

Executive summary

1. This White Paper sets out a vision and route map for a welfare state where everyone is given the help they need to get back to work, matched by an expectation that they take up that support. This builds on our earlier phases of reform which first deepened, then broadened, the support and responsibility to work. This began with the creation of Jobcentre Plus and the New Deals, and was most recently enhanced by the introduction of the Employment and Support Allowance and the new lone parent obligations.
2. Our Green Paper, *No one written off: reforming welfare to reward responsibility*, proposed extending this approach so that no one was left behind, trapped on benefits. Now we want to set a clear course towards the welfare state of the future. Our goal is a system where everyone has personalised support and conditions to help them get back to work, underpinned by a simpler benefits system and genuine choice and control for disabled people. This is the basis for a progressive welfare state capable of delivering higher employment and lower child poverty in the years to come.
3. Since the publication of our Green Paper, *No one written off: reforming welfare to reward responsibility*, the economic climate has changed substantially. We know that times are tough and that many families across the country are struggling to make ends meet. Every redundancy is a personal tragedy and our immediate priority is to provide all the help we can during this period of insecurity.
4. Encouragingly, we are better placed now than in the past to do so because the landscape of support for people to help them get back to work is transformed compared to previous downturns. Over the last decade we have developed a world-class, back-to-work service through Jobcentre Plus and our private and voluntary providers. Over half of new Jobseeker's Allowance claimants leave benefits within three months of claiming and around three-quarters within six months. Even as the overall number on Jobseeker's Allowance rises, it is important to remember that over 220,000 people still move off the benefit each month.
5. Governments cannot always prevent people losing their job. But our commitment is to do everything we can to help them find the next one as quickly as possible with help to improve skills where appropriate to help them progress in employment. In return we ask them to make a clear commitment to their own journey back to work. That is the basis of a fair deal in the welfare system.
6. However, the downturn means more people looking for work, and many finding it harder to get that next job. That is why the Pre-Budget Report allocated an extra £1.3 billion to Jobcentre Plus and our private and voluntary providers over the next two years so that we not only maintain, but increase, the support we offer.

7. Some people have argued that now is not the time to press ahead with welfare reform. We believe the opposite is true. The current economic climate means we must step up both the support we offer to people on benefits and the expectations of them to get themselves prepared for work. To do otherwise would be to repeat the mistakes of the past, writing people off and encouraging the long-term benefit dependency that still scars too many of our communities.
8. In a job market that is becoming more competitive, everyone needs to build their capabilities and update their skills. When the downturn ends, as it will, and the jobs market strengthens, we want people to be ready to take up the opportunities that will arise. That means putting in place the reforms now to get the system into shape for the future.
9. In the light of our consultation, this White Paper, *Raising expectations and increasing support: reforming welfare for the future*, sets out how we plan to take our proposals forward, to increase the support we offer and the obligations we expect in return.

A simpler benefits system

10. The current benefits system provides a safety net for people in need, but its complexity can act as a barrier to employment and undermine a smooth and certain transition into work. Its complexity also makes it more difficult for our staff to deliver a service focused on employment. We want to transform this system into one that is simpler, clearer and more empowering; concentrating people's minds on their future job rather than their current benefit.
11. In the Green Paper we consulted on the model of a single income-replacement benefit for people of working age. The Institute for Public Policy Research (IPPR), David Freud and others have proposed models for a single benefit for income-replacement with "extra costs" met through other payments. Having such a single benefit would mean that there was no longer a need to move between benefits when circumstances change. It would also allow support and expectations to be tailored to an individual's situation, rather than being defined by the benefit they are claiming. We will explore whether, over the longer-term, a single working-age benefit is the right approach.
12. This would be a radical change, transforming expectations and experiences across the system. It is clearly a very significant reform and we will be undertaking further work to get both the structure of such a benefit and the journey towards it right. The first step on this journey will be the abolition of Income Support, so the system becomes based on two main out of work benefits. People currently claiming Income Support will move to either the Employment and Support Allowance or Jobseeker's Allowance. The requirements within Jobseeker's Allowance will be modified to suit the broader range of people who will be claiming it. We will not move carers from Income Support until we have a clear and detailed plan setting out how we will make changes to carers' benefits.

13. As part of our long-term vision for the benefits system, we also intend to seek views on changes to Housing Benefit early in 2009. These will be based on promoting work incentives, easing the transition into work and ensuring the system is fair between families on benefit and those in work. We have also recently published a consultation on reform of the Social Fund. This aims to increase the role of the voluntary sector in the provision of financial advice, building on the potential of Credit Unions to help people avoid debt, while focusing crisis loans on those genuinely facing a crisis.

Devolving power to private, voluntary and public providers

14. This White Paper commits more money in support to get people back in to work. To ensure that money is effective, we will continue to reform the way we deliver our services. In his review, David Freud found that Jobcentre Plus was effective, and that it made sense to have a single public organisation doing the process of initial benefit processing and job search.
15. After that first stage, we believe there is value in having different providers competing for contracts. This contestability will raise standards. The contracts will be based on payment by results, so as to give incentives to providers to focus on getting people in to work. In the past, when using outside providers, governments have focused on processes rather than outcomes, thereby restricting their ability to innovate. Instead, our approach is based on a 'black box' method, where we specify what is wanted, not how it should be done.
16. The use of the private and voluntary sector is now business as usual for the Department for Work and Pensions. It accounts for a third of our spending. Voluntary providers deliver 40 per cent of our employment programmes. The Pathways to Work programme now covers the whole country, delivered by all three sectors. We are currently tendering for the Flexible New Deal, which takes further this approach of paying providers by results. We have also set our commitment to supporting individuals find sustainable employment. *Work Skills*, published this summer jointly with the Department for Innovation, Universities and Skills, described how we are creating an infrastructure to enable skills and employment services to better help people both find and progress in work.
17. This White Paper aims to go further. We want to improve the way we work with our providers, help them reach more people, and ensure they are properly connected to what is happening on the ground.

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18. So, we are confirming that we want to move to the 'Invest to Save' approach recommended by David Freud, also known as AME-DEL. This involves private and voluntary providers investing up front in getting more people back in to work, and being paid out of the resulting benefit savings. As David Freud recommended, we will take forward pathfinders for this innovative approach in five areas. On the basis of the lessons and learning from the initial pathfinders, we aim to expand this approach.
19. We also want to explore how we give providers incentives to help all their clients, not just those who are closest to work. The requirement in the Flexible New Deal for all clients to go through a four-week, full-time activity programme is partly designed to be an incentive against such 'parking' of those who are harder to help.
20. But we also want to explore other methods, such as an accelerator payment which rewards providers more per person, the more people they get into work. As clients become harder to place, so the financial reward for getting them in to work rises.
21. This period of innovation will be further enhanced by the proposals we have already announced for a 'Right to Bid', where we will turn the traditional tendering process on its head by inviting organisations to approach us with suggestions about how they can enhance our services.
22. But we also know that getting people back in to work is not just about employment programmes. It is about whatever is stopping that person from finding work – whether it is a lack of basic skills, a mental health condition or an issue about travelling to work.
23. Other departments spend significant sums helping people with these problems. But, too often, this help is organised around bureaucratic convenience rather than the individual's needs, making it confusing for the client and less effective than it could be. So, we want to connect up what we all do by:
 - devolving power to the local level, from making sure local partners play an active role in our commissioning process, through to us handing over both funding and accountability for outcomes to local areas who request it and demonstrate their capacity to deliver;
 - giving greater flexibility to Jobcentre Plus' Personal Advisers, to tailor the support they offer to individual's needs and circumstances;
 - integrating employment and skills, beginning with trials in Manchester and the West Midlands, exploring how these systems can be brought together to support sustainable employment and career progression; and
 - greater requirements for benefit customers to address their skills needs to support getting into and on in work.

24. In the short-term, we will invest £1.3 billion extra in Jobcentre Plus and our providers so they can help the higher number of people on Jobseeker's Allowance. In the medium-term, we will grow and reshape the market for employment services to create the right incentives and structures to get the best out of the private, public and voluntary sectors, working together to get more people back in to work.

Personalised conditionality

25. The principle that benefit receipt should be conditional on the recipient fulfilling certain conditions has been part of our benefits system since 1911. However, the role of conditionality has evolved through many incremental changes over a number of years and is not always consistent. That is why Professor Paul Gregg was asked to assess the effectiveness of current policy and propose future reforms. His report was published on 2 December 2008 and the White Paper provides an opportunity for us to respond to its recommendations.
26. The Gregg Review proposes a radical vision of personalised conditionality matched by personalised support. This would be based on a clear bargain that almost everyone on benefits would be expected to take active steps towards work, but where those expectations are based on an individual's needs and circumstances. Within this personalised regime, the Review distinguishes between three groups:
- a 'Work-Ready' group for people who are immediately job-ready. This would be a largely rules-based and self-directed regime, with standard job search requirements. This would be based very closely on the current arrangements for people getting Jobseeker's Allowance;
 - a 'Progression to Work' group for people who cannot look for work but where returning to work is a genuine possibility with time, encouragement and support. People in this group would co-produce a back-to-work plan with a Personal Adviser that is tailored to their individual circumstances. The Gregg Review proposes that this should apply to the vast majority of people in receipt of the Employment and Support Allowance (those in the Work Related Activity Group) and lone parents and partners with younger children;
 - a 'No Conditionality' group where there would be no requirement for any work-related activity, but where support would be available for people who chose to seek it. The Gregg Review proposes that lone parents and partners with very young children, carers, and the most disabled people should be in this group.

27. The Government welcomes these recommendations and we support the Gregg Review's vision of personalised conditionality, based on these three groups. This would be a significant change; moving from treating people according to their category to according to their needs, and at their pace. Starting from late 2010, we plan to pilot the Gregg model of conditionality and support with people starting a new claim to the Employment and Support Allowance and lone parents with young children. We also plan to pilot this model with some existing Employment and Support Allowance recipients from 2011. We will also take forward the Gregg Review proposals on increasing adviser flexibility and sanction escalation.
28. In moving towards this approach we want to draw on the best of international welfare systems, such as the Dutch and the Scandinavian models where personalised support is matched by clear obligations on individuals to engage with support. These are countries which combine high levels of employment with low rates of child poverty.
29. The proposals particularly affect lone parents and partners with younger children. The Government agrees that we should not wait until the youngest child is seven before engaging with parents. We believe they should develop plans to engage with the support that is available, to improve skills, prepare for work or address more significant problems such as debt, drugs or mental health. We want to pilot how such a system would work, and how personalised conditionality could be flexible, fair and effective. In particular, we want to explore how conditionality could be adapted to the age of the youngest child and the circumstances of the parent. We will consult on our proposals. For lone parents with younger children, we will also start by exploring what the regime might look like for parents with three to six year-old children. We will take powers to legislate for this approach and discuss proposals for piloting with stakeholders.

No one written off – enhancing support and control for disabled people

30. One consequence of the recessions of the 1980s and early 1990s was that hundreds of thousands of people were effectively written off on inactive benefits, with no support to get back to work when there were more jobs. We want to avoid repeating those mistakes now, to avoid the long-term social and economic costs they caused.

31. Our vision is a society where there is equality for disabled people. We are determined to take the steps needed to help them build their capabilities and increase the power they have over their lives. To support this goal, we have replaced Incapacity Benefit with the Employment and Support Allowance and made support through Pathways to Work available nationwide. This has improved the help available to disabled people or people with a health condition on benefits. Building on the Green Paper and the Gregg Review proposals, we want to go further in making sure that everyone gets personalised support, with a responsibility to engage with this support on their own journey back to health and back to work.
32. So, we will review the gateway to the Employment and Support Allowance to ensure that only those who are genuinely not capable of work are on this benefit. The Green Paper set out our plans to transfer all existing incapacity benefits claimants to the Employment and Support Allowance between 2010 and 2013.
33. By focusing the Employment and Support Allowance on people who cannot work, we can improve the support we offer them. Those with the greatest needs, will get a higher level of benefit, with an extra £17.60 a week for many of the poorest and most disabled people. For everyone else, over time, we will implement the 'Progression to Work' approach recommended by the Gregg Review starting with pathfinder areas from 2010.
34. People claiming the Employment and Support Allowance will be required to attend interviews with Pathways to Work providers and develop a personalised plan to get back to health and back in to work. This plan will be co-produced by the claimant and the adviser. We will legislate to allow advisers to decide what activity is appropriate for someone where an individual is not addressing their barriers to work. This could include addressing skills gaps or drugs misuse. However, in accordance with the Gregg model, we will not require people in this group to apply for, or take, specific jobs.
35. We recognise that the obligations should not all be on individuals. We also need to make sure that employers do not discriminate against people who are sick or disabled. So, we will double the budget for Access to Work, which helps employers meet the extra costs of employing a disabled person. This extra funding will also allow us to pilot greater flexibilities for people with a fluctuating health condition, and explore how we can best help people with mental health conditions.
36. We want to see a new right for disabled people, giving them greater choice and control over the public money currently spent on their behalf. We will legislate to give them a 'Right to Control', giving them the power to take a range of funding streams to which they are entitled as an individual budget, and trailblaze this approach in selected public authority areas before deciding next steps following evaluation.

37. We have already announced our plans to implement Dame Carol Black's Report on improving the health of the working-age population. In addition, Dame Carol is leading a board overseeing our mental health and employment strategy. We will also work across government to explore how, for people with mental health conditions, we can integrate health, work and skills services.
38. Finally, the Government is streamlining its existing equality legislation with the introduction of a single Equality Bill. We also recognise that we need to work proactively with employers to promote the recruitment and retention of disabled people, and we are working closely with employers and others on an employer-led campaign to do just this.

More support matched by higher expectations for job seekers

39. Our help for people on Jobseeker's Allowance is based on the principle of more support and higher expectations as an individual spends longer on benefit.
40. In the Green Paper, *No-one written off: reforming welfare to reward responsibility*, we set out our proposals which build on the reformed Jobseeker's Allowance process, which will operate alongside the Flexible New Deal. The White Paper confirms these plans, and includes more detail on our plans for trailblazing a Work for Your Benefit scheme. This will require people who have been on Jobseeker's Allowance for two years to participate in full-time activity, to develop their work habits and employability skills in return for their benefit.
41. We also intend to bring forward new legislation to make the sanctions regime within Jobseeker's Allowance clearer and more consistent and introduce a new sanction that will affect benefit entitlement after a first benefit fraud offence. We will also test out the escalating sanctions regime proposed in the Gregg Review, which supplement financial penalties with mandatory activity full-time activity for those people repeatedly not meeting their obligations.
42. We will also provide tailored support to help problem drug users to get off drugs and move into work. A new drug and employment programme will provide an integrated approach to drug treatment and employment support. This will give drug users the chance to turn their lives around. In return, we will expect drug users to take up this support, so that benefits are going to help people overcome their problems, not into the pockets of drug dealers.

Ending child poverty

43. The central purpose of our welfare reforms is to increase employment to release resources for our principal social justice priority: the eradication of child poverty by 2020. To underline the strength of our commitment, the Government will write its historic commitment to end child poverty by 2020 into law. Our reforms to increase support for, and expectations of, lone parents and partners of those on benefits, backed up by improvements in childcare and rights to flexible working, will help lift more children out of poverty in the years ahead.
44. This White Paper also confirms our plans to let parents on any income-related benefits keep all the maintenance paid for their children. So it is children, rather than the State, who benefit when payments are made. We are also bringing forward legislation to enable the new Child Maintenance and Enforcement Commission to withhold travel documents from non-resident parents when they refuse to contribute financially to their children's upbringing.

Conclusion

45. These reforms are based on a simple deal: more support matched by higher expectations. They mark a decisive step towards a personalised welfare state, where a simpler benefits system underpins the expectation that nearly everyone on benefits is preparing or looking for work. We are determined to continue our radical approach to reforming the welfare state to help people now and in the future – based on opportunity for all and responsibility from all.