



Executive summary

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The Green Paper *In work, better off: next steps to full employment*¹, and *World Class Skills: Implementing the Leitch Review of Skills in England*², both published in July 2007, set out how we proposed to move towards our 80 per cent employment rate and world class skills aspirations.

Progress on our agenda for integrating employment and skills is key to sustainable employment. The recently published *Opportunity, Employment and Progression: making skills work*³, a joint Department for Work and Pensions and Department for Innovation, Universities and Skills document, set out how we would ensure that people have the right skills to be in work, both now and in the future.

We asked people to let us know what they thought of our Green Paper proposals. These proposals built on the independent reports by Lisa Harker⁴, Lord Leitch⁵ and David Freud⁶, all of which addressed different parts of our employment challenge.

We received many considered responses to the proposals in the Green Paper and would like to thank those who got in contact to let us know their views. Ministers attended around 40 consultation events around the country with a range of stakeholders, including customers, employers, MPs, lone parents and third sector organisations. Ministers also held discussions with staff from Jobcentre Plus offices and contact centres across the country, and staff were invited to submit comments via the Department's Intranet.

To get the views of as many parents as possible, the Department decided, for the first time, to consult via web discussion forums. We focused on two websites, ParentsCentre⁷ and Netmums⁸, receiving over 2,000 posts. Ministers also took part in online events including Ministerial web chats and discussion forums.

We have now carefully considered all of the responses, a summary of which is at **Annex A**.

¹ <http://www.dwp.gov.uk/welfarereform/in-work-better-off/in-work-better-off.pdf>

² <http://www.dius.gov.uk/publications/publications-leitchreview.htm>

³ <http://www.dwp.gov.uk/welfarereform/making-skills-work.pdf>

⁴ <http://www.dwp.gov.uk/publications/dwp/2006/harker/>

⁵ <http://www.dfes.gov.uk/furthereducation/index.cfm?fuseaction=content.view&CategoryID=21&ContentID=37>

⁶ http://www.dwp.gov.uk/welfarereform/freud_report.asp

⁷ ParentsCentre (www.parentscentre.org.uk) is run by the Department for Children, Schools and Families, providing advice and support for parents.

⁸ Netmums.com is a family of local websites set up and run by mothers to provide local information on issues such as places to go, things to do, education, childcare, and community, social and employment issues.

This document sets out how we intend to move towards full employment, taking account of those responses, our experience of what has worked in the UK and elsewhere, and the changing world we live in. We will continue to work with our stakeholders in developing the details of our proposals.

Where changes to secondary legislation are needed to implement the proposals, we will prepare draft regulations to put to the Social Security Advisory Committee.

We also have a number of milestones to deliver our employment vision. **Annex B** sets out these steps and by when they will be delivered.

Principles of reform

This paper sets out our strategy to move people from being spectators on the margins – as recipients of passive benefits – to becoming participants, actively seeking and preparing for work. Our strategy will be based on five core principles. These build on the reform principles set out in the Green Paper:

- **A stronger framework of rights and responsibilities to move benefit claimants from being passive recipients to being active jobseekers**, so that people who can work, now or in the future, have the support they need to find a job and gain relevant skills.
- **A personalised and responsive approach**. We will reform the support available so that it better responds to individual need. We will **empower advisers and give increased discretion both to Jobcentre Plus staff** and to public, private and third sector providers. And through Local Employment Partnerships we will increasingly tailor employment and skills support to better meet the needs of employers and individuals.
- **Partnership – the public, private and third sectors working together**. Guided by David Freud's report, our future commissioning strategy will maximise the innovation in all sectors, leading to more and better outcomes. Our priority will be to contract on the basis of **what works best** to support people into work. We are currently seeking views on the emerging findings for our commissioning strategy.⁹ We will also develop a shared commitment to the local needs of individuals and employers through Local Strategic Partnerships.

⁹ <http://www.dwp.gov.uk/supplyingdwp/news/>

- **Targeting areas of high worklessness by devolving and empowering communities.** In the future, sustainable employment will be at the heart of neighbourhood renewal – finding local solutions to local challenges. We published details of the joint Working Neighbourhoods Fund for England on 30 November 2007¹⁰. This more targeted approach to neighbourhood renewal will put employment at the heart of area-based regeneration and will provide £1.5 billion to our most deprived areas over the next three years. Deprived Areas Funding in Scotland and Wales will continue to be made available and we are in discussions with the Devolved Administrations on an approach that would complement their local structures.
- **Not just jobs, but jobs that pay and offer opportunities for progression.** With an emphasis on sustaining and progressing in work we will ensure all our customers who need help to develop their skills have access to relevant pre-employment and in work training. As the UK economy adapts to increasing global competition individuals will need to adapt and learn new skills in order to share in the rising prosperity of the country. Measures for integrating employment and skills were set out in *Opportunity, Employment and Progression: making skills work*. We will also continue to make work pay by piloting and then, if successful, rolling out a **new better off in work credit** to ensure all long-term claimants see a significant rise in their incomes when they take a job.

We have recently published papers setting out a way forward in many of these areas. This paper sets out how we intend to move forward with the first two reform principles: how we will create a **stronger framework of rights and responsibilities** and how we will support people to find work through a **personalised and responsive approach**. It also provides a comprehensive overview of all the key actions we are taking to boost sustainable employment.

What we will do

We will take forward policies on the following:

Making work pay

- A new better off in work credit to ensure that all long-term claimants see a significant rise in their incomes when they take a job.

¹⁰ <http://www.communities.gov.uk/publications/communities/workingneighbourhoods>

Rights and responsibilities of lone parents

- Lone parents with older children, who are claiming benefits and **who can work**, will have to actively seek work. We intend this will be introduced for lone parents with a youngest child of 12 or over from October 2008, a youngest child aged 10 or over from October 2009 and a youngest child aged 7 or over from October 2010.
- Pre-work preparation and in work support, including skills, built into a flexible system.
- Availability of affordable childcare to be a key part of the assessment by Jobcentre Plus staff.
- Increase the child maintenance disregard in the main income-related benefits to £40 per week from April 2010.

Modernisation of the New Deals through flexible New Deal

- Jobcentre Plus to lead jobsearch for the first 12 months.
- Entrance into the new **Gateway** stage after six months, common to everyone and building on the current New Deal gateways, leading to more intense jobsearch activity and skills assessment, with the most disadvantaged people being fast-tracked to this stage from the outset.
- People still looking for work after 12 months to be referred to a specialist provider.

Support for disabled people and people with health conditions

- Employment and Support Allowance to replace Incapacity Benefit for new and repeat claimants.
- From April 2008 everyone on incapacity benefits in Britain will have access to the Pathways to Work programme.
- A Work Capability Assessment to replace the Personal Capability Assessment, focusing on what people can do rather than what they can't.
- Pathways to Work and the Work Capability Assessment to be rolled out to existing claimants who are under 25.
- Improving support to help people to stay in work – particularly those with mental health conditions.
- Removing the Housing Benefit rule that prevents short-term Incapacity Benefit claimants from studying for more than 16 hours per week.

Partnership approach to delivery

- Jobcentre Plus will remain at the heart of the system working alongside:
 - public, private and third sector specialist providers;
 - employers through Local Employment Partnerships and in other ways;
 - local communities through Local Strategic Partnerships, the City Strategy and the Working Neighbourhoods Fund; and
 - Connexions, and then local authorities, helping to get young people into work or training.

Integrated employment and skills provision

- Basic skills screening for all new claimants and full Skills Health Checks for those who need it. Referrals to the Skills Health Check will be mandatory for those customers who have a basic skills need and have been claiming Jobseeker's Allowance for six months or more. Lone parents will be encouraged to attend a full Skills Health Check two years before they are due to lose eligibility for Income Support.
- Tailored provision for those with basic skills needs with a work focus, through the new Employability Skills Programme.
- New adult advancement and careers service.
- Extension of Train to Gain.
- Increasing access to training allowances for Jobseeker's Allowance customers which allows them to participate full time for up to eight weeks in employability focused training.
- Exploring ways we can support specific vulnerable groups undertaking full-time training, such as young people living in supported accommodation.
- Activity Agreements for 16-17 year olds in receipt of Jobseeker's Allowance, to help them to re-engage, and take up their statutory right to an appropriate place in education or training, or find a job with training.

Annex B sets out the steps we will take to implement these measures and the dates by which we will do so.

Details of what we will do

For lone parents

An international review by the Organisation for Economic Co-operation and Development (OECD) recommended that, with the right support in place, the UK should consider further extending work tests for lone parents¹¹.

Despite the improvement in the lone parent employment rate, which has increased from 44.7 per cent in 1997 to 57.2 per cent in 2007,¹² it remains low in relation to other OECD countries, some of which have a lone parent employment rate of over 70 per cent. Fifty per cent of children in lone parent families are still living below the poverty line. Getting these parents into sustainable work, that takes them and their children out of poverty, is vital. A key problem is that too few lone parents are taking up the support available.

To address these challenges it is right that, once children are older, lone parents who can work should apply for Jobseeker's Allowance, be supported to look for work and, as a condition of benefit receipt, should be obliged to take up that support.

We therefore intend that the presumption will be that lone parents will have to be actively seeking work in order to claim benefits, once their youngest child is 12 and over from October 2008, 10 and over from October 2009, and 7 and over from October 2010. The middle step was not part of the proposals in the Green Paper. However, this stepped approach responds to consultation feedback because it will enable us to provide more support in helping lone parents make the transition between benefits.

Lone parents unable to work because of caring obligations (for example, for disabled children), health conditions or disability will continue to be able to claim Income Support or other appropriate benefit. Lone parents with younger children will also continue to be able to claim Income Support and have access to the New Deal for Lone Parents.

Our aim is to ensure that increased obligations will be supported by good quality, affordable childcare, flexible jobs and tailored pre-employment and skills provision. Advisers and lone parents claiming Jobseeker's Allowance will agree the extent of any childcare needs and how this will impact on the lone parent's ability to actively seek work. Support will include skills screening, access to a full Skills Health Check and suitable training opportunities in the period before they are due to lose eligibility for Income Support.

Current and new flexibilities, and tailored services, including doing more to make sure work pays, will help lone parents look for, take up and stay in work. This will include piloting different ways of paying In Work Credit, in a mix of weekly and lump sum payments, to encourage people to stay in work.

¹¹ OECD, May 2005. *OECD Thematic report on Family Friendly Policies*.

¹² Second quarter of 2007.

The New Deal for Lone Parents will continue to be available to lone parents on Jobseeker's Allowance if they want to use these services until they move to a flexible New Deal provider when available. They will also be able to access the improved support provided through Jobcentre Plus.

For all jobseekers

The New Deal will be **modernised to ensure that support is flexible and personalised**. Jobcentre Plus – which since its establishment in 2001 has built up a world class track record in getting people off welfare into work – will work in partnership with the public, private and third sectors to help people who face the largest challenges get back into work or self-employment and lift themselves and their families out of poverty. Lone parents receiving Jobseeker's Allowance are included in the flexible New Deal arrangements.

Each stage of a customer's journey towards work will be increasingly active. For example, a skills screen will take place soon after the start of a benefit claim to better identify basic literacy, language and skills needs. It will be accompanied by systematic signposting and voluntary referral to the new adult advancement and careers service. Then, as obligations increase, the customer will be required to sign weekly rather than fortnightly and may be submitted to a suitable job vacancy. We are introducing a single Gateway after six months, including a mandatory Skills Health Check if the adviser identifies this as necessary, and a personal action plan to improve employability and to find work or self-employment. Jobcentre Plus will work within Local Strategic Partnerships to ensure that there is a wide range of options for employability-focused activity such as training through the Learning and Skills Council. People who face the most challenges to moving into, or staying in, work will go to the Gateway from day one.

After 12 months with Jobcentre Plus we expect that around 90 per cent of customers will have left Jobseeker's Allowance. People remaining on Jobseeker's Allowance after 12 months are likely to have serious and multiple challenges. They will be referred to a specialist contracted provider with whom the customer will agree a personalised action plan. The customer will have up to a year to work with the provider to find sustained employment or, as a minimum, to undertake a period of mandatory activity.

For disabled people and people with health conditions

We are aiming to reduce the number of people on incapacity benefits by one million from their 2005 levels. We set out how we would do this in *A new deal for welfare: Empowering people to work* (2006). In return for support and security on benefits, it is right that people take up the opportunities we offer.

We have made good progress: the number of incapacity benefits claimants has fallen by 137,000 since its peak, reversing a trend that saw the caseload more than treble between 1979 and 1997. Pathways to Work has helped more than 69,000 people into work so far and will be available to everybody in Britain from April 2008.

In October 2008 Employment and Support Allowance will replace Incapacity Benefit for new customers. This will help people move back into sustainable work, rather than labelling people as incapable of working.

We have announced that existing customers under the age of 25 will move onto mandatory Pathways to Work and be made subject to the new Work Capability Assessment, focusing on what people **can do**, not what they can't.

We are improving the support available to help people remain in work – including providing practical support for healthcare professionals and employers – and will develop a new coordinated approach across government to tackle the problems faced by people with mental health conditions, the single biggest cause of sickness absence and Incapacity Benefit claims. We will also ensure that, like jobseekers and lone parents, those with health conditions are supported in developing the skills they need to succeed in the workplace.

How we will help people gain and retain work

We will provide personalised and responsive support to our customers, helping them to improve their skills so that they can remain, and progress, in work. Jobcentre Plus advisers and their managers will be given greater discretion and flexibility to tailor interventions to meet the needs of customers.

We will work with **public, private and third sector organisations** clearly setting out what we want to achieve and what we expect from organisations. We will work with our partners to share good practice, help to drive up performance and ultimately to improve outcomes.

We will also improve our partnerships with **employers**. Local Employment Partnerships strengthen the relationships between Jobcentre Plus and employers and provide a premium job broking service for employers, in return for a stronger than normal commitment to taking on people from disadvantaged groups.

We will continue to build Local Employment Partnerships to provide even more jobs for our customers and enable them to progress in work through training. Over 250 employers have already committed to working through Local Employment Partnerships.

The Learning and Skills Council and Jobcentre Plus will align funding to support Local Employment Partnerships and are developing a joined-up employment and skills service to offer support both to employers and individuals to provide a seamless service of 'recruit, train and retain'.

We will continue to **empower local communities** to harness the commitment, energy, ideas and funding streams of local public sector partners and employers to find solutions to local unemployment through the City Strategy. We will combine resources at a local level to launch a new £1.5 billion Working Neighbourhoods Fund to put employment at the heart of area-based regeneration.

Benefit reform

We will continue incrementally to **reform the benefits system** to support people into work, ensure social justice and make work pay. This will include piloting in 2008 and, if it proves successful, extending in 2009 a **new better off in work credit**. This will give assurance to people who have been on long-term benefits that their weekly in work income, including in work benefits, will be at least £25 per week more than they received from out of work benefits.

We recognise that benefit reform is a complicated and difficult process and that transformation will take many years and many small steps rather than one massive jump. Our clear goal is to transform the benefits system to make it more active and promote social justice. We intend to set out further details of our approach to incremental benefit reform next year.

Working with the Devolved Administrations

The challenges we face in achieving sustained employment are common across all countries. However, policy for skills, childcare, health, local government and regeneration – all of which are closely linked to the proposals in this paper as regards England – are the responsibility of the Devolved Administrations. We are therefore working closely with Scotland and Wales to establish how to implement the welfare reform proposals outlined in this paper in a way that meets their own particular circumstances and needs. Additionally, employment is devolved to Northern Ireland. The Northern Ireland Executive will consider the most appropriate arrangements for Northern Ireland.

