

## **British Government response to the British-Irish Parliamentary Assembly (Tionól Parlaiminteach na Breataine agus na hÉireann) Report from Committee D (Environment and Social Affairs) on Returning the Unemployed to Work (Doc No. 167)**

### **Introduction**

1. The British Government welcomes the Report of the British-Irish Parliamentary Assembly Committee D (Environment and Social Affairs) on “Returning the Unemployed to Work” (Doc No.167).
2. The British Government is committed to fighting poverty, supporting the most vulnerable and helping people break the cycle of benefit dependency by establishing a system of tailored employment support to help people move into work and realise their potential.
3. Following consultation, the British Government has announced its intention to introduce a Universal Credit which will simplify the benefit system and ensure that work pays.
4. The British Government is also reforming support by replacing many current schemes with the Work Programme. This will radically simplify the back-to-work system and enable services to be delivered and led by local people and organisations to meet the particular needs of their community.

### **The British Government Response to the Recommendations**

#### **Recommendation A**

**We recommend that the UK Government urgently review the operation of the 16-hour rule, with a view to making it much more flexible and turning it into a tool to help people into work rather than acting as a cap on how much they can work.**

5. The British Government agrees with this recommendation and has announced the introduction of the Universal Credit which will effectively remove the 16 hour rule.
6. The benefit system is too complicated and can encourage dependency rather than helping people into work. The financial gains from entering work are not clear enough and the complexity of the system means that some people think that moving into work may risk the security of their household income.
7. Universal Credit will replace the current income-related benefits and Tax Credits for working-age people, with more generous earnings disregards and a single, reasonable withdrawal rate or taper.
8. This will make the benefits of work clearer and simpler: encouraging people to move into work and see the financial benefits of increasing the number of hours they work.

#### **Recommendation B**

**We urge governments not to lose sight of the long-term unemployed and to prioritise finding work for them, regardless of the macroeconomic situation.**

9. The British Government agrees that tackling long-term unemployment is essential to breaking the cycle of benefit dependency that afflicts some communities in the United Kingdom. Unemployment and benefit dependency are bad for benefit recipients, bad for communities and bad for our society.
10. There has been no significant improvement in overall employment rates in the United Kingdom in the past decade. Only through radical reform will we be able to get people off out-of-work benefits and into work.

11. Therefore the British Government will introduce the Work Programme by summer 2011. The Work Programme will help a wide range of benefit recipients find work: from Jobseeker's Allowance recipients who have been out of work for some time, to people who may have been receiving incapacity benefits for many years. The Work Programme will be an integrated programme of tailored support that will be flexible to people's needs, local labour market circumstances and priorities. The core programme will be delivered by contractors drawn from the private, public and voluntary sectors, as well as social enterprises.

### **Recommendation C**

**On the basis of our observations we think it essential that governments recognise that returning the long-term unemployed to work is not a simple process for which there are easy answers; it is long-term and some of the measures necessary may not yield immediate or measurable results.**

12. The British Government agrees that supporting the hardest to help back to work, including the long-term unemployed, can be a long and complicated process. Many unemployed people, especially those who have never worked or who have been out of work for a long time, need support to build confidence, develop their skills and gain some experience before they can be successful in gaining employment and stay in work.

13. The Work Programme will give providers freedom to design support based on the needs of individuals and target the right support at the right time.

14. We will always expect some people to move into work without additional help, but a new funding model will aim to pay providers for delivering above and beyond this. We will offer providers higher rewards for supporting harder to help customers into employment to ensure that everyone receives appropriate employment support. This delivers better value for money than previous programmes that often paid for job outcomes that would have happened anyway.

15. A range of additional specific support measures will be put in place to help people return-to-work, including support for people before they enter the Work Programme. We will:

- encourage sharing of skills and experience through Work Clubs. The new Work Clubs scheme will provide unemployed people with a place to meet and exchange skills, share experiences, find opportunities, make contacts and get support to help them in their return to work;
- encourage volunteering as a way of developing skills that will help people gain employment and progress in work;
- introduce new pre-employment training, work placement and work experience opportunities;
- introduce a New Enterprise Allowance to help people who have been unemployed for six months who want to start up their own business.

16. We are also looking at the design of support for people who may still not have found work after participating in the Work Programme. For the first time we are designing an end-to-end process that is clear, coherent and minimises duplication.

17. As well as reforming the support to help people gain employment we also want to ensure that there is an incentive to work, particularly for those who have been unemployed for a long time and become trapped in a cycle of benefit dependency. That is why we are delivering a real change to the benefits system by introducing the Universal Credit.

## **Recommendation D**

**We were pleased to hear that the Rhyl City Strategy Board was not concerned with theorising, bureaucracy or procedures, but was focused on delivering results. That can be seen as a model for elsewhere.**

18. On a national level, the Department for Work and Pensions is moving away from intervention-based employment programmes such as the New Deal towards contracted support where payment is on the basis of results.
19. The Department's plans for the Work Programme will give suppliers considerable scope to deliver innovative services that will deliver work outcomes. The Department will not determine nor prescribe what services providers deliver to individual clients but will measure providers' achievement of successful work outcomes. Payment by results is integral to the new funding model.

## **Recommendation E**

**We were particularly impressed by how the Rhyl City Strategy is operating and the innovation shown by those involved in it. Its momentum is maintained by inspired and effective leadership. It seems to have gained the trust of the local community—not an easy task in such an area—and is a good example of bringing together local people and organisations to tackle local worklessness. Whilst it is in its particulars unique to Rhyl, the working methods are something that governments across jurisdictions can learn from.**

20. The British Government agrees that bringing local people and organisations together under inspirational local leadership can be effective. We need to harness a wide range of talent, ideas and good practice from business, public and voluntary sectors and local deliverers of services. With this help we will improve the support offered to help people into work.
21. The Department for Work and Pensions (DWP) is working with the devolved administrations to ensure that evidence of good practice from the City Strategy Pathfinders and lessons learnt in developing excellent local partnership working and effective leadership influences future policy in England, Scotland and Wales.
22. Although City Strategy funding ends in March 2011, some City Strategy Pathfinders in England may continue (for example, the City Strategy Pathfinder in East London will continue because of preparations and legacy arrangements for the 2012 Olympic and Paralympic Games). Others will be incorporated into the developing policies for local based service provision including the British Government's proposals for Local Enterprise Partnerships in England.
23. The additional discretionary funding to help tackle worklessness in the most disadvantaged areas of Great Britain, available through the Deprived Area Fund, also encourages the development of local solutions to local problems by devolving decisions to the sub-regional level. Future additional funding for disadvantaged areas will depend on the outcomes of the spending review. But DWP are considering proposals for directing such discretionary funding to Jobcentre Plus districts in Great Britain to help tackle deep-seated unemployment and multiple disadvantages in the areas with greatest need. The aim would be for Jobcentre Plus to encourage local responses to local priorities, contribute to the development of local partnership approaches to these issues and develop the contribution of voluntary and community organisations.
24. The design of new Work Programme and associated support is also built on the principle that local partners are critical to the delivery of successful employment outcomes and in securing improvements to our employment services. For example:

- Work Programme Providers will need to work side by side with residents and local partners if they are to be successful and deliver the best possible outcomes.
- DWP will not prescribe who should set up Work Clubs but will help those interested in getting involved develop and implement their proposals, encourage inspirational leadership and partnership working at a local level. DWP is keen to engage local employers in the development and operation of Work Clubs to help ensure they are influenced by what employers need and want locally.

### **Recommendation F**

**We recommend that the UK Government review the age range of the Future Jobs Fund, and seriously consider whether it should also cover those aged 16 and 17.**

25. The Future Jobs Fund was created as a temporary measure to provide extra support for young people and older jobseekers during the recession. Unemployment has not risen as far, or as fast, as forecasts projected and given the current budget deficit, it is right that the Government takes decisive steps to secure long-lasting benefits rather than temporary changes to unemployment. We will not accept any new bids for funding and we have tightened up the way that grants are managed. This will save £290 million in the current financial year.
26. Next year the Department for Work and Pensions will introduce the Work Programme that will provide better targeted and more effective support to young people and the unemployed.

### **Recommendation G**

**We recommend that public sector procurement policy changes to give greater weight to the social benefits that contracts can achieve, and in particular that the effect on employment in the local area be given considerable weight.**

27. The Department for Work and Pensions (DWP) has been at the forefront of UK cross-government activity in the development of sustainable procurement policies that address diversity, equality and the social impacts of sustainability.
28. DWP procurement policy has been developed to ensure that suppliers demonstrate the importance of positive social benefits when providing services to the Department and understand the actions required to achieve those benefits.
29. Tenders from bidders for Welfare to Work contracts must show how their services will impact on the employment rates within specific localities and how they will address diversity and ensure equality. In order to ensure that the particular needs of individuals are met and no one is excluded from support, providers are encouraged to work with a wide range of local partners, including specialist voluntary sector organisations.

### **Recommendation H**

**We recommend that each jurisdiction should review in the round the various schemes they have for assisting the workless, with a view to simplifying and reducing the number of schemes to make them more accessible to the unemployed and those looking to help the unemployed.**

30. The British Government welcomes this recommendation and is committed to reforming the benefits system and reducing the complex array of support schemes.
31. To get Britain working again we are radically simplifying the back to work system and replacing a whole array of existing employment schemes, pilots and projects with one new Work Programme that will be able to deal with complex and overlapping barriers to

work and make support easier for unemployed people, service providers and advisers to understand and use.

32. The introduction of the Universal Credit will also make it easier for people to understand their benefit entitlement, the impact of working on their household income and ensure that work pays.

### **Recommendation I**

**We recommend that governments and all those involved in the back to work agenda recognise that it is essential that all aspects of it are focused on local needs and, where possible, delivered locally.**

33. There is evidence that some services are more efficiently and effectively delivered centrally either online, or by telephone. It is also important, to ensure fairness, that some matters continue to be determined nationally, for example eligibility for and rates of benefit.
34. However, as we have indicated in the response to Recommendation E, the British Government is committed to ensuring that approaches to employment support meet local needs and believes that local partners are critical to the delivery of employment outcomes.
35. Local partners will know how local labour markets work in their areas and what barriers local people, especially those with low skills face. That is why they are a key part of the new Work Programme. Alongside this, to provide a coherent package of support, the Department for Work and Pensions are designing a more flexible advisory service in Jobcentre Plus, giving local offices more control over deciding the services that will be most responsive to individual and local needs.
36. The Department is also working with six local authorities to investigate how resources directed at worklessness could be better coordinated to maximise the collective impact, exploring the scope for co-designing services and how duplication can be avoided.