working and receive benefits when they are unable to work

- 6.25 This reform will also help to ensure that access to the UK benefits system for workers from other countries, including nationals from other European Economic Area (EEA) states, is limited to those who have a connection with, and have made a contribution to, the UK.<sup>31</sup> We are currently reviewing all aspects of EEA nationals' access to benefits; the review will report by autumn 2008.

## Wider reform of the benefits system

- 6.26 Other parts of the benefits system have remained largely unchanged since 1948, when the welfare state was formed. Among the oldest elements of the system are:
- Bereavement Benefits, which are paid to people whose partner has died. These are based on the partner's National Insurance contributions and include lump sums and weekly payments; and
  - Industrial Injuries Disablement Benefits (IIDB) which provide compensation for those who have been injured or contracted a disease as a result of their work.
- 6.27 These benefits provide financial support at a time of need and it is fundamentally right that the benefits system should provide help in these circumstances. However, the benefits were also introduced at a time when social expectations were very different. For instance, we have moved a long way from times when it was usual for women, in particular, to depend financially on a partner. Similarly, a disability no longer necessarily means a life of dependency. There are a greater range of employment opportunities and many more opportunities to retrain, learn new skills and return to work.
- 6.28 A consultation exercise on the IIDB scheme was carried out in 2007. We received many helpful responses but think it is important to reconsider the reform of IIDB in the context of our wider changes to the welfare system.

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<sup>31</sup> The UK's membership of the EEA enables free movement of workers between this country and other member states. Further measures ensure workers who exercise their right of free movement within the EEA do not lose social security rights built up in different member states. This means that EEA nationals who come to the UK may be entitled to access benefits here. The EEA consists of the 27 European Union member states plus Iceland, Liechtenstein and Norway. Switzerland is not part of the EEA but enjoys similar ties via bilateral treaties

- 6.29 We are in no doubt that the welfare system should continue to provide support for people in these circumstances. We do consider, however, that there may be attractions in reforming the benefits in order to meet the expectations of a modern welfare state. In particular, we are interested in how we might reform the benefits to support people while they adjust to changed circumstances and help them return to living independent lives.
- 6.30 This could mean, for example, ensuring the benefits provide more support upfront through lump-sum payments to those in need but do not unduly undermine a person's motivation to move into work or begin a relationship with a new partner, where appropriate, in the longer-term.

**Question 24: How might we reform Bereavement Benefit and IIDB to provide better support to help people adjust to their new circumstances while maintaining the work focus of the modern welfare state?**

**Question 25: Are lump sum payments a good way of meeting people's needs? Do they give people more choice and control? Could we make more use of them?**

## Reform of the Social Fund

- 6.31 The Social Fund provides a safety net of grants and loans for the most vulnerable in times of crisis, supporting those without a stock of savings and assets to fall back on. We believe the Social Fund plays a valuable role in poverty reduction and we have invested heavily in Social Fund reform, most recently through the package of reforms announced in the 2004 Pre-Budget Report. As set out in the *Financial Inclusion Action Plan* (2007), we are committed to ensuring that people on low incomes have access to services which help them to manage their money on a day-to-day basis, to plan for the future and to know where to turn if they find themselves in financial distress. We are open to considering new ways and opportunities to achieve these goals. As part of this, in December 2007, we commissioned a financial practical feasibility study into whether the private and third sectors can be brought into partnership with the Government in delivering a reformed Social Fund Budgeting Loan scheme.
- 6.32 We are particularly interested in the scope for the Budgeting Loan scheme to provide more effective help that will allow more people to overcome financial exclusion and return to work. We have been discussing with organisations representing our customers, and other possible stakeholders, how reform could achieve this and we look forward to the feasibility study report.

- 6.33 As always, we are keeping the wider Social Fund under review to ensure that it meets the needs of customers in today's society who are in need of financial help in exceptional circumstances.

## Conclusion

- 6.34 The proposals in this chapter signal our commitment to continue the process of simplifying and streamlining the system of benefits for people of working age. Some of the proposals are radical but we believe that they are necessary to revitalise the benefits system and produce better outcomes for individuals.



## Chapter 7

Empowerment and  
devolution – a new way  
of delivering our services

## Chapter seven – Empowerment and devolution – a new way of delivering our services

### Summary

Since 1997, the Government has increasingly delivered services to customers through a variety of providers in the public, private and voluntary sectors. By using their skills and expertise, we have improved the quality of services, allowed more local flexibility, given individuals more control over the services they receive and achieved better outcomes.

We now want to go further by devolving more power to individual customers, local partnerships and providers to improve the quality and effectiveness of services.

This chapter sets out how we will carry out this triple devolution by:

- bringing together Government programmes to improve and unify services;
- giving customers increased power to choose who provides their services;
- allowing providers greater freedom to innovate and deliver services through a new 'Right to Bid' process; and
- handing a bigger role to local partnerships in developing, monitoring and even letting contracts for services.

We will be trialling new approaches and putting learning into practice as we go. Working collaboratively across Government, with local partnerships and with providers, we will set the pace of change to deliver reform as soon as possible.

- 7.1 For too long any debate about how we deliver public services has been overshadowed by divisions over the involvement of the private sector. But to continue improving services to the public, we must harness the best of all sectors, whether it is the world-leading Jobcentre Plus, skills agencies, innovative local authorities or private and voluntary organisations. We must focus on what works best and make the most of the strengths and skills of all the sectors, working in partnership.

- 7.2 In February 2008, we published our Commissioning Strategy, which set out our vision for modernising and strengthening the welfare-to-work market. It opens the way for larger, longer contracts which providers are rewarded largely for helping more people into sustained work; where customers expect and receive a more personalised and flexible service; and where delivery of employment provision is integrated into local services.
- 7.3 The strategy picked up the challenge that David Freud laid out in his report, *Reducing dependency, increasing opportunity*<sup>32</sup> and created a firm foundation on which to build. We want to go further to involve customers, providers and local partnerships more in the decisions about delivery. We expect that this approach will allow us to draw on the investment and innovation of private and voluntary sector partners across the country.

## Empowering individuals

- 7.4 Individual responsibility is at the heart of these reforms. For people to exercise this responsibility, we need to increase choice. People know what works best for them but we need to give them the ability to act on that knowledge. Where possible we should allow our customers the choice over which services they access and which providers they use.
- 7.5 We are already testing this concept of choice between providers in three of our Pathways districts, allowing individuals to choose the best provider for them. We will test it again in the Flexible New Deal after contracts have been running for a year and we have built up a body of information that will inform customer choice.
- 7.6 This will help drive up standards. But it also means that all our customers are able to choose the help that best suits their individual needs, increasing the chance of them finding sustainable and rewarding employment. This requires the right help and information to be provided so people can make the best choices.

## Employability and skills

- 7.7 Our customers should – and do – aspire to more than low-skilled, low-paid jobs. More and more opportunities are available in higher skill sectors so we are reforming the system to make it easier for people to access and benefit from skills development.

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<sup>32</sup> Freud D, 2007, *Reducing dependency, increasing opportunity: options for the future of welfare to work*, Corporate Document Services

- 7.8 In the past, the support that we offer has been confusing. Too often, customers have had to find their own way through a disjointed system and been forced to make either/or decisions about what they do. We have separate systems for employability and for training support, with different entry points and procedures. We have made progress in the last ten years. However, there are still some providers who expect to be rewarded for keeping people on training courses when they would be better off learning in the workplace. Other providers are paid for getting people into work and, increasingly, to help them stay in work. But there are no incentives for helping people get the skills they might need to enhance their long-term prospects.
- 7.9 We are committed to creating a system that rewards effective support. In *Work Skills*, we announced a number of trials to simplify and improve the commissioning system.<sup>33</sup> These trials will not only test joint commissioning approaches which bring together the Learning and Skills Council's (LSC's) resources (in England), the Department for Work and Pensions' Flexible New Deal and local authority resources, including discretionary funding, but will also test joined-up delivery systems on the ground.
- 7.10 Integrated commissioning will demand a common set of objectives and targets in contracts which will be based on helping more people find sustained work with continuing skill development and progression. This will also mean that we have to develop new ways of managing and improving contractors' performance.

## Freedom for providers to deliver

- 7.11 Jobcentre Plus has won international acclaim for its success in delivering cutting-edge services to thousands of customers every week. The core service, based on regular contact with customers, is extremely effective.
- 7.12 Jobcentre Plus' personal advisers have a unique knowledge of their customers, of the labour market and of the different services on offer. It is important that we look for further opportunities to use their skills and expertise. In pilot schemes in Derbyshire and South West Wales, we will give personal advisers more flexibility in the support that they provide. This will allow them to focus support where it can have maximum impact and allow them to provide a more personalised service.
- 7.13 We will match this by giving new freedoms to those providing services. We intend to do this through a 'black box' approach – where we set out the outcomes required but don't prescribe the method, where there is both a framework of accountability and freedom for the frontline.

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<sup>33</sup> Department for Work and Pensions and the Department for Innovation, Universities and Skills, 2008, *Work Skills*, Cm 7415

- 7.14 We have embarked already on the commissioning of the Flexible New Deal for Phase 1 areas which start in October 2009, based on our commissioning strategy published in February this year. Looking further ahead, we are interested in the potential benefits, particularly around economies of scale, in asking providers to deliver a single employment programme for both ESA and JSA customers. Designing a single conditionality regime for these two groups for use in the single programme, with sufficient safeguards to ensure that appropriate resources are allocated to tackling both unemployment and economic inactivity, would be very challenging but we are keen to run a pilot project to gauge its advantages.

## The 'Right to Bid' – providers driving innovation

- 7.15 We are already giving our providers, working in particular areas and with particular groups of people, increased responsibilities for designing the best means of support. But we do not want delivery providers to see themselves unreasonably constrained by the scope of particular contracts in bringing forward innovative approaches to improving our services. The time has come to look again at using our current contracting strategies for all situations. Rather than identifying a need and inviting suppliers to fill it, we are proposing a more radical approach. The strength of our provider organisations is their potential to develop new solutions. Many providers are coming up with ideas about how our services could be improved, about how they could do more to help particular customer groups – such as how we can communicate better with a more diverse range of customers.
- 7.16 Where providers identify services they think they can improve to help more people back into work, we want to hear their proposals. We are ready to consider directly funding ideas that seem to offer a real prospect of greater success. To this end, we propose to build new contracting arrangements – putting in place a 'Right to Bid' process. Our supplier networks, our internet site and other channels for contacting us will be key. We will increasingly look to use our commercial relationships to build flexibility into contracts so that we can harness expertise across the delivery chain and create capacity for market innovation.
- 7.17 We cannot guarantee that every idea will be taken up and we will have to work within our legal obligations to fair and open competition, but this should not prevent us being able to support specific initiatives on a one-off basis. We will test these ideas alongside existing provision. We will be open to more radical ideas on how to improve our services. Not every proposal will be funded but every serious idea will be evaluated and reasons will be given if we do not proceed. As we develop these proposals, through consultation, we will publish a document this autumn, setting out in more detail the way that the process will operate.

**Question 26: What information would providers need to make the Right to Bid effective? How would the evaluation process need to work to give providers confidence that their ideas would be evaluated fairly and effectively? How do we get the balance right between rewarding those who come up with new ideas and the obligation to tender projects?**

## Devolving power to deliver local flexibility

- 7.18 We have to go further in making employment provision more responsive to the needs of our customers. This approach is already central to the success of Jobcentre Plus – recognised as one of the best back-to-work agencies in the world. Its staff have unrivalled knowledge of their customers and their needs; and have a record which is second to none in delivering core back-to-work support. We will support Jobcentre Plus in continuing to drive up its effectiveness still further, not least by giving its advisers greater flexibility to tailor their support to the individual needs of their customers.
- 7.19 But no one believes that any single organisation can possibly deliver all of the support needed by workless people – in particular, the hardest to help. They face multiple barriers preventing them returning to work and need other Government-funded support. Too often, the services which should provide support don't work together effectively to provide the quality of help needed.
- 7.20 For example, the current employment rate gap between the overall GB employment rate and the ethnic minority employment rate is 14.1 percentage points. Despite efforts over the last ten years, this employment gap has only reduced slightly. We want to see a more joined-up approach in local communities making a bigger impact.
- 7.21 We know that ethnic minorities live disproportionately in the most deprived areas and that location can be a barrier to anyone, regardless of ethnicity. Devolution is the most effective way to meet the needs of these deprived neighbourhoods and to ensure services work well together.
- 7.22 Through the City Strategy, we have brought together public sector bodies, employers and others to identify shared priorities and to unify budgets so they can best increase employment. We have asked all City Strategy Pathfinders with a major ethnic minority population to set explicit targets for this group. We will also work with local strategic partnerships in areas that receive the new £1.5 billion Working Neighbourhoods Fund – which covers over half of all workless ethnic minority people in England – to consider how they can extend support and deliver improved outcomes for their ethnic minority residents. This is of a different order of magnitude to the small-scale outreach pilots which it replaces and it is a more efficient way to spend public money.

- 7.23 Bringing Government departments and agencies together in this way is a major step. We need to learn what works best. The joint commissioning trials announced between the Department for Work and Pensions, the Department for Innovation, Universities and Skills (DIUS) and the LSC will explore innovative co-commissioning, with a focus on the effective delivery of services which lead to sustained employment. We will also look at how, together, we can improve skills. But in some areas, we want to go beyond narrow employment aims and test greater joint working across health and local government services.

### Three levels of devolution to local partnerships

- 7.24 We are determined to devolve more power to the right level to improve employment and skills outcomes for individuals – in some cases, this could be at the level of an individual local authority. In others, a strategic approach that reflects the wider labour market is needed at the sub-regional level, for example through Multi-Area Agreements (MAAs). We will, therefore, be introducing a new delivery model – one in which there is a common ‘spine’ across the country so that we deliver common standards and services wherever people live. But within that framework, we want to see increased flexibility at the local and sub-regional level to meet specific needs.
- 7.25 We have already started, with the first phase of the Flexible New Deal, to implement new ways of working with local partnerships. We are involving local partners in the very early stages to help us ensure contracts are tailored to communities. We also want local input in choosing who should win contracts and in monitoring performance.
- 7.26 As with City Strategy areas, that will mean that we consult local partners on how we commission our programmes for their area. We want them not only to have a role in setting out the context in which the programme should be delivered but also in evaluating the proposals from bidders and in managing their performance. This is the first level, the core model.
- 7.27 But some areas will want to go further, either through innovative local proposals or a sub-regional approach, such as that already being adopted by the first MAAs, signed this month. We have already announced a two-year extension of our support for the City Strategy Pathfinders; and in *Work Skills* confirmed that MAAs will be a preferred route to empower local partners.<sup>34</sup> This will need to be a deal: something for something. We only want to devolve power where we believe it will get more people back into work, not for devolution’s own sake. This has been the case for those actions and outcomes we agreed with MAAs. We will continue to challenge areas to demonstrate their success in getting people back to work, and

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<sup>34</sup> Department for Work and Pensions and the Department for Innovation, Universities and Skills, 2008, *Work Skills*, Cm 7415

their ability to bring in additional resources. Where they do this, we will develop co-commissioning arrangements so that they can supplement the spine of national provision with additional wraparound services to address specific local issues. We will also increase influence for the Pathfinders over future Departmental policy development and commissioning processes.

- 7.28 This approach, for example, as described in Box 7.1, is already working well in Newcastle, where the Newcastle Strategic Partnership has created Newcastle Futures Ltd. The purpose of the company is to work with and bring together many partners to offer a service that is seamless to individuals and which, by directing them to the right provider, is personal to them. This is the second level, the wrap-around model.

#### Box 7.1: Newcastle Futures Ltd

The Newcastle Strategic Partnership, made up of partners from Newcastle City Council, Jobcentre Plus, the LSC, the local Primary Care Trust and others, identified worklessness as one of its key priorities in November 2005.

To tackle the challenge, the partnership created the not-for-profit company Newcastle Futures Ltd. Its purpose is to work with partners in the community and key stakeholders to maximise performance for the city in the employability agenda. The company has two main functions:

- A strategic coordinator of employability services across the city to encourage and alter current delivery styles and promote collaborative working. Offering a partnership delivery service from local discretionary paid partners in the community provides a wrap around service to the mainstream offer from Jobcentre Plus and the LSC.
- A delivery agent in the community, offering advice, guidance and support that adds value to mainstream offers. Caseload consultants work across the city in outreach venues such as community centres, schools, GPs' surgeries, churches, Sure Start centres and numerous providers already working with unemployed residents. The consultants continue to work with customers throughout their journey from inactivity to employment and for those customers further from the labour market, for up to 26 weeks when they entered employment.

The company's first year of operating saw almost 2,000 people registered across the city. It supported over 750 people into work, of which 70 per cent were from areas of high deprivation and 75 per cent were classified as priority customers, for example, Incapacity Benefit (IB) claimants, lone parents, people from black or ethnic minority groups, ex-offenders, homeless people or people not in employment, education or training.

- 7.29 Our intent is to work closely with City Strategy Partnerships and MAA partnerships as we develop and learn about what works in these new approaches to commissioning, funding and delivery. Many of the partnerships will be involved in the commissioning trials. We want others to use their local knowledge to drive the innovation that is essential to tackle the pockets of persistent worklessness that still exist in our cities. This will help us move further away from the one-size-fits-all model.
- 7.30 Where partnerships have demonstrated further success, we are ready to devolve power even more by giving them a role in the letting of contracts. Most radically, for the most committed areas, we want to experiment with a fully devolved model. In this third tier of autonomy, we would challenge areas to meet strict criteria – including ambitious pooling of budgets and a record of successful delivery, partnership working and clear governance arrangements.
- 7.31 Where partnerships meet those goals, we propose to give them a role in letting contracts and allocating European funding. We would be particularly interested in areas that pilot innovative approaches such as the Fit for Work service or the use of full-time activity to reduce worklessness, or which develop particularly novel approaches to joining up services for disadvantaged groups, such as people with mental health conditions. This is the third model of devolution, the joint venture model.

**Question 27: What would the processes around contributing to commissioning and performance management look like in a range of different partnership areas? How might they best be managed to achieve the desired outcomes?**

**Question 28: How could a link be made to the radical proposals for the pilots set out in Chapter 3, which seek to reward providers for outcomes out of the benefit savings they achieve?**

**Question 29: How effective are current monitoring and evaluation arrangements for City Strategies?**

## Conclusion

- 7.32 In this chapter, we have described how we will continue to evolve our working arrangements with external providers, reforming structures, devolving responsibility to collaborative partnerships and pursuing new opportunities for working more closely together at a local level.
- 7.33 We will be trialling new approaches and putting learning into practice as we go. We will work collaboratively across Government, with local partnerships and with providers and we will set the pace of change so that customers can benefit from these reforms as soon as possible.



## Chapter 8

## Next steps – our commitment to listen

## Chapter eight – Next steps – our commitment to listen

8.1 We want to make sure that we get views from as broad a range of people as possible about our proposals. As well as written responses to the questions asked in this document and any other points you would like to make in writing, we will set up a number of other ways for people to tell us what they think. Details of the consultation events we have planned and copies of the consultation documents will be posted in the welfare reform section of our website.<sup>35</sup> Also on our website you will find a Consultation Toolkit to help you in organising consultation events and encouraging views on this Green Paper.

8.2 This paper can be downloaded at [www.dwp.gov.uk/noonewrittenoff](http://www.dwp.gov.uk/noonewrittenoff) and is also available in a range of formats, including easy read, Braille and audio, either from our website or on request from:

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Textphone: 020 7928 8380

Email: [welfare.reform@dwp.gsi.gov.uk](mailto:welfare.reform@dwp.gsi.gov.uk)

8.3 An Impact Assessment for the proposals in this document is available from the welfare reform section of our website. The consultation period begins on 21 July 2008 and runs until 22 October 2008. Please ensure your response reaches us by that date. Please send your consultation responses to the address above or by email to [welfare.reform@dwp.gsi.gov.uk](mailto:welfare.reform@dwp.gsi.gov.uk). When responding, please state whether you are doing so as an individual or representing the views of an organisation.

8.4 If you are responding on behalf of a larger organisation, please make it clear who the organisation represents and, where applicable, how the views of members were assembled. We will acknowledge your response. We have sent this consultation document to a large number of people and organisations who have already been involved in this work or who have expressed an interest. Please do share this document with, or tell us about, anyone you think will want to be involved in this consultation.

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<sup>35</sup> [www.dwp.gov.uk/welfarereform](http://www.dwp.gov.uk/welfarereform)

- 8.5 The information you send us may need to be passed to colleagues within the Department for Work and Pensions and published in a summary of responses received. It may also be referred to in the published consultation report. All information contained in your response, including personal information, may be subject to publication or disclosure if requested under the Freedom of Information Act 2000.
- 8.6 By providing personal information for the purpose of the public consultation exercise, it is understood that you consent to its disclosure and publication. If this is not the case, you should limit any personal information that is provided or remove it completely. If you want the information in your response to the consultation to be kept confidential, you should explain why as part of your response, although we cannot guarantee to do this.
- 8.7 We cannot guarantee confidentiality of electronic responses even if your IT system claims it automatically. If you want to find out more about the general principles of Freedom of Information and how it is applied within the Department for Work and Pensions, please contact:

Name: Charles Cushing

Address: Department for Work and Pensions  
Adjudication and Constitutional Issues  
Information Policy Division  
Freedom of Information Unit  
The Adelphi  
1-11 John Adam Street  
London WC2N 6HT  
Phone: 0207 962 8581

Email: [charles.cushing@dwp.gsi.gov.uk](mailto:charles.cushing@dwp.gsi.gov.uk) or [carol.smith14@dwp.gsi.gov.uk](mailto:carol.smith14@dwp.gsi.gov.uk)

## The consultation criteria

- 8.8 The consultation is being conducted in line with the Code of Practice on Consultation, which can be accessed at the Cabinet Office website. The consultation criteria are listed below:
- consult widely throughout the process, allowing a minimum of 12 weeks for written consultation at least once during the development of the policy;
  - be clear about who may be affected, what questions are being asked and the timescale for responses;
  - ensure that your consultation is clear, concise and widely accessible;

- give feedback regarding the responses received and how the consultation process influenced the policy;
- monitor your department's effectiveness at consultation, including through the use of a designated consultation Coordinator; and
- ensure your consultation follows better regulation best practice, including carrying out an Impact Assessment if appropriate.

8.9 We value your feedback on how well we consult. If you have any comments on the process of this consultation (as opposed to the issues raised), please contact our consultation coordinator:

Name: Roger Pugh  
Address: Department for Work and Pensions  
Consultation Coordinator  
Room 2A, Britannia House  
2 Ferensway  
Hull HU2 8NF  
Phone: 01482 609571  
Email: roger.pugh@dwp.gsi.gov.uk

8.10 In particular, please tell us if you feel that the consultation does not satisfy these criteria. Please also make any suggestions as to how the process of consultation could be improved further. If you have any requirements that we need to meet to enable you to comment, please let us know.