

***In work, better off:
next steps to full employment***

**The Government's
Green Paper
on
Welfare to Work**

**Consultation response
from**

TAEN - The Age and Employment Network

October 2007

Government Green Paper on Welfare to Work – *In work, better off: next steps to full employment*

TAEN response to the consultation, October 2007

Background

This Government Green Paper was published in July 2007. The Department for Work and Pensions (DWP) invited responses to its consultation by 31 October with a view to a report and outline of planned next steps after the end of January 2008.

In work, better off sets out proposals to deliver a step change in the support offered to those who are most disadvantaged in the labour market. The goal of full employment matters for people because the chance to work opens up the chance to progress, to develop and to participate fully in society.

At the heart of the proposals is a new 'jobs pledge', linked to new Local Employment Partnerships announced in the 2007 budget. The Government is aiming for employers to offer 250,000 job opportunities to the long-term out-of-work.

The Green Paper builds on measures in the 2007 Welfare Reform Act, the work of the Work and Pensions Select Committee and recent reports by David Freud on welfare to work (1), Lisa Harker on child poverty (2), and Lord Leitch on skills (3).

(1) *Reducing dependency, increasing opportunity: options for the future of welfare to work*, March 2007

(2) *Delivering on child poverty: what would it take?*, November 2006

(3) *Prosperity for all in the global economy – world class skills*, December 2006

Summary of TAEN's recommendations

1. There should be a clarification from DWP on why a shift in welfare to work policies has taken place so that the major component of older workers in the employment rate target of 80 per cent has all but disappeared.
2. The components of the target 80 per cent employment rate should be clarified, including two million over-50s (whether above or below state pension age) and the assumptions about the overlap with the one million increase in disabled people in work.
3. Next steps to full employment must be about the economically inactive and hidden unemployed, not just those on welfare benefits. Jobcentres should have clearer guidelines about how much help they can give to job seekers not on benefits and there should be no circumstances when Jobcentres indicate that they are not concerned about such people.
4. The end of New Deal 50+ should be announced because the current pretence that it is still nationally available is misleading to clients and brings welfare to work services and Jobcentre Plus into disrepute.
5. Performance monitoring of the Jobs Pledge should include information about the age cohorts of people taking up jobs in order to ensure that the Pledge works effectively for all age groups, not just first time job entrants.
6. Follow up work to the Green Paper should make clear that the expansion of Pathways to Work is only for the *flow* of new claimants onto the benefit, not existing claimants (the *stock*). There should be a statement of the impact of this change on the prospect and timetable for the target to get one million people off incapacity benefit/ Employment and Support Allowance.

7. There should be an explanation of the specialist support for older job seekers implied by question 12 but not described in the consultation.
8. The new three-stage process risks creating a new set of rigidities with little relevance to the customer. There should be maximum flexibility to move faster or slower to the stage which will best meet the customers' needs. In the case of many over-50s, often with a mix of barriers to employment, we recommend that this allow for faster movement to the 'post 12 months on benefits' phase.
9. The flexible and fast track approach should be readily available for older customers, as it is for those with disabilities.
10. Performance measures for in-depth skills health checks should be published by age group, gender and ethnicity to demonstrate that the service is concentrating on those age segments with the lowest skills.
11. Main contractors should be required to demonstrate alliances and working relationships with specialists on the age dimension of their services. Performance measures for welfare to work programmes run by contractors should demonstrate more effectively than they do today whether success rates are maintained across all age groups.

The consultation questions

Comments are requested on 16 questions. In TAEN's view, the questions asked are not representative of the issues addressed nor of the title of the consultation in respect of '*next steps to full employment*'. The following analysis of the numbers of questions about specific issues is an indication of the somewhat skewed orientation of the Green Paper and consultation exercise:

- Nine questions relate specifically to lone parents where the target is an increase of 300,000 in work, representing one-tenth of the growth required to meet the 80 per cent employment rate target;
- One question relates to working families;
- One question relates to ethnic minorities;

- Five questions relate to the new staged job search support process, the Employment and Support Allowance and reform of New Deal;
- No questions relate to demographic change and older workers even though the forecast increase of two million over-50s in work represents two-thirds of the growth in employment needed to reach the 80 per cent employment target.

TAEN's response addresses the final five questions. We also provide recommendations on actions on several points which we not believe have been sufficiently addressed in the consultation document.

An all-age welfare to work reform

Older workers were a major component of the Green Paper *Simplicity, Security and Choice* (2002) and the Green Paper, *New Deal for Welfare* (2006). In 2005 the Department for Work and Pensions, the lead department for older people, issued *Opportunity Age* setting out the Government's agenda on responding to demographic change. Extending working life was also a key element of the work programme devised to follow up The Pensions Commission's recommendations.

In contrast, older workers and demographic change have almost disappeared from *In work, better off*. The only mentions these issues receive are in one paragraph on page 22 and five lines on page 27. They hardly feature in the Executive Summary (paragraphs 40, 44, etc). There is no indication of the progress that has been made in the last ten years.

The references in the Green Paper to the various New Deals, generally ignore New Deal 50+. (For example, see chapter 1 paragraphs 4-5 and others). The references in the Green Paper to people at a disadvantage in the labour market consistently fail to mention older job seekers (paragraph 13 of the Executive Summary, page 35, etc).

The discussion of low skills does not acknowledge that the greatest concentration of low skills as measured by qualifications is amongst the over-50s (Chapter 2, paragraph 17). The statement that "unemployment is a fading memory" would not resonate well in regions such as the North East where male economic inactivity among those over 50 is well over 50 per cent.

Chapter 4 contains no discussion about how the next steps towards full employment are going to work for older people in spite of the barriers they face. From *In work, better off*, one would be unaware that progress towards the *80 per cent in work* target depends more on maintaining the growth of employment of over-50s (including those with disabilities) than any other single issue.

TAEN requests a clarification from DWP on why this shift in welfare to work policies has taken place.

In the Executive Summary (paragraph 17) and Chapter 2, paragraph 4 it is not made clear that the growth in over-50s in work is expected to be one million in addition to one million needed to keep up with the shifting age cohorts of working age people. The position is correctly stated, however, in the parallel consultation paper *Flexible Retirement and Pension Provision* (paragraph 13).

TAEN requests a confirmation of the components of the target 80 per cent employment rate, including two million over-50s (whether above or below state pension age) and the assumptions about the overlap with the one million increase in disabled people in work.

The main reforms - TAEN support

TAEN supports many aspects of the proposals set out for consultation. We support the case for full employment and its impact on health and well-being of communities (Chapter 2 paragraph 1). We agree with the five guiding principles of labour market policies (paragraph 20 of the Executive Summary and Chapter 3 paragraph 2).

We agree with several major aspects of the proposals (subject to TAEN's recommendations set out below):

i. Generic all-age New Deal

We approve of the move to a *generic all-age New Deal* with increased flexibility to meet individual needs. We recognise that the era of different New Deals for different age groups is over.

We recommend that the end of New Deal 50+ is announced because the current pretence that it is still nationally available is misleading to clients and risks disillusionment to them.

ii. Joining up employment and careers advice

We support the Green Paper's recommendations and proposals in this area.

We agree on the need to join up employment and skills services of Jobcentre Plus, the new universal careers service and the skills provision for those with few qualifications.

iii. The Jobs Pledge programme and Local Employment Partnerships

We support the development of the *Jobs Pledge* programme and *Local Employment Partnerships* though we believe the performance outcomes of the Job Pledge should be carefully monitored with regard to the success rates for older workers.

We request that performance monitoring of the Jobs Pledge include the information about the age cohorts of people taking up jobs under the programme.

The risk is that performance will relate overwhelmingly to under-30s as so much of employer recruitment is focused on young entrants. The examples of Job Pledge programmes (Chapter 3) in the Green Paper mention proportions of ethnic minorities and proportions coming from disadvantaged wards. Further examples should demonstrate *Job Pledge* programmes that are responsive to the ageing population.

iv. Services for disabled people

We support the expansion and reform of *services for disabled people*, including reform of the Personal Capability Assessment and the move towards policies which focus on what people *can* do rather than what they *cannot* do. As half of people on incapacity benefit are over 50 this is very relevant to older workers.

Despite all the efforts, progress on the employment rate of disabled people has lagged other groups.

The opening statement of the Green Paper that there are *more disabled people working than ever before* is misleading: the percentage of disabled men in work has fallen from the 1970s to the 2000s as follows:

	<u>1970s</u>	<u>2000s</u>
• Disabled men with higher qualification	93%	75%
• Disabled men without qualifications	77%	38%

(Source R Berthoud. *Work-rich, Work-poor, The Joseph Rowntree Foundation 2007 Figure L*)

The employment rate of people with mental health concerns at little over one in four is far worse than other forms of disability and should be a special priority.

The Green Paper does not make clear the shift in policy from the 2004-06 period when the intention was that Pathways to Work would be available for existing claimants. It is misrepresentation and misleading to clients and others to say that Pathways to Work is being rolled out nationally, "increasing the numbers of people leaving incapacity benefit" (paragraph 29 Executive Summary) if it is only for those going onto incapacity benefit.

We request that the follow-up work to the Green Paper makes clear that the expansion of Pathways to Work is only for the flow of new claimants onto the benefit in order to reduce the risk of them becoming long-term claimants.

We also request a statement of the impact of this change on the prospect and timetable for the target to get one million people off incapacity benefit/ Employment and Support Allowance.

The staged reforms, fast tracking

The Green Paper recognises that welfare to work activity has been driven by programme definitions and rules rather than by individual customer need. Amongst other things, programmes driven by age definitions are clearly out of date. (Customers frequently do not understand the categories in which they find themselves.)

Responses to questions 12–16 on support processes

Our response to questions 12-16 on the staged support processes (Chapter 4 paragraph 41) are:

Question 12:

The question suggests more specialist support will be provided. However, there is no indication as to the nature of the specialist support envisaged that will take account of the needs of older job seekers, or indeed that such support is being offered at all.

We request an explanation of this point.

If the specialist support which responds to the needs of over-50s is there, then we agree that it is fair to ask more of the job seeker. DWP Research reports show considerable resistance to Jobcentre Plus on the part of some customers. Without apportioning blame for this between the attitudes of job seekers or questioning the reality of what is on offer from Jobcentres, we believe that progress will only be made if it can be broken down by mutual effort.

Question 13:

The question asks if there should be any exceptions to the general principle of increased conditionality for increased support.

We do not think that there are any generic categories for exemption from what is proposed.

Question 14:

The question asks whether a structured, progressive regime of support and conditionality at fixed intervals is right. We recognise that limited resources must be concentrated on the hardest to help. We see a danger that the individual New Deal definitions will be replaced by a series of stage definitions through which they have to pass. What they can and cannot do will be driven by passage of time.

We believe that the new three-stage process risks creating a new set of rigidities with little relevance to the customer.

We recommend that there is maximum flexibility to move faster or slower to the stage which will best meet the customer's need. In the case of many over-50s, often with a mix of barriers to employment, we recommend that this allow for faster movement to the 'post 12 months on benefits' phase.

Question 15:

The question asks whether some people should be enabled or required to enter the gateway stage more quickly than others, taking account of their history or needs.

As indicated in our response to question 14, we suggest that over-50s with skills and health barriers to work should be fast tracked on a case by case basis. The proof of progress will be when duration on benefits no longer increases with age.

Question 16:

The question asks whether we should require a period of work experience from those who do not succeed in getting work.

We support widespread use of work experience. The evidence of what works with older job seekers is that moving people into activity is generally more productive than inactivity.

The most disadvantaged customers

The Green Paper refers frequently to the most disadvantaged customers and their need for a "flexible, personalised and fast track" approach (paragraphs 39-40).

It does not note that duration on benefits rises sharply with age and has been rising rather than falling (Economic & Labour Market Review Table 2.09). This is one indicator of the barriers facing older job seekers and shows that for many, the barriers have not been diminishing.

Time is not on the side of older job seekers and the assumption that one will not work again become entrenched and self-fulfilling the longer the absence from work.

We request that the flexible and fast track approach should be readily available for older customers, as it is for those with disabilities.

Older people and skills

We support the integration of employment and skills services. (Chapter 4, paragraph 53). This is especially relevant for older people without qualifications.

Performance measures for in-depth skills health checks should be published to demonstrate that the service is concentrating on those age segments with the lowest skills.

Drawing new people into the labour market

The Executive Summary says that the labour force needs to draw "new people in" (page 5). Forty-five per cent of non-working people are not on benefits and are an equally important source for employment expansion, on average probably more highly skilled and qualified. Over-50s make up an important segment of this group. While not all want to work, most analysis indicates that at least 50 per cent of them do so.

There is no reason why the only people who are being encouraged to re-join the labour market should be those receiving benefits. (There are 7.9 million non-working people of working age out of whom just 4.5 million people are receiving benefits. Failing to address this group is a potential waste of an important resource.)

Therefore, while we recognise that a Government priority must be to reduce numbers dependent on welfare benefits....

We believe that the Government should acknowledge more clearly that a consultation about full employment must be about more than those on benefits.

We suggest that Jobcentres should have clearer guidelines about how much help they can give to job seekers not on benefit.

We would urge that there should be no circumstances when Jobcentres indicate that they are not concerned about such people.

Contracting arrangements (Chapter 5)

Our two main concerns about contracting arrangements are:

- That moves to large scale external contracts should not be at the expense of specialist providers with expertise on age and employment and
- That there should be effective and balanced performance measures of the effectiveness of contractors providing welfare to work programmes.

We believe that main contractors should be required to demonstrate alliances and working relationships with specialists on the age dimension of their services.

We suggest that performance measures for welfare to work programmes run by contractors should be designed to demonstrate whether success rates are maintained across all age groups, just as they should be demonstrated in respect of ethnic groups or gender.

(We take the view that existing performance measures do not achieve this and would urge a more demanding approach.)

TAEN

October 2007

TAEN – The Age and Employment Network

207 - 221 Pentonville Road, London, N1 9UZ

TAEN is a membership organisation whose Members are drawn from across the labour market.

Our mission of is to promote an effective job market which works for people in mid and later life, for employers and for the economy.

TAEN's role is to interpret demographic change and help people and organisations build advantage from it. We work to remove age barriers to opportunity.

We do this by explaining, consulting, sharing, advising and pioneering ideas and action.

We work with TAEN's members; people seeking jobs, career change and fresh learning; employers and recruitment agencies; trades unions, advice agencies and community groups; public agencies and policy bodies; colleges, trainers and researchers; and the media.

For more information or details of our other publications, please contact us or visit our website.

Tel: 020 7843 1590

Fax: 020 7843 1599

Email: info@taen.org.uk

Website: www.taen.org.uk