

Chapter 2 – From recession to recovery

Summary

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



Introduction

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

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

Helping people back to work

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

The help we offer at the moment

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

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

Future Jobs Fund

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

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

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

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

Case study

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

More help to come through recession

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

More help for 16–17-year-olds

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

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

A stronger youth guarantee

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

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

The further support we will provide

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

New support for people over 50

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

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

More help for professionals

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

Long-term unemployment

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

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

Reforming support from 24 months of unemployment

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

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

Growth in the economy – growth in the labour market

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

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

The role of the public sector

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

Harnessing the Government's buying power

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

West Midlands – A Procurement Framework for Jobs and Skills

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

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

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

Bringing forward support to start a business

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

Help to become self-employed

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

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

Increased support for those in the areas of highest unemployment

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

Joining up what we offer

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

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

Fusion21 in Huyton, Merseyside

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

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

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

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

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

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

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

Conclusion

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