

Economy Scrutiny Sub-Committee

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In Work, Better Off: next steps to full employment Department for Work and Pensions (DWP) Green Paper

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Purpose of the Report

1. This paper will update Scrutiny regarding the main proposals contained in the recently published Department for Work and Pensions (DWP) Green Paper, *In Work, better off: next steps to full employment*. It sets the scene for agreeing an initial response to the consultation process on this topic.

Background

2. On 18 July 2007 the DWP published the Green Paper *In Work, better off: next steps to full employment*. The paper sets out proposed changes to the services that the Government provide to the most disadvantaged people in society in order to improve their ability to participate in the labour market. It should also be noted that this Green Paper recognises the need for the proposals contained therein to complement proposals and drive forward progress on issues raised in recently produced reports such as the Freud Welfare to Work Report, the Harker Report on Child Poverty and the Leitch Review of Skills. One of the central concepts adopted in all of these reports is the need for partnership between the individual, Government and business, with a growing significance on engagement with business.
3. The Green Paper has been released for consultation with a number of questions relating to both the principles behind the proposals and issues relating to their implementation. These are important questions for the County Council to consider before the consultation deadline of 31 October 2007. Once the consultation is complete DWP will produce a summary of responses received and give respondees the opportunity to comment on them. In effect, this provides the opportunity to make a preliminary response, which can then be modified in the light of the DWP's summary of responses. The consultation contains 16 questions; attached at Appendix 2 together with a commentary on each point. They are quite detailed in their exploration of changes to the rules and parameters about Income Support, Work Focussed Interviews, Jobseeker's Allowance, Employment and Support Allowance, Carer's Allowance and the point at which the Gateway stage is entered. These are matters which relate to the practical implementation of the programmes. The

direct relationship between them and the strategic economic development topic which is the key focus of the Board's work requires a close understanding of their operation. The commentary in italics with the questions at Appendix A is intended to indicate factors to consider rather than be definitive in nature.

4. The aim of the proposed reforms is to achieve full employment – the practical meaning of which is an employment rate of 80%. The current employment rate for Great Britain is 74.1%, the North East rate is 70.6% and the County Durham employment rate is 70.4%. The scale of the challenge is therefore much greater in the North East and County Durham. It would take an additional 18,400 jobs in County Durham to achieve an employment rate of 80%. (APS)

The Proposals

5. In addition to the 16 consultation questions, there are also broader matters considered in the Green Paper, particularly:
 - It proposes to build on the Local Employment Partnerships announced in the 2007 Budget in the form of a new 'jobs pledge' This is perhaps the most interesting proposal contained in the Green Paper due to the fact that it aims to create 250,000 jobs for the long term out of work.
 - A new support mechanism that encourages lone parents with punitive measures in order to persuade them to re-enter the labour market is contained in the proposals. Lone parents with a child over 12 years old will no longer be entitled to Income Support solely on the basis that they are lone parents; from October 2010 it is proposed that this age reduce to seven years old.
 - Reform of the New Deal aims to make it more responsive to the needs of individuals with complex barriers to re-entering the labour market. It is proposed that age group restrictions will be removed from the New Deal.
6. Further integration of the skills and employment agenda are outlined in the Green Paper, reference is made to the importance of the Adult Careers Service (announced in the Leitch Implementation Plan) and the importance of close collaboration between the LSC and Jobcentre Plus. In this respect the proposals in the Green Paper build on the Leitch Implementation Plan, not least in the placing of those two agencies at the heart of service delivery.

Recommendation

7. The Green Paper provides the opportunity for Durham County Council to put forward its views. Cabinet considered this report and the draft response at Appendix A was used as the basis for a response to the Department for Work and Pensions.

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Appendix 1: Implications

Finance

None.

Staffing

None.

Equality and Diversity

None.

Accommodation

None.

Crime and disorder

None.

Sustainability

None.

Human rights

None.

Localities and Rurality

None.

Young people

None.

Consultation

None.

Health

None.

Appendix 2: Green Paper – “In Work – Better Off” response to Consultation 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?

Lone parent organisations point out that whilst many lone parents wish to work, there is often a skills gap at the point when they wish to return to work. It's suggested that the focus should be on keeping lone parents' skills up to date and on continuing to ensure that for those many lone parents who choose to work flexibility and support as carer enables them to remain employed.

In this context, it could be suggested that compulsion should not be considered. Whilst there have been great strides to increase flexibility within the workplace, this right is not absolute and anecdotal evidence suggests that flexible working around childcare and other caring situations is a reality only in larger public, voluntary and private sector organisations. In consequence, there are potential implications regarding the contact time between an employed children and a lone parent which could adversely affect their opportunity to deliver their parenting responsibilities.

There is concern over the problems of antisocial behaviour, which with children require parental input. Compulsion could mean that unacceptable behaviour involving children may increase as parental control could be lessened.

Preserving entitlement to Income Support until the youngest child reaches 16 will ensure that those who have children with additional needs will be able to provide that support appropriately without being subject to further “gate keeping”.

Question 2: What would the minimum age be?

It could be suggested that the age remains 16 as at the moment.

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?

It could be suggested that moving people from the inactive benefits to active benefits – such as Jobseekers Allowance – is the only way in which it will be possible to move towards the Region and County employment targets. At present substantial effort is being made to support those claiming Incapacity benefit and Severe Disability Allowance into work. The suggestion is that effort also needs to be made with lone parents and that this is one way of delivering that.

The concern is to ensure that this doesn't detract from parenting responsibilities and place too much pressure on the lone parent. It may be that it is useful to sensitise lone parents early, rather than come in strong later in the process. Much depends on the quality and appropriateness of the support package that is put in place as part of the Every Child Matters, extended school, and wrap around school service agenda.

The challenges thrown up by rural areas need to be considered, with a range of support in different forms being provided.

The issue of childcare is difficult to resolve but in order to support the progression of lone parents already in work it could prove helpful to extend the arrangements under Working Tax Credits for childcare payments to include training and education outside work. This could have particular implications for those with disabled children.

Against these questions, and several others, it may be more appropriate to consider a range of dates, or a latest stage at which action should be taken. There is an argument which suggests that the proposals take too little account of the individuals who are the subject. Circumstances will vary considerably and there is need to allow flexibility for the steps to be taken at different stages and levels depending on the circumstances of those individuals.

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?

This must be carried out sufficiently early to allow for decisions to be taken regarding training / skills development to suit. It could be suggested that this support start within the first few years of becoming a lone parent, after sufficient time has elapsed to enable someone to “find their feet”.

It could be suggested that a range of support measures could be considered. These could include an increase to the earnings disregards for those on mean-tested benefits, which would encourage the taking of part-time work and the development of “permitted work” or “work trial” schemes, similar to those which already exist for those on Incapacity Benefit or Jobseekers Allowance.

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?

It is key importance to allow those making these changes to be given “day 1 eligibility”. In addition, there could be greater flexibility about the potential gap between the number of hours that they are able to deliver and the target 37.

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?

Greater flexibility could be allowed, depending on the assessment of personal advisers within Jobcentre Plus, regarding the lead time allowed to take up offers of employment, as well as flexibilities about the nature of the work, the hours of work and the travelling distance away from home or place where childcare is provided.

There would seem little point in reducing the minimum hours required to less than 16 as this would mean continued entitlement to benefit, which would be self-defeating.

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

While the calculation of a financial "break even" point, which includes factors such as loss of Housing Benefit, mortgage interest payment and free prescriptions, is a useful measure to reassure lone parents there are also other factors which need to be considered in such assurances. These could include further support with progression within employment, and help with childcare through Tax Credits.

Such an assurance would also need to include a commitment not to punish failure by requiring renewed qualifying periods for benefits. There should be immediate "re-eligibility", with quick administration for those who have attempted employment and for whom things haven't worked out.

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)?

This is another area where there is a need to tailor action to suit the circumstances of the individual; a mechanistic approach should be replaced by one which allows scope for flexibility.

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?

Support for employers could be critical in enabling new measures to be successful. As the move is made to more local arrangements with smaller companies, those companies restricted capacity to cope with the demands of re-entrants to work need strong support, perhaps through establishment of mentoring schemes.

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?

The simple answer is the early development of skills for the lone parents to take to the employment market. The key to success is making the acquisition of those skills feasible for the lone parent and relevant to the local employers; rather than an assumption of their needs based on national / regional data.

More emphasis on the take up of benefits for disabled children and their families and improvements to these would also make work a more attractive option.

Consideration could be given to increasing the maximum childcare costs Within Working Tax Credits for disabled children.

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

Ethnic minority numbers in County Durham are relatively small, although this does mean that for those who are present the challenges can often be greater as they are without peer support. In these circumstances the most effective route may be to provide stronger support for established organisations and programmes.

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?

The issue of full employment needs to be addressed here as they are many disabled people in receipt of Incapacity related benefits who do actually participate in the labour market under Supported Permitted Work or Permitted Work rules as the less than 16 hours suits their individual needs. This type of support is specialised and there are supported employment services that facilitate this and this should not be lost.

This type of support is essential in two ways:

- To assist disabled people in feeling confident and building up skills to help them progress onto 16 hours or more and therefore moving off Benefits and moving on into 16 hours or more*
- Some people with disabilities health is deteriorating and the few hours a few week employment gives them social inclusion and fulfilment in being able to work*

There are a lot of disabled people in receipt of Incapacity related benefits who have never worked and need the intensive support which is currently available to them and they do want to find employment. Currently this is a provision for disabled people under Jobcentre Plus, Workstep. Jobcentre Plus contract with various providers, including local authorities, to work intensively with individuals to assist them in securing and retaining employment.

Additionally, the Green Paper stipulates that DWP want to use specialist employment providers within the Private and third party sector, which appears to leave no role for well-established local authority specialist employment providers; this is not satisfactory.

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

For these questions, which appear to be leading in the direction of a mandatory element of compliance in order to qualify for entitlement to benefit, it is perhaps more useful to suggest greater efforts to sell the benefits of employment and clearly lay out the responsibilities which accompany increased specialised support at the time of delivery.

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

There should be greater flexibility, whether through setting out a “sliding scale” of intervals and / or maximum and minimum dates for trigger points. Need to ensure that individual’s needs are put at the forefront and that the work is person centred and not just a target driven 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’?

As Question 14 but also people with disabilities who have found it harder to engage in the labour market should be fast-tracked to a specialist provider be it public, private or third party sector, ensuring that they are receiving the correct support to engage them in the labour market.

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?

There are many matters to consider in carrying forward work experience. It is of vital importance to learn the lessons from all of the types of programmes that have previously been operated. Adequate vetting and monitoring of employers will require increased resources if it is to be carried out effectively against a background of increased engagement with SMEs.

Providers who are giving the intensive support should, as part of the process, be allowed to look at work experience opportunities for claimants who need this to ensure they move closer to the labour market. This of course should be timebound and monitored to ensure that there is progression.