



## 'Rights and Responsibilities': Recent changes in employment policy

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### **Introduction**

With benefits for individuals, communities and the economy, raising the employment rate is one of the government's key priorities. The last ten years has seen a marked decrease in unemployment from just under 2million in 1997 to under 1million in 2006. However, the number of people regarded as economically inactive has increased significantly from under 1million in 1997 to more than 2.5million in 2006. Whilst statistics show an increase in the employment rate, there remain sections of society who are failing to enter the work force. The government's ambition to raise employment to around 80% is a core aim of the current administration and it is seen as key to ensuring the UK remains competitive in a global economy, maintaining economic growth and prosperity and tackling other important issues such as child poverty.

The government have seen the issues of employment and welfare reform as inherently linked in their ambition to encourage people to come off benefits and take up employment and/or skills development and training. In the last six months, the government has unveiled a number of key policy documents around employment and welfare reform and a number of important themes underline these policies. Firstly, that there should be a reciprocal relationship between Jobcentre Plus and benefit claimants that centres on rights and responsibilities. In this relationship, benefit claimants have the right to access suitable, personalised and effective advice and support from Jobcentre services, whilst they also have the responsibility to move into employment and/or training as soon as possible. Secondly, the government has recognised the important role that employers play in facilitating the move back into employment for many individuals. Finally, the government has also continued to highlight the importance of partnership approaches towards tackling local employment issues, seeing employment as a key element for wider issues around neighbourhood renewal.

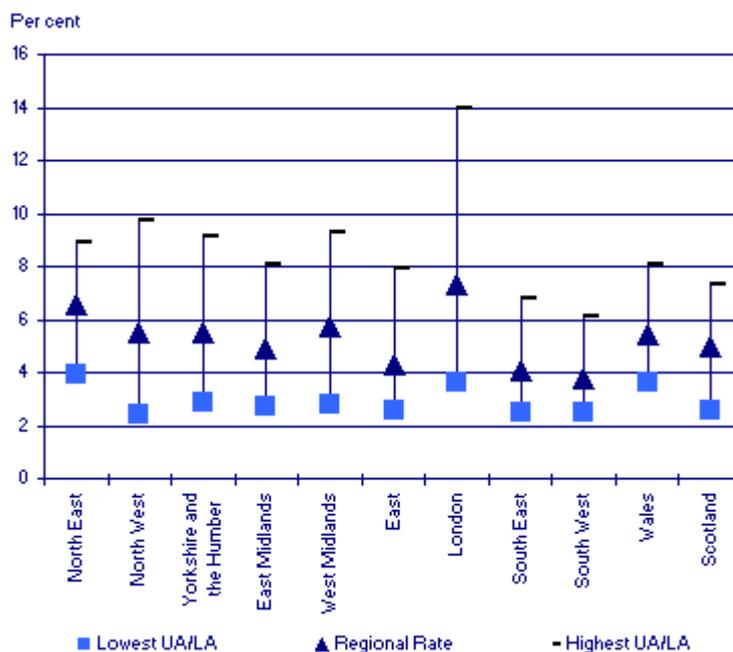
This bulletin begins by providing an overview of current employment/unemployment statistics. Having provided this background context, this bulletin will outline the key policy developments in relation to employment policy and welfare reform which have emerged from government over the last few months. We will focus particularly on the following documents:

- 'Transforming Britain's labour market – 10 years of the New Deal';
- 'Ready for work, skilled for work, unlocking Britain's talent'; and
- 'Ready for work, full employment in our generation'.

### **Context: Overview of Employment Statistics**

Labour market statistics for February 2008, published by the Office for National Statistics, show that there has been an increase in both the number of people in employment and the employment rate. According to the ONS<sup>1</sup>, "the working age employment rate was 74.7 per cent, up 0.3 percentage points on the previous quarter", whilst the unemployment rate was "5.2 per cent, down 0.2 percentage points from the previous quarter". Furthermore, "the number of employed people fell by 61,000 over the quarter". In terms of claimant count, that is to say, the number of people claiming unemployment-related benefits, figures were down 10,800 from the previous month to 794,600. However, whilst overall employment statistics are 'moving in the right direction', there remain significant areas of concern. For example, there are notable disparities between different regions, and in particular, between different local areas.

**Figure 1: Local Unemployment<sup>2</sup>**

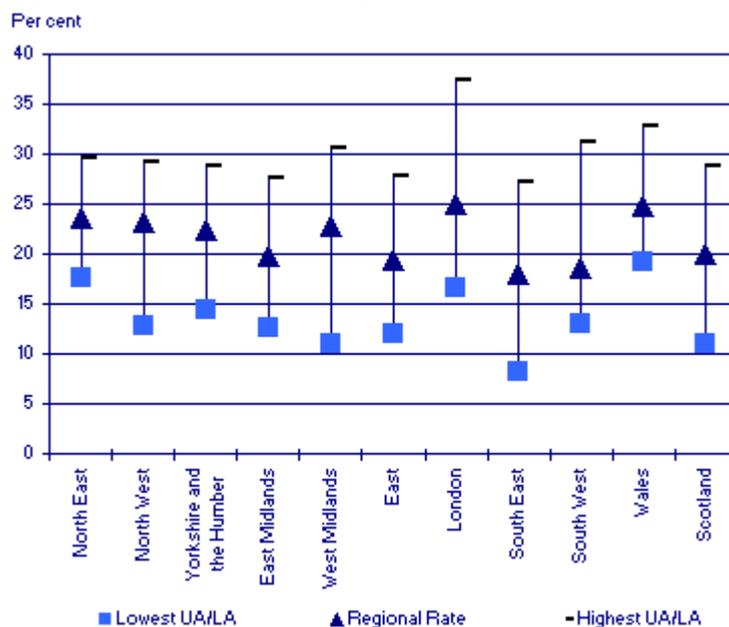


Statistics from the Office for National Statistics find that differences in employment rates in local areas within regions are greater than differences between regions. London provides the most notable disparities, with unemployment rates varying from 14.0 per cent in Tower Hamlets, to just 3.6 per cent in Richmond-upon-Thames. Outside of London, Liverpool has the highest unemployment rate, standing at 9.7 per cent.

<sup>1</sup> <http://www.statistics.gov.uk/pdfdir/lmsuk0208.pdf>

<sup>2</sup> <http://www.statistics.gov.uk/cci/nugget.asp?id=1606>

**Figure 2: Local Inactivity<sup>3</sup>**



Statistics also show that alongside variations between areas, there are also variations between different sections of the population. For example, statistics show that Pakistani and Bangladeshi women have a particularly low employment rate, standing at just 27 per cent<sup>4</sup>. A number of explanations for this low participation rate have been proposed. A recent study by Ipsos MORI (commissioned by the Department for Work and Pensions and the Equal Opportunities Commission), *Closing The Gaps*<sup>5</sup>, “reveals that the public are much more likely to think that cultural and religious barriers prevent Bangladeshi and Pakistani women from working than women in general (37 per cent compared with 5 per cent).” These supposed ‘cultural barriers’ include family/caring responsibilities.

Furthermore, the research finds that public attitudes towards levels of education are “out of touch with the times”, as Ipsos MORI’s survey found that 53 per cent of respondents think that “white British women in work are more likely than ethnic minority women in work to have a degree”. In fact, “information from the 2001 census shows that only 24 per cent of white British women in work have a degree, compared to 52 per cent of Black African women, 35 per cent of Pakistani women, 32 per cent of Black Caribbean women, 30 per cent of Bangladeshi women and 36 per cent of Indian women”. As such, it seems convincing that presumptions about low educational attainment, combined with stereotypes of overbearing family responsibilities, appear to be preventing Pakistani and Bangladeshi women from entering the labour market.

### **Tackling NEET**

Another group in society who are failing to engage with the labour market is the population of young people aged between 16 and 19 who are not in education, employment, or training (NEET). Recent data from the DfES<sup>6</sup> indicates that 78.1% of 16 year olds are in full time education – a rise of 6 per cent in 3 years.

<sup>3</sup> <http://www.statistics.gov.uk/cci/nugget.asp?id=1013>

<sup>4</sup> <http://www.dwp.gov.uk/asd/asd5/rports2007-2008/rrep416.pdf>

<sup>5</sup> <http://www.ipsos-mori.com/polls/2007/closing-the-gaps.shtml>

<sup>6</sup> <http://www.dfes.gov.uk/14-19/documents/NEET%20%20Strategy.pdf>

Furthermore, 89.7% of 16 year olds and 81.5% of 17 year olds are in some form of education or training. Overall, the NEET figure for 2006 for all 16-18 year olds is 10.3%, down from 10.9% at the end of 2005.

Again, whilst overall statistics appear reassuring, when considered more closely variations become evident. For example, some regions perform better than others, especially where partnerships have been in place longest. Between 2004 and 2006, less than 6% of 16-18 year olds were NEET in the South East. In contrast, almost 12% of 16-18 year olds in the North East were NEET. Statistics such as these suggest that whilst improvements have been made, there remains a 'hard core' of young people who are NEET and in need of targeted interventions. There are a number of reasons why tackling NEET is important to policy makers including:

- There is a concern that those young people who are not sufficiently 'tooled up' for the knowledge economy will get left behind, and as such, will not contribute to the UK economy's competitiveness;
- At the same time, reducing NEET will help tackle persistent inequalities between the regions; and finally
- Tackling NEET is also a valuable investment for individuals, with significant financial investments for young people who stay on in education or training up to 18.

In 2007 the government announced its new strategy to tackle NEET: *Raising Expectations: staying in education and training post-16*<sup>7</sup>, with its overall aim being to reduce the number of young people who are NEET by 2013. The most striking, and controversial, element of the new strategy is the government's aspiration that by 2015, all young people will stay on in education or training until 18. At present, young people are only legally required to remain in education until 16. Alongside raising the participation age is the government's commitment to increasing the choice of education and training opportunities on offer, whilst also enhancing the support available for young people.

Tackling NEET is vital for the government to achieve its aim of reducing worklessness, as it is more difficult to encourage those who have spent periods not in education, employment, or training to enter employment later in life. As such, the government's strategy to tackle NEETs acts as a backdrop to recent unemployment policies, which this bulletin will now go on to explore<sup>8</sup>.

### **Why is raising employment levels important?**

Raising the employment level clearly has significant ramifications for individuals. As the main route out of poverty, being in employment has a positive impact on health, well-being, and social inclusion. As the Department for Work and Pensions report *Ready for work: full employment in our generation* states:

*"Work is good for you: people who work are better off financially, better off in terms of their health and well-being, their self-esteem and the future prospects for themselves and their families"*<sup>9</sup>.

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<sup>7</sup> <http://www.dfes.gov.uk/publications/raisingexpectations/>

<sup>8</sup> For more on NEET, see CLES Bulletin No.55, *NEET Strategy: Raising the Participation Age, an Opportunity for All?*

<sup>9</sup> <http://www.dwp.gov.uk/welfare-reform/readyforwork/readyforwork.pdf>

## A route out of the 'benefit trap'

Running alongside the government's efforts to raise the employment rate, is the attempt to reform the welfare system. The new approach sees an emphasis on what work incapacity benefit claimants *can* do, in contrast to what they are unable to do. As such, there is a shift away from seeing claimants as simply recipients of benefits: with an increased emphasis on their responsibility to return to work as soon as is possible, for example, changing the way incapacity benefit is managed and allocated. Even the proposed change in what incapacity benefit is called (after October 2008, incapacity benefit will be called "Employment and support Allowance") demonstrates the government's aim to move the welfare system away from being perceived as a "benefit" type system.

This attempt to change the perceptions of fitness for work is set out in Dame Helen Black's recently published review, *Working for a Healthier Tomorrow*<sup>10</sup> (see Box 1). Dame Black recommends that employers' perceptions of ill-health must be altered in order to enable employees' swift return to work once their health has improved. This is coupled with a need to alter public perceptions, challenging the assumption that people can only return to work when 100% fit. A particularly significant theme to emerge is the enhanced role of healthcare professionals to help people stay in work, and also to encourage Incapacity Benefit claimants to return to work. Finally, the report recommends the shift from the sick note to the 'fit note'. Instead of focusing on what tasks Incapacity Benefit claimants are unable to do, the fit note would allow GPs to make suggestions as to what tasks or amended duties they *are* able to undertake.

### Box 1

#### **'Working for a Healthier Tomorrow' published 17<sup>th</sup> March 2008**

In March 2007, Dame Helen Black was commissioned to undertake a wide-ranging review of the health of Britain's working age population, and on the 17<sup>th</sup> March 2008 the findings were published in the report *Working for a Healthier Tomorrow*. The report makes clear the links between poor health and worklessness, stating that we need a "new vision for health and work in Britain". This vision is underpinned by three core objectives: firstly, the prevention of illness and promotion of health and well being; secondly, early intervention for those who develop a health condition; and thirdly, an improvement in the health of those out of work. The review finds that 3% of the working population are off sick at any one time, whilst ill-health can also "impair economic productivity even if it does not lead to immediate absence". With the annual cost of sickness absence and worklessness associated with working age ill-health standing at over £100billion, it is clearly one of the government's most urgent priorities.

The review recommends an increased recognition of the important role that the workplace can play in promoting health and well-being, not just in terms of health and safety, but also in terms of the nature and characteristics of the jobs that employees do. That is to say, whether tasks are satisfying and rewarding. The review also advocates "early interventions help to prevent short-term sickness absence from progressing to long-term sickness absence and ultimately worklessness". To achieve this, the 'Fit for Work' service will "provide treatment, advice and guidance for people in the early stages of sickness absence".

## A route out of poverty

At a local and regional level, raising the employment rate promotes economic development and makes for healthier and happier areas. The recent changes

<sup>10</sup> <http://www.workingforhealth.gov.uk/documents/working-for-a-healthier-tomorrow-tagged.pdf>

from Neighbourhood Renewal Fund to Working Neighbourhoods Fund highlight the government's view that tackling worklessness is key to the prosperity of local areas (see Box 2). Raising employment levels is also seen as vital for reducing child poverty and so-called 'cycles of deprivation'. Indeed in the report *Delivering on Child Poverty: what would it take?*, Lisa Harker states "The Department for Work and Pensions has played a key role in reducing child poverty to date, primarily through supporting individuals into employment"<sup>11</sup>.

## Box 2

### **From Neighbourhood Renewal Fund to Working Neighbourhoods Fund**

Recent changes to the Neighbourhood Renewal Fund can be seen as reflecting the government's growing concern about unemployment and a skills shortage. Whilst in the past, the Neighbourhood Renewal Fund supported a wide range of activities in neighbourhoods, the new Working Neighbourhoods Fund brings economic development conditions to the fore and in particular recognises the growing problem of worklessness and low skills levels. The Working Neighbourhoods Fund will seek to provide resources to tackle worklessness, increase enterprise and employment, as well as addressing low skills levels.

These changes have proved controversial to many regeneration practitioners and third sector partners, with some believing that the strong economic focus is misguided, and others fearing that the changes will mean reduced funding to projects which do not have an explicit worklessness focus. However, others see the change to Working Neighbourhoods Fund as an opportunity for a clearer use of funds. Furthermore, the sharper focus could potentially make project aims and objectives more explicit.<sup>12</sup>

Whether the change to WNF is a positive or negative change is clearly highly contested, but what is clear is that it highlights the government's efforts to tackle the problem of unemployment and worklessness.

## **The skills agenda**

A key theme to emerge from recent policy is a move beyond simply finding employment, to longer-term career progression and continued learning, which is part of the government's wider strategy to nurture skills. As such, it is not just about raising the employment rate, but also encouraging people's 'employability'. Finding a job is not enough to give long-term security, and in order for individuals to sustain and progress their career, they will need to develop new skills. The government's emphasis on skills has been particularly apparent since the publication of the *Leitch Review of Skills*<sup>13</sup> in December 2006, in which the government commissioned Sandy Leitch to undertake an independent review of the UK's long-term skills needs.

## **To create a competitive economy**

Leitch's central argument states that investment in knowledge and skills is essential in order for the UK to compete in the global economy. In an era where emerging economies such as India and China are altering UK competitiveness, the UK must 'raise its game' in order to compete. According to the *Leitch Review*, unless the UK can develop reforms to schools, colleges, and universities making its skills base one of its strengths; UK businesses will find it increasingly difficult

<sup>11</sup> <http://www.dwp.gov.uk/publications/dwp/2006/harker/harker-full.pdf>

<sup>12</sup> CLES (2008) *The Working Neighbourhoods Fund, Neighbourhood Renewal, and the third sector: The implications of the focus on worklessness*, Rapid Research 11

<sup>13</sup> [http://www.hm-treasury.gov.uk/media/6/4/leitch\\_finalreport051206.pdf](http://www.hm-treasury.gov.uk/media/6/4/leitch_finalreport051206.pdf)

to compete. As such, the *Leitch Review* stresses the significance of skills for the future of Britain's population and economy. Skills are presented as the key to unlocking the potential of the UK population, encouraging higher productivity, the creation of wealth, and social justice.

Therefore, if people are not in education, training, or employment that offers opportunities for progression, they are not acquiring the essential skills they will need to succeed in the 'knowledge economy'. Without the necessary skills, individuals will find it difficult to compete for jobs in the future, and as such they risk falling into long-term unemployment and therefore adding to the problem of worklessness. The review concludes that a population not sufficiently 'tooled up' with the necessary skills risks undermining the UK's long-term prosperity.

### **'Transforming Britain's labour market – 10 years of the New Deal'<sup>14</sup>**

Having provided a brief overview of the employment statistics, and then touched upon why raising employment levels are a key issue; it is now relevant to consider some of the recent key policy documents around employment.

Published in January 2008, *Transforming Britain's labour market* is one of the most recent documents to come from the Department for Work and Pensions. It sets out the background of the New Deal initiative, considers its successes, before finally considering how New Deal should develop in the future.

#### **Background to the New Deal programme**

Broadly, New Deal is "a programme that gives people on benefits the help and support they need to look for work, including training and preparation for work"<sup>15</sup>. Launched in 1998, the initiative can be seen as an important aspect of New Labour's legacy. New Deal was introduced as an attempt to deal with the backdrop of high unemployment rates in Britain in the 1980s and 1990s. By 1997 there were approximately 5.5 million unemployed or inactive people on benefits, with 85,000 young people in long-term unemployment, with no job and no future in prospect<sup>16</sup>.

It is with this backdrop in mind that in 1998 the government introduced the New Deal initiative. In light of worrying long-term unemployment amongst young people, the first New Deal to be introduced was aimed at targeting Young People. This was soon followed by a number of other different programmes including:

- New Deal for Young People (NDYP)
- New Deal 25 plus (ND25+)
- New Deal 50 plus (ND50+)
- New Deal for Lone Parents (NDLP)
- New Deal for Partners (NDP)
- New Deal for Disabled People (NDDP)

#### **Key elements underpinning the New Deal approach**

The New Deal initiative was developed as a more flexible and enabling approach to help people back into employment. It attempted to deal with many of the

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<sup>14</sup> <http://www.dwp.gov.uk/welfarereform/docs/PMNewDeal2-01-08.pdf>

<sup>15</sup> [http://www.jobcentreplus.gov.uk/JCP/Customers/New\\_Deal/](http://www.jobcentreplus.gov.uk/JCP/Customers/New_Deal/)

<sup>16</sup> <http://www.dwp.gov.uk/welfarereform/docs/PMNewDeal2-01-08.pdf>

barriers that unemployed people faced trying to re-enter the labour market. This was a new approach that combined a number of key elements:

- ❑ ***Personalised support***  
The wide reach of the New Deal programme emphasised the principle that the support available should reflect the needs of the individual. As the circumstances that result in unemployment and benefit claims are different depending on individual circumstances, so too should the variety of support available.
- ❑ ***Rights and responsibilities***  
Alongside this theme of varied and wide ranging support, was the notion of rights and responsibilities. A concept that emerged in New Labour rhetoric, 'rights and responsibilities' is underpinned by the principle of 'something for something'. Whilst personal advisers had the role of helping the claimant to look for a job or overcome their own personal barriers to finding a job, in return society had "a legitimate expectation that participants will make their own best efforts to get and keep a job"<sup>17</sup>.
- ❑ ***Partnership***  
Another key theme of the New Deal programme was the partnership between the public, private and voluntary sectors. Working in partnership with employers was also significant, in helping customers get the jobs they want at the same time as helping employers get the workers they need.
- ❑ ***The role of personal advisers and Jobcentre Plus***  
Personal advisers have an important role in delivering the New Deal, in helping claimants to look for employment and overcome any barriers that may be preventing them from finding a job. In addition, "Jobcentre Plus takes overall ownership of the individual's experience of the welfare to work system and the New Deals, helping customers to navigate the system".

#### **How successful have the New Deals been in tackling unemployment?**

According to the Department for Work and Pensions<sup>18</sup>:

- ❑ In the last decade, the New Deals have helped more than 1.85 million people into work;
- ❑ The number of people claiming Jobseeker's Allowance is at its lowest for over 30 years;
- ❑ The number of long-term claimants unemployed has fallen from more than half a million to 125,500, while for young people it has fallen from 85,000 to fewer than 7,000;
- ❑ The lone parent employment rate has gone up by 12.5 percentage points since 1997, while the number of lone parents on Income Support has fallen by nearly a quarter of a million;
- ❑ Unemployment has fallen in every region of the country and record numbers of people are in work – over 2.8 million more people are in employment than in 1997.

#### **What next for the New Deals?**

Having set out the context in which the New Deals were introduced, the variety of the New Deal programmes, and also the achievements of the New Deal,

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<sup>17</sup> <http://www.dwp.gov.uk/welfarereform/docs/PMNewDeal2-01-08.pdf>

<sup>18</sup> <http://www.dwp.gov.uk/welfarereform/docs/PMNewDeal2-01-08.pdf>

*Transforming Britain's Labour Market* then goes on to explore the next steps for the initiative.

An important emerging theme in government rhetoric around unemployment is the idea that we need a system that focuses on capabilities, not disabilities. For example, Health Secretary Alan Johnson's recent claims that GPs should take the lead in tackling the 'sick-note culture' by setting out the tasks Incapacity Benefit claimants *can* do, rather than automatically signing them off. This principle is set to underpin the New Deal in the future, with the Department for Work and Pensions stating, that we need a system "that focuses on capabilities, not disability". Dame Black echoes this theme in her review *Working for a Healthier Tomorrow* (see Box 1), in which she argues that a 'fit note' should replace the traditional sick note, allowing GPs to specify what tasks Incapacity Benefit claimants *can* do.

In line with other public services, such as the NHS, there is a notable shift towards the provision of a more personalised service, with politicians such as Alan Johnson proclaiming that the days of 'one-size-fits-all' services are over. As such, the DWP suggests that the New Deal programme must "provide all those without work – not just those claiming Jobseeker's Allowance, but also those on incapacity benefits – who need help in entering or re-entering the labour market with individual, personalised support".

In a significant change in emphasis, the New Deals will need to focus on unlocking "the skills and talents of every individual". Whereas at its conception the New Deal initiative was concerned with raising employment rates, in today's context of increased global competition, in order to 'get on', individuals will need to be flexible and able to adapt to moving between firms and sectors. As such, the emphasis of the New Deal in the future will be on raising the 'employability' of individuals. Not only does this mean helping individuals gain the skills to allow them to move into employment, but also, once they are in work, ensuring that they have access to relevant in-work training. As such, allowing them to progress within their careers.

### **'Ready for work, skilled for work, unlocking Britain's talent'<sup>19</sup>**

This document was published in January 2008, and Like *Transforming Britain's labour market*, it sets out a vision for how the UK economy can deal with global economic uncertainty, in what is described as "the most significant period of economic and social change for at least a hundred years". Once again, the rhetoric of globalisation and the challenge it poses to the UK economy is vivid, stating we "need to equip ourselves to the global skills race ahead and ensure that employers and individuals have the skills they need to succeed". With obvious influence from the Leitch Review, *Ready for Work* states, "in this new global context, we will need a workforce with world-class skills, from basic literacy and numeracy through to higher-level qualifications". In order to reach the aspiration of an 80 percent employment rate, "we need to ensure that everybody, including the most disadvantaged, has the skills they need to compete for the vacancies that exist in the labour market".

Having considered the increased competition facing the UK economy, *Ready for Work* goes on to outline the ways in which the UK can rise to the challenge, with a particular emphasis on the role of employers. Just as *Transforming Britain's labour market* highlighted the importance of partnership between the public, private and voluntary sectors, *Ready for work* stresses the importance of

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<sup>19</sup> [http://www.dius.gov.uk/publications/ready\\_to\\_work.pdf](http://www.dius.gov.uk/publications/ready_to_work.pdf)

partnership between employers and the government. The document sets out a number of key ways in which employers can help nurture a skilled workforce in the UK:

□ ***Employer-led reform and renewal***

According to this report, in order to meet the challenge of increased global economic competition, “employers have to be in the driving seat of change”, in that employers must “actively shape the way the Government engages, the strategies it pursues and the services it designs”.

Whilst the government acknowledges that many employers already undertake in-house training with their employees, *Ready for work* outlines how this training can be formally recognised, with examples of national good practice from 24 employers including the De Vere Group, Fitness First and Microsoft, who have all had their programmes accredited. In addition, Network Rail, McDonald’s and Flybe have had their training recognised by the Qualifications and Curriculum Authority (QCA), and consequently can award their own qualifications. It is hoped that this initiative will provide employees with opportunities for social mobility.

In addition, *Ready for work* states that in order for the employment and skills infrastructure to be made more relevant, it must be better tailored to the needs of individual business sectors. In order to achieve this, “the Government is reforming and empowering **Sector Skills Councils (SSCs)** – the employer-led, independent organisations, covering each of the major sectors of the UK economy”.

SSCs will have the responsibility of “articulating the future skills needs of their sector, ensuring that the supply of skills and qualifications is driven by employer needs, and raising employer ambition and investment skills”. It is hoped that this will ensure that the most appropriate and desirable skills are being nurtured. In the future, the SSC will also be responsible for:

- Developing the strategy that sets out current and future learning and qualification needs for their sector;
- Developing the occupational standards against which relevant learning programmes and qualifications will be accredited;
- Approving all vocational qualifications to ensure they meet [employers’] needs; and
- Advising on which qualifications should be the priorities for public funding in their sectors.

In addition, the government is set to reform the national framework for qualifications by creating the Qualifications and Credit Framework. The reformed system “will give individuals and employers much greater flexibility to pursue a programme of sector-relevant training that delivers the combination of skills that they most need”.

□ ***Demand-led recruitment and skills support***

*Ready for work* highlights how we need to ensure that “employers can recruit the people they need, and to continue to move people into work, we must work harder to identify and tackle the skills needs of benefit claimants”. Crucially, this means a better integration of employment skills and services.

**Local Employment Partnerships (LEPs)** play an important role in achieving this. An LEP is a “collaboration between Government and business to tackle the increasing recruitment and skills challenges of our labour market and economy”<sup>20</sup>. They work by employers signing up to work in partnership with the Government to open up opportunities for people who have not yet taken advantage of available vacancies. This might include interviews, mentoring, on the job training or work trials. LEPs are an attempt to open up opportunities for people who are likely to struggle to enter the job market. For the employer, LEPs provide access to candidates who are ready for work, with a minimum of hassle, risk, and cost. Furthermore, “being an LEP employer will help demonstrate to your local community that you have faith in the local workforce, and that you want to provide job opportunities for local people”<sup>21</sup>.

In addition to demand-led recruitment, in *Ready for Work* the government also sets out how employers can raise skills across the entire workforce, and therefore encouraging progression and broadened opportunities for employees. It is not enough to channel people into employment; employers and government must work in partnership to develop the skills of employees. It is hoped that a long-term, sustained commitment to nurturing skills will prepare the UK to meet the challenges of globalisation.

To this end, the government has given commitment to the development of the **Skills Pledge**. The Pledge is a voluntary, public commitment by employers in England to support their employees to improve their skills and gain new qualifications. In signing the Pledge, “employers commit – as a minimum – to support all employees who need them to gain literacy and numeracy qualifications, and work towards their first full Level 2 qualifications”<sup>22</sup>.

In order to support employer’s efforts to raise the skills levels of their employees, the government has reviewed the ‘Train to Gain’ initiative in order to give employers access to<sup>23</sup>:

- Government funding, to sit alongside employers’ own financial contribution, including a subsidy of up to 100% for certain training;
- Quality-assured, impartial advice from skills brokers with expertise in employers’ business areas to help them identify their skills needs at all levels;
- Help in identifying and sourcing the training and qualifications that will best address those needs;
- Advice on wider business needs, provided by the Business Link network, into which the Train to Gain brokerage service will be integrated from April 2009; and
- High-quality, vocational skills training, delivered at a time and place to suit you, from a wide range of further education and other providers.

In addition, the government has also acknowledged that employment and skills services must be tailored to meet the specific needs of employers. This may mean that Jobcentre Plus groups together employers by sector and type, to provide the services and training needed for smaller businesses.

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<sup>20</sup> <http://www.jobcentreplus.gov.uk/JCP/Employers/lep/index.html>

<sup>21</sup> <http://www.jobcentreplus.gov.uk/JCP/Employers/lep/index.html>

<sup>22</sup> [http://www.dius.gov.uk/publications/ready\\_to\\_work.pdf](http://www.dius.gov.uk/publications/ready_to_work.pdf)

<sup>23</sup> [http://www.dius.gov.uk/publications/ready\\_to\\_work.pdf](http://www.dius.gov.uk/publications/ready_to_work.pdf)

□ ***The enhanced apprenticeship programme***

Apprenticeship schemes have already proven to be a successful way of joining recruitment and training. Apprenticeship programmes offer participants, and in particular young people, the opportunity to combine theoretical and applied knowledge, technical ability and broader employability skills.

Currently, “around 130,000 employers in all parts of the country have signed up for Apprenticeships”<sup>24</sup>, with the government hoping to expand the number of Apprenticeships to some “400,00 a year by 2020”. In order to ensure their success, apprenticeship programmes will include<sup>25</sup>:

- Continued high levels of government funding;
- A range of up-to-date, simplified and relevant Apprenticeship frameworks;
- Help with recruitment through a National Apprenticeship Service;
- A field force, dedicated to helping employers with hiring and training apprentices;
- Continued quality control; and
- A clearer set of employers’ and apprentices’ mutual responsibilities.

Apprenticeships are also an important part of the government’s strategy in tackling NEET. The government report, *Raising Expectations: staying in education and training post-16*<sup>26</sup>, states that an important way in which to reduce the problem of those who are not in education, employment, or training, is by providing an increased variety of options for young people. Again, this reflects the government’s approach in making services more flexible, personalised and responsive to individuals’ needs.

□ ***Working with employers in their communities***

Again in line with the government’s attempts to provide flexible and responsive public services, *Ready for Work* states that the government is committed to helping employers respond to local conditions by “allowing greater local flexibility, so that delivery can match local needs, backed by greater targeted funding to help areas with the greatest issues; and involving employers in the development of plans for the future economic development of their area and giving them influence over the delivery of the employment and skills services at the local level”. There are a number of local initiatives where the government are keen to have more involvement from local employers, including:

- *Local Strategic Partnerships*: a partnership between the different parts of the public sector, private businesses, and third sector, which attempts to deliver services more effectively;
- *Sustainable Community Strategy*: is a document that sets out the current economic, social and environmental position of their local area. Produced by the Local Strategic Partnership, a Sustainable Community Strategy sets out the key thematic priorities that shape local authority and partner activities; and

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<sup>24</sup> [http://www.dius.gov.uk/publications/ready\\_to\\_work.pdf](http://www.dius.gov.uk/publications/ready_to_work.pdf)

<sup>25</sup> [http://www.dius.gov.uk/publications/ready\\_to\\_work.pdf](http://www.dius.gov.uk/publications/ready_to_work.pdf)

<sup>26</sup> <http://www.dfes.gov.uk/consultations/downloadableDocs/6965-DfES-Raising%20Expectations%20Green%20Paper.pdf>

- *Multi-Area Agreements*: are based on the Local Area Agreement concept, and seek to enable local authorities, and their partners, to collaborate priorities and funding on issues that cross authority boundaries.

### **'Ready for work: full employment in our generation'<sup>27</sup>**

Published in December 2007, *Ready for work: full employment in our generation* sets out the government's mission to raise the employment rate from 74% to 80%. The report is underpinned by a number of key principles that remain consistent throughout recent employment policy:

- Once again the importance of raising the employment rate in order to compete in the global economy is highlighted, with the report stating that full employment "will enable Britain to take the opportunities that a dynamic global economy opens up";
- The report also highlights the attempt to "move people from being passive recipients to active jobseekers looking and preparing for work with access to training and job-focused activity". Again, this illustrates the government's attempt to align efforts to raise the employment rate with attempts to reform the welfare system;
- Part of this process is a renewed emphasis on "what a person with a physical or mental condition can do, rather than what they can't";
- The enhanced role of Jobcentre Plus services are also emphasised, with the assertion that it will "remain at the heart of the system";
- The rhetoric of 'rights and responsibilities' is once again significant, with the notion of a "contract between the Government and the people".
- Again the concepts of extended, modernised and personalised support is presented, whilst in return, the government expects benefit claimants to be active jobseekers preparing to return for work, not passive recipients of benefits.

### **Integrating employment and skills**

A key plank of the strategy is the marrying together of employment and the development of skills. Integral to this is, again, the partnership between Jobcentre Plus and employers, which highlights the enhanced role of employers in nurturing a skilled workforce. The government proposes a number of measures to promote this, including:

- ***Skills screening and Skills Health Checks***: In future, all benefit claimants will be signposted to the full range of services provided by the new adult advancement and careers service. Services on offer will include a skills screen that will identify basic literacy, numeracy or language needs. A 'Skills Health Check' will be available for those who are identified as having clear needs, which will assess their personal learning requirements and advise on the training needed to support a return to work.
- ***A new adult advancement and careers service***: Trialled over the next two years, the new service will be fully introduced from 2010-11 and will see Learndirect and Nextstep advisory services combining within a new organisation. Working in partnership with Jobcentre Plus, and a range of statutory and voluntary advice services to deliver a "seamless customer service". This service highlights a new commitment to the provision of a

<sup>27</sup> <http://www.dwp.gov.uk/welfarereform/readyforwork/readyforwork.pdf>

long-term and sustained advice service. Getting the client into employment is not the end point, but rather the first step in developing their skills and career prospects.

- ❑ ***New Skills Accounts:*** Alongside continued skills support and careers advice, Skills Accounts will enable individuals to take control of their learning. According to the Department for Innovation, Universities & Skills<sup>28</sup>, Skills Accounts will provide individuals with an induction pack and a personalised learning and career plan. Furthermore, an account number and account card will help people to “understand the level of investment going into their training, whether their own, or from the state or their employer”.
- ❑ ***Employability Skills Programme:*** Flexible in design, this programme has been targeting the basic skills needs of Jobcentre Plus customers since August 2007. The programme aims to improve literacy, numeracy and language skills, and offers participants the chance to gain an employability qualification, whilst also supporting them to find sustainable employment with training.

### **Sustainable employment for jobseekers**

Tackling long-term unemployment amongst benefit claimants remains a key priority, with the government particularly keen to break the cycle of short-term work interspersed by periods of claiming benefits:

- ❑ To do this, *Return to work* recommends that support for jobseekers is more flexible and personalised;
- ❑ This will involve identifying early on any basic literacy, language or skills needs, as well as targeting long-term benefits claimants with early support;
- ❑ In order to encourage progression at work, the government proposes that jobseekers have access to pre-employment training and basic skills provision.

### **Sustainable employment for lone parents**

An important element of the government’s strategy is to help more lone parents find and sustain employment. The benefits of this are, according to the government, wide reaching, including: reducing child poverty, boosting self-esteem, health, and well-being, whilst also being positive role models to children. A number of measures are set out to enable lone parents to move into employment:

- ❑ ***Childcare:*** Extended childcare services are crucial for lone parents to successfully enter employment. As such, in *Ready for work: full employment in our generation*, the government sets out its aim that by 2010, every school in England will be a so-called ‘extended school’. Extended schools will offer “access to childcare and supervised activities beyond the school day and in school holidays”, including homework clubs, sport, music, arts and crafts. In terms of Jobcentre Plus support, advisers will be granted discretion so that “a lone parent who is claiming or receiving Jobseeker’s Allowance will not be penalised if they leave a job, or fail to take up a job, because inappropriate, affordable childcare is

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<sup>28</sup> <http://www.dfes.gov.uk/skillsstrategy/uploads/documents/World%20Class%20Skills%20FINAL.pdf>

genuinely not available". Furthermore, the government has extend the right for lone parents to request flexible working.

- ❑ ***Rights and responsibilities:*** From October 2008, lone parents with older children will no longer be entitled to Income Support solely on the grounds of being a lone parent. Instead they will be entitled to claim Jobseeker's Allowance whilst looking for suitable work, and if necessary, acquire the skills they need to do so.
- ❑ ***Support to help lone parents move into and stay in work:*** A number of initiatives have been set out to help lone parents move into work. These include: group seminars for lone parents, work-focused pre-employment training, quarterly work focused interviews, and the extension and expansion of the New Deal Plus for Lone Parents pilots. This will be complemented by a package of in work support, for example, in work advisory support from Jobcentre Plus advisers. This initiative will provide "continued support and guidance from a personal adviser [that] will be offered for all lone parents who have moved into work to help resolve any difficulties and direct individuals towards other support". Furthermore, lone parents will have access to the new adult advancement and careers service which will be able to signpost them to relevant training opportunities.

### **Sustainable employment for disadvantaged groups**

As well as additional support for lone parents, *Ready for work* also sets out a number of measures to help disadvantaged groups such as disabled people and people with health conditions and other disadvantaged groups. This includes:

- ❑ Making 'Pathways to Work' available to everybody in Great Britain from April 2008;
- ❑ The new Work Capability Assessment will focus on what work people *can* do, rather than what they *cannot* do;
- ❑ Replacing Incapacity Benefit with Employment and Support Allowance for new customers from October 2007. To receive this benefit, claimants will have to attend Work Focused Interviews (except the most severely sick and disabled) and undertake some work-related activity;
- ❑ *Ready for work* states that this will make clear to claimants "that engagement from them is required in return for the financial and back-to-work support we are offering". Again, this illustrates the recurring theme of rights and responsibilities;
- ❑ The enhanced role of disability employment services is also highlighted by the report, with government proposing to make services more flexible, joined up, better focused, and more consistent;
- ❑ In order to help people remain in work, *Ready for work* proposes that healthcare professionals, especially GPs, can play a significant role in supporting their patients to remain in or return to work. To support this, the government proposes a piloted education programme for GPs on health and work issues, an online learning tool on handling difficult consultations with patients about returning to work, as well as the development of an online learning module for nurses on their role in supporting people to remain in, or return to, work;
- ❑ Additional measures to support other disadvantaged groups will include: strengthening the link between housing and employment support; raising the participation age to 18 and providing a greater choice of education and training options for young people in order to reduce NEET statistics;

targeted support to help ethnic minorities enter the labour market; and support for older people to remain or re-enter the labour market.

## **Conclusion**

Raising employment levels in the UK is one of the most important issues facing the government today. Whilst figures show an increase in the employment rate in recent years, the number of people regarded as economically inactive has also increased. It is believed that if left unchallenged, unemployment and a shortage of skills will hinder the UK's chances of competing in the global economy. Furthermore, with benefits to both individuals and families, in terms of improved health and tackling child poverty, raising employment levels is vital to nurturing healthy communities.

As this bulletin has shown, there are a number of themes that remain consistent throughout recent employment policy. The idea of a reciprocal relationship between Jobcentre Plus and benefit claimants is one of the most notable themes, particularly the emergence of the concept of 'rights and responsibilities'. Recent policy states that whilst benefit claimants have the right to access suitable, personalised and effective advice from Jobcentre services, this must be coupled with their responsibility to move into employment or training as soon as is possible.

Another significant theme is the government's emphasis on the link between raising employment levels and reforms to the welfare system. For example, the government's aim of challenging employers', employees', and benefit claimants' perceptions of ill-health and the ability to work. The importance of partnership approaches towards tackling local employment issues has also emerged as a significant theme in recent policy. Furthermore, there is an increased recognition that employment is a key element in tackling wider issues around neighbourhood renewal, in that raising the employment rate has a positive impact on a community's prosperity, health and general well being.

Whilst the government has set out a strong and consistent strategy for tackling unemployment, it is important to bear in mind the scale of the challenges that lies ahead. Other factors will also impact upon employment figures, including:

### **□ Migration**

Migration poses a number of significant issues regarding employment and skills. The Office for National Statistics has released statistics stating that the UK population is projected to grow by 10.5 million between 2006 and 2031, with 46.7 per cent of population growth being directly attributable to the assumed number of net migrants<sup>29</sup>. Research has found that refugees in particular are more likely to suffer high levels of unemployment and under-employment<sup>30</sup>. In order to utilise the wealth of skills and experience that they bring to the UK, the government must tackle the barriers that prevent many refugees from entering employment. These barriers include, a lack of English language skills, employers' misconceptions, and qualifications that aren't recognised in the UK.

### **□ Regional disparity**

Whilst unemployment is more likely to be concentrated amongst certain sections of the population, it is also concentrated in particular geographic

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<sup>29</sup> [http://www.statistics.gov.uk/downloads/theme\\_population/Population\\_Trends\\_131\\_web.pdf](http://www.statistics.gov.uk/downloads/theme_population/Population_Trends_131_web.pdf)

<sup>30</sup> <http://www.trellisproject.co.uk/approach.htm>

areas. As such, unemployment adds to the growing economic inequality between the regions.

❑ **Economic slowdown**

Added to this the increasing concern about an economic downturn, tackling unemployment is vital if the government is to reduce disparities between the north and south and promote economic stability in the UK.

It is clear that tackling unemployment is one of the most important issues facing the government today. The policies set out in this bulletin have a number of important implications for the delivery of employment programmes at a local level, with the changes set out in these policies having an impact not just on Jobcentre Plus services but also the role of the employer. Employment policy must continue to provide support to the individual through the services of Job Centre Plus, employers and partners but also must continue to recognise the links between unemployment and poverty which occur as a result of neighbourhood deprivation and continue to support regeneration and renewal within local across the UK.

**Bulletin** is one of a series of regular policy reports produced by the Centre for Local Economic Strategies (CLES). CLES is a not-for-profit think-doing organisation, consultancy and network of subscribing organisations specialising in regeneration, economic development and local governance. CLES also publishes Local Work, Rapid Research and bespoke Briefings on a range of issues.

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