

Meeting: Enterprise Board

Date: 8 September 2008

Report title: Welfare Reform Green Paper: 'No One Written off: Reforming Welfare to Reward Responsibility

Report of: Martin Tucker – Regeneration Manager (Employment & Skills)

Summary:

The Department for Work and Pensions (DWP) published *No one written off: reforming welfare to reward responsibility* on 21 July 2008. This Green Paper builds on a welfare reform Green Paper published last year (In work, better off: next steps to full employment), which the Council responded to, and contains the following proposals that the Government believes will be crucial in achieving the aspiration of an 80 per cent full employment rate:

- Requiring Job Seekers Allowance claimants to undertake full-time work related activity in return for their benefits if they remain unemployed after two years support from Job Centre Plus and a specialist provider.
- Identifying problem drug use amongst Job Seekers Allowance and Employment Support Allowance claimants. These people will be given additional support and the Government is considering whether to mandate claimants with a drugs dependency to declare this as a condition of benefit.
- Allowing people aged 60 and over to access employment support such as Work Focused Interviews.
- Re-assessing existing Incapacity Benefit claimants under the Work Capability Assessment regime between 2009 and 2013.
- Introducing a Work Focused Health Related Assessment to support the Work Capability Assessment.
- Testing proposals to fund upfront investment in helping people with complex barriers to employment through future benefit savings.
- Requiring lone parents to attend a skills health check when the age of their youngest child is five.
- Disregarding fully child maintenance in all out of work benefits from April 2010.
- Abolishing Income Support and creating an out of work benefits system around Job Seekers Allowance and the Employment Support Allowance.
- Introducing a Right to Bid process for innovative employment support projects.

Recommendations:

1. That the Enterprise Board notes the key proposals contained in the Green Paper.
2. That the Enterprise Board considers what the Borough's response to the Green Paper should be, particularly whether the Board agrees with the Government's key principle of providing greater support for out of work benefit claimants while increasing the expectations on these individuals to find work. (It should be noted that the Government is very unlikely to deviate from this position).
3. That the Enterprise Board starts to consider the impact the Green Paper proposals and the Government's wider welfare reform programme will have on service areas such as Adult Social Services, Children's Services, Community Safety and the Voluntary Sector.

Financial/Legal Comments:

N/A.

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1. Introduction

1.1 The Department for Work and Pensions (DWP) published *No one written off: reforming welfare to reward responsibility* on 21 July 2008. This Green Paper builds on a welfare reform Green Paper published last year (In work, better off: next steps to full employment), which the Council responded to, and the following subsequent reports for which briefings can be accessed below:

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



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- Ready for work: full employment in our generation



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- Opportunity, employment and progression: making skills work



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1.2 The ethos behind the Green Paper is to ensure that people on out of work benefits are involved in an active regime that offers more support but expects more in return in terms of taking steps to return to work. The Government believes this is compatible with its key aspiration to achieve a full employment rate of 80 per cent and to also:

- Reduce the number of Incapacity Benefit (IB) claimants by 1 million.
- Support 300,000 more lone parents and 1 million more older people into work.
- Halve the number of children in living in poverty by 2010 with full eradication by 2020.
- Provide equality for disabled people by 2025.

1.3 The Green Paper is currently out for consultation and the deadline for responses is **22 October 2008**. The consultation questions are included in an appendix at the end of this briefing

2. Job Seekers Allowance claimants

2.2 As part of the Flexible New Deal (FND), which will be introduced in 2009, Job Seekers Allowance (JSA) claimants will receive specific support from Job Centre Plus (JCP) for a period of twelve months. This support will include:

- Self managed job search within the first few weeks of a JSA claim and a mandatory back-to-work group session from around week six of a claim
- A 'directed job search stage' after three months of a claim. This will widen the scope of jobs that claimants will look and be submitted for. Claimants will be required to sign on every week, rather than every fortnight, for up to six weeks.
- A supported job search stage after six months of claim. This will involve claimants being assigned to a personal advisor and an action plan being agreed. There will be an additional two week benefit sanction for claimants who fail to comply with the agreed activity in the action plan. People who have a history of long-term unemployment and 18 year olds who haven't been in education, employment or training for at least six months will be fast-tracked onto this stage.

2.3 People who remain on JSA after a year will receive specialist support from an external provider for twelve months. If people remain on JSA after this two year period of JCP and specialist support they will be required to undertake full-time work related activity in return for their benefits. To achieve this, a number of full-time work related activity models will be tested across the public, private and voluntary sectors. Consideration will also be given to requiring claimants to undertake full-time activity at any stage of their claim if it is deemed to be beneficial.

2.4 As part of the focus on the long-term unemployed the Government will consider whether some people should be compelled to sign on daily at a JCP office and account for their activity to secure work.

3. Drug users

3.1 The Government estimates that there are 240,000 people in England in receipt of out of work benefits who are dependent on opiates or crack cocaine; this accounts for around three quarters of all people who are dependent on these drugs. Key objectives in tackling drugs misuse are found in the Drugs Strategy, released in February 2008, with the main focus being on reintegration to reduce the risk of poverty and social exclusion.

3.2 Identification of problem drug use will be built into the new claim process for the Employment and Support Allowance (ESA), due to be introduced in October 2008. For JSA, JCP advisers will be given increased support to help them identify problem drug users. Those people who are identified will be required to see a drug treatment provider and, if appropriate, a specialist employment provider. Failure to take up this support could result in benefit sanctions. The Government is considering whether to change benefit rules to require all benefit applicants to declare an addiction to heroin or crack cocaine as a condition of benefit.

3.3 The Green Paper proposes legislation that will enable information sharing between JCP, the police, probation services and prisons. This will require primary legislation and will be safeguarded by the values under the Data Protection Act.

3.4 The initial focus will be on people dependent on opiates and crack cocaine but over time this could be extended to include people who are dependent on alcohol or drugs such as cannabis and powder cocaine.

4. Older people

4.1 Between 2010 and 2020 the state pension age for men and women will be equalised at 65. This will mean that people aged 60 to 64 who are out of work will become eligible for working age benefits. The Government plans to change the law to allow people aged 60 and over to access the additional back to work support offered by a Work Focused Interview.

5. Disabled people and people with health conditions

- 5.1 The Pathways to Work programme was rolled out nationally from April 2008. Supporting Pathways to Work is the ESA, which will replace Incapacity Benefits (IB) for new claimants from October 2008. As part of this, ESA claimants will be required to undergo a Work Capability Assessment (WCA), which replaces the Personal Capability Assessment (PCA) and focuses more on what a person can do in the workplace rather than what they cannot. From 2009 to 2013 all existing IB claimants will be re-assessed using the WCA and, from this point, subject to the ESA regime.
- 5.2 For ESA, the Government aims to ensure that the majority of new claimants will move into work within the first two years of their claim. To facilitate this it is proposed to introduce a Work-Focused Health-Related Assessment (WFHRA) to work alongside the WCA. This will allow claimants to discuss, with a health professional, the type of work which best suits them once they have recovered or adapted to their condition and the steps they need to take to move towards this goal. The information from the WFHRA will be shared with the claimant's personal adviser to help develop a back to work action plan.
- 5.3 To further reinforce the message that ESA is expected to be a temporary benefit for the majority, the Government plans to ensure that, in future, the maximum interval between WCAs will be two years. It also proposed that WFHRAs will be repeated at key points in the claim.
- 5.4 The Access to Work programme for disabled people will be strengthened with funding doubled from its existing £69m budget. It is estimated that this will help to support 48,000 people by 2013/14. This is closely linked to the Government's plans to merge the provision of specialist employment programmes for disabled people such as Access to Work and also Work Preparation, WORKSTEP and the Job Introduction Scheme. It is envisaged that contracts for this reformed provision will be issued in late 2009.
- 5.5 Extra support will also be provided for people with a mental health condition. Over the next three years, annual funding rising to £173m will be provided to improve access to psychological therapies. Later this year the Government also plans to publish a National Strategy for Mental Health and Employment.
- 5.6 To further support people with a disability the Government will explore the possibility of extending the In Control pilot programme, currently for people with a learning disability, which gives disabled adults more control over the combined budget that the Government spends on their support.
- 5.7 Dame Carol Black submitted her report on the health and well-being of the working age population to the Government in March 2008. The Government will formally respond to her recommendations later this year but there are some elements of her recommendations that the Government are already taking forward. In autumn 2008, the Government will consult on reforming the 'sicknote', to help people stay in work, with the intention to introduce a new form during 2009. Fit for Work services,

which will bring together health and employment support to help people in the early stages of sickness absence to stay in touch with work will be piloted, possibly in the City Strategy Pathfinder areas.

5.8 The Freud Report set out a proposal to fund upfront investment in helping people with complex barriers to employment through future benefit savings (the AME-DEL funding mechanism). This proposal will be tested in a number of pathfinder areas from 2010/11, lasting for three years. These areas are: Greater Manchester, Norfolk and Lambeth, Lewisham and Southwark. From 2011/12 a further two pathfinders will be established.

6. Skills

6.1 From this autumn, the Government will pilot a requirement for JSA claimants who have not volunteered for a skills health check to undergo one if their advisor deems it necessary. A requirement for claimants to attend relevant skills training will also be piloted. The Government plans to extend this requirement to ESA claimants, where appropriate.

6.2 The Government is already taking forward proposals to require lone parents to transfer from Income Support (IS) to JSA once the age of their youngest child reaches 12 (from 2008), 10 (from 2009) and then 7 (from 2010). The Green Paper proposes to go further and require lone parents to attend a skills health check when the age of their youngest child is five. Where appropriate this could also include requiring these lone parents to attend relevant skills training. Consideration will be given to making extra benefit payments available to lone parents in return for training.

6.3 To provide greater training support to JSA claimants the Government is planning, from this autumn, to abolish the 16 hour rule and allow people who have been claiming JSA for more than six months to take part in full-time employment related training for up to eight weeks while receiving a training allowance. Young people will also be able to study full-time for A Levels (or their equivalent) until they are 21, while receiving benefits.

7. Child Poverty

7.1 As part of the Government's drive to eradicate child poverty by 2020 child maintenance will be fully disregarded in all out of work benefits from April 2010. This disregard will apply to Housing Benefit and Council Tax Benefit by the end of 2008.

7.2 To promote child welfare and parental responsibility, legislation will be introduced to require unmarried parents, where appropriate, to jointly register the births of their children.

7.3 For those couples who are claiming JSA and have a youngest child aged seven or over, it is proposed that they will have to make a joint claim for JSA. For IB and ESA claimants receiving an income-related increase on account of a partner, this will no longer apply if their partner is capable of work. In this instance the couple will be required to make a joint claim to JSA. The original claimant will still be entitled to their personal IB or ESA but any extra benefit payments will be dependent on the partner meeting the conditions of their JSA claim.

8. Simplifying and streamlining the benefits system

8.1 Streamlining the benefits system is something that was a key focus of the Freud Report. The Government plans, "when resources allow", to abolish IS and create an out of work benefits system around JSA and ESA. Consideration will be given as to how groups claiming IS, such as carers, can be best supported in this new streamlined system.

8.2 The Government will also explore how Bereavement Benefits (BB) and Industrial Injuries Disablement Benefits (IIDB) can be reformed in the context of wider changes to the welfare system.

9. Contracting and funding arrangements

9.1 The DWP's Commissioning Strategy, published in February 2008, signalled the Government's intention to move towards larger and longer contracts in regards to mainstream employment support provision. The Government is also keen to encourage innovation and to this end is proposing to introduce a 'Right to Bid' process, which will allow the funding of added value projects to be considered. A document will be published this autumn setting out in more detail how the Right to Bid process will work.

9.2 The Government is keen to devolve power at the right level in terms of employment and skills provision. To achieve this a new delivery model will be introduced where there is a common "spine" across the country so that common standards and services are delivered wherever people live. However, flexibility will exist within the framework at the local and sub-regional level to meet specific needs. Where appropriate the Government will consider co-commissioning arrangements so that the spine of national provision can be supported with services that meet specific local needs;

further still, in certain instances the Government wants to experiment with full devolution in terms of letting contracts.

10. Implications for Haringey

10.1 The Green Paper clearly articulates the Government's belief that increased support alongside increased conditionality for benefit claimants is the right way forward to achieve full employment. The proposals in the Green Paper require careful consideration and officers from the Economic Regeneration team will be co-ordinating a response from the Council.

10.2 It is worth taking this opportunity to highlight some of the existing work in Haringey that is supporting many of the groups that are affected by the Green Paper proposals.

10.3 The Haringey Guarantee has helped to support 194 residents into sustained employment since its inception in September 2006. These residents include:

- 45 lone parents (from April 2007)
- 67 long-term Job Seekers Allowance claimants (from April 2007)
- 21 people with a disability or long-term health condition (including Incapacity Benefit claimants)

10.4 The Council's Drug and Alcohol Action team (DAAT), in 2006/07, helped to support the treatment of 1,293 drug and alcohol users. As there is a higher than average number of poly drug users in Haringey it is difficult to assess how many of these people are dependent on opiates and crack cocaine. Data that categorises specific types of drug use and the number of users may prove unreliable as, in many cases, more than one substance is involved. The DAAT team has commissioned the specialist services of Eban to address the issue of opiates and cocaine use and offer support and advice to help people deal with their substance misuse.

Appendix 1: Consultation questions

Question 1: How long should 'work for your benefit' last at different stages in the claim?

Question 2: How could capacity and capability to provide full-time work experience in the community sector be provided and incentivised to produce the best employment outcomes for participants?

Question 3: Is full-time 'work for your benefit' as an alternative to a sanction of loss of benefit for repeated non-compliance with work search requirements an effective option for some jobseekers? How should it be targeted?

Question 4: What penalties do you think would be most effective to deter more people from committing benefit fraud?

Question 5: Do you think it would be appropriate to reduce or withdraw entitlement after a first [benefit fraud] offence? How long should the sanction period be?

Question 6: Do you agree with the proposed approach for identifying problem drug use? How should it be implemented? Do you think that everyone claiming a working-age benefit should be required to make a declaration of whether or not they use certain specified drugs?

Question 7: What elements should an integrated system of drug treatment and employment support include? Do you agree that a rehabilitation plan would help recovering drug users to manage their condition and move towards employment?

Question 8: When is the right time to require ESA claimants to take a skills health check?

Question 9: Should ESA customers be required to attend training in order to gain the identified skills they need to enter work?

Question 10: In view of the need to help lone parents develop the skills they need to find work, are we right to require lone parents to have a skills health check and training as a condition of receiving benefit?

Question 11: Should we pilot extra benefit payments for lone parents in return for training, and if so, when the youngest child is what age?

Question 12: Are there any other circumstances where customers cannot get the skills they need to enter employment under present and planned arrangements?

Question 13: How might we build on the foundations of the current rules so that they do not discourage unemployed people from volunteering as a deliberate back-to-work strategy, while retaining a clear focus on moving off welfare into paid employment?

Question 14: Do you agree that the WCA and WFHRA should be re-focused to increase work-related support?

Question 15: What expectations should there be of people undertaking the personalised support we will now be offering in the Work Related Activity Group [Employment Support Allowance claimants]? Could this include specific job search?

Question 16: How can we make Access to Work more responsive to the needs of claimants with fluctuating conditions – including mental health conditions?

Question 17: What additional flexibilities in the system or forms of support would claimants with multiple and complex problems need to enable them to meet the new work-focused requirements in the Green Paper?

Question 18: What are the key features of an action planning approach that would best support employees and employers to take the steps for the employee to make a swifter return to work?

Question 19: What approach might be suitable to assist partners of benefit claimants who can work into employment?

Question 20: What are the next steps in enabling disabled people, reliably and easily, to access an individual budget if they want one? Should they include legislation to give people a right to ask for a budget or will the other levers the Government has got prove sufficient? What are the safeguards that should be built in? How can this be done?

Question 21: Is a system based on a single overarching benefit the right long-term aspiration? How could a simpler system be structured so as to meet varying needs and responsibilities?

Question 22: Would moving carers currently on IS onto JSA be a suitable way of helping them to access the support available to help combine caring with paid work or preparing for paid work?

Question 23: How might we reform Bereavement Benefit and IIDB to provide better support to help people adjust to their new circumstances while maintaining the work focus of the modern welfare state?

Question 24: Are lump sum payments a good way of meeting people's needs? Do they give people more choice and control? Could we make more use of them?

Question 25: What information would providers need to make the Right to Bid effective? How would the evaluation process need to work to give providers confidence that their ideas would be evaluated fairly and effectively? How do we get the balance right between rewarding those who come up with new ideas and the obligation to tender projects?

Question 26: What would the processes around contributing to commissioning and performance management look like in a range of different partnership areas? How might they best be managed to achieve the desired outcomes?

Question 27: How could a link be made to the radical proposals for the pilots [AME-DEL], which seek to reward providers for outcomes out of the benefit savings they achieve?

Question 28: How effective are current monitoring and evaluation arrangements for City Strategies?