

## Ministerial foreword



The Government is committed to building an inclusive, cohesive and prosperous society with fairness and social justice at its core.

A society in which child poverty has been eradicated, in which everyone who can work is expected to contribute to national prosperity and share in it, and in which those who can't work are supported.

A society in which as many people as possible can share in the rewards of work that go far beyond financial independence, important as that is, because work is inherently good for people of all ages: good for their health, good for their families and good for the community.

This document sets out how the next phase of welfare reform will make this vision a reality by moving to a new system of active support rather than passive benefits.

It will build on the longest and most sustained period of economic growth for over 200 years, with record levels of employment and low inflation.

Today Britain is recognised by the international community as a leader in promoting employment and tackling disadvantage in the labour market. The numbers on key out of work benefits are down by one million since 1997 and, for the first time in a generation, the numbers on incapacity benefits have been falling since the 2003 peak, having tripled between 1979 and 1997.

There are over 29 million people in employment: more than ever before in our history.

Financial support for children and families remains an important part of our overall strategy for tackling child poverty. So far our policies have taken 600,000 children out of relative poverty, and up to 300,000 more will follow as a consequence of new policies announced earlier in the year.

The goal of 'full employment' for William Beveridge and successive Governments was measured by a claimant unemployment rate of less than three per cent. We have been very successful but we need to go further because there are still too many people living on benefits who could work if they were given the right support.

Now we need to extend employment opportunities to all those who can fill the 680,000 vacancies in the labour market today.

We want to see an employment rate of 80 per cent, up from the current figure of over 74 per cent. This puts full employment at the heart of our anti-poverty strategy and will enable Britain to take the opportunities that a dynamic global economy opens up.

This requires a new and radical approach to remove the barriers to employment that disadvantaged groups currently face and to give them access to opportunities they have never had before.

The core of our radical new approach will be to move people from being passive recipients of benefits to active jobseekers looking and preparing for work with access to training and job-focused activity.

And so, lone parents who can work will be required to actively seek work once their youngest child is 12 or over from October 2008, 10 or over from 2009 and 7 or over from October 2010, with pre-work preparation and in work support built into a flexible system.

Incapacity Benefit for new claimants will go, replaced by Employment and Support Allowance with the emphasis on what a person with a physical or mental health condition can do, rather than what they can't.

The New Deal will be modernised so that it better meets the employment and skills needs of those who have been on benefit for a long time or who have struggled to find a stable pattern of work.

Jobcentre Plus will remain at the heart of the system, working in partnership with public, private and third sector specialist providers which will have an enhanced role.

The aim is to get British benefit claimants into British jobs to become British workers.

Central to this challenging policy agenda is the contract between the Government and the people. We are clear about our side of it: we will develop a radical new strategy to extend, modernise and personalise the support we offer to people who often face multiple challenges to finding and keeping a job. We will ensure they have the right level of support to get a job and have the skills needed to progress into a career.

We will make work pay through the National Minimum Wage, in work benefits, tax credits and other personalised support. In return, those who can work will be obliged to actively look for work and if they do not then they will be penalised.

Throughout this process we have drawn on the expertise of specialists in the field and the invaluable contribution of the Harker, Leitch and Freud reports.

We have also looked at where we can draw on the experience of others. We have found good international practice and will be using that where appropriate. We have also found schemes we do not see as the way ahead for Britain.

'Wisconsin Works' has been cited by some as a ready-made model of welfare reform that could be imposed here.

This tough approach on its own does not work, and we will not be adopting it wholesale.

We do not see such an approach, which disguised the true level of economic inactivity and increased child poverty, as an effective long-term solution to support people into work and to advance social justice.

In contrast, our radical new approach is a welfare system in which, increasingly, claimants are not passive recipients of benefits, but instead active jobseekers preparing for a return to work, in which they will be better off.

Our welfare commitment remains: tackling poverty through full employment.

A handwritten signature in black ink, appearing to read 'Peter Hain'.

**Peter Hain**

Secretary of State for Work and Pensions