

Executive summary

Introduction

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

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

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

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

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



Approach to the labour market

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

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

Public finances

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

Coming through the recession and preventing long-term unemployment

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

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

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

Getting back to full employment

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

Ensuring a recovery

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

Helping people to prepare for work

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

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

Support for parents and carers

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

Better off in work

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

45. We want to do more to make sure the benefits of work are clear. The vast majority of people are much better off in work but we want to do more to make the benefits of work clearer. **We will introduce a £40 a week Better off in Work Credit which will guarantee that everyone who moves into work after being on benefit for six or more months will be at least £40 a week better off.**
46. We have published a consultation on reforms to HB at the same time as this paper¹. The consultation includes measures to improve work, incentives and to help people make the transition from benefits into work. In particular:
- fixing HB payments at the out-of-work rate for three months when an individual moves off benefits into work;
 - reducing the uncertainty surrounding HB payments by moving to fixed period awards (of up to six months); and
 - ensuring the benefits system does not support customers to be housed in very high-cost accommodation that would be unaffordable if they moved off benefit.
47. While these measures are important, we recognise that further action is needed to encourage some groups into the labour market and ensure that those who enter work benefit financially, particularly those with caring responsibilities and people with a disability or health condition.
48. We will further increase work incentives by:
- **ensuring the benefits system encourages lone parents to try out work for a few hours a week** as a stepping stone towards a move off benefits;
 - widening access to free school meals for those in work, as announced in the Pre-Budget Report;
 - **raising the earnings limit within Carer's Allowance from £95 to £100 a week; and**
 - **considering the scope to passport people moving from ESA into work on to the disabled worker element (worth up to £48.50 a week) and 16-hours rule in Working Tax Credit.**

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

Quality employment – supporting people to progress in work

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

Modernising our services

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

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

Working with the Devolved Administrations

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