



Chapter 4

The next steps towards full employment

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Introduction

1. The new 'Jobs Pledge', set out in Chapter three, will help to ensure that jobs are available to people who are currently shut out of the labour market. It means that stronger expectations can be set on individuals to look for work, but that more support also needs to be on offer so they can compete effectively for these jobs.
2. Central to our approach will be:
 - continuing our reforms to incapacity benefits: national introduction of Pathways to Work from April 2008, a new 'Employment and Support Allowance' replacing incapacity benefits from 2008;
 - helping more lone parents into work, by raising the expectations that lone parents with older children should look for work backed by extra support in the form of childcare, financial and employment support and help identifying jobs with suitable flexible working arrangements;
 - raising the expectations of what a job seeker should do to find work and matching this with more flexible and personalised support; and
 - joining-up the support we give people to find work and to improve their skills.
3. This will deliver a more flexible welfare system with strengthened rights and responsibilities and more integrated and individualised employment and skills support. The reforms set out below will move each of the current benefit groups closer to this overall vision.
4. This approach will be backed up with more investment in employment support. The Government has increased significantly its investment over the last ten years and is committed to building on this to provide more support for those without work. Since 1997, the Government has increased the level of investment in employment support for job seekers, lone parents and sick and disabled people from £280 million to over one billion pounds per year. Over the next four years the Government plans to increase this investment still further.

Plans for reform

Incapacity benefits: the next steps

5. The 2006 Green Paper 'A New Deal for Welfare: Empowering People to Work' set out our intentions for providing extra support to people with health conditions and disabilities. The delivery challenge is now to ensure the successful national introduction of Pathways to Work by April 2008. This will be taken forward by the private and third sectors. This will lay the platform of employment support for the new Employment and Support Allowance (ESA), to replace incapacity benefits for new customers from 2008.
6. The new benefit will be simpler and more modern. It will help people with health conditions and disabilities focus on their aspirations to return to employment where this is possible, and will provide financial and other support where this is not. Customers on ESA will be required to go through the Pathways to Work programme. As resources allow, we will strengthen the scheme, requiring existing ESA customers to undertake some form of activity that will improve their chances of getting a job in order to qualify for the full rate of benefit.

Helping parents into work, helping children out of poverty

Support for lone parents

7. Ending child poverty means we need to help many more lone parents off benefits and into work. To do that we need to develop our support to help lone parents plan a return to work, help them during the transition into work and equip them with the skills and confidence to succeed once they are in work. In our refreshed child poverty strategy 'Working for Children', published in March this year, we announced measures to help lone parents, including extending the In-Work Credit pilots and offering financial support for up-front childcare costs in London.
8. The flexible labour market in the UK delivers more employment opportunities for parents than in most other countries. The wider range of types and patterns of work enables more parents the chance to combine work with their family responsibilities.
9. However, childcare remains a key issue. The substantial extra government investment in childcare has made work a realistic option for many more parents. The number of childcare places in England almost doubled between 1997 and 2006. And the Government published a ten year childcare strategy for England, '*Choice for Parents, the Best Start for Children*', alongside the Pre-Budget Report on 2 December 2004 to build on these achievements and further strengthen childcare provision in every community.

10. More recently, the Childcare Act 2006 has placed important new duties on local authorities in England and Wales to secure sufficient childcare for parents in their areas who wish to work or train.
11. By 2010 there will be a Sure Start Children's Centre in every community – 3,500 across England – offering integrated services, including childcare, for young children. We are also pushing ahead with the development of extended schools which offer a wide range of services: childcare, study support and a range of family learning and parental support. Extended schools will provide integrated education and care from 8am to 6pm on weekdays all year round, not just during term time, for all parents who need it. By 2008 we expect to have at least half of all primary schools and a third of all secondary schools in England offering extended services. The Government wants all schools in England to be extended schools by 2010.
12. Childcare is a devolved issue, but the administrations in both Scotland and Wales have developed their own strategic approach to the provision of childcare and have invested significantly in this area. Both countries have made specific commitments to provide childcare support to help parents engage in work, education or training. The implications of the proposals in this Green Paper will be discussed further with Scotland and Wales.
13. We need to ensure that our support for lone parents is attuned to the particular needs of those with disabled children. We would welcome views on how this could be achieved. We are also aware that outcomes for some groups – parents with health conditions, those from certain ethnic minority backgrounds and in large cities – are worse than overall outcomes. We would welcome views on how this disparity could be addressed.

Expectations of lone parents

14. The Harker report maintained that if a strong package of support was in place for lone parents, including guaranteed access to affordable and suitable childcare and work that fitted with family commitments, there would be grounds for 'strengthening lone parents' responsibility to look for work as the logical next step'. The Freud report also considered that the time was right for a move in this direction. Similarly, the Organisation for Economic Co-operation and Development (OECD) has recommended that, with the right support in place, the UK should consider further extending work tests for lone parents. Indeed, the UK is rare amongst the OECD countries in having a specific benefit for lone parents with no worksearch conditionality attached. Most countries have moved, or are moving, towards tougher work obligations on lone parents.

15. We believe that we have indeed made sufficient progress not only on childcare but also in providing other support. We have:
 - made substantial strides in increasing the availability of childcare and this will be supplemented from April 2008 through the introduction of a duty on local authorities to secure sufficient childcare for working parents;
 - provided financial support to parents through the childcare elements of the Working Tax Credit;
 - introduced the right to request flexible working; and
 - increased investment in the New Deal and other employment support.
16. Given this substantial increase in support we believe it is right to expect more of lone parents with older children to help lift themselves and their children out of poverty.
17. Therefore, we propose that from October 2008, lone parents with a youngest child aged 12 or over will no longer be entitled to claim Income Support solely on the grounds of being a lone parent. They may be eligible to transfer to Jobseeker's Allowance where they will receive support in looking for suitable work or to move on to another appropriate benefit. We believe the case for this change is very clear.
18. However, on its own, this will only affect around one in seven lone parents on benefit. Correspondingly, the impact on child poverty, while important, will be small. We therefore also propose that this age should be brought down to a youngest child of seven years old from October 2010. Over time, this will affect nearly 40 per cent of lone parents currently on Income Support. By October 2010 the aspiration is that all schools in England will be extended schools providing a range of activities between 8am and 6pm on weekdays for 48 weeks of the year.
19. We are not proposing this because we seek to reduce benefit expenditure – the rates of benefit for Income Support and Jobseeker's Allowance are the same – nor to 'punish' lone parents. Nor will we force lone parents into jobs.
20. Our objective is to help more lone parents into suitable work, which they can combine with their responsibilities as a parent. This will boost family income and therefore lift their children out of poverty. In order to achieve this objective it is essential that lone parents get the appropriate support and advice both before and after they cease to be eligible for Income Support. We, therefore, propose that in the months before these changes takes place, affected lone parents will take part in more frequent Work Focused Interviews in which they will be offered support, advice and practical help. In particular, we propose that such lone parents will be offered a direct financial incentive – a Work Related Activity Premium – in return for undertaking activity directly related to preparation for entry to the labour market.

21. For lone parents who do move onto Jobseeker's Allowance, Jobcentre Plus advisers can tailor work-search activity to the customer's individual family circumstances, for example by allowing them to restrict their availability for work to school hours, or agreeing that part-time work of 16 hours or more might be more appropriate. In addition, advisers are able to take into consideration specific circumstances such as domestic emergencies or bereavement when assessing an individual's availability for work. We will also consider what other elements of the existing New Deal for Lone Parents package should be available for lone parents who are claiming Jobseeker's Allowance.
22. Other lone parents would be able to claim the appropriate benefit for their circumstances. For example, lone parents receiving Carer's Allowance for disabled children (or for caring for others) will be able to continue to claim Income Support should they wish.
23. We are also considering how to make the best use of flexible working:
 - on the national level, following the success of the introduction of the right to request flexible working for those with younger children and the recent extension to carers of adults, we will continue to examine the case for extending the right to request flexible working to parents of older children in the future;
 - locally, Jobcentre Plus will need to work closely with employers to identify flexible working opportunities for lone parents moving into work and with local authorities to identify suitable childcare.
24. For parents already in work, a relationship breakdown can too often be a trigger to leave employment and claim benefit. Helping more of these new lone parents to meet the changed demands of balancing work and family and enabling them to stay in work would be positive for them and their children.
25. And we want to make work pay. We do not wish to repeat the US experience, where welfare reform resulted in many lone parents moving into work, but remaining mired in poverty. We want to support lone parents into employment that reduces poverty for them and for their children as much as possible. In Australia, for example, reforms introduced in 2006 mean that parents with a youngest child over six are only obliged to accept an offer of employment which makes them financially better off than on benefit. We are attracted to this idea. We would like to be able to make clear to lone parents that the job vacancies that they are offered through Jobcentre Plus will indeed make them, and their children, better off. Also, in addition to the tax credit system which is there to try to ensure that work pays, we will consider the experience of the In-Work Credit pilots to determine what role such direct financial incentives can play.

Consultation questions

26. The Government's successful lone parent policies have been developed in partnership with stakeholder representatives and we wish to continue the debate on how we can meet our challenging lone parent employment and child poverty targets. We would be interested in hearing your views on our proposals, including the following questions:

Question 1: At the moment, lone parents are entitled to Income Support until their youngest child is 16. Is it right that this age should be reduced?

Question 2: What would the minimum age be?

Question 3: Should we do more to ensure that our support for lone parents is accessible and useful for all groups, in particular those with disabled children and those from certain disadvantaged groups and areas?

Question 4: More frequent Work Focused Interviews are currently offered to lone parents in the two years before their eligibility to Income Support is lost. As the age of the youngest child is reduced, should other forms of support be provided, and over what period prior to loss of eligibility?

Question 5: For lone parents who move onto Jobseeker's Allowance when they lose Income Support eligibility, what forms of support (in addition to those provided to Jobseeker's Allowance claimants who are not lone parents) should be available, and over what timescale?

Question 6: Jobseeker's Allowance recipients can, in certain circumstances, restrict their search for work to a minimum of 16 hours per week. Should additional flexibilities be available if the proposed changes are made?

Question 7: What form might a 'better off in work' assurance for lone parents take?

Question 8: Are any special provisions required for lone parents who move onto benefits other than Jobseeker's Allowance (for example, Employment and Support Allowance or Carer's Allowance)?

Question 9: In addition to the improvements in childcare provision and the right to request flexible working, is there further support that should be provided to help lone parents into work and support them whilst there?

Couple families

27. To tackle poverty and ensure full employment we also need to take more account of the parenting responsibilities and the circumstances of all families on benefit, ensuring we find effective ways to support them. Local authorities have been given a new role as champions of parents. They expect to provide fair access to high quality services, have a single commissioner to lead on developing a continuum of local services for parents and are under a duty to provide access to information about what is available.
28. We accepted the recommendations in the Harker report on this issue and are changing Jobcentre Plus' practices to make our employment programmes more family focused. In particular:
 - we are expanding certain elements of the New Deal Plus for Lone Parents to cover all couple parents in the current pilot areas and throughout London; and
 - we have increased the value of In-Work Credit, available to all parent benefit recipients in London, to £60 per week.
29. We are also introducing mandatory work-focused interviews every six months for partners of Jobseeker's Allowance customers with children, to discuss employment and set out the help and support available to this group. We will keep this under review. As with lone parents, work offers a potential route out of poverty for many of these families.
30. The proposals above deal with those currently receiving benefit. But most of the partners of those in work are not on benefit and do not at present automatically receive any advice or support if they wish to work. Of course, for many families on higher earnings, this is a deliberate and understandable choice. But for many other families on low pay, the lack of help to get into work can mean that their children remain in poverty. This is particularly true of families from a Pakistani and Bangladeshi background, where low pay and labour market marginalisation mean that well over half of all children are poor, even in working families.
31. Many partners in this position face significant barriers to employment. Yet the evidence shows that many could work and want to work. We must not stereotype certain disadvantaged groups or communities as 'choosing' not to work, and by doing so allow them and their children to remain stuck in poverty. Instead we must seek to break down the particular barriers that they face to full participation in the labour market and society. The Partners Outreach pilot for second earners started in February 2007 in six cities and will allow us to build our evidence base on how we can best engage with and support this group.

Question 10: What more could we do to help working families – especially those from the most disadvantaged backgrounds – improve their earnings and lift themselves out of poverty?

Question 11: What more could we do to help ethnic minority women, particularly of Pakistani and Bangladeshi origin, overcome specific barriers they face?

Carers

32. Carers play a very valuable role in society and being a carer will often be a full-time role. We have considered increasing the work-related responsibilities for carers and do not believe that this would be appropriate. However, we do need to do more to help those carers who wish to prepare for or return to work to do so. Periods of caring vary significantly, so raising the issue of work related activity when caring starts may not be appropriate in many circumstances. Carers and advisers view mandatory Work Focused Interviews at the start of a carer's benefit claim as ill-timed and ineffective. However, carers can volunteer for a Work Focused Interview at any time and we are raising adviser awareness of carers' issues to ensure they are supported appropriately.
33. We are reviewing the Prime Minister's 1999 Carer's Strategy to shape support for carers, including employment support. The Department of Health is leading this work which includes a nationwide consultation with carers and voluntary organisations. A UK-wide Interdepartmental Carers' Strategy Steering Group has been set up to ensure that the consultation and future strategy is jointly owned across government. An External Reference Group (including representation from local authorities, providers and the voluntary sector) is also being set up.

Personalised, responsive support for job seekers: the next steps

34. Under current arrangements job seekers are required to actively seek work in order to qualify for benefit and we support this through regular short meetings with personal advisers in Jobcentre Plus. Later on in the claim the mandatory New Deals have provided a successful programme of structured support and options for younger job seekers after six months on benefit and for older job seekers after 18 months.

35. We are proposing to build on the success of these arrangements both by steadily raising the expectations of what a job seeker should contribute and by matching this with increased support the longer someone is on benefit. Evidence from the Employment Zones has demonstrated the effectiveness of a more tailored approach to support, and the success of the New Deal has demonstrated the effectiveness of a strong focus on rights and responsibilities. The proposal here contains both elements.
36. We want to move away from the rigid distinctions of the current New Deals between age groups and introduce a new, flexible, personalised approach for longer-term, more disadvantaged customers. We also want to tap into the experience and expertise, not only of Jobcentre Plus, but also private and third sector organisations as well as other public bodies. A light touch assessment will be carried out early in the claim. Those customers facing particularly severe barriers to work would get fast-tracked help. Others who have a history of long-term reliance on benefits could face tougher responsibilities at the start of the claim, where appropriate. This would allow personal advisers in Jobcentre Plus to offer more intensive support at appropriate points in the claim and offer specialist providers more discretion over providing more flexible support according to individual needs, while maintaining the current approach of reserving intensive support for those who need it most or who have been on benefits for a long time.
37. Our new structure would have clear stages which would be understandable for customers and providers alike as a claim for benefit progresses. It would contain the following elements:
 - after an initial three-month period on benefit, job search requirements would be widened, based on travel to work, wage and working hours rather than by preferred employment or occupation;
 - after six months on Jobseeker's Allowance, customers would enter the Gateway stage with a formal review with a personal adviser to revisit the needs identified in the earlier Jobseeker's Agreement and to draw up a back-to-work action plan. The plan would select from a menu of activity and individuals would be expected to agree to and complete a number of activities. Each of the agreed activities would be mandatory; failure to comply would result in an appropriate sanction;
 - we envisage that this Gateway stage would also offer an opportunity to refer the customer to a skills health check and, if appropriate, training. The current proposals are for England. The Government aims to extend such provision across the whole of Great Britain, subject to discussions with the Scottish Executive and the Welsh Assembly Government;
 - after 12 months customers would be referred to a specialist return to work provider from the public, private, or voluntary sectors who would provide the most appropriate intensive, outcome-focused service, funded on the basis of results;

- customers still on benefit after a defined period, having failed to find work through a specialist provider, would be required to undertake a period of full-time work experience – in the community or with a regular employer – to ensure that every customer gets the opportunity to refresh their work skills; and
 - throughout the whole of this flexible regime the offer of increased help would be balanced with the responsibility on individuals to make the best use of that support or face a loss of benefit. This is an important part of the current mandatory New Deals and would continue to be a feature of the flexible New Deal. Jobcentre Plus would remain responsible for applying benefit sanctions where necessary.
38. The system would be built around the needs of the individual within a clear framework of mutual obligations. The individual's benefit history would shape their entry point to the regime. Most people, including those with a recent work history, would start at stage one and proceed through each stage until they are successful in finding work. Those whose benefit history suggests they may need access to more intensive help earlier could be fast tracked.
39. The new system would:
- strengthen rights and responsibilities by increasing the intensity of support and the customer's responsibilities as the claim proceeds – in up to four stages;
 - provide a flexible, personalised approach for longer-term and more disadvantaged customers;
 - focus on successful outcomes, rather than delivering particular types of support; and
 - build on the strengths of providers in both the public sector, including Jobcentre Plus, and in the private and third sectors.
40. The Annex says more about how the stages would work in practice and should help address the questions we are asking about them.

Consultation questions

41. Clearly, we need to get the balance right between the level of support available and what we expect of job seekers in return for their benefit. We therefore invite representations on the following questions:

Question 12: In exchange for more specialist support, are we right to ask more of those who have been unemployed and receiving benefit the longest?

Question 13: Should there be any exceptions to this approach of increased conditionality and increased support?

Question 14: Is a structured, progressive regime of support and conditionality at fixed intervals the right approach?

Question 15: Should some people be enabled or required to enter the Gateway stage more quickly than others, taking account of their employment history or needs? Which groups should be 'fast-tracked'?

Question 16: Should we require a period of work experience from those who do not succeed in getting work after benefiting from a more intensive level of help from specialist providers? How can we best ensure that this work experience is beneficial?

Ethnic minorities

42. We have made progress in raising employment amongst ethnic minority groups, although it still remains very low for some groups. First and foremost, through Jobcentre Plus and other providers, we need to ensure that all programmes continue to deliver higher employment outcomes irrespective of ethnicity.
43. We also need to tailor new approaches in the localities where ethnic minorities live, including through the Deprived Areas Fund and the City Strategy. We have learnt a lot about outreach and support from both talking to ethnic minority people themselves through our research, and through a range of innovative programmes including Jobcentre Plus outreach programmes, the 'Fair Cities' pilots which link training to job opportunities in Bradford, Birmingham and Brent, and other local pilots run through the private and voluntary sectors. We also want to absorb the lessons from these programmes in our plans to integrate employment and skills provision.
44. Employer discrimination is a major factor in explaining employment disadvantage for ethnic minorities. In the 2005 Pre-Budget Report, the Chancellor commissioned the Business Commission on Race Equality in the Workplace, including major private and public sector employers, to look at how best business and Government can tackle these issues. The Business Commission are due to report later this year. We will consider carefully the views of business leaders on how best to support employers to tackle discrimination and promote equality in the workplace. As one of the lead Departments progressing the Government's Single Equalities agenda, DWP will seek to apply lessons learnt here to other groups facing labour market disadvantage due to discrimination, such as disabled people. We will also work closely with the new Commission for Equalities and Human Rights to take a common approach wherever appropriate.

45. We will continue to listen to ethnic minorities and employers themselves about the barriers they face, and the solutions they suggest. We will work through the Ethnic Minority Employment Task Force to connect directly with employers and ethnic minority women in a major consultation event in the autumn.

16-17 year olds

46. The Government has responded to the challenge of the youth labour market with a range of policies and initiatives. Reforms for 14-19 year olds are giving every young person a new entitlement to mastery of the basics; to better and more engaging curriculum choices; to highly-valued qualifications, including fourteen new employer-led diplomas that recognise their talents; and to more stretching routes that enable progression into employment or further learning.
47. More recently, the 2007 Budget announced Activity Agreements for 16 and 17 year olds in England who are not in education, employment or training and are in receipt of Jobseeker's Allowance. The intention is to help them to re-engage, and take up their statutory right to an appropriate place in education or training, or to find a job with training.
48. We need to ensure that a rigorous, universal and continuous engagement strategy is in place, and to deliver an effective and consistent service across the country to ensure that 16 and 17 year olds are in education or training either full-time or while working. A key part of this strategy is the partnership at a local level between Connexions (and equivalents in Scotland and Wales) and Jobcentre Plus, to engage and support young people.
49. For the future, the Green Paper 'Raising Expectations: staying in education and training post-16', published in March 2007, set out proposals to raise to 18 the minimum age at which young people in England can leave education or training. The Government has recently announced its intention to legislate to this effect.

The lowest skilled

50. In his recent review, Lord Leitch highlighted the importance of improving the skills of the UK workforce, particularly for those who are out of work. Delivering this will contribute to reduced unemployment and inactivity, whilst also increasing UK productivity and competitiveness. Leitch saw the welfare to work system, and Jobcentre Plus in particular, as key to making this happen. Responding to the challenges set out in the Leitch review will require a combined effort across Government departments, Devolved Administrations and delivery partners. Lord Leitch's review covered the whole of the skills system and a dedicated, formal response, ('World Class Skills: Implementing the Leitch Review of Skills in England') will be published alongside this document.

51. We recognise the importance of assisting unemployed and inactive people in moving from worklessness to employment. As set out in Chapter two, we know people without the right skills fare badly in the labour market. We need to develop an integrated employment and skills system to enable people to compete effectively and succeed in the labour market, giving them the skills to progress in work and to lift themselves, and their families, out of poverty.
52. The following proposals have been developed for England only. The Scottish Executive, Northern Ireland and the Welsh Assembly Government are actively considering Leitch's recommendations and how such integration might work for their countries.

Integrating employment and skills

53. Early identification of customers for whom a lack of skills is a barrier to gaining work is crucial. As part of the new, flexible New Deal regime, Jobcentre Plus personal advisers will identify those customers needing the greatest support when they make a new claim to benefit. For inactive customers the Work Focused Interview provides the opportunity for a discussion of skills needs.
54. Customers identified with obvious skills needs will be referred for a more specialist, in-depth skills health check, including literacy, numeracy and language need, provided by the new Adult Careers Service. As a result of their assessment, customers will be offered a range of training and development options to address their skills needs. These may include the opportunity to acquire formal qualifications, or to develop employability skills, such as team working and effective communication. The Jobcentre Plus employment adviser will then discuss with the job seeker and agree what training should be built into their back-to-work plan.
55. Delivering an integrated employment and skills service will require Jobcentre Plus to find the right balance for its customers between looking for work and developing their skills, with an objective of providing them with the skills they need to get a job; and the motivation to continue their learning once in employment.
56. Throughout their claim, customers will be reminded of the importance of continuing to develop their skills, and of their right to an ongoing relationship with the Adult Careers Service, either face-to-face or via the telephone and internet services. Jobcentre Plus and the Learning and Skills Council will also work with employers through the Local Employment Partnerships (see Chapter three) and will promote in-work training for employees, especially through Train to Gain. The new UK Commission for Employment and Skills will play a key role in giving employers a voice at the heart of the employment and skills system, and providing strategic advice to Government. Jobcentre Plus will work closely with the Learning and Skills Council and training providers to ensure that suitable training is offered, and that benefit claimants are only referred to training that will deliver the skills needed by employers.

57. Driving this new service in England will be a shared objective for DWP and the Department for Innovation, Universities and Skills of sustainable employment and progression, as recommended by Leitch. This will ensure that the system, including the key delivery partners, Jobcentre Plus and the Learning and Skills Council, is focused on delivering integrated employment and skills outcomes.