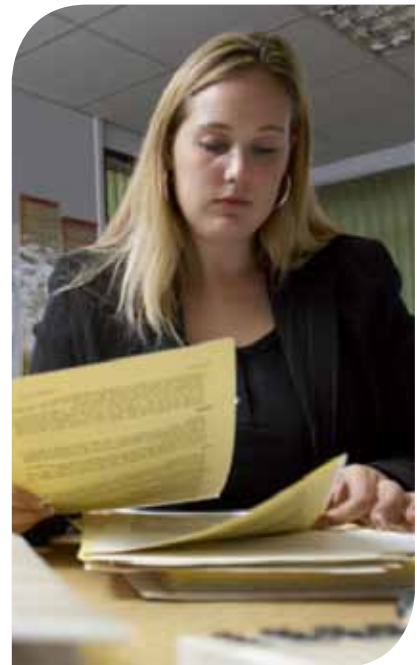


# Chapter 3 – Achieving full employment

## Summary

- Returning to growth and pre-recession levels of employment will be the Government's first priority as we deal with the recession and move into a period of recovery.
- However, we will not lose sight of our long-term aim to get eight out of ten working-age people into employment.
- We are also committed to achieving a 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 unemployment we have seen so far in this recession.
- The vision set out in this paper describes why it is important to help more people into work and sets out our seven key principles for realising our aspiration.



1. Britain went into the recession with a strong labour market. After 1997 we had achieved what many commentators described as full employment, meaning that rising employment had reached its natural ceiling and unemployment looked unlikely to fall any lower. By 2007, Britain had high and consistent employment and low unemployment. More people were in work than ever before. The number of people claiming unemployment benefit was the lowest for over 30 years.
2. Previous recessions have been characterised by ensuing periods of high and persistent unemployment. In the 1980s, despite a large boom in the economy, the labour market did not fully recover before recession struck again in 1990. Despite falls in unemployment in the mid-1990s, the labour market had still not fully recovered more than five years after the 1990s recession had ended. The current recession has left a large number of people out of work and the Government is determined not to abandon these people, leaving them and their families without the support they need to return to work.

3. In Chapter 2 we set out how we will follow through on our promise to help people during the recession by building further on the comprehensive support we have already pledged. Our strategy demonstrates our determination to ensure that no individual, family or community is left stranded by the economic shocks of the last 18 months. This will help us achieve our first priority: to return to pre-recession levels of employment as quickly as possible. This will provide a strong platform for us to achieve our long-term aspiration of a labour market where everyone who wants to work is doing so.
4. To realise our ambition we will need to go beyond past achievements and adopt further measures which will deliver high and sustained employment levels, with employment opportunities available to all.

### Beyond the recovery

5. Through our welfare reforms we set ourselves the ambitious **aspiration of having eight out of ten working-age people in employment**. This aspiration will become more difficult to achieve due to the changes the Office for National Statistics will make to the way working age is defined from next year. This change will reflect the incremental rise in the State Pension age for women from 60 to 65 to match the current State Pension age for men. At the moment, using this revised measurement, just over seven out of ten people are in work. It is likely to take some time for the employment rates of older women to catch up with the forthcoming change in definition.
6. Nevertheless, this paper is an opportunity for us to **restate our long-term aspiration of an 80 per cent employment rate**.
7. While the employment rate has fallen over the past year it should be noted that students make up a significant and growing proportion of working-age people who are not in work. Student numbers are now higher than ever and are set to grow in years to come. The Government is committed to increasing the number of people in education or training. We will ensure all 16–17-year-olds in England are undertaking some sort of education or training by 2015. We are also committed to getting even more 17–30-year-olds into higher education.
8. If we measure employment excluding full-time students, the current rate is 3.6 percentage points higher than the overall rate using the current working-age definition. 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**.
9. We are also committed to making real progress now and in the medium term. The actions set out in the rest of the White Paper will help us to do this, 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**.

10. Why are we committed to increasing the number of people in work? It is because:
- People deserve the **opportunity**, regardless of their circumstances or background, to work to support themselves and their families.
  - Work improves the **physical and mental health and well-being** of individuals and their families.
  - Getting more people into work helps **combat poverty, including child poverty** and breaks the cycle in which generations of families are without work.
  - Helping more people of all ages into work, and helping people to maintain a balance between their working life and retirement by working longer, is essential for the **prosperity** of the United Kingdom and for our public finances.

### Why an employment rate of 80 per cent?

Because:

- it challenges us to reach a rate which has not been seen before in the UK and is not seen in any of the other major developed countries;
- it challenges us to create the type of society in which employment is more evenly spread across different groups and communities;
- it will continually stretch us and motivate us to do more; and
- it recognises that there will always be some people not working, either because they are looking for work or have other full-time commitments such as studying or caring for young children.

### Achieving our aspiration

11. To achieve our aspiration to get eight out of ten working-age people into employment we need to take action on a number of fronts. It will not be enough to only help those who have lost their jobs as a result of the economic downturn. Even before the recession, when nearly 75 per cent of the working-age population were in work, a further 20 per cent were 'inactive', meaning they were neither in work nor seeking work.
12. Therefore, to be successful we also need:
- more people aged 50 and above in work because, as our society ages, they will become even more critical to economic sustainability;
  - more people with caring responsibilities to combine these with work to support themselves and their families;
  - more parents in work to reduce the number of children living in poverty or in households where nobody works;
  - more disabled people and people with health conditions who want to work being supported to do so; and
  - high employment rates across all parts of the country.

13. Learning from the major welfare reform successes of the last 12 years, we will deliver additional support that is both more comprehensive and more sophisticated. Our approach is set out in the rest of this White Paper and is based on seven key principles which we believe will make our vision a reality. These principles are:
- **Helping people prepare for work**

Many people who want to work require additional help to prepare for a job. We are committed to providing more support and training to those who are furthest from the labour market.
  - **Addressing obstacles to work**

There are some people who face significant obstacles to taking up a job, such as childcare requirements or a health condition. We are committed to working with people to overcome their diverse obstacles.
  - **Setting stronger obligations to take up the help that is on offer**

Alongside our comprehensive offer of support, we expect those who are able to work to actively look for a job. There is strong evidence that an approach which emphasises responsibilities as well as rights is more successful in helping people to find work.
  - **Helping people to stay in work**

Moving into work after a long period of unemployment, or when faced with a change of circumstance, can be a difficult time. We are committed to extending the support people receive as they move into a job to ensure they are able to stay in work.
  - **Helping people to progress in work**

Finding a job is only part of the story. It is also important that people are able to progress in their careers. We are committed to helping those who want to improve their position in the labour market, especially if they have low skills or a caring responsibility.
  - **Making people better off in work**

Almost everyone in the country is better off in work rather than on benefits. We are committed to ensuring that the welfare system becomes simpler to understand and administer so that the system itself is not a barrier to work.
  - **Delivering efficient and adaptable services**

Jobcentre Plus and other delivery partners have done a remarkable job in maintaining service levels during the recession. We are now committed to building on this success to deliver more personalised and adaptable services that better meet the diverse needs of our customers.

## Conclusion

14. In this chapter we have shown why we want to have more people in work than ever before and what we need to do to achieve this ambition.
15. In the coming chapters we explain how we will support increasing numbers of people into work and transform the delivery of our services.