

Summary: Intervention & Options

Department /Agency: DWP	Title: Impact Assessment of 'Building Britain's Recovery: Achieving Full Employment'	
Stage: Final proposal	Version: 1	Date: 15 th December 2009
Related Publications: Building Britain's Recovery: Achieving Full Employment White Paper		

Available to view or download at:

<http://www.dwp.gov.uk/buildingbritainsrecovery> employment.whitepaper@dwp.gsi.gov.uk

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What is the problem under consideration? Why is government intervention necessary?

Maintaining a high level of employment is important for the economy as a whole and for the well-being of individuals. The recession has led to rising levels of unemployment and highlighted the need for further interventions to support people in getting back to work, particularly to prevent a large number of young people slipping into long-term unemployment. Government has a key role to play in ensuring that people get the help they need in finding work and can improve their skills; and in minimising other barriers to entering work.

What are the policy objectives and the intended effects?

The objective is to reduce the level and rate of unemployment, particularly for young people, and to facilitate a longer-term 80 per cent employment rate aspiration. The proposals are intended to help more people to find work, which will support economic growth and provide economic benefits for individuals and families.

What policy options have been considered? Please justify any preferred option.

Policy options in the White Paper are: 1) Additional Support for 18 to 24 year olds 2) Additional Support for 16 to 17 year olds 3) Better Off in Work credit 4) Additional support for older workers 5) Additional support for professionals 6) Self-employment 7) Activity at 24 months 8) Travel and childcare 9) Partners conditionality 10) Health 11) Modernising services 12) Outreach 13) Mini-Jobs 14) Carers allowance 15) Skills 16) Delegated flexibility pilots

These have been selected from a range of alternatives, on the basis of economic impacts and coverage across the groups which need support.

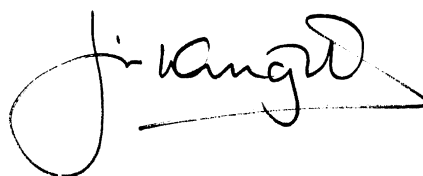
When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?

This is a final proposal stage Impact Assessment. The policy will continue to be reviewed in the light of further evidence.

Ministerial Sign-off For final proposal/implementation stage Impact Assessments:

I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) the benefits justify the costs.

Signed by the responsible Minister:



.....Date: 15th December 2009

Summary: Analysis & Evidence

Policy Option: Summary	Description: Main policies included in 'Building Britain's Recovery: Achieving Full Employment'
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COSTS	ANNUAL COSTS	Description and scale of key monetised costs by 'main affected groups' Direct departmental cost of the package: This includes additional operational costs, and other departmental costs incurred to support the policies (for example in-work payments to 18 to 24 year olds on Young Person's Guarantee). Further information in evidence base.			
	One-off (Transition) Yrs		£		
	Average Annual Cost (excluding one-off)		£ 150m	Total Cost (PV)	£ 600m
	Other key non-monetised costs by 'main affected groups' Note that monetised costs other than the direct departmental cost of the package (e.g. individual costs and indirect fiscal costs) have been deducted from the key monetised benefits.				

BENEFITS	ANNUAL BENEFITS	Description and scale of key monetised benefits by 'main affected groups' Exchequer: Net indirect fiscal impact of policies including net impact on benefit expenditure. Individuals: Net impact of changes to in-work benefits and taxes, and increases in wage income due to movements into work. Further information in evidence base.			
	One-off Yrs		£		
	Average Annual Benefit (excluding one-off)		£ 150m	Total Benefit (PV)	£ 600m
	Other key non-monetised benefits by 'main affected groups' Higher long-term earnings from reduced scarring (can be worth up to £3,000pa), increased self-esteem and independence as a result of working, integration of disadvantaged groups, reduction in costs associated with crime and ill health.				

Key Assumptions/Sensitivities/Risks

Impacts include estimates of additional employment from the proposed measures, which are subject to uncertainty. Costs and benefits rounded to nearest £100m.

Price Base Year	Time Period Years	Net Benefit Range (NPV) £	NET BENEFIT (NPV Best estimate) £ 0m
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What is the geographic coverage of the policy/option?	UK/GB/Various		
On what date will the policy be implemented?	Various		
Which organisation(s) will enforce the policy?	DWP/JCP		
What is the total annual cost of enforcement for these organisations?	£ N/A		
Does enforcement comply with Hampton principles?	Yes		
Will implementation go beyond minimum EU requirements?	N/A		
What is the value of the proposed offsetting measure per year?	£ N/A		
What is the value of changes in greenhouse gas emissions?	£ N/A		
Will the proposal have a significant impact on competition?	No		
Annual cost (£-£) per organisation (excluding one-off)	Micro	Small	Medium Large
Are any of these organisations exempt?	No	No	N/A N/A

Impact on Admin Burdens Baseline (2005 Prices)		(Increase - Decrease)
Increase of £	Decrease of £	Net Impact £

Key: Annual costs and benefits: Constant Prices (Net) Present Value

Evidence Base (for summary sheets)

[Use this space (with a recommended maximum of 30 pages) to set out the evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Ensure that the information is organised in such a way as to explain clearly the summary information on the preceding pages of this form.]

Introduction

A strong, healthy and prosperous economy needs everyone to have the chance to make the most of their skills and potential. Apart from the increases in income that employment brings, work strengthens independence and dignity and fosters greater social inclusion. Increasing employment helps to tackle poverty and enable people to save for their future retirement.

The White Paper summarises DWP's strategy for employment growth and sets out specific proposals to help move the unemployed into work and help people remain in work. As in past recessions, a large number of young people have become unemployed. In the absence of Government intervention this would translate into significant long-term youth unemployment. Long-term unemployment can cause substantial problems including the loss of skills, confidence and motivation. This can make it harder to find new work resulting in permanent scarring through lower wages and a likelihood to experience unemployment in the future. The damaging effect on people and communities has an adverse impact on the country, with the loss of skills and productive capacity.

The White Paper also sets out how DWP will provide additional support to older workers and professionals who, as a consequence of the recession, may be seeking work for the first time in many years. DWP also wants jobs to be compatible with the wider demands that individuals face.

Despite the recession DWP has not lost sight of its long-term aspirations for the UK's labour market. The White Paper reiterates the aspiration of having eight out of every ten people of working age in employment and sets out the action DWP will take to start moving us towards this goal.

In addition to making the right jobs available DWP needs to provide tailored help to individuals so that they are ready for work. The White Paper sets out proposals for reform in two areas - how DWP will ensure people have the skills they need and how DWP will support disabled people and people with a health condition. The White Paper sets out how DWP will personalise the support offered, focusing on the most disadvantaged.

Even when people are ready and able to work the move from out of work benefits to employment can be daunting. In this context, getting the financial incentives right is important - the vast majority of people are better off in work than on benefits and DWP wants to do more to make this clearer. Whilst these measures are important, DWP recognises that further action is needed to encourage some groups into the labour market. DWP will ensure that the benefit system encourages lone parents and others to try out work for a few hours a week as a stepping stone towards a move off benefits.

Once in work DWP wants to ensure that people are able to stay in employment and to progress. A new or existing disability or health condition causes too many individuals to leave work. The White Paper sets plans to provide greater support those with health problems in finding and retaining work.

DWP wants to ensure that all customers, whether in or out of work, receive an efficient service. The White Paper sets out how DWP intends to deliver a welfare delivery system fit for the twenty first century by: exploring different models of flexible, personalised support ensuring that services are joined up and tailored to the specific needs of individuals.

Benefits to the economy

This Impact Assessment looks at the overall costs and benefits of the policies to the economy. The range of potential benefits to the economy include:-

- **Growth and productive capacity:** Available labour supply is a determinant of the rate of economic growth and increasing employment increases the productive capacity of the economy. Unemployment above a certain rate meanwhile may mean that the economy is not producing at its capacity and, potentially, that the economy is not as efficient as it could be. If the effect of labour market policies is to bring under-utilised labour into employment, then measures that increase the available labour have the potential to make people better off.
- **Productivity:** DWP and Jobcentre Plus services help to ensure that vacancies are filled quickly, facilitating a dynamic labour market which in turn can improve productivity. Policies to improve the skills of workers will also help to improve productivity.
- **Flexibility:** Improving the flexibility of the labour force results in a better position to react to changes in economic circumstances, both to take advantage of the opportunities presented by an increasingly globalised economy and to respond to periods of slower economic growth.
- **Inter-temporal effects:** As people remain unemployed they lose touch with the labour market, they may lose skills and potentially become stigmatised as a result of spending long periods of time out of the labour market. This can damage employability and increase search costs for individuals. To minimise this DWP wants to keep people engaged and active in the labour market as far as possible during the economic downturn.

The Impact Assessment includes wherever possible estimates of economic benefits, based on the wages received by the extra people who work as a result of the measures. Behavioural change is difficult to estimate with certainty and so estimates must be treated with caution. This provides a broad proxy for the immediate economic gains, but benefits resulting from improved flexibility and reduced scarring cannot be robustly quantified and are not included here.

Exchequer (Fiscal) Costs and Savings

There are also benefits to the Exchequer from an increase in employment. It leads to reduced benefit expenditure and increased receipt from tax and national insurance (NI) contributions which can help to reduce the fiscal burden and be beneficial for the sustainability of public finances. Savings in benefit expenditure and additional tax/NI revenues are included in this Impact Assessment, alongside the costs which arise from additional spending on employment measures and increases in benefit spending for some measures.

Distributional impacts

The immediate impact of a move into employment is that in almost all cases individuals are financially better off. This increase in income causes an increase in satisfaction (known as utility) and improves overall social welfare.

An improvement in the incomes of lower income groups is likely to lead to an overall improvement in welfare, even where that is offset by changes in tax on other groups, because the marginal utility associated with income changes is generally higher for lower income groups. In line with previous DWP practice, however, these distributional effects are not reflected in the overall net benefit calculation.

This should also be seen alongside the other non-financial benefits of moving into work such as improved health and increased social interaction, which are also not quantified in the assessment.

Poverty alleviation

The increased income associated with entering employment also leads to a decrease in the risk of poverty - the risk of poverty for working age adults in workless households is 55 per cent compared with 21 per cent where one or more but not all adults work and only six per cent where all adults work.

The Government has set an aim to eradicate child poverty within a generation and the contrast between poverty risks for children in workless versus working households is just as stark as for working age adults. Children in a workless household face a 61 per cent risk of poverty compared to 30 per cent where one but not all adults are in work and eight per cent where all adults work.

Increasing employment is directly linked to a reduction in the risk of poverty and that increases social welfare, not only for the individuals lifted out of poverty but also for the rest of society. There are also intergenerational impacts - improving outcomes for families today will help ensure that the children of today do not grow up to become tomorrow's poor parents.

Estimating costs and benefits

The fiscal costs and benefits presented in the summary table comprise the following:

Key monetised costs:

Monetised costs are presented so that the departmental costs of the package are clearly recognisable. Departmental costs represent increases in operational costs, for example the cost of additional adviser time, or costs associated with the provision of externally contracted Welfare to Work support. They also include the cost of funding additional places on the Young Person's Guarantee and the cost of the Better Off in Work credit. These costs cover the period 2009/10 to 2012/13.

Key monetised benefits:

The net impact of the cost of the package is shown by the key monetised benefits. This includes the net impact to the exchequer and the net impact to individuals who are affected by the policies. The impact to the exchequer captures changes in expenditure and revenue for out-of-work benefits, direct taxes and indirect taxes. Many of these fiscal impacts are savings that result from additional movements into work as a result of the policies set out in the White Paper. The impact to individuals captures the increase in income received. Individuals who move into employment directly as a result of policies benefit due to the wage received. These benefits are offset by a reduction in benefits. Individuals also incur additional costs due to taxation as they move into work. Taking these effects into account gives a net benefit to individuals. Benefits cover the period 2009/10 to 2012/13.

Estimating behavioural change and their impacts must be treated with caution and there are a number of areas in which the measures are likely to generate benefits but there is not sufficient robust evidence to quantify the impact. Costs are more likely to be fully quantified. As a result, the net monetary benefit from the measures presented here is likely to understate the overall net benefit.

It is generally recognised that marginal changes in income for low income groups will have a relatively larger impact on their welfare (known as utility) compared to the average. DWP have carried out an alternative calculation of the net benefit taking account of this factor. To get this net social benefit, the net benefits to individuals are multiplied by a factor of two; this number is based on the economic literature on this subject (it follows the indicative guidance in the Green Book and is consistent with further research on this topic).

Note: In some cases benefits (costs) to the exchequer directly correspond to costs (benefits) to individuals. For example increased taxes paid by individuals result in a matching benefit to the exchequer. These would both be incorporated within the benefits shown, and would cancel out (note that these would not cancel out exactly if distributional weights were applied).

The final net benefit calculation (the sum of fiscal and individual net benefits) is discounted by the social discount rate of 3.5 per cent (as set out in the Green Book) to account for the fact that costs and benefits accrue in the future for these interventions.

Each of the impact assessments for individual policies contains a table summarising the costs and benefits. These are presented in the following format:

Economic Costs	Economic Benefits	Fiscal Costs and Benefits	Wider Benefits
Economic costs of a policy, including operational costs (for example, the costs of offering additional time with advisers) and costs incurred by individuals (including costs directly associated with entering work such as travel and child-care costs).	Economic benefits of a policy, for example the value of additional production from moving people into work (as captured by the wages received by additional individuals in work).	Additional fiscal impacts of policies, for example reduced expenditure on out-of-work benefits due to additional movements into work ¹ . This also includes changes in spending on tax credits, housing benefit and council tax benefit, and tax receipts. (This does not include fiscal costs that are already included as economic costs, such as operational costs.)	These identify other areas in which the proposal may lead to benefits for the individuals affected, or for society as a whole. Examples are reductions in poverty and social exclusion, and impacts on health and crime. By their nature, these are more difficult to quantify robustly and they have not been included in the overall summary of costs and benefits.

Note: For some programmes all of these costs and benefits were not available and have not been included in some places. These impact assessments include assumptions and these are based on the best evidence available. Where direct evidence is not available it has required judgement, but this represents the best view of the expert analysts in the Department and as such is authoritative.

All costs and benefits are stated as net present values in 2009/10 prices unless otherwise stated.

Overarching Equality Impacts

DWP has carried out Equality Impact Assessments on the White Paper to meet the requirements and to ensure the White Paper meets the requirements of the:

- Race Equality Duty;
- Disability Equality Duty; and
- Gender Equality Duty.

The assessment process is carried out to help make sure that:

- the Department's strategies, policies and services are free from discrimination;
- due regard is given to equality (specifically disability, gender and race) in decision-making and subsequent processes; and
- opportunities for promoting equality are identified.

DWP is fully committed to promoting equality - each policy section has a dedicated Equality Impact Assessment and the Department takes very seriously the legal requirement to assess the impact of policy (including potential unintentional outcomes) on the grounds of race, disability and gender. The Equality Impact Assessment also considers the impact on DWP customers in terms of age. Unless otherwise stated in the individual sections, none of the policies are considered to have any age impacts. None of the policies are considered to have any negative consequences on those with specific religious beliefs or sexual orientation. No human rights impacts have been identified.

Some of the policies outlined in this Impact Assessment are designed to improve employment outcomes for disadvantaged groups such as lone parents and disabled people. The ultimate aim is to ensure that the support and the expectations are in place to ensure that these groups are no longer disadvantaged.

¹ Note that reductions in fiscal costs could, in theory, be included both as an economic benefit (to the exchequer) and an economic cost (to the individual who no longer receives out-of-work benefits). The same applies in reverse for policies that involve increases in tax credits/benefits. These would cancel out exactly unless distributional weights were applied, and are not included in the tables to avoid confusion.

In developing the policies for the White Paper DWP has measured the impact on the most disadvantaged groups. The changes and the pilots DWP will introduce will be thoroughly evaluated to ensure that, both through these changes and in shaping future policy, there is a positive impact on employment rates.

DWP recognises that rural areas have a diverse, substantial and dynamic labour market with a large base in knowledge intensive public and private sectors as well as in less skilled occupations and industries. DWP recognises living and working in rural areas can provide residents with a distinct set of demographic, spatial and economic challenges that may create barriers to achieve fulfilling employment in rural areas. Some of these challenges will also be present within disadvantaged urban areas, but the combination of these employment, demographic and service factors makes them significant for the rural job seeker in accessing full and fulfilling employment.

DWP's services are based on individuals and their needs, not biased towards one area or another. However DWP does recognise the additional challenges that those living in rural or remote areas might face in accessing DWP services. DWP will also be working with the DEFRA when DWP is implementing these policies.

This White Paper aims not only to achieve higher overall levels of employment but to address deep-seated inequalities by creating a labour market that is flexible, fair and open to all.

This Impact Assessment is a living document and will be regularly reviewed and updated as the proposals are developed in further detail to ensure that all potential equality impacts are identified and understood. Comprehensive and robust evaluation will be at the heart of the proposals so that any unforeseen policy and equality impacts are identified and shape future policy developments.

Annex 1: The Equality duties

The Disability Equality Duty requires public authorities in carrying out their functions to have due regard to the need to,

- Promote equal opportunities for disabled people;
- Promote positive attitudes toward disabled people;
- Encourage participation of disabled people in public life;
- Eliminate unlawful disability discrimination;
- Eliminate disability-related harassment;
- Take steps to meet disabled people's needs even if that requires more favourable treatment.

The Gender Equality Duty requires public authorities in carrying out their functions to have due regard to the need to,

- Promote equality of opportunity between men and women;
- Eliminate unlawful discrimination;
- Eliminate harassment.

The Race Equality Duty requires public authorities in carrying out their functions to have due regard to the need to,

- Promote equality of opportunity between people of different racial groups;
- Promote good relations between people of different racial groups;
- Eliminate unlawful racial discrimination.

Other equality strands included in this assessment,

- Age

None of the policies are considered to have any negative consequences on those with specific religious beliefs or sexual orientation. No human rights impacts have been identified.

1) Additional Support for 18 to 24 year olds

Introduction and Policy Rationale

Eighteen to 24 year olds claiming Jobseeker's Allowance (JSA) have access to the full range of support provided to all job seekers, including time with a personal adviser, help with job search techniques and basic skills, and later in their job search journey, provision provided through the New Deal for Young People and the Flexible New Deal.

Young job seekers also have access to all the new measures introduced to help job seekers during the downturn, including:

- An expanded Rapid Response Service for people facing redundancy;
- Support for newly unemployed job seekers;
- Access to Local Employment Partnership vacancies and work trials from day one; and
- The Six Month Offer: including recruitment subsidies, work-focussed training, help to become self-employed and volunteering.

In addition, there is now new support specifically targeted on young people:

- Through Backing Young Britain:
 - Group sessions for 18 year olds looking for work for the first time;
 - Access to a mentor;
 - New apprenticeship places;
 - New internships for graduates and non-graduates; and
 - Additional adviser time after 13 weeks of unemployment.
- Through the Young Person's Guarantee²:
 - Future Jobs Fund Jobs;
 - Routes into Work;
 - Training places; and
 - The Community Task Force.

Since April 2009 when the Young Person's Guarantee was announced, the employment and unemployment rates for young people have further deteriorated. Therefore, the Government is strengthening the support available to young people from the start of their JSA claims.

What is the change in policy?

The Government is strengthening support for young people and allowing earlier access to some existing elements of support. Young people reaching six months of unemployment will have access to a new Six Month Guarantee: a guarantee of extra support through their personal adviser and a personalised back to work plan offering access to a job, training or work experience.

The Six Month Guarantee will draw together provision made through the Six Month Offer, Backing Young Britain and the Young Person's Guarantee into a seamless package of support for young people. All young people will take up a place through the guarantee by the end of month ten of their claim: doing nothing will not be an option.

To support this, the Government is introducing for young people:

- Access to a dedicated personal adviser from day one of their unemployment claim, with more time with their personal adviser;
- Strengthened job search support in the three to six months stage of their claim, with additional personal adviser time and weekly contact;
- Increased fast-tracking to six month plus support from day one of their claims;
- A Graduate Guarantee that all new graduates unemployed for six months will have access to an internship, training or help to become self employed, as announced in the Queen's Speech; and
- Thousands of additional Government funded training, internship, work experience and job opportunities on top of the 300,000 already pledged for the next 18 months to help deliver the new Six Month Guarantee.

² An Equality Impact Assessment has been published for the Young Persons Guarantee at <http://www.dwp.gov.uk/docs/ia-young-person-guarantee-jobs-09.pdf>

Reason for the change in policy

Since April 2009 when the Young Person's Guarantee was announced the employment and unemployment rates for young people have further deteriorated. Increasing the support available to young people will help them to find employment as quickly as possible.

In addition, bringing forward access to intensive support and rationalising the offers made through the Young Person's Guarantee, Backing Young Britain and the Six Month Offer into a single menu will give young people a clearer, wider and more coherent range of options.

In a buoyant economy there would be a risk of deadweight cost, but in the current climate young people need extra support and should not have to wait 12 months for it: the longer they are on benefit, the greater the risk that it has a lasting effect on their prospects.

Overall Estimated Impact of Policy / Estimating Costs and Benefits

Evidence

Evaluations of all New Deal programmes have pointed to the critical role of the personal adviser. Advisers provide continuity of support for job seekers and, where a good relationship is established, the likelihood of a positive outcome is increased. Many advisers believe that the more frequent and purposeful contact with job seekers during the New Deal, has 'improved' attitudes amongst job seekers. Similarly, interviews with job seekers have found that the one-to-one contact with a personal adviser was one of the best elements of the New Deal, and distinguished it from their usual experience of the jobcentre or previous employment support.

Adviser support improves the frequency and quality of job search activity, and job seekers' confidence and motivation. Many job seekers have reported that the New Deal intensified their job search, mainly attributable to adviser support leading to new job search techniques and improved motivation and self-confidence. Some job seekers welcomed the 'push' they received from their adviser to get work. In other cases advisers believe regular contact has encouraged job seekers to 'open up' and overcome the barriers they face, such as problems with alcohol, drugs, basic skills or mental health issues, as well as allowing advisers to broach more sensitive issues, in particular hygiene, appearance, and illegal working issues.³

In addition, a period of full-time mandatory activity within the Young Person's Guarantee maintains a founding principle of the New Deals since 1998 - that no job seeker can choose a lifetime on benefits. Participation in mandatory activity ensures that everyone experiences work or activity that involves the basic disciplines of work (e.g. time keeping, working with others) and increases the likelihood of job seekers finding work.

Mandatory activity works through three main routes: (1) refreshing employability habits and skills, (2) boosting job seekers' active job search and (3) ensuring job seekers take advantage of the support on offer.

Estimated costs and benefits

The cost of the package includes:

- Named advisers and additional adviser support;
- Strengthened support for young people between three and six months;
- Increased fast tracking;
- More Non Graduate Internships.
- The Six Month Guarantee.

The impact has been estimated based on the following assumptions:

- That the impact of training is in line with the impact estimates from the short job focussed training element of Work Based Learning for Adults; and

³ FND Evidence Paper

- That the impact of work experience is in line with the impact estimated for customers over 50 in the impact assessment of the over 50 Intensive Activity Period.

Economic Costs	Economic Benefits	Fiscal Costs and Benefits	Wider Benefits
The operational cost of the package has been estimated at £240m (NPV 2009/10 to 2010/11).	<p>More job seekers helped into sustained employment.</p> <p>The additional economic benefits have been estimated at around £100m (NPV 2009/10 to 2010/11).</p>	<p>In addition to the operational costs, the policy involves £71m additional expenditure to cover Future Jobs Fund and Community Task Force places.</p> <p>Strengthened support for young people is expected to increase job entries by re-establishing work habits and skills. This will reduce benefit payments and the Exchequer would also benefit from increased tax and National Insurance Contributions flow backs.</p>	Helping long-term job seekers into employment will provide further benefits that are difficult to quantify such as reduced poverty and social exclusion, improved child outcomes, improved intergenerational and social mobility, reduced crime and improved health.

Note: Fiscal transfers directed towards lower income people will have a further economic benefit reflecting the fact that marginal changes in income for low income groups will have a relatively larger impact on their welfare. Reference: HM Treasury, The Green Book.

Equality Impact Assessments

Disability

The table below shows proportions for new JSA claims and job seekers reaching six months unemployment with a disability for 18 to 24 year olds and all JSA customers between April 2008 and March 2009.

Table 1 Proportion job seekers by duration, disability and age:

			No Disability	Disability	Unknown
2008-09	New Claims	18-24	89%	9%	2%
		25+	83%	16%	1%
	6 Months +	18-24	86%	12%	2%
		25+	79%	19%	1%

Source: National Benefits Database and LMS Client Database

Eighteen to 24 year olds are less likely to be disabled than over 25 year old job seekers. New job seekers are less likely to be disabled on average than job seekers that reach six months on JSA for both age groups. In 2008/9 there has been a fall in the proportion of disabled job seekers for all age groups and durations on JSA.

Although the proposed policy will promote equality of opportunity between young people with disabilities and those without, there is a risk that not providing similar support to over 25 year olds who have a greater proportion of job seekers with disabilities could have an indirect negative impact on job seekers with a disability.

No negative impact is expected however because adult job seekers with a disability will have access to intensive support available through Jobcentre Plus, the Six Month Offer and the Flexible New Deal. Jobcentre Plus is committed to meeting responsibilities under the Disability Discrimination Act (1995) and all advertised Future Jobs Fund vacancies will have to be fully compliant with UK legislation and Employment law.

Although this policy aims to support young job seekers with disabilities there are a number of avenues of support open to job seekers over the age of 25 with disabilities including: Access to Work which provides practical support to overcome work related obstacles from disability; Workstep which is a programme for people whose disability makes it difficult for them to find or keep a job; Work preparation which addresses barriers associated with a disability and prepare customers to enter the labour market; and, the Job Introduction Scheme providing help for disabled customers and their employers.

Gender

The table below shows gender proportions for new JSA claims and job seekers reaching six months unemployment for 18 to 24 year olds and all JSA customers between April 2008 and March 2009.

Table 2 Proportion of job seekers by duration, age and gender

			Female	Male
2008	New Claims	18-24	32%	68%
		25+	27%	73%
	6 Months +	18-24	28%	72%
		25+	22%	78%

Source: National Benefits Database and LMS Client Database

New job seekers are more likely to be male on average, but 18 to 24 year olds are more likely to be female than over 25 year old job seekers. In addition, females are less likely to reach six months unemployment than males for both young and older job seekers.

No negative gender impacts are expected. Both men and women will be able to access these policies on the same terms, thereby promoting equality of opportunity for both men and women. However, more males will probably access the schemes, as statistically they are more likely to reach the relevant point in their unemployment claim. Whilst more males will access the scheme than females there is no evidence to suggest that either the Young Persons Guarantee or the Future Jobs Fund will have any negative impact on a particular gender.

Ethnicity

The table below shows proportions for new JSA claims and job seekers reaching six months unemployment from white and ethnic minority backgrounds for 18-24 year olds and all JSA customers between April 2008 and March 2009.

Table 3 Job seekers by duration, age and ethnicity

			Unknown	White	Ethnic Minority	Prefer not to say
2008	New Claims	18-24	2%	80%	13%	5%
		25+	2%	79%	13%	6%
	6 Months +	18-24	2%	79%	14%	5%
		25+	2%	77%	15%	6%

Source: National Benefits Database and LMS Client Database

Eighteen to 24 year olds are just as likely to be from an ethnic minority background as over 25 year olds. The proportion of customers aged 18 to 24 who are from an ethnic minority background has parity with the proportion of total JSA customers who are from an ethnic minority background. No negative impacts are expected from these policies as both white and ethnic minority job seekers will be able to access these policies on the same terms, thereby promoting equality of opportunity.

It is anticipated that the creation of 50,000 Future Jobs Fund jobs in unemployment hotspots will help ethnic minority groups and therefore have a positive impact that promotes opportunity. This is because ethnic minority groups are traditionally located in areas of higher unemployment. The Working Neighbourhoods Fund (WNF), for example, is given to the most deprived Local Authorities in England. The WNF areas include more than half (52 per cent) of all workless ethnic minorities.

Age

The figures below show the percentage and percentage point changes in the employment rate, ILO unemployment rate and claimant count rate for young people and older people since April to June 2008, when the recession started, and from March to May 2009, when the Young Person's Guarantee was announced⁴. They show that:

- The employment rate for young people has been disproportionately affected by the recession compared to older age groups, with significantly greater percentage and percentage point drops seen in their employment rates. The disproportionate impact on young people has also grown since April 2009;
- Young people have seen the largest percentage point increases in ILO unemployment rates since the recession started, though they have not seen the largest percentage increases in ILO unemployment. This suggests that young people experienced higher levels of ILO unemployment than older age groups before the recession began and have been hardest hit by the recession; and
- Although the percentage increases in the claimant count for young people have been in line with older age groups, young people have experienced larger increases since April 2009.

Figure 1 Percentage point change in employment rate by age

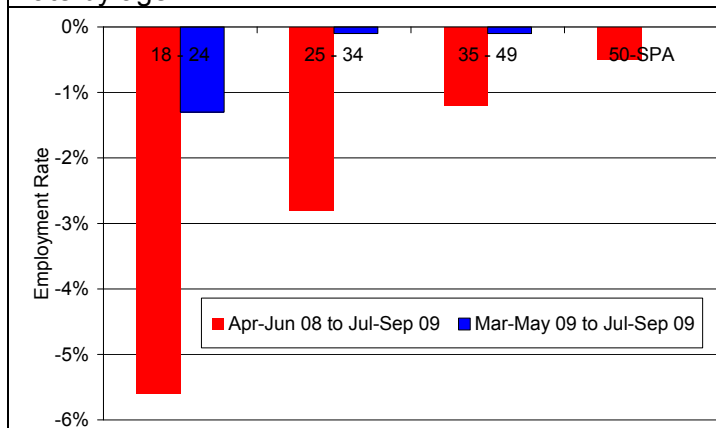


Figure 2 Percentage change in employment rate by age

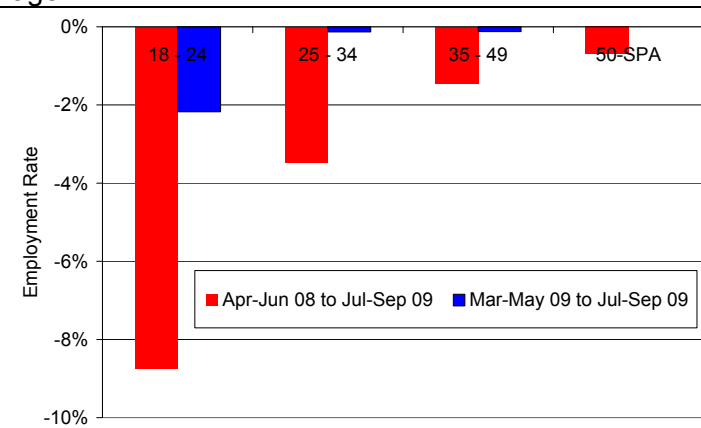


Figure 3 Percentage point change in ILO unemployment rate by age

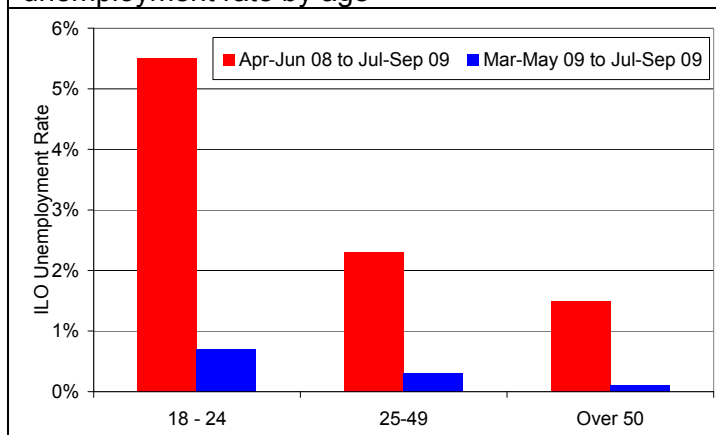
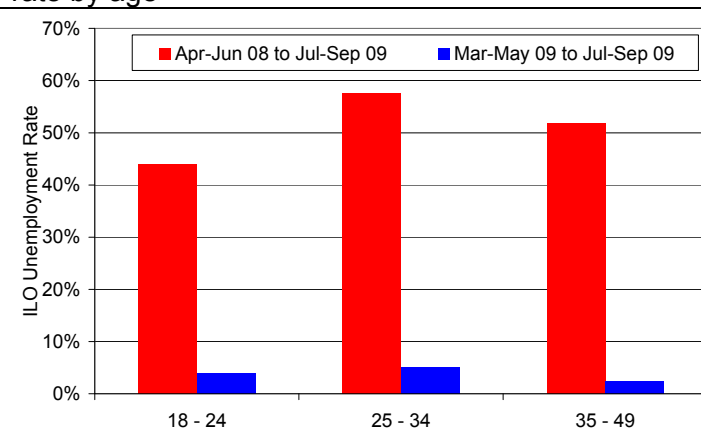


Figure 4 Percentage change in ILO unemployment rate by age



⁴ Note that it has not been possible to show percentage point increases in the claimant count so the absolute changes have been included.

Figure 5 Absolute change in Claimant Count by age⁵

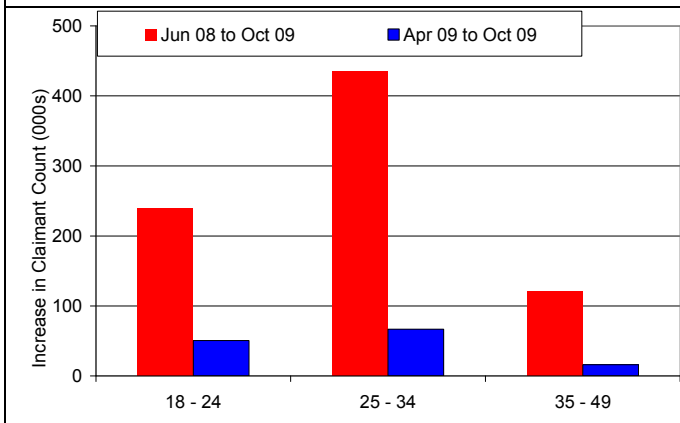
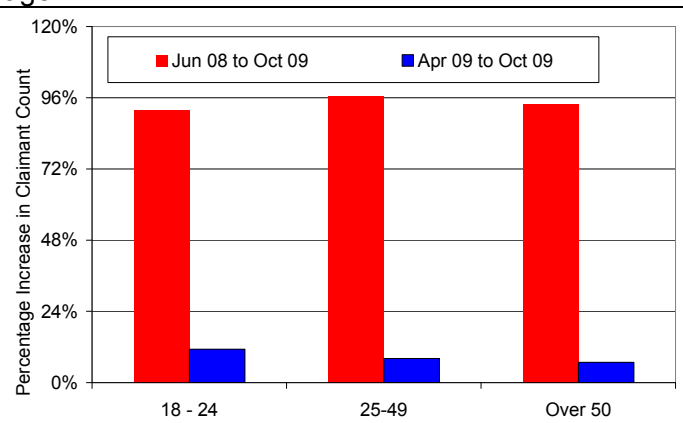


Figure 6 Percentage change in Claimant Count by age



Young people have been disproportionately hit by falling employment since the start of the recession. In the past year the number of 18 to 24 year olds in work has fallen by almost 250,000, and the employment rate has fallen by 5.1 percentage points (compared to a fall in the working age employment rate of 1.9 percentage points). There is evidence to suggest that for younger people long durations of unemployment are strongly associated with wage scarring.

Finally, lack of work experience and skills are a particular barrier for young people. A recent survey of employers found that the main barriers to recruiting young people (aged 16 to 24) are lack of experience (72 per cent) and the availability of more suitable candidates (65 per cent). A third of employers say that young people have poor soft skills or poor attitude (31 per cent).⁶ Findings from this survey are also backed up by the Labour Force Survey data for ILO unemployed 18 to 24 year olds which shows that around 40 per cent report that they have never had a paid job. This compares to less than ten per cent of 25 to 49 year olds, and less than two per cent of over 50 year olds.

There is a risk that strengthening the support for young people could have a negative impact on older job seekers, but no significant negative impacts are expected because:

- The extra support for young people is in response to the recession having a larger effect on their employment and unemployment rates, evidence that scarring effects are larger for young people and lack of work experience being a particular barrier for young people;
- The Government has developed a strengthened package of support that adult job seekers can access including:
 - More support through the Rapid Response Service;
 - More support from day one through Support for Newly Unemployed and support for professionals;
 - Access to jobs through Local Employment Partnerships, the Adviser's Discretionary Fund and Programme Centres, delivering job search support, from day one of unemployment;
 - Personal Adviser case loading from six months unemployment;
 - The Six Month Offer delivering access to an employer recruitment subsidy, help with self employment, training and volunteering;
 - Intensive personalised support through the Flexible New Deal (from October 2010 in Phase two areas)
- Adult job seekers in unemployment hotspots will have access to up to 50,000 Future Jobs Fund jobs.

All customers have access to strengthened support through the Six Month Offer, Future Jobs Fund in unemployment hotspots and Personal Adviser support from the six month point. However, as demonstrated above, younger people have been more affected by the recession than other age groups; they face a larger challenge in finding work due to their lack of experience and face a disproportionately

⁵ Note that it has not been possible to show percentage point increases in the claimant count so the absolute changes have been included.

⁶ http://www.cipd.co.uk/NR/rdonlyres/B825A8B2-7022-4D8A-B321-1AB38F1999B2/0/Labour_Market_Outlook_summer_09.pdf

large effect on their lifetime prospects through scarring if they cannot secure employment. Therefore whilst younger people will be more likely to access these schemes it is a justified response to the current downturn and reflects this group's prevalence amongst job seekers.

In cases where Future Jobs Fund jobs are not filled by a suitable young person, they will, after a period of a few weeks, be open to adult job seekers regardless of their personal characteristics and this will help to promote equality of opportunity.

2) Additional Support for 16 to 17 year olds

i) Joint Group Sessions for 16 to 17 year olds; and access to Jobcentre Plus personal advisers for 16 to 17 year old NEETs, to assist them with job search for LEP and other vacancies

Introduction and Policy Rationale

What is the current policy?

Connexions and Jobcentre Plus already work closely together, referring customers to support relevant to their age and circumstances. Sixteen and 17 year olds who are not eligible for benefits have previously had little contact with Jobcentre Plus. Whilst the Government's aim is that all 16 and 17 year olds remain in some form of education or training, a minority have a desire to enter the labour market and would benefit from advice and support with job search.

What is the change in policy?

Connexions will work with Jobcentre Plus to introduce new joint advice sessions for 16 to 17 year olds who are Not in Education, Employment or Training (NEET) and looking for work to give them an introduction to the local labour market, advice on the training that they will need and job search skills. Connexions and Jobcentre Plus will also work together closely to identify 16 to 17 year olds who could benefit from job search support and access to Local Employment Partnership (LEP) vacancies. Young people identified will be referred to Jobcentre Plus who will deliver personal adviser support including help with job search and referral to appropriate vacancies, including LEP vacancies. DWP expects this supported model to deliver more successful and sustainable employment outcomes for 16 to 17 year olds because many are likely to have barriers to work and limited work experience.

What is the reason for change in policy?

Sixteen and 17 year olds not in full-time education have seen the largest absolute fall in their employment rate since the start of the recession. Earlier this year, the ILO unemployment rate for 16 to 17 year olds not in full-time education had the largest percentage point increase of all age groups.

Figure 1 shows the percentage point drops in employment rates for age groups and Figure 2 shows the percentage change in employment rates for age groups. Figure 3 shows the percentage point increases in ILO unemployment rate for age groups and Figure 4 shows the percentage change in ILO unemployment rates for age groups.

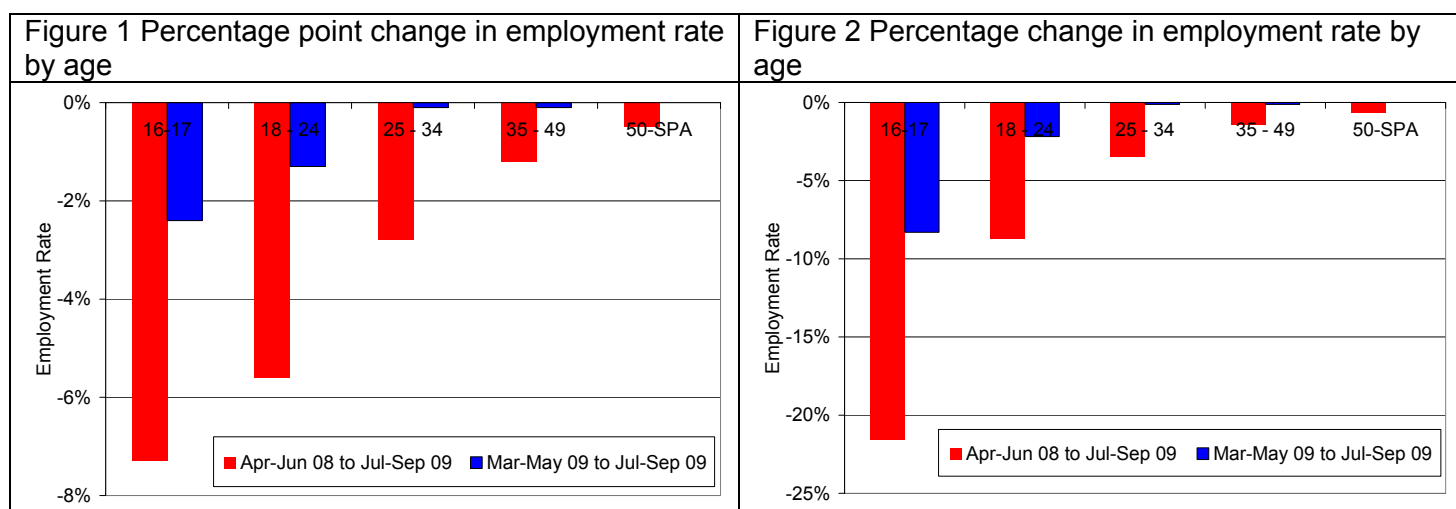


Figure 3 Percentage point change in ILO unemployment rate by age

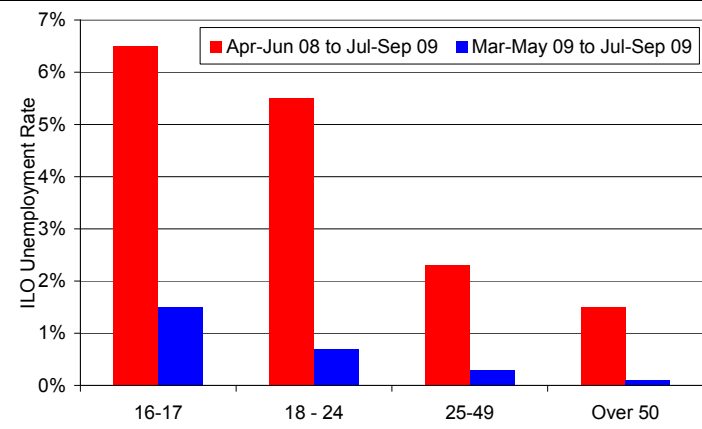
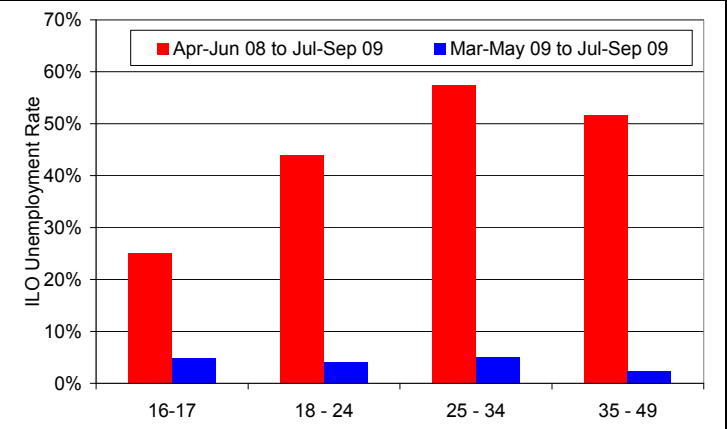


Figure 4 Percentage change in ILO unemployment rate by age



A significant proportion of Connexions customers aged 16 to 17 who are NEET are interested in looking for work (56 per cent of 16 year old NEETs and 44 per cent of 17 year olds NEETs), but under current arrangements this group do not routinely receive advice and support from Jobcentre Plus. This group of young people should have early advice on the opportunities available to them in their local labour market and support to access these opportunities, and advice on how their skills can be developed to improve their employability, as well as giving them a better understanding of what might happen if they need to claim a benefit.

Overall Estimated Impact of Policy / Estimating Costs and Benefits

Increased support for 16 to 17 year old NEETs looking for work is expected to improve their job search skills and help them move into employment or appropriate training quicker, thus reducing the potentially scarring impact of youth unemployment, and reducing the number of young people who will make a claim for Jobseeker’s Allowance (JSA) on turning 18 years of age.

Plans are to offer group sessions for 50,000 16 to 17 year old NEETs. The overall programme cost takes account of costs associated with additional Jobcentre Plus and Connexions staff time as well as estate requirements. By improving young people’s job search effectiveness the group sessions will reduce the length of time young people spend being NEET, and increase the time they spend in employment.

Economic Costs	Economic Benefits	Fiscal Costs and Benefits	Wider Benefits
Delivering sessions to 50,000 young people will cost £2m in 2010/11.	If the sessions could increase the length of time participants spend in employment by one week then the benefits to the economy could be around £10m in 2010/11.	There will be fiscal benefits for the Exchequer from increased tax revenues and reduced benefit payments.	Young people engage with the world of work early on, this creates social attachment and could potentially help reduce social exclusion.
Offering personal adviser support to 16 and 17 year old NEETS will cost £2m in 2010/11.	If this support could increase the length of time participants spend in employment by one week then the benefits to the economy could be around £2m in 2010/11.		

Note: Fiscal transfers directed towards lower income people will have a further economic benefit reflecting the fact that marginal changes in income for low income groups will have a relatively larger impact on their welfare. Reference: HM Treasury, The Green Book.

Equality Impact Assessments

This Equality Impact Assessment assumes that 16 to 17 year olds who will be offered new advice sessions jointly delivered by Connexions and Jobcentre Plus will have similar characteristics to the ILO unemployed not in full time education (FTE) group, because this support is aimed at 16 to 17 year old NEETs who are interested in looking for work (overall NEET figures include inactive young people).

Data from the Labour Force Survey (LFS) has been used to identify the characteristics of 16 to 17 year olds who might attend group sessions or be offered access to personal adviser support. The LFS allows us to compare the characteristics of the overall population aged 16 to 17 to the characteristics of 16 to 17 year olds who are recorded as ILO unemployed and not in full time education.

Young people aged 16 to 17 have the lowest employment rate amongst the working age population, and since the start of the recession have seen the greatest fall in their employment rate. The ILO unemployment rate for 16 to 17 year olds not in full time education reached a historically high level earlier this year. Although the number of 16 to 17 year olds not in education or training is relatively small, 56 per cent of 16 year olds NEET and 44 per cent of 17 year olds NEET are seeking employment, or employment with training.

Disability

Table 1 compares the proportion of 16 to 17 year olds reported as having a disability, with the proportion of 16 to 17 year olds ILO unemployed not in FTE from Quarter 4 2008 to Quarter 3 2009. This comparison allows us to form a broad view on likely impacts.

Table 1 Reported Disability

	Disabled
16-17 year olds	6%
16-17 year olds ILO unemployed (not in FTE)	7%

Source: Labour Force Survey Quarter four 2008 to Quarter three 2009

The proportion of 16 to 17 year olds ILO unemployed not in FTE who report that they have a disability is slightly higher than the proportion for the 16 to 17 year old population as a whole.

The new group sessions and adviser support are intended to improve the employability of 16 to 17 year olds and give them a better understanding of what might happen if they need to claim benefit, and the Government expects 16 to 17 year olds with a disability to benefit from these sessions. Sixteen to 17 year olds with a disability are slightly more likely to be ILO unemployed (not in FTE) therefore if the 16 to 17 year olds who take up this support are representative of 16 to 17 year olds ILO unemployed (not in FTE) overall, then this policy could disproportionately benefit 16 to 17 year olds with disabilities.

The group sessions and adviser support are intended to benefit 16 to 17 year olds with and without a disability, and will be delivered by advisers trained to give specialist employment and skills advice to meet a broad range of individual needs and aspirations.

Gender

Table 2 compares the gender breakdown of the overall 16 to 17 year old population and 16 to 17 year olds ILO unemployed (not in FTE) between Quarter 4 2008 and Quarter 3 2009.

Table 2 Gender breakdown

	Male	Female
16 to 17 year olds	51%	49%
16 to 17 year olds ILO unemployed (not in FTE)	59%	41%

Source: Labour Force Survey Quarter four 2008 to Quarter three 2009

Sixteen to 17 year old males are more likely to be ILO unemployed (not in FTE) than females. This finding is in line with DCSF annual participation estimates which show that young women are more likely to participate in education and training.

The proportion of 16 to 17 year olds ILO unemployed (not in FTE) who are male is slightly greater than the overall proportion of the 16 to 17 year old population who are male. Since the new group sessions and adviser support are targeted at 16 to 17 year olds who are NEET and looking for work, if the 16 to 17 year olds taking up this support are representative of the 16 to 17 year old ILO unemployed (not in FTE) group overall then this policy could disproportionately benefit 16 to 17 year old males. Although males make up a slightly higher proportion of the target group, a significant proportion (41 per cent) are female.

The group sessions and adviser support will cater for a wide range of different aspirations and skills needs, and should allow male and female 16 to 17 year olds to benefit equally.

Ethnicity

Table 3 compares the ethnicity breakdown for all 16 to 17 year olds compared to 16 to 17 year olds who are ILO unemployed (not in FTE) from Quarter 4 2008 to Quarter 3 2009.

Table 3 Ethnicity breakdown

	White	Ethnic Minority
16-17 year olds	86%	14%
16-17 year olds ILO unemployed (not in FTE)	93%	7%

Source: Labour Force Survey Quarter four 2008 to Quarter three 2009

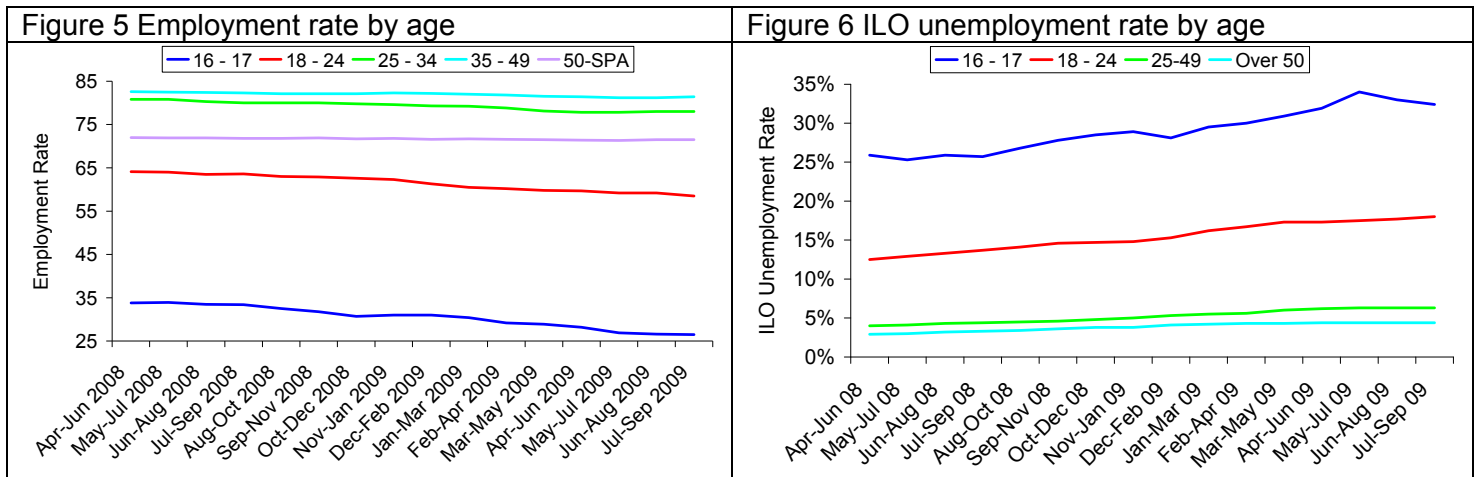
Sixteen to 17 year old ethnic minorities are disproportionately less likely to be affected by this proposal because they are disproportionately less likely to be ILO unemployed (not in FTE). This finding is not surprising given that young people from white backgrounds are less likely to continue in education or training post-16 than any other ethnic group (Connexions Annual Survey of Year 11 destinations).

The proportion of 16 to 17 year olds ILO unemployed (not in FTE) from an ethnic minority background is slightly smaller than the overall 16 to 17 year old population who are from an ethnic minority background. Since the new group sessions and adviser support are targeted at 16 to 17 year olds who are NEET and looking for work, if the 16 to 17 year olds taking up this support are representative of the 16 to 17 year old ILO unemployed (not in FTE) group overall then this policy could disproportionately benefit 16 to 17 year olds with a white background.

The group sessions and adviser support are intended to benefit all 16 to 17 year olds NEET looking for work, and will be delivered by advisers trained to give specialist employment and skills advice to meet a broad range of individual needs and aspirations. Therefore this support will benefit 16 to 17 year olds from ethnic minority and non-minority backgrounds.

Age

Figures 5 and 6 show employment rates and ILO unemployment rates by age group. Young people aged 16 to 17 have the lowest employment rate amongst the working age population, and since the start of the recession have seen the greatest fall in their employment rate. The ILO unemployment rate for 16 to 17 year olds (not in FTE) reached a historically high level earlier this year.



Source: Labour Force Survey Quarter 4 2008 to Quarter 3 2009

The new group sessions and adviser support are targeted at 16 to 17 years olds so there is a risk of indirectly having a negative impact on adults, but adults can currently access support from Jobcentre Plus so no negative impacts are expected. The measures are intended to increase the employment support available for 16 to 17 year olds, which is currently available for adults through Jobcentre Plus. The measures are therefore expected to promote equality.

ii) Subsidy for 16 to 17 year old apprentices

Introduction and Policy Rationale

What is the current policy?

The apprenticeship system has undergone a renaissance over the last decade. Returns to apprenticeships are significantly higher than for NVQs alone at the same level, and employers tell DWP they place high value on them. Raising the numbers of young people who take up an apprenticeship is a key element of the Government's strategy to tackle rising youth unemployment. Evidence shows that apprenticeships are an extremely effective way of getting young people into sustained employment.

From 2013 all young people will need to participate in learning post-16 years of age and will be able to do so in one of three ways:

- full-time education, such as school, college or home education;
- work-based learning, such as an apprenticeship; or
- part-time training, alongside working or volunteering for over 20 hours a week.

For young people who have a clear idea about the type of employment they want to pursue and prefer to learn in a work environment, the Apprenticeships, Skills, Children and Learning Act 2009 will enable all suitably qualified young people to benefit from the Apprenticeship Offer from 2013.

What is the change in policy?

The government has already set aside funding to train 130,000 places for 16 to 18 year olds in the financial year 2009-10 and now plans to introduce 5,000 subsidies worth £2,500 each for employers recruiting apprentices aged 16 to 17 years old.

What is the reason for change in policy?

The supply of apprenticeship places from employers has been hit hard by the recession, putting the delivery of the Prime Minister's 2009-10 National Economic Council target at high risk, especially for the younger people who are less likely to be recruited in a recession⁷. Introducing a new subsidy for employers recruiting 16 to 17 year old apprenticeships will increase employers' incentives to boost the number of apprenticeships overall, and specifically available to 16 to 17 year olds not in employment, education or training (NEET), helping to build the skills base for the upturn. This complements recruitment subsidies available to employers for taking on job seekers aged 18 and over.

Overall Estimated Impact of Policy / Estimating Costs and Benefits

Apprenticeships provide a high quality route into a skilled job, with prospects for advancement with wider benefits for the individual from sustained employment, the economy through growth and society from improved skills and greater productivity. Analysis shows that apprenticeships generate large benefits for participants, the economy and society.

External research has estimated that male apprentices under the age of 26 earn 23 per cent more than similar young men who hold a level 2 qualification. This falls to eight per cent for young women. Similarly, apprentices are 16 percentage points more likely to be in employment than similar people with level 2 qualifications. Based on this evidence, apprentices are likely to earn almost £20,000 more than those with level 2 qualifications over five years.⁸ In addition, apprenticeships generate significant benefits for employers. Employers in a number of key sectors are estimated to recoup their own costs of an apprenticeship after two to three years in addition to non-quantified benefits such as improved retention and loyalty.⁹

⁷ The current NEC target of 265,000 apprenticeship starts for 2009-10 financial year is split between age groups as follows: 130,000 16 to 18 year olds; 101,000 19 to 24 year olds; 34,000 25 year olds and over.

⁸ McIntosh, S. (2007) *A Cost-Benefit Analysis of Apprenticeships and Other Vocational Qualifications*, Sheffield University Management School/DFES Research Report RR834.

⁹ Hasluck, C., Hogarth, T., Baldauf, B. and Briscoe, G. (2008) *The Net Benefit to Employer Investment in Apprenticeship Training*.

A survey carried out by Populus and published at the end of February 2009 to mark Apprenticeship Week found that:¹⁰

- 81 per cent of businesses said apprentices helped to generate higher overall productivity.
- One in five businesses questioned are hiring more apprentices to help them through tougher times with 22 per cent actively recruiting.
- Two-thirds of employers believe their apprentices help them to be more competitive in their businesses (66 per cent);
- More than 82 per cent of businesses said they relied on their Apprenticeship programme to give them the skilled workers they need for the future; and
- 92 per cent of employers said apprenticeships resulted in greater employee motivation and job satisfaction.

The government plans to introduce 5,000 subsidies worth £2,500 each for employers employing apprentices aged 16 and 17 year, to drive up the number of apprenticeship places available to this age group. Based on international evidence of wage and recruitment subsidies it has been assumed that introducing the subsidy could increase the number of additional apprenticeships for 16 and 17 year olds by 25 per cent¹¹. The 5,000 subsidies could increase the number of apprenticeships by 20 to 25 per cent, generating 1,250 additional apprenticeships.

Economic Costs	Economic Benefits	Fiscal Costs and Benefits	Wider Benefits
5,000 places at £2,500 per place gives a total cost of £13m in 2009/10.	This policy is estimated to generate potential economic benefits of around £15m in 2009/10 to 2012/13. This is based on the wage and additionality information given above.	By boosting the individuals' and their employers' productivity, and by boosting participants' incomes, apprenticeships increase tax revenues for the Exchequer and reduce spend on out of out benefits.	Apprenticeships increase the number of people in sustained employment and help reduce the social costs of unemployment.

Note: Fiscal transfers directed towards lower income people will have a further economic benefit reflecting the fact that marginal changes in income for low income groups will have a relatively larger impact on their welfare. Reference: HM Treasury, The Green Book.

Equality Impact Assessments

Apprenticeships are open to all people aged 16 and over. They are designed to increase the skill levels and employability of the apprentices from all groups, including those with learning difficulties and disabilities, though Government funding for training is prioritised for 16 to 24 year olds. As apprenticeships are jobs, they are open to young people regardless of their ethnicity, gender, sexual orientation or religious beliefs and there is no evidence to suggest that these proposals will lead to any unequal treatment. This scheme will target those who are too young to access schemes such as Six Month Offer subsidies and subsidies attached to the Young Person Guarantee.

Not everyone benefits equally from the opportunities offered by apprenticeships.¹² In particular, black and minority ethnic (BME) apprentices are under-represented in this type of provision compared with their numbers in the population as a whole. These inequalities are not unique to apprenticeships as they are mirrored in the wider employment pattern. The Government is looking to address these problems as part of the implementation of the proposals announced in World-class Apprenticeships.

The Government is also providing more part-time apprenticeships. This is a move towards addressing imbalances as part-time commitments may better suit certain groups such as women and people with

¹⁰ Populus, for the Learning and Skills Council (February 2009) *Employers turn to apprentices in tough times*, LSC PN 24

¹¹ World Bank, 1999, *Active Labor Market Programs: A Review of the Evidence from Evaluations*.

¹² *World-class Apprenticeships: Unlocking Talent, Building Skills for All*, DCSF, DIUS, 2008

disabilities. In addition to part-time offers, the National Apprenticeship Service is working with stakeholders at ways to address inequalities more widely.

Disability

The table below shows the numbers of 16 to 17 year old apprentices who have a disability or learning difficulty compared to adult apprentices.

Table 1 Apprentice starts by age (2007/08)

	16-17 year old apprentices	Adult apprentices
With a disability ¹³	8,500 (12%)	17,300 (11%)
Without a disability	60,500 (87%)	136,000 (88%)
Not known	700 (1%)	1,200 (1%)

There is no significant difference in the proportion of 16 to 17 year old apprentices who have a disability or learning difficulty compared to adult apprentices. This policy is very unlikely to affect these proportions.¹⁴

The Labour Force Survey (March 2009) shows that 13 per cent of economically active adults are disabled. While this data is not directly comparable with Table 1 due to the definition of disability used, previous research shows that people with disabilities are under-represented in taking up apprenticeships.¹⁵

There are no negative impacts arising from these proposals. The policy is expected to boost the number of apprenticeships available for both people with and without a disability. It is very unlikely to help address the overall under-representation of people with disabilities in Apprenticeships, but there is no evidence to suggest a risk of negative impact.

The National Apprenticeship Service is actively seeking to improve the number of learners from diverse backgrounds on the apprenticeship programme. It has recently published its Diversity in Apprenticeships prospectus seeking proposals from interested delivery partners to test out new approaches aimed at increasing the proportion apprentices who are disabled people. The National Apprenticeship Service will work with employers to help them promote, and be more responsive to prospective apprentices from young people with disabilities.

Gender

Table 2 Apprentice starts by age (2007/08)¹⁶

	16-17 year old apprentices	18+ apprentices
Male	41,200 (59%)	76,800 (50%)
Female	28,500 (41%)	77,800 (50%)

Sixteen to 17 year old apprentices are more likely to be male, but this inequality is not reflected in adults. By increasing the number of apprenticeship opportunities for 16 to 17 year olds, this may increase slightly the proportion of all apprentices who are male.

Table 3 Comparison of apprentice starts and working age population (2007/08)

	Apprenticeships	Working age population
Male	118,200 (53%)	48%
Female	106,600 (47%)	52%

In addition the following surveys have shown that:

- There is a 40 per cent average pay differential between male and female apprentices.¹⁷

¹³ Learners with learning difficulties and/or disabilities.

¹⁴ Statistics have been derived from the LSC Individual Learner Record (ILR). The LSC Individual Learner Record (ILR) identifies a range of different learning disabilities/difficulties, from visual impairment and mental health difficulties to temporary disabilities after illness.

¹⁵ *World Class Apprenticeships: Unlocking Talent, Building Skills for All*, DIUS 2008.

¹⁶ Data is derived from the LSC Individual Learner Record.

¹⁷ Apprenticeships Pay Survey 2005.

- 70 per cent of apprentices at the advanced level were male.¹⁸

This data show that there are several areas of gender bias within the apprenticeships programme, which the Government's strategy set out in *World Class Apprenticeships: Unlocking Talent, Building Skills for All* seeks to address. This policy is unlikely to have an impact on these areas of inequality.

There are no negative impacts arising from these proposals. The policy is expected to boost the number of apprenticeships available for people from both genders. While females are under-represented in the age range targeted by this policy, this does not mean that increasing the number of apprenticeship opportunities for 16 to 17 year olds has a negative impact on young women.

The National Apprenticeship Service is actively seeking to improve the number of learners from diverse backgrounds on the apprenticeship programme. It has recently published its Diversity in Apprenticeships prospectus seeking proposals from interested delivery partners to test out new approaches aimed at increasing the proportion atypical apprentices. The National Apprenticeship Service will work with employers to help them promote, and be more responsive to prospective apprentices from men and women seeking apprenticeships in areas where they are currently under-represented.

Ethnicity

Table 4 Apprentice starts by age (2007/08)

	16-17 year old apprentices	18+ apprentices
White	65,900 (95%)	141,800 (92%)
Ethnic minority	3,200 (5%)	11,000 (7%)
Not known	700 (1%)	1,600 (1%)

BME 16 to 17 year olds are under-represented in apprenticeships in comparison to adults. This policy, by attempting to raise the number of apprentices in this age range is likely to decrease slightly the proportion of ethnic minority apprentices overall. However, since this policy intends to bring the numbers of 16 to 17 year olds up to planned numbers, it does not introduce a risk of negative impact on equality into the programme. Rather, it may reduce a perceived improvement which could result from a lack of apprenticeship opportunities for those people hit hardest by the recession.

Table 5 Comparison of apprentice starts and working age population (2007/08)

	Apprentices	16 years and older population ¹⁹
White	207,700 (93%)	92%
Ethnic minority	14,200 (6%)	8%
Not known	2,300 (1%)	-

BME young people are under-represented in apprenticeships compared with their numbers in the population as a whole. Data is derived from the LSC Individual Learner Record (ILR).

There are no negative impacts arising from these proposals. The policy is expected to boost the number of apprenticeships available for people from all ethnic groups. The potential slight decrease in the proportion of BME apprentices in the programme is not, in effect, a negative impact, as the overall number of apprenticeship opportunities will be increased, with no bias towards any ethnic group.

NAS is actively seeking to improve the number of learners from diverse backgrounds. It has recently published its Diversity in Apprenticeships prospectus seeking proposals from interested delivery partners to test out new approaches aimed at increasing the proportion BME apprentices. The National Apprenticeship Service will work with employers to help them promote, and be more responsive to prospective apprentices from young BMEs.

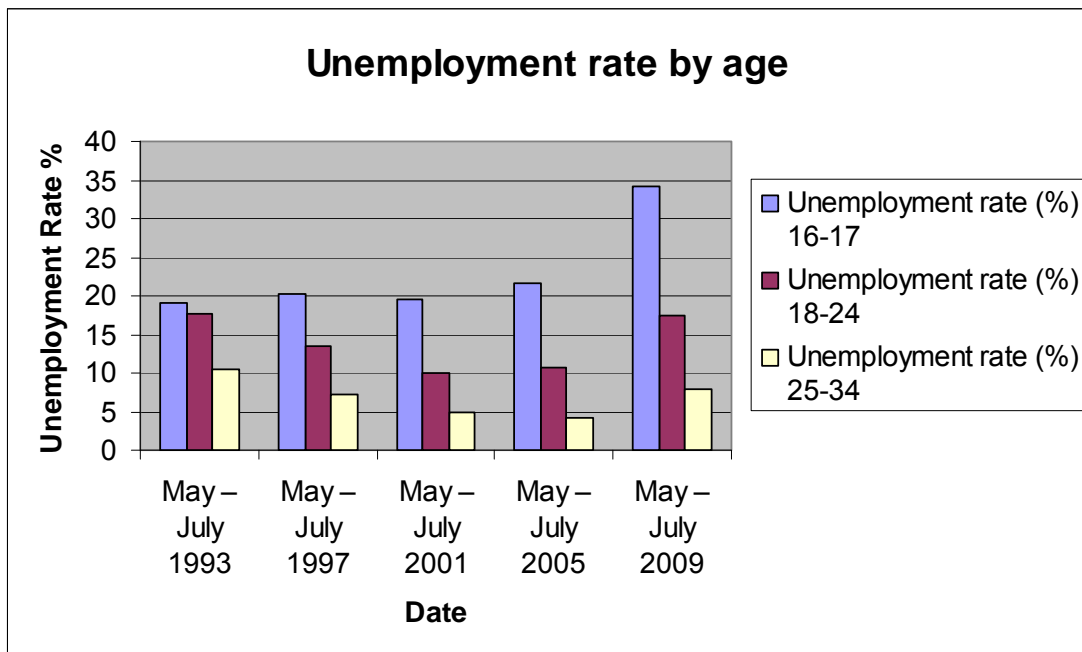
¹⁸ The Labour Research Department's Workplace Report of 2006.

¹⁹ 2001 Census.

Age

Sixteen and 17 year olds are disadvantaged in the labour market. ILO unemployment rate data shows that in the UK, younger people are consistently more likely to be unemployed than people aged 25 years and over.

Figure 1 ILO unemployment rate by age group²⁰



Young people are likely to have relatively fewer qualifications and less labour market experience due to their age. This makes it harder for employers to make a judgement about their skills and potential. This can make young employees appear less attractive when compared to older workers. A significant minority of employers also feel that young people are ‘poorly’ or ‘very poorly’ prepared for work²¹ - 28 per cent for 16 year old school leavers and 21 per cent for 17 or 18 year old college leavers.

Apprenticeships programme targets are not split by single age bands, but performance last year shows that fewer 16 to 17 year olds have been recruited than in previous years. Provisional statistics show that 16 to 17 year olds comprised 26 per cent of all apprentices in 2008/09 from down from 31 per cent in 2007/8.²² This is in line with experiences in other countries during the economic contraction. The OECD Employment Outlook report for 2009 gave evidence:

“Youth have been particularly affected by deteriorating labour market conditions. Whereas the overall unemployment rate in the United Kingdom rose by 2.3 percentage points during the past year, the increase was much larger for young workers: 8.3 percentage points for 16 to 17 year olds and 4.6 percentage points for 18 to 24 year olds. The OECD Employment Outlook shows that this is consistent with a widespread pattern across OECD countries, according to which already relatively disadvantaged groups in the labour force - youth, but also the low-skilled, immigrants and ethnic minorities - are bearing the brunt of rising unemployment.”²³

This is a time limited subsidy to redress a market imbalance where older apprentices are being substituted for younger apprentices. The number of subsidies is capped to boost the number of apprenticeship opportunities that employers make available for 16 and 17 year olds. This group is being targeted as they are more disadvantaged in the labour market than older people. Some Job seekers aged 18 and over will also be eligible for a recruitment subsidy which their employer could combine with funding for apprenticeships training, so any negative effect on priority adults would be mitigated. This policy is designed specifically to promote equality between different age groups.

²⁰ Data from Labour Market Statistical Bulletin www.statistics.gov.uk/statbase/product.asp?vlnk=8272

²¹ National Employer Skills Survey 2007.

²² Data from the Data Service, Apprenticeships table S6.1 for 2008/9 (provisional data)

²³ *Employment Outlook 2009 – How does the UK compare?* www.oecd.org/dataoecd/62/36/43707062.pdf

3) Better Off in Work credit

Policy rationale

DWP believes that work is the best and most lasting route out of poverty. However, DWP knows that some customers, particularly those who face the greatest challenges to finding work, are wary of taking employment for fear that their income in-work will be less than they receive from out-of-work benefits. Whilst the design of the benefit and tax system ensures that, in the vast majority of circumstances, individuals are financially better off in work, there are some differences in the structure of support in and out of work that mean that for some people income from benefits can be higher than the minimum guarantee in work. Both this reality and the perception of low or negative financial gains can make the decision to move into work for some people difficult and risky.

To see how this might best be addressed the Command Paper, *Ready for work: full employment in our generation* published in December 2007 announced that DWP would pilot a new Better Off in Work credit (BWC) which would assure long-term benefit customers that the weekly income they would receive on moving into work would be at least £25 per week more than they received from out of work benefits.

From October 2008 Jobcentre Plus ran a year long BWC throughout its Yorkshire and Humber District. The pilot was intended to see how far the introduction of the BWC might remove barriers to work and encourage customers to move into full-time employment by:

- Allowing DWP to give a public assurance that the income received in-work will always be greater than that received from out-of-work benefits so helping to remove the perception that work might not pay. And
- Making actual financial redress to those customers whose in-work income would otherwise be less than £25 a week greater than their out-of-work benefits.

The new credit was payable for a maximum of 26 weeks and was available to customers who had been on Employment Support Allowance (ESA), Incapacity Benefit (IB), Income Support (IS), Jobseeker's Allowance (JSA) or Severe Disablement Allowance (SDA) for 26 weeks or more and who moved into "full-time work".

If on returning to work an eligible customer felt that their likely in-work income would not be £25 a week more than they received from their out-of-work benefits, they could apply for the BWC which would act as a top up payment and take their income up to this level.

The pilot was evaluated by the National Institute of Economic and Social Research and their report will be published at the end of January 2010. In the majority of cases customers moving into employment are better off in work than on benefit. The evaluation confirmed that because of the other in work payments already available, the number of people who may claim the credit was not high. However, it was considered a worthwhile addition for the majority of those who received it, particularly with transition costs in the early stages of employment. Customers who received the credit found the claiming process simple and the credit useful once they were in work.

This confirms previous knowledge that back-to-work payments, including in-work credits like the pilot, help make the gains to work clear and reassure people considering going back to work that they will be able to manage financially during the transition. Continuing to pay out-of-work benefits for a period after the beginning of a job also provides security of income during the financially challenging early weeks in work. And, although these payments cease after a set period of time, there is evidence to indicate that their impact carries over into a longer-term commitment to staying in work.

Our evaluation of the pilot highlighted a number of issues around how we communicate our message to customers that they will be better off in work and how we help them understand and have confidence in this assurance. We intend to build on the lessons learned in the pilot and develop a national BWC. This will be an enhanced credit which will guarantee that people who have been unemployed for six months or more are at least £40 a week better off. The increased BWC will help towards in-work costs such as travel and school meals. We will be implementing the credit in one region from October 2010 as the first step towards a national roll-out. We expect the credit will be available nationally from January 2011.

Overall Estimated Impact of Policy / Estimating Costs and Benefits

The policy change would make approximately 70,000 to 120,000 people at least £40 better off in work than they would have been claiming benefit. Those who gain from this policy change will be those customers who have been on benefit for six or more months and who move into work of at least 16 hours (24 hours for couples) a week. Durations on the credit are assumed to be around 20 weeks on average. Most customers will claim for the maximum 26 weeks, those that don't will leave the credit early because their circumstances change. This assumption is supported by evidence from the recent pilot.

Because customers with children moving into work will be entitled to Working Tax Credit (WTC) at 16 hours work, often their in work income will be too high in relation to their out of work income to be entitled to BWC. Consequently this policy change is unlikely to have an impact on child poverty. Similarly people with disabilities and those people aged over 50 are entitled to WTC at 16 hours work and so are unlikely to be eligible for a BWC payment. Therefore DWP expects most customers to be under the age of 50 and to not have children. The exception will be those customers who are in receipt of Support for Mortgage Interest payments.

The benefits to the economy of BWC are chiefly around encouraging flows off benefit and therefore raising the employment level. By guaranteeing a minimum gain to work people can leave benefit with more certainty about how much better off they will be. By increasing the incentives for the long-term unemployed to move into work the scarring effect of long spells of unemployment, which can reduce productivity, is reduced. Increasing in work incomes will help to reduce the depth of poverty for people working part-time. Increasing employment also has wider social effects. Being in employment can help raise self esteem, lead to greater skills and offers the chance to progress.

<i>Economic Costs</i>	<i>Economic Benefits</i>	<i>Fiscal Costs and Benefits</i>	<i>Wider Benefits</i>
Individuals may experience additional costs (such as transport or childcare) as they move into work (however this should be offset by the additional income from work leading to an overall increase in utility and social welfare).	<p>The policy change would increase the financial incentive to enter work for many of those currently not working. It would also allow advisors to guarantee a minimum gain to work even at part-time hours which may reduce uncertainty for people leaving benefit. This may result in a small increase in overall employment levels.</p> <p>Additional employment may lead to economic benefits of around £40-90m.</p>	<p>It is estimated that this policy would cost approximately £10-15m in 2010/11 and £40-60m in 2011/12 and 2012/13, though this is dependent on levels of outflows as the recession ends.</p> <p>Some potential offsetting benefit savings if the policy is successful in encouraging individuals into work rather than staying on benefit. Net transfers from the government will be smaller for people entering work even when tax credits are taken into account.</p>	<p>Increasing in work income may help bring individuals closer to, or above the poverty line therefore reducing the depth and spread of working age poverty.</p> <p>By targeting this policy at those who have been on benefit for over six months it is helping to prevent the 'scarring' effect of long-term unemployment for customers.</p> <p>In addition, there will be some wider economic and social benefits from increased employment.</p>

Note: Fiscal transfers directed towards lower income people will have a further economic benefit reflecting the fact that marginal changes in income for low income groups will have a relatively larger impact on their welfare. Reference: HM Treasury, The Green Book.

Equality Impact Assessment

Disability

People defined as disabled within the benefits system are already eligible for a range of support when moving into work²⁴. Those whose disability puts them at a disadvantage in getting a job are eligible for WTC at 16 hours worked; and disabled people who have been claiming incapacity benefits for 13 weeks or more may qualify for the Return to Work Credit. This existing support means that most disabled people will be £40 better off when moving into work.

However, the BWC will support those people who were eligible for disability premiums in the out-of-work benefits but are not eligible for the disability element of the WTC (either because their condition has improved or because of differences in eligibility criteria), and so may have smaller gains to work. Approximately 40 per cent of IB, ESA and disability-related IS customers cite their primary condition as mental health-related; and whilst mental health conditions are included in the test of ongoing disadvantage for the disability element of the WTC, it can be more difficult to establish a claim for mental rather than physical conditions.

DWP does not expect any direct risk of negative impact as a result of these proposals. The BWC will be available to all people who meet the qualifying conditions, regardless of disability status. However, as the policy rolls out DWP will make sure that any reasonable adjustments are made to either the policy or delivery to ensure that disabled people have equal access to the BWC.

The implication that relatively few disabled people will benefit from the BWC is because most disabled people will already be £40 or more better off in work. However, the BWC will act as a 'safety net' to ensure that those with smaller gains, such as those who do not qualify for the disabled element of the WTC, will be supported when moving in to work.

This could be an opportunity to promote equality for disabled people by helping to address the additional disadvantage in employment outcomes that they face. Working-age disabled people currently have an employment rate of 50.3 per cent, compared with an employment rate for the non-disabled working-age population of 79.2 per cent (Annual Population Survey March 2009). In as much as the BWC is successful in increasing employment it could also provide an opportunity for disabled people to participate more fully in society. Although the BWC is time-limited and so any such effects could be temporary, it is hoped that after six months of in-work support disabled people will feel better able to continue in employment.

The BWC would support some particularly disadvantaged disabled people, such as those with mental health conditions who may not qualify for the disability element of the WTC, who would otherwise have fairly modest gains to work. These groups may have additional barriers to moving into work, and so by providing a guaranteed gain to work the BWC will promote employment opportunities for all (even if this is a relatively small group of disabled people).

By making part-time work more economically attractive the BWC may help people with disabilities to take on employment at relatively low hours which may be an important stepping stone to full-time employment.

Gender

This policy will apply everyone flowing off benefits after six months who are less than £40 better off in work, irrespective of gender. Due to the government's support for families and lone parents most women with children will already be £40 better off when moving into work. This policy means that customers with smaller gains to work (or on rare occasions negative gains to work) will always be £40 better off – DWP expects the majority of these to be men because the majority of JSA customers are male.

While BWC is available to anyone flowing off IS, JSA or ESA after six months, DWP expects the majority of customers to be young people flowing off JSA, around two thirds of whom are male.

²⁴ This is not the same as the DDA defined group of disabled people, but is the most relevant 'subgroup' of disabled people for the purpose of the equality impact assessment.

Outflows from JSA in October 2009

	Male	Female
All ages	68.1%	31.9%
Aged 18-24	65.3%	34.7%
Aged 18-24, claiming for over six months	70.3%	29.7%

Source: NOMIS, October outflows from JSA by gender

The implication that more men may benefit from BWC than women is due to the higher gains to work already embedded in the system for people with children (mainly women) and that customer unemployment rates for women are lower than those for men (3.0 per cent compared to 6.8 per cent). DWP does not believe that women will be adversely affected by this policy.

There are some specific groups with low or possibly negative gains to work which are disproportionately women such as carers²⁵ or partners of disabled customers²⁶ on benefits. The BWC will guarantee gains to work of £40 for these groups and so will help to promote positive labour market outcomes for some marginalised groups of which the majority are women.

Ethnicity

The BWC will apply to all those flowing off income-related benefits after six months, regardless of ethnicity. As the table below shows, people leaving JSA are mainly white, but this is a similar proportion to both the job seeker population and the working-age population as a whole.

Outflows from JSA, September 2009

	Any duration	Duration greater than six months
White	73%	72%
Ethnic minority	11%	11%
Mixed	1%	1%
Asian or Asian British	4%	4%
Black or Black British	4%	4%
Chinese or Other Ethnic Group	1%	1%
Prefer not to say	5%	5%

Figures may not sum to 100 per cent due to rounding

Source: Annual Population Survey March 2009

People of working age from ethnic minority backgrounds have a lower employment rate than those from white backgrounds (59.2 per cent compared to 74.7 per cent). However, these differences are partly driven by differences in inactivity rates. DWP does not envisage any direct risk of negative impact as a result of these proposals. Eligible workers will be able to claim BWC regardless of ethnicity.

The BWC offers a guaranteed gain to work of £40, so if it is successful in increasing employment for people from an ethnic minority background it will help to promote equality of opportunity. It may be able to contribute to reducing the overall employment gap for those from ethnic minorities by encouraging those who would otherwise have had smaller gains to go into work. Although the BWC is time-limited and so any such effects could be temporary, it is hoped that after six months of in-work support people from an ethnic minority background will feel better able to continue in employment.

Age

People over 50 who go into work after six months on benefit are eligible for WTC at 16 hours for their first year in employment. This means that they will generally be more than £40 a week better off in work and so may not benefit from this policy. However, the 50-plus element of the WTC is only payable for 12

²⁵ Around 70 per cent of the carer client group on working age benefits are female. Carers on IS could be eligible for BWC, carers on Carers Allowance alone would not.

http://83.244.183.180/100pc/wa/ccstatgp/ccsex/a_carate_r_ccstatgp_c_ccsex_may09.html

²⁶

http://83.244.183.180/5pc/is_prim/partner/ccsex/statgp/a_stock_r_partner_c_ccsex_p_statgp_disabled_may09.htm

Around two thirds of IS customers with a disability premium who have a partner are male, suggesting most partners of people on IS with a disability premium will be female.

months, so once this expires older workers would have to work 30 hours to qualify for WTC (unless they can claim WTC at 16 hours due to other factors such as having children or a disability). This means that their gains to work at 16 to 30 hours may be less than £40, but because they have been employed for a year already they will not be eligible to benefit from BWC.

Young people are likely to be one of the biggest customers of BWC as they are not eligible for WTC which boosts in work incomes for those over 25 years olds with children or with a disability. Young people also have a lower National Minimum Wage (£4.83 for 18-21) year olds which can also reduce their in work income and makes them more likely to be eligible for BWC. However, there are no explicit age restrictions on claiming the credit.

Young people have higher unemployment rates than prime age (and older) workers, and these have increased during the recession. By increasing the gains to work for this group it promotes the economic viability of work, especially of taking jobs with fewer hours which increases the number of opportunities open to customers in this group.

4) Additional support for older workers

i) National Guidance Initiative

Introduction and Policy Rationale

In the context of an ageing society it is critical to the economy and for pensions sustainability that older people have the opportunity to work up to age 65 and beyond where they are still able and want to remain active.

DWP's Age Positive initiative has been successfully working with leading business organisations to encourage employers to recognise the business benefits of recruiting, training and retaining older workers. In addition Government implemented age discrimination legislation in 2006 covering the workplace. This generally made compulsory retirement ages unlawful below a 'default retirement age' of 65. The default retirement age will be subject to an evidence based review in 2010. If it is found to be no longer needed it will be removed. But employers do not have to operate with fixed retirement ages at all, and many choose not to. Other employers either choose to rely on the default retirement age and keep compulsory retirement procedures, or are unclear on how to support more flexible approaches to retirement.

What is the change in policy?

DWP will introduce a new National Guidance Initiative to encourage and help employers to adopt flexible approaches to work and retirement, in partnership with leading businesses. With over half of people aged 60 to 64 not working or looking for work, and parental employment lower in the UK than other European countries, the aim is to enable those who need flexible or part-time work to be able to have it so they can stay in work longer or to return to work. DWP will particularly focus on helping employers maximise the business benefits they gain from an ageing workforce and address issues of gearing down, workforce management, productivity and fair dismissal.

To achieve a marked increase in the availability of flexible work and retirement DWP needs to address specific operational and workforce management issues related to each occupational sector, and directly involve sector business leaders through partnership working in spreading good practice across employers in their sector. With some input from Government over a limited period this proposal would support greater momentum across the business community to take forward sustained change that is in the interests of employers and their older workers.

What is the reason for change in policy?

In recent market research DWP found that employers had generally not made a connection with the use of flexible and part-time work with the retention of older workers and wanted more guidance on this. Research indicates that many employers are unaware that many older workers want flexible work to help them stay in employment a bit longer.

There is already a marked labour market failure in the availability of flexible or part-time work opportunities for those over 50. Research indicates that half of those people retiring aged 50 to 69 would have worked longer if they could have accessed flexible work opportunities. Similarly Pathways to Work mandatory pilots found that IB customers over 50 associate employer age discrimination and the need for part-time work as two of the main reasons preventing them from returning to work.

Overall Estimated Impact of Policy / Estimating Costs and Benefits

How many employers change their practices as a direct result of the initiative, to what extent they change their practices and improve business efficiency and productivity, will ultimately be determined by employers themselves. Equally this will directly determine how many older workers benefit from new opportunities to work longer (a year or more) through flexible or part-time work, and / or the removal of fixed retirement ages.

DWP is however confident that many employers and leading business organisations are wanting the type of support and partnership working proposed by this initiative, at this time, and on this issue. DWP's

current work through the Age Positive initiative is opening up engagement with sector leaders in transport, logistics, retail, construction and engineering, and has identified strong interest amongst these organisations to work with us, to identify the sector issues, to develop solutions based on employer good practice and to help employers across their sector to maximise the business benefits of an ageing workforce.

Economic Costs	Economic Benefits	Fiscal Costs and Benefits	Wider Benefits
Additional administrative costs of £1m per annum over a two year period [April 2010 to March 2012].	Additional movements into work are estimated to generate additional economic value of around £13m over 2010/11 and 2011/12. It is assumed that jobs filled will be part-time work ²⁷ .	DWP anticipates annual benefit savings from moving additional people off benefits to be in the region of £1m over a three year period.	There are wider social and economic benefits with regard to increased employment, including improved health and well-being.

The funds are needed to cover the costs of contractors (under DWP contract management) to work with the sectors, identifying issues and developing solutions, and for the production and dissemination of tailored guidance to employers by sector. This will be supplemented by the actions of the sector leaders themselves in taking forward the issues with their employers increasingly through the period.

The initiative will seek to encourage self sustaining change across the business community that will effectively halve inactivity amongst 50 to 64 year olds, and increase the volumes working at age 65 and over. The table below shows the current levels of inactivity amongst 50 to 64 year olds by gender which DWP seeks to halve as a longer term outcome from the initiative and the subsequent actions of the business community and employers themselves.

Inactivity: Aged over 50, Quarter two 2009 UK (Per cent and gender split)

	50-54		55-59		60-64	
	Male	Female	Male	Female	Male	Female
Employed	82.9%	76.4%	76.7%	65.5%	56.4%	34.4%
Unemployed	5.3%	2.3%	5.3%	2.2%	3.2%	0.7%
Inactive	11.8%	21.3%	18.0%	32.3%	40.4%	64.8%
Population	1,900,000	1,900,000	1,700,000	1,800,000	1,700,000	1,800,000

Equality Impact Assessments

DWP's on-going survey and research work, and that of external organisations, clearly indicate that there is a strong demand for flexible and part-time work amongst those over 50, men and women, able and disabled people, people of different ethnic origins and religions, and carers. The lack of adequate opportunities increasingly fails to meet demand as age increases (notably for the 60 to 64 year olds), notably for women and for middle to lower income groups. As this initiative focuses on encouraging employers to open up more flexible work and retirement opportunities for their older workers, it seeks to increase choice and opportunity for all groups of older workers, rather than impose or remove employment options in respect of any.

The 50 to 69 population of 13.54 million people (28.2 per cent of the 16 and over population) includes:

- 51.1 per cent women
- 5.4 per cent from ethnic minorities
- over one million people inactive claiming sickness benefits.
- 52.9 per cent of 60-64s are inactive. That includes 40.4 per cent of men who have already withdrawn from the labour market in the five year period preceding their current state pension age, and 64.8 per cent of women.

²⁷ This is a two year measure. The economic benefits outlined above reflect the full cost-benefits involved.

Disability

There is no evidence to suggest the initiative will have any negative impact on people with disabilities. DWP has in progress a substantial programme of research on employer practices by age – quantitative and qualitative. This will report between February and May 2010 and will provide a baseline against which DWP will assess progress and impact in respect of employer behaviour and the impact on groups of older workers across the duration of the initiative and in the following years.

Gender

Job seekers by age and gender (Three month average to October 2009, UK)

		Male	Female
New Claims	18-24	66%	34%
	25-49	70%	30%
	50+	68%	32%
6 Months +	18-24	72%	28%
	25-49	81%	19%
	50+	75%	25%

Whilst it is clear from the table above that men of all age groups are more likely to be on the claimant count compared to women, there is no evidence to suggest this initiative will favour one gender over the other. The initiative seeks to promote flexible working and retirement opportunities for all groups of older workers, and both men and women will therefore be able to benefit from the initiative on the same terms.

Ethnicity

There are 0.53 million people of ethnic minority groups aged 50 to SPA, six per cent of the total age group, and just over 25 per cent have no qualifications compared to 17.6 per cent of the total age group. The employment rate of older men of ethnic minority groups (65.8 per cent) is less than the rate for older men from the total age group (72.2 per cent): self-employment is slightly higher, part-time working is slightly lower and the average wage is slightly lower partly reflecting the higher proportion with no qualifications. Indeed DWP research on 'Work, saving and retirement among ethnic minorities' found that older men generally faced many of the same issues in the labour market whether they were of ethnic minority groups or not. Ethnic minority older women have similar levels of self-employment, a lower proportion in part-time work, and a similar proportion with no qualifications compared to older female workers generally. The most notable difference in rates is the much higher level of inactivity amongst ethnic minority older women. For some groups the importance of family roles and caring responsibilities associated with older women in the family will have a considerable impact on labour market participation.

ii) Specialist contracted support

Introduction and Policy Rationale

Unemployed people over 50 are more likely than younger people to become long-term unemployed and move into inactivity where chances of re-employment are much lower. Evaluation and research evidence among older people shows that those who are closer to State Pension Age felt that they were 'too old' to find work or retrain and they cited health problems or employer ageism as the reason for their lack of motivation. Recent research carried out for DWP Communications suggested that older people who were out of work were less likely than younger people to be confident of finding employment. The following three policy measures outlined below seek to strengthen support for people over 50:

- Specialist back to work support
- Additional time at work focussed interviews (WFI) and Jobcentre Plus (JCP) training

What is current policy?

Currently people over 50 who need extra help in the first year of a claim to Jobseeker's Allowance may be offered support through Programme Centre provision which is for all ages and is available from day one of a claim to JSA. This was replaced in December 2009 by the Jobcentre Plus Support Contract. The change DWP is proposing is the introduction of support specifically geared to the needs of over 50s. People over 50 will continue to have access to the Jobcentre Plus Support Contract services aimed at all ages, but those who advisers believe need specialist support will be referred to this new module.

What is the change in policy?

The change DWP is proposing is the introduction of support specifically geared to the needs of over 50s. People over 50 will continue to have access to the Jobcentre Plus Support Contract services aimed at all ages. Jobcentre Plus advisors will also be able to refer those over 50s who they think will need additional help to external providers for short courses tailored to address the specific needs of people over 50. They will for example explore concerns DWP knows many over 50s have about age discrimination and the negative attitude some over 50s have towards age and what it means for their ability to secure work. DWP would expect a particular focus on helping customers develop their ability to market their skills and experience to employers, responding proactively to employer concerns relating to their age. This will also cover the other back to work issues relevant to over 50s (e.g. up-skilling issues and where to get further advice as well as help to manage expectations around lower wages on re-entering employment) within a group based approach aimed at building confidence and sharing with others in a similar position.

What is the reason for change in policy?

DWP know from previous recessions that people aged over 50 take longer to get back into work and are at greater risk of drifting into long-term unemployment or inactivity. Effectively they are retiring long before they are ready to do so. DWP wants to avoid the legacy of long-term unemployment that was created in the previous recession. As society ages DWP must maximise the potential of the increasing proportion of the working age population that will be over the age of 50.

There are a number of reasons why people over 50 can take longer to return to work. Although not unique to them over 50s are more likely than younger people to have multiple barriers to work, such as a health condition or low or out of date skills. They may also experience barriers that are either unique to older people or experienced more acutely by over 50s, such as age discrimination, and difficulties in changing careers.

As a result many older job seekers see their age as a significant barrier to finding work and lack the knowledge and/or belief to sell themselves positively to employers.

To respond to their additional needs DWP wants to build upon the improved offer for all ages whilst strengthening certain elements of the service for people over 50 who need extra support.

Overall Estimated Impact of Policy / Estimating Costs and Benefits

Evidence from Back to Work programme evaluation shows that while the older jobless are a highly diverse group, at an aggregate level several factors suggest the need for a more tailored and 'age proofed' approach to BTW provision for those aged over 50.

Economic Costs	Economic Benefits	Fiscal Costs and Benefits	Wider Benefits
There will be additional operating costs of £5m in 2010/11.	It is estimated that the policy could generate additional value to the economy of around £10-15m in 2010/11 due to additional movements into work.	The saving from moving people faster to work is estimated to be £3m in 2010/11.	More personal support sooner increases engagement with work and the wider society.

Equality Impact Assessments

Disability

The table below shows the disability proportions of ILO unemployed by age (one year average to Quarter three 2009)

Job seekers by duration, age and disability (One year average to Quarter three 2009, GB)

		Disabled	Not Disabled
New Claims	18-24	6%	94%
	25-49	12%	88%
	50+	19%	81%
6 Months +	18-24	11%	89%
	25-49	21%	79%
	50+	33%	67%

Unemployed older workers are more likely to be disabled than other age groups. Therefore, targeting help at older workers means that people with disabilities are more likely to benefit than they would from more general provision. DWP expects that take-up for opportunities through additional measures should broadly mirror this proportion and therefore promote equality of opportunity for disabled people.

Gender

The table below shows the proportions of JSA customers by gender and three age groups (three month average to October 2009). As it can be seen men across all age groups are more likely to be on claimant count compared to women. Therefore DWP expects a higher proportion of men than women to use the additional support for older workers.

Job seekers by duration, age and gender (Three month average to October 2009, UK)

		Male	Female
New Claims	18-24	66%	34%
	25-49	70%	30%
	50+	68%	32%
6 Months +	18-24	72%	28%
	25-49	81%	19%
	50+	75%	25%

Whilst more males are likely to use the additional support than females there is no evidence to suggest that the measures will have any negative impact on a particular gender. Both men and women will be able to access these policies on the same terms, thereby promoting equality of opportunity for both men and women.

Ethnicity

The table below shows ethnicity proportions of ILO unemployed by age (Three month average to September 2009)

Job seekers by duration, age and ethnicity (Three month average to September 2009, GB)

		Unknown	White	Ethnic minority	Prefer not to say
New Claims	18-24	2%	79%	14%	5%
	25-49	1%	78%	15%	6%
	50+	1%	85%	9%	5%
6 Months +	18-24	2%	81%	12%	6%
	25-49	1%	77%	16%	7%
	50+	1%	81%	11%	7%

Targeting help at 50 year olds means that people from ethnic minorities are less likely to benefit than they would from more general provision. But DWP considers this is justified by the particular issues faced by older workers.

iii) Extra interview time and training for JCP advisers

Introduction and Policy Rationale

Unemployed people over 50 are more likely to become long-term unemployed and move into inactivity where chances of re-employment are much lower. Evaluation and research evidence among older people shows that those who are closer to State Pension Age felt that they were 'too old' to find work or retrain and they cited health problems or employer ageism as the reason for their lack of motivation. Recent research carried out for DWP Communications suggested that older people who were out of work were less likely than younger people to be confident of finding employment. The following three policy measures outlined below seek to strengthen support for people over 50:

- Specialist back to work support
- Additional time at work focussed interviews (WFI) and JCP training

What is current policy?

Currently Jobcentre Plus advisers are given generic training to enable them to support people of all ages and needs. This does not include a detailed exploration of the issues faced by some people over the age of 50. People over 50 currently receive a range of back to work support including interviews with Jobcentre Plus at various points in their claim.

What is the change in policy?

Extra time (an additional voluntary interview) and personal advisor training on the issues faced by over 50s.

Reason for the change in policy

Jobcentre Plus advisers are a critical first point of contact and gateway to further support for many unemployed over 50s, especially those who are further from the labour market. Evidence shows that provision of advisory support was perceived as effective by such older workers, especially where Personal Advisers were of a similar age. Ongoing support, with repeated contact and development of rapport was most helpful.

However, the evidence also showed that advisers:

- needed to be skilled in challenging older people in terms of widening their job search/having more realistic job/wage expectations.
- needed to be skilled at combating fears of employer age discrimination among older people. Older people were likely to raise concerns about employer discrimination the longer they had been unemployed. While advisers were generally supportive of the customer, there was often little in the way of practical or personalised advice on how age-related barriers to work might be tackled.

Overall Estimated Impact of Policy / Estimating Costs and Benefits

Evidence from Back to Work programme evaluation shows that while the older jobless are a highly diverse group, at an aggregate level several factors suggest the need for a more tailored and 'age proofed' approach to BTW provision for the 50+.

Training on the issues faced by over 50s will make advisers more effective at building rapport, boosting confidence, assessing needs and making referrals to additional support where needed.

Programmed to be rolled out nationally

Economic Costs	Economic Benefits	Fiscal Costs and Benefits	Wider Benefits
Additional operational costs of £4m in 2010/11.	It is estimated that the policy will generate additional value to the economy of around £5m in 2010/11 due to additional movements into work.	As advisor training leads to improved ongoing employment outcomes for older workers this is likely to reduce DWP benefit expenditure in the future, and improve fiscal revenues from direct and indirect taxes. Benefit saving has been estimated to be around £1m in 2010/11.	More tailored support increases engagement with work and the wider society.

Equality Impact Assessments

Disability

The table below shows the disability proportions of ILO unemployed by age (One year average to Quarter three 2009)

Job seekers by duration, age and disability (One year average to Quarter three 2009, GB)

		Disabled	Not Disabled
New Claims	18-24	6%	94%
	25-49	12%	88%
	50+	19%	81%
6 Months +	18-24	11%	89%
	25-49	21%	79%
	50+	33%	67%

Unemployed older workers are more likely to be disabled than other age groups. Therefore, targeting help at older workers means that people with disabilities are more likely to benefit than they would from more general provision. DWP expects that take-up for opportunities through additional measures should broadly mirror this proportion and therefore promote equality of opportunity for disabled people.

Gender

The table below shows the proportions of JSA customers by gender and three age groups (three month average to October 2009). As it can be seen men across all age groups are more likely to be on claimant count compared to women. Therefore DWP expects a higher proportion of men than women to use the additional support for older workers.

Job seekers by duration, age and gender (Three month average to October 2009, UK)

		Male	Female
New Claims	18-24	66%	34%
	25-49	70%	30%
	50+	68%	32%
6 Months +	18-24	72%	28%
	25-49	81%	19%
	50+	75%	25%

Whilst more males are likely to use the additional support than females there is no evidence to suggest that the measures will have any negative impact on a particular gender. Both men and women will be

able to access these policies on the same terms, thereby promoting equality of opportunity for both men and women.

Ethnicity

The table below shows ethnicity proportions of ILO unemployed by age (Three month average to September 2009)

Job seekers by duration, age and ethnicity (Three month average to September 2009, GB)

		Unknown	White	Ethnic minority	Prefer not to say
New Claims	18-24	2%	79%	14%	5%
	25-49	1%	78%	15%	6%
	50+	1%	85%	9%	5%
6 Months +	18-24	2%	81%	12%	6%
	25-49	1%	77%	16%	7%
	50+	1%	81%	11%	7%

Targeting help at 50 year olds means that people from ethnic minorities are less likely to benefit than they would from more general provision. But DWP considers this is justified by the particular issues faced older workers.

iv) Early access to support currently available at 6 months for people over 50

Introduction and Policy Rationale

Unemployed people over 50 are more likely to become long-term unemployed and move into inactivity where chances of re-employment are much lower. Evaluation and research evidence among older people shows that those who are closer to State Pension Age felt that they were 'too old' to find work or retrain and they cited health problems or employer ageism as the reason for their lack of motivation. Recent research carried out for DWP Communications suggested that older people who were out of work were less likely than younger people to be confident of finding employment. The following three policy measures outlined below seek to strengthen support for people over 50:

- Specialist back to work support
- Additional time at work focussed interviews (WFI) and JCP training

This Impact Assessment covers two new measures:

- Extending eligibility for people over 50 to work trials to day one of a claim, previously they would have to wait until they had been claiming JSA for six months;
- Ensure that over 50s with significant barriers to employment get early access to the six month offer.

What is current policy?

Early access to Work Trials: Older workers who have been out of work for at least six months can assess work trials and get the chance to try out a job for up to 15 working days. Individuals who decide to participate in work trials continue to receive any benefits they are eligible for.

Early access to 6 Month Offer: Jobcentre Plus advisers have the discretion to fast track people to support normally only available after claiming for more than six months.

What is the change in policy?

Work trials: DWP will change current eligibility rules to make it possible for people over 50, who an adviser thinks would benefit, to access work trials from the start of their claim to Jobseeker's Allowance.

Early access to 6 Month Offer: DWP will add over 50s to the list of groups eligible to be considered for this fast tracking, to ensure that advisers consider customers in this group for early access to more intensive support where they judge that they have significant barriers to work.

Reason for the change in policy

Work trials: This change will give advisers flexibility to offer work trials to people they think would benefit without waiting for them to reach the 6 month point of their claim.

Work trials enable employers and prospective employees to gain a greater understanding of the needs of employers and greater confidence among employees in returning to employment. Research shows that they have been effective in helping employers overcome age related concerns. DWP will change current eligibility rules to make it possible for people over 50, who an adviser thinks would benefit, to access work trials from the start of their claim to Jobseeker's Allowance.

Early access to 6 Month Offer: Where advisers identify a customer who is clearly at risk of long-term unemployment they should have flexibility to offer additional support.

Overall Estimated Impact of Policy / Estimating Costs and Benefits

Work trials: Evidence shows that work trials enable employers and prospective employees to gain a greater understanding of the needs of employers and greater confidence among employees in returning to employment. Also, they have been effective in helping employers overcome age related concerns.

Early access to 6 Month Offer: Where intervention is required to help older people back into employment, there is evidence that many would benefit from earlier access to services than is currently available. For

many, the longer they are out of work the harder it is to return. NAO Report 2004 Welfare To Work: Tackling The Barriers To The Employment Of Older People.

Work trials

Economic Costs	Economic Benefits	Fiscal Costs and Benefits	Wider Benefits
Additional costs of £0.3m in 2010/11.	It is estimated that the policy will generate some small additional value to the economy in 2010/11 due to additional movements into work.	There may be small exchequer savings from moving people off benefits and into work.	DWP expects work trials to increase employability of older workers by boosting their confidence. This will result in wider economic and social benefits due to increased employment.

Early access to 6 Month Offer

Economic Costs	Economic Benefits	Fiscal Costs and Benefits	Wider Benefits
Zero. Expanding the list of groups who can be fast tracked will increase the flexibility available to Personal Advisers to target fast tracking on the most disadvantaged customers, who need this support most. DWP does not expect the costs of fast tracking to increase overall.	This will not mean additional numbers overall being fast-tracked, so the benefits will remain as they currently stand for fast-tracking.	No additional fiscal savings.	DWP expects that early access to additional support for those who need it will increase the employability of people over 50 and reduce the risk of them becoming long-term unemployed or inactive.

Equality Impact Assessments

Disability

The table below shows the disability proportions of ILO unemployed by age (One year average to Quarter three 2009)

Job seekers by duration, age and disability (One year average to Quarter 3 2009, GB)

		Disabled	Not Disabled
New Claims	18-24	6%	94%
	25-49	12%	88%
	50+	19%	81%
6 Months +	18-24	11%	89%
	25-49	21%	79%
	50+	33%	67%

Unemployed older workers are more likely to be disabled than other age groups. Therefore, targeting help at older workers means that people with disabilities are more likely to benefit than they would from more general provision. There is no evidence to suggest that the programmes will have any negative impact on people with disabilities. DWP expects that take-up for opportunities through additional measures should broadly mirror this proportion and therefore promote equality of opportunity for disabled people.

Gender

The table below shows the proportions of JSA customers made up by men and women by three main age groups (Three month average to October 2009). As it can be seen men across all age groups are more likely to be on claimant count compared to women. Therefore DWP expects a higher proportion of men than women to use the additional support for older workers.

Job seekers by duration, age and gender (Three month average to October 2009, UK)

		Male	Female
New Claims	18-24	66%	34%
	25-49	70%	30%
	50+	68%	32%
6 Months +	18-24	72%	28%
	25-49	81%	19%
	50+	75%	25%

Whilst more males are likely to use the additional support than females there is no evidence to suggest that the measures will have any negative impact on a particular gender. Both men and women will be able to access these policies on the same terms, thereby promoting equality of opportunity for both men and women.

Ethnicity

The table below shows ethnicity proportions of ILO unemployed by age (Three month average to September 2009)

Job seekers by duration, age and ethnicity (Three month average to September 2009, GB)

		Unknown	White	Ethnic minority	Prefer not to say
New Claims	18-24	2%	79%	14%	5%
	25-49	1%	78%	15%	6%
	50+	1%	85%	9%	5%
6 Months +	18-24	2%	81%	12%	6%
	25-49	1%	77%	16%	7%
	50+	1%	81%	11%	7%

Targeting help at 50 year olds means that people from ethnic minorities are less likely to benefit than they would from more general provision. But DWP considers this is justified by the particular issues faced by older workers.

5) Additional support for professionals

Introduction and Policy Rationale

What is the current policy?

A workshop for newly unemployed professionals is currently offered as part of the support for the newly unemployed package, introduced as a recessionary measure in April 2009. This is targeted at customers from professional backgrounds who have an established work history but are unfamiliar with modern job search techniques – for example, because they have not changed job for a number of years. The workshops are delivered by contracted providers, predominantly recruitment agencies, who deliver the workshop through group sessions, a one-to-one session or through online support and training. If a new customer is identified at the new claims stage as likely to benefit from this extra support, they are then offered a choice of delivery approach to best suit their needs. The workshops focus on modern job search techniques – CV best practice, interview technique, online job search and networking.

In line with other measures to combat the recession, this is a temporary measure and is due to end in March 2011.

What is the change in policy?

A follow-up session to the initial workshop will be offered to further build on the advice given in the initial workshop. Customers will agree with their provider the timing of the follow up within the first three months of their claim, so they can use it to discuss any specific barriers to work they have come across while job hunting such as an unfamiliar recruitment practice (e.g. psychometric testing), or an updated CV that is still not securing interviews. Similar to the initial session, providers will deliver the follow up session through a variety of approaches – for example, the initial session could be run as a group workshop and be followed by a one-to-one session, or the first contact could be one-to-one and the second could be a group workshop.

What is the reason for change in policy?

The number of professionals out of work has increased significantly with the recession and the priority for this group is to get them back to work as quickly as possible, particularly professionals who have little recent experience of job search.

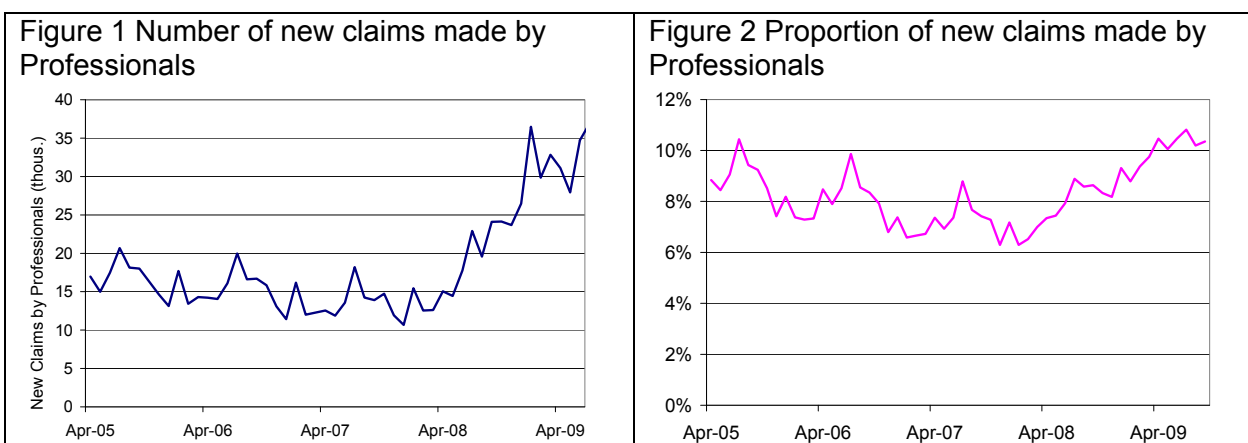
Feedback indicates that customers are finding the professionals support useful in terms of making their job search more productive, and they value this specialist provision targeted at their particular needs. Customers specifically requested follow-up sessions and interventions like this that focus on job search in the context of a customer's specific circumstances, which can have a positive effect on off-flows.

Overall Estimated Impact of Policy / Estimating Costs and Benefits

Over the last 12 months the number of new Jobseeker's Allowance (JSA) customers from professional backgrounds has increased significantly. Figure 1 shows the number of new JSA claims made by job seekers seeking employment in professional occupations has increased from less than 15,000 per month before the recession in 2007/08 to between 30,000 and 35,000 since the start of 2009²⁸.

Figure 2 shows that the proportion of all new JSA claims where the job seeker is seeking employment in a professional occupation has also increased from less than eight per cent in 2007/08 to over ten per cent in 2009.

²⁸ Professionals are defined as job seekers who's sought occupation has a major Standard Occupation Code (SOC) grouped as either "Managers and Senior Officials" or "Professional Occupations".



The extra support for professionals is being introduced to help combat the increase in unemployment amongst professionals, and help them return to work as quickly as possible. Offering support at this stage of the claim will help professionals flow back into work more quickly than they otherwise would, limiting the damage which might result from a longer duration of unemployment.

Estimated costs and benefits

The figures are based on an extension of the contract assuming 60,000 places over 12 months at an additional unit cost of £75 per start. The current support offered for professionals at day one is paid by volume at a unit cost of £150 per start.

Economic Costs	Economic Benefits	Fiscal Costs and Benefits	Wider Benefits
£5m in 2010/11.	It is estimated that there will be economic value to the economy resulting from 0.5 additional days off benefit per participant. DWP expects this time to be spent in work. (The impact is expected to be the same as the impact of providing an additional hour of advisor time).	There is scope for up to £1m exchequer savings in 2010/11.	More personal support sooner increases engagement with work and the wider society.

Equality Impact Assessments

Disability

The table below shows the proportion of new job seekers with no disability and with a disability for professionals and all JSA customers for the period April 2008 to March 2009.

Table 1 Job seekers by occupation and disability

		No Disability	Disability	Unknown
2005/2006	Professionals	90%	10%	0%
	All JSA customers	83%	15%	2%
2008/2009	Professionals	93%	7%	0%
	All JSA customers	86%	12%	1%

Source: National Benefits Database and LMS Client Database

Professionals are less likely to have a disability than job seekers overall, and the proportion of professional job seekers with a disability has fallen with the overall increase in the number of new professionals.

The proportion of job seekers from a professional background who report having a disability is smaller than the proportion of total job seekers overall who report having a disability. As this measure is targeted at professionals, if the professional job seekers taking up this extra support are representative of professional job seekers overall then this policy could disproportionately benefit job seekers without a disability.

The support for professionals is part of a package of support for the newly unemployed, which provides intensive support for new job seekers identified with particular barriers to finding employment. The extra support for professionals should therefore be viewed as part of this wider package, which is expected to benefit job seekers with and without a disability.

Gender

The table below shows the proportion of new job seekers who are male and female for all job seeker and for professionals for the period April 2008 to March 2009.

Table 2 Job seekers by occupation and gender

		Male	Female
2008/2009	Professionals	71%	29%
	All JSA customers	71%	29%

The gender split for professional JSA customers is the same as for the overall population of job seekers.

The proportion of job seekers from a professional background that are female is in line with the proportion of total job seekers that are female; therefore no negative impacts are expected to result from this proposal. The support for professionals is part of a package of support for the newly unemployed, which provides intensive support for new job seekers identified with particular barriers to finding employment. The extra support for professionals should therefore be viewed as part of this wider package, which is expected to benefit male and female job seekers.

Ethnicity

The table below shows the proportion of new job seekers from different ethnic groups for all job seeker and for professionals for the period April 2008 to March 2009.

Table 3 Job seekers by occupation and ethnicity

		White	Ethnic Minority	Unknown	Prefer Not to Say
2005/2006	Professionals	80%	11%	1%	8%
	All JSA customers	77%	13%	2%	8%
2008/2009	Professionals	83%	11%	0%	6%
	All JSA customers	80%	12%	2%	6%

Source: National Benefits Database and LMS Client Database

Professionals are slightly less likely to be from an ethnic minority background. It is not possible to identify what the ethnic split is for job seekers with responses recorded as 'unknown' or 'prefer not to say'.

The proportion of job seekers from a professional background who are an ethnic minority is slightly smaller than the proportion of total job seekers who are an ethnic minority. As this measure is targeted at professionals, if the professional job seekers taking up this extra support are representative of professional job seekers overall then this policy could disproportionately benefit job seekers who classify themselves as white. The support for professionals is part of a package of support for the newly unemployed, which provides intensive support for new job seekers identified with particular barriers to finding employment. The extra support for professionals should therefore be viewed as part of this wider package, which is expected to benefit job seekers from ethnic minority and non-minority backgrounds.

Age

The table below shows the proportion of new job seekers from each age group for all job seeker and for professionals for the period April 2008 to March 2009.

Table 4 Job seekers by occupation and age

		Unknown	18-24	25 - 49	50+
2005/2006	Professionals	0%	14%	62%	23%
	All JSA customers	2%	37%	48%	13%
2008/2009	Professionals	0%	12%	65%	23%
	All JSA customers	1%	37%	49%	13%

Source: National Benefits Database and LMS Client Database

Professionals are more likely to be older than the average job seeker.

The proportion of job seekers from a professional background who are young is smaller than the proportion of total job seekers who are young. As this measure is targeted at professionals, if the professional job seekers taking up this extra support are representative of professional job seekers overall then this policy could disproportionately benefit older job seekers. The support for professionals is part of a package of support for the newly unemployed, which provides intensive support for new job seekers identified with particular barriers to finding employment. The extra support for professionals should therefore be viewed as part of this wider package, which is expected to benefit job seekers from all age groups.

6) Self-employment

Introduction and Policy Rationale

What is current policy?

The 'support to become self-employed' element of the Six Month Offer, introduced on 6 April 2009, is for customers who have been claiming Jobseeker's Allowance for six months or more.

This part of the Six Month Offer has two elements:

- Mainstream expert partner enterprise products and more intensive help specifically created for the six-month customer group. This is delivered by Business Link (in England) and Flexible Support for Business (in Wales) and Training for Work (in Scotland). Where particular needs are identified, customers enter a programme of intensive support and advice which is tailored to their needs. Enterprise support is provided while the customer is still claiming Jobseeker's Allowance. Where necessary, it can be provided for up to 16 weeks following the start of a business or self-employment.
- The Self-Employment Credit was introduced as part of the Six Month Offer in April 2009 to help overcome the difficulty some people experience when making the transition from benefits into work. It provides extra cash help at a crucial time as the self-employed person is building up their customer base.
- Customers may be eligible for the Self-Employment Credit once they have left Jobseeker's Allowance as a result of taking up self-employment or starting a business. The Credit is tax-free and is worth £50 a week for up to 16 weeks when the person starts trading.

What is the change in policy?

The change is access from week 13 of the Jobseeker's Allowance claim to the Self-Employment Credit and the intensive advice and support provided by Business Link, Flexible Support for Business and Training for Work. Proposals include having experts from Business Link in Jobcentre Plus offices (in England) where there is a need. This will ensure that those interested in self-employment can benefit as soon as possible from this extra help to make certain that their business has the best possible start.

Reason for the change in policy

New businesses provide increased job opportunities as they develop. They help to sustain and stimulate economic optimism and growth and they bring novel approaches and fresh competition to the economy which in itself provides a further stimulus to growth. Therefore, it is vital that, as consumer and business demand returns, access to support is provided as early as possible to encourage those people who need additional help to develop new business ideas and get them off the ground.

Overall Estimated Impact of Policy / Estimating Costs and Benefits

Figures show that there is a growing interest for the intensive support element of the offer that is provided by Business Link, Flexible Support for Business and Training for Work. This policy supports wider government objectives by encouraging everyone with entrepreneurial talent to consider self-employment as a route out of benefits.

The cost of the Business Link expert advisers in Jobcentre Plus offices (jn England) will be met by Business Link.

Economic Costs	Economic Benefits	Fiscal Costs and Benefits	Wider Benefits
<p>Intensive business support and advice will cost approximately £1.2m in 2010/11.</p> <p>Additionally, Jobcentre Plus administrative costs are estimated at £0.5m in 2009/10 and £2m in 2010/11.</p> <p>Possible economic costs may occur if the credit leads to adverse selection – i.e. supporting businesses that will never be profitable without the credit.</p>	<p>Increased employment leading to economic growth resulting from additional people in work.</p>	<p>There will be some reduced net benefit expenditure of people claiming JSA (as well as reduced housing benefit/council tax benefit etc.) and increased direct and indirect tax and National Insurance contributions. This may have an impact of £5-10m (2009/10 to 2010/11)</p> <p>It is estimated that Self-Employment Credit will cost the exchequer £4m in 2009/10 and £13m in 2010/11.</p>	<p>More personal support sooner increases engagement with work and the wider society.</p>

Note: Fiscal transfers directed towards lower income people will have a further economic benefit reflecting the fact that marginal changes in income for low income groups will have a relatively larger impact on their welfare. Reference: HM Treasury, The Green Book.

Equality Impact Assessments

There is no evidence of disproportional impact and no unequal treatment on these grounds is envisaged. This will be also considered as part of the evaluation criteria and as the policy develops, the equality impact assessment will be an integral part of the policy development. The following section outlines impacts on specific groups, with data from NOMIS. Data is presented for September 2009 and is indicative of recent trends.

Disability

Disabled people already have early access to the self-employed element of the Six Month Offer through fast-tracking procedures which will ensure they will have earlier support. Therefore bringing forward access to the Self-Employment Credit and intensive self-employed support forward to week 13 should not have a negative impact on disabled people.

Gender

Bringing the Self-Employment Credit and intensive advice forward will be available to both male and female job seekers equally.

Table 1 JSA new claims by Gender

	Women	Men
JSA new claims September 2009 (all numbers to the nearest 5)	105,875	216,585
JSA new claims September 2009 as a percentage of claimant count stock by gender in September 2009	24.7%	19.6%

Ethnicity

Tables 2a and 2b show that ethnic minority groups make up a smaller proportion of new JSA customers and recent customers make up a similar proportion of claimant count stocks irrespective of ethnic

background. This proposal will help to promote opportunity for all recent customers to move into self-employment irrespective of ethnic background.

Table 2a JSA new claims by ethnic background

	White	Ethnic Minority	Prefer not to say	Unknown
JSA new claims September 2009 (all numbers to the nearest 5)	256,365	43,060	17,260	5,775

Table 2b JSA new claims by ethnic background as a proportion of claimant count stock

	White	Ethnic Minority
JSA new claims September 2009 as a percentage of claimant count stock by ethnic background in September 2009	21.2%	19.8%

Age

Table 3 shows that people aged 18 to 49 make up a large proportion of JSA new customers, and younger recent customers make up a larger proportion of claimant count stocks by age. This proposal will help to promote opportunity for all recent customers to move in to self-employment irrespective of age.

As the New Deal for Young People currently delivers support similar to the Self Employment opportunities, it is expected that young people will access this type of support through the New Deals rather than the Six Month Offer. Widening access support will improve opportunities for older recent customers to move into self employment.

Table 3 JSA new claims by age

	Under 18	18-24	25-49	50+
JSA new claims September 2009 (all numbers to the nearest 5)	2,535	131,870	149,850	38,205
JSA new claims September 2009 as a percentage of claimant count stock by age in September 2009	39.1%	28.1%	18.2%	16.5%

7) Activity at 24 months

Introduction and Policy Rationale

People who have been out of work for two years or more are likely to have complex and overlapping barriers to work. DWP needs to ensure that the support provided for this group is personalised, and capable of addressing a whole range of issues in a way that can adapt to suit individuals' circumstances.

In 2008, DWP outlined proposals to test the Personalised Employment Programme (PEP), a single integrated programme of support delivered by providers. PEP will provide support across benefit types to ensure that people get support based on their needs and not the benefit they are receiving. PEP will be available before the two year point of a job seeker's claim, but should apply to any support for the small number of people who cannot find work after two years on benefit.

Two new approaches are being tested for job seekers who are unemployed for two years:

- Work for Your Benefit will test a programme of employment support and bespoke work experience for up to six months.
- Jobcentre Plus is testing delivering an intensive support period including support from a personal adviser at the two year stage, and a Personal Support Fund ring fenced for each individual that can be used flexibly to support job seekers find and stay in work.

PEP goes further with a more intensive approach to case management at 24 months, building expert teams of caseworkers in Jobcentre Plus to work with local partners and experts in the third sector to understand how the range of support in localities can be better used to support this group back to work. This work will be focussed on parts of the country experiencing high unemployment.

What is the change in policy?

The Work for Your Benefit and intensive support period pilots will be built on to test a more intensive approach to case management, drawing heavily on local services and expertise for job seekers reaching two years in unemployment.

A more intensive approach to case management at 24 months will be tested, building on expert teams of caseworkers in Jobcentre Plus to work with local partners and experts in the third sector to understand how the range of support in localities can be better used to support this group back to work.

Reason for the change in policy

To test how working closely with local partners and third sector experts can find a way through the barriers to work faced by this group. Alongside the Work for Your Benefit pilots, this will help to build the fullest picture possible of what might work best for job seekers that reach two years unemployment and face complex barriers to work. The aim is to provide the support that individuals need when they need it with the principles of personalisation and flexibility built in to the support.

Overall Estimated Impact of Policy/ Estimating Costs and Benefits

Evaluations of New Deal programmes have pointed to the critical role of the personal adviser. Advisers provide continuity of support for job seekers and, where a good relationship is established, the likelihood of a positive outcome is increased. Many advisers believe that more frequent and purposeful contact with job seekers during the New Deal, has 'improved' attitudes amongst job seekers for example improved job seekers opinion of jobcentre plus and their engagement in job search activity. Similarly, interviews with job seekers have found that the one-to-one contact with a personal adviser was one of the best elements of the New Deal, and distinguished it from their usual experience of the Jobcentre or previous employment support.

Evaluation of this pilot will provide greater insight into the success of this type of support and how to roll out support at a national level.

Economic Costs	Economic Benefits	Fiscal Costs and Benefits	Wider Benefits
Additional operational costs are estimated to be £10m in 2010/11.	The additional economic benefits from moving people into work have been estimated as £2m in 2010/11.	<p>More effective support for job seekers out of work for 24 months is expected to increase job entries</p> <p>This will reduce benefit payments and the Exchequer would also benefit from increased tax and National Insurance Contributions flowbacks.</p> <p>The fiscal benefits have been estimated at £2m in 2010/11.</p>	Helping long-term job seekers into employment will provide further benefits that are difficult to quantify such as reduced poverty and social exclusion, improved child poverty outcomes, improved intergenerational and social mobility, reduced crime and improved health.

Equality Impact Assessment

This Equality Impact Assessment assumes that job seekers starting 24 month increased support will have similar characteristics to job seekers that have experienced long-term unemployment. The long-term unemployed group are more likely to have multiple barriers to employment than those who are unemployed for shorter periods, for example they are more likely to have a health condition or disability, be a lone parent and have fewer qualifications than individuals with shorter benefit spells.

Three sources of information have been used to identify the potential characteristics of job seekers who would be entitled to this type of support:

- The characteristics of job seekers who reach two years on Jobseeker's Allowance in 2007/08;
- The characteristics of job seekers who reach the Follow-Through stage of ND25+ in 2007/08; and
- The characteristics of job seekers identified in the research report *Repeat Jobseeker's Allowance spells* as having spent long periods of time on JSA or New Deal programmes²⁹.

Disability

Table 1 compares the proportion of job seekers recorded as having a disability of two different cohorts of job seekers - those who started a claim in 2007/08 and those who reached the Follow-Through stage of ND25+ in 2007/08. This comparison is useful to inform a broad view on likely impacts.

Table 1 Disability³⁰

	Disabled
JSA new claims 2007/08	14%
Job seekers reaching ND25+ Follow-Through stage	31%

Within the population of job seekers in 2007/08, 14 per cent are recorded as having a disability. This proportion increases to 31 per cent for job seekers who reach the Follow-Through stage of ND25+.

The report on repeat Jobseeker's Allowance spells report noted that respondents with experience of DWP programmes were more likely than average to report health problems. For job seekers in this

²⁹ Carpenter, H. (2006) *Repeat Jobseeker's Allowance spells* DWP Research Report No 394, http://www.dwp.gov.uk/asd/asd5/report_abstracts/rr_abstracts/rra_394.asp

³⁰ Data taken from <http://www.dwp.gov.uk/asd/tabtool.asp> and the National Benefits Database and New Deal Evaluation Database

category, health is often the single greatest barrier to work, and can lead to a long absence from the labour market.³¹

This policy proposal is expected to have a greater impact on disabled people as they are more likely to reach two years unemployment. The support that this programme offers would continue to be flexible and personalised to the individual and therefore accommodate individuals' needs, and DWP expects it will help more job seekers with a disability find sustained employment, thereby promoting equality of outcomes.

Gender

Table 2 compares the gender breakdown of two different cohorts of job seekers - those who started a claim in 2007/08 and those who reached the Follow-Through stage of ND25+ in 2007/08. A higher number of men than women make a claim for JSA and they are more likely to reach long-term unemployment than women.

Table 2 Gender breakdown³²

	Women	Men
JSA new claims 2007/08	30%	70%
Job seekers reaching ND25+ Follow-Through stage	18%	82%

The finding that males are disproportionately likely to reach long-term unemployment and therefore be affected by this support is confirmed by research report³³. The report found that only 14 per cent of the job seekers in group one (job seekers who had spent significant periods on JSA or the New Deals) were women. However, introducing this programme is expected to benefit participants by helping them find and sustain employment so DWP does not expect any negative impacts on females.

Ethnicity

Table 3 compares the ethnicity breakdown of two different cohorts of job seekers, those who started a claim in 2007/08 and those who reached the Follow-Through stage of ND25+ in 2007/08.

Table 3 Ethnicity breakdown³⁴

	White	Ethnic Minority	Missing	Prefer not to say
JSA new claims 2007/08	75%	14%	2%	8%
Job seekers reaching ND25+ Follow-Through stage	72%	19%	0%	9%

Ethnic minorities are more likely to be affected by this proposal because they are more likely to reach long-term unemployment than white job seekers. Table 2 shows a small change between the ethnic breakdown of people making new claims for JSA and people who reach the Follow-Through stage of ND25+. The Repeat Jobseeker's Allowance Spells report also found that ethnic minorities were more likely than average to have spent long periods on JSA and New Deal programmes³⁵.

Introducing this programme is expected to benefit participants by helping them find and sustain employment so a positive impact on ethnic minority customers is expected.

³¹ Carpenter, H. (2006) *Repeat Jobseeker's Allowance spells* DWP Research Report No 394, http://www.dwp.gov.uk/asd/asd5/report_abstracts/rr_abstracts/rra_394.asp

³² Data taken from the Office for National Statistics, <https://www.nomisweb.co.uk/Default.asp> and the New Deal Evaluation Database

³³ Carpenter, H. (2006) *Repeat Jobseeker's Allowance spells*, DWP Research Report No 394, http://www.dwp.gov.uk/asd/asd5/report_abstracts/rr_abstracts/rra_394.asp

³⁴ Data taken from <http://www.dwp.gov.uk/asd/tabtool.asp> and the New Deal Evaluation Database

³⁵ Carpenter, H. (2006) *Repeat Jobseeker's Allowance spells* DWP Research Report No 394

Age

Table 4 shows that the largest proportion of job seekers who reach the end of two years on JSA without having moved into work are those aged 25 to 49. People aged 18 to 24 represent 40 per cent of JSA customers but only ten per cent of those whose claims reach two years in unemployment. Those aged 50 and over are significantly more likely to remain on JSA for a long period. Therefore DWP would expect this policy to have a disproportionately positive impact on this group of customers.

Table 4: Age breakdown³⁶

	Under 18	18 to 24	25 to 49	50+
JSA new claims 2007/08	2%	40%	47%	12%
Job seekers whose claim lasted one year or more	1%	15%	68%	16%
Job seekers whose claim lasted two year or more	0%	10%	60%	30%

Introducing this policy to the job seeker regime is expected to help reduce long-term job seekers' barriers to finding employment, thereby having a positive impact on employment prospects. Job seekers aged 25 and over are more likely to have claims lasting more than two years than job seekers aged under 28 or 18 to 24, and therefore more likely to benefit from improved employment prospects as a result of this measure.

DWP will use the results of the policy evaluation to learn lessons to further promote the equality impacts of this proposal.

³⁶ Data taken from the National Benefits Database

8) Travel and childcare

Introduction and Policy Rationale

Current policy

Currently job seekers who attend training courses only receive payment of travel and childcare costs (T&CC) if they attend for more than two weeks on a full-time basis (16 hours or more). Feedback from training providers, Learning and Skills Council (LSC) and Jobcentre Plus (JCP) suggests that not only is this a significant barrier to customers taking up part-time provision but that it also reduces the flexibility for personal advisers to develop the best package of back to work support for the individual customer.

Change in policy

The change in policy introduces the payment of T&CC for all Jobseeker's Allowance (JSA) customers from day one, to help them access relevant training whether part-time or full-time. Payment of these costs would be at the discretion of the Jobcentre Plus adviser. Training would need to be agreed with the personal adviser and be work-focused.

Reason for the change in policy

The current policy is creating a barrier to individuals preventing them taking up training on a part-time basis which would help them back into work. The current policy may have an adverse impact on women and those with caring responsibilities who may choose to attend part-time training due to caring commitments. Introducing this policy improves their chances of engaging with training.

Skills enable people to find better jobs and secure higher wages. Removing barriers to enable people to improve their skills helps to address social deprivation, poverty and inequality.

Overall Estimated Impact of Policy / Estimating Costs and Benefits

Through the introduction of this policy, just over 270,000 people in part-time training in England will receive payments for T&CC in 2010/11, at a cost of around £7m. Similar estimates apply to subsequent years.

Previous research has indicated the importance of T&CC as a barrier to undertaking training. The table below shows that support with travel costs was a "very important" factor to make study more likely by 70 per cent of the JSA customers in a 2006 study³⁷, whereas "free childcare while studying" was identified as "very important" by 16 per cent of JSA customers.

Importance of aspects in making study more likely – very important shown

	Total %	JSA %	IB %	IS %
Not paying fees	64	79	55	66
Studying at a convenient place	61	70	52	65
Support with equipment costs	58	73	48	59
Being able to study while on benefits	56	67	42	63
Studying at a convenient time	55	61	45	62
Support with travel costs	54	70	45	53
Study programme linked to a job	44	66	30	44
Free childcare while studying	23	16	14	34
<i>Base (weighted)</i>	<i>2,129</i>	<i>455</i>	<i>791</i>	<i>882</i>
<i>Base (unweighted)</i>	<i>2,129</i>	<i>719</i>	<i>701</i>	<i>709</i>

³⁷ DWP Research Report No 392 (2006), *Adult Learning Option baseline tracker study*. Gillian Prior, Louise Hall and Luke Lloyd, page 54.

The results for childcare are consistent with those obtained in the National Adult Learning Survey (2005), according to which 17 per cent of adults with NVQ level 1 qualifications and 14 per cent of adults with no qualifications mention “lack of time due to children” as an obstacle to learning³⁸. This suggests that lifting this barrier to training can have a direct effect on the number of people who can complete training, which in turn will have an effect on job outcomes of JSA customers.

The table below shows the expected costs and benefits for the period 2010-2014.

<i>Economic Costs</i>	<i>Economic Benefits</i>	<i>Fiscal Costs and Benefits</i>	<i>Wider Benefits</i>
Costs of paying T&CC to JSA customers for part-time training in England. For 2010-2013, these costs are expected to be in the region £7m per annum.	Increased employment and growth through getting people into work. Higher productivity in work and employment gains.	Reduced number of people claiming JSA and increased tax and National Insurance Contributions. ³⁹	Improved employability skills and wider social and economic effects including the ability to undertake general social activities.

Note: Fiscal transfers directed towards lower income people will have a further economic benefit reflecting the fact that marginal changes in income for low income groups will have a relatively larger impact on their welfare. Reference: HM Treasury, The Green Book.

Equality Impact Assessments

Disability

There are no current statistics detailing volumes of people who access part-time training who have a disability. However, the table below shows that the DDA disabled tend to have lower levels of qualification than the rest of the population. As the DDA disabled are overrepresented among the group that needs training the most, a policy designed to facilitate access to training would not have a detrimental effect on that group.

Highest level of qualification

	DDA Disabled	Rest of population
No Qualification	22%	9%
Below NVQ2	20%	16%
NVQ2 or above	57%	75%

Source: LFS, Q3 2009. Values for GB

This measure will provide additional access to training opportunities where T&CC are a barrier and should result in more people being able to take up training. Payment of these costs is for all JSA customers who need to access training to help them move into jobs and therefore it brings positive benefits.

Gender

This measure will provide additional access to training opportunities where T&CC are a barrier and should result in more people being able to take up training. Payment of these costs is for all JSA customers who need to access training to help them move into jobs and therefore it brings positive benefits. As those with caring responsibilities are largely women, the policy is expected to have positive impacts as it would support more women in accessing training provision.

Ethnicity

³⁸ DfES Research Report No 815 (2005), National Adult Learning Survey (NALS), Dawn Snape, Emily Tanner and Rupert Sinclair with Juliet Michaelson and Steven Finch, page 53.

There are no current statistics detailing the ethnic origin of customers across the whole range of provision who take up training on a part-time basis. However, the table below shows that the ethnic minorities tend to have lower levels of qualification than whites. As ethnic minorities are overrepresented among the group that needs training the most, a policy designed to facilitate access to training would not have a detrimental effect.

Highest level of qualification

	Ethnic Minorities	Whites
No Qualification	15%	10%
Below NVQ2	19%	17%
NVQ2 or above	66%	73%

Source: LFS, Q3 2009. Values for GB

This measure will provide additional access to training opportunities where childcare and travel costs are a barrier and should result in more people being able to take up training. Payment of these costs is for all JSA customers who need to access training to help them move into jobs and therefore it brings positive benefits.

Age

We have not identified any direct age impacts from this policy. However, the most disadvantaged age groups tend to be over represented among those with low or no qualifications. The risk of negative impact is likely to be minimal as the measure will increase access to training.

9) Partners conditionality

Introduction and Policy Rationale

What is current policy?

Assessments of entitlement to income-related welfare benefits such as Income Support (IS) and income-based Jobseeker's Allowance (JSA) are calculated on a family basis. However, whilst partners of people receiving income related benefits currently get financial support via the benefit system, they often do not have clear and sustained obligations to look for work themselves.

Couples who do not have dependent children in their household, and who are claiming JSA, are required to make a joint claim for JSA and both members of the couple must meet the labour market conditions for claiming JSA. However, partners of customers with children claiming JSA⁴⁰ are only required to take part in a compulsory Work Focused Interview (WFI) every six months (this has been in place since April 2008).

Partners of benefit customers in receipt of IS, Incapacity Benefit (IB) or Employment and Support Allowance (ESA) are required to attend only a single Work Focused Interview (WFI) six months into their partner's claim period (since April 2004). Exclusions apply to IB credits only cases, where Carer's Allowance is the only benefit received. The purpose of the WFI is to discuss the possibility of working and to encourage partners to join the voluntary New Deal for Partners (NDP). If a partner does not, without good reason, attend or participate in the WFI, a sanction may be placed on the customer's benefit. Any action beyond participation in the interview is voluntary.

Reason for change in policy

The Government needs to provide support to help the partners of benefit customers who can work, to move into work. Previous attempts to assist partners have, so far, produced only limited results.

Evaluation evidence of the existing policy of mandatory one-off WFIs has found little evidence of them helping to change actual behaviour by increasing the number of partners in work or looking for work⁴¹. Many partners need support over a long timeframe, and are also often not in a position to benefit greatly at the time of their initial WFI. The proposal for increased conditionality for partners will ensure that partners receive regular support to help them move into work.

What is the proposed change in policy?

The Welfare Reform Act 2009 introduced powers so that where both members of a couple are capable of work they will be required to make a joint-claim for JSA, and both will be required to be available for and actively seeking work as a condition of receiving the benefit. These arrangements currently apply to only childless couples claiming JSA, but at present both do not necessarily have to be capable of work. Joint-claims regulations will be amended to exclude couples with a person who is not capable of work. Joint-claims requirements will also be extended to include couples, where both are capable of work, and who have dependent children where the youngest child is aged seven years or older.

Where one member of the couple is capable of working but the other has restricted capability because of illness or disability then they, too, will be able to access income-related assistance via JSA only. However, in these cases the member of the couple who is capable of work will make the claim on behalf of the couple and will have to fulfil JSA conditionality. The member of the couple who has the health condition will still be able to establish that they have limited capability for work and will be able to claim contributory ESA in their own right. They will also be able to access additional support through the work-related activity premium if they are prepared to comply with the work-related conditions of ESA.

Not all couples are in a position to fulfil the labour-market conditions of JSA. Therefore, exemptions will be put in place and mitigations to protect couples (in scope of the policy change) in certain

⁴⁰ Those who have been in receipt of JSA for at least 26 weeks, with a dependant child or young person in their household aged less than 20 (in full-time education and child benefit in payment).

⁴¹ Coleman N, Seeds K and Edwards G; 'Work Focused Interviews for Partners and Enhanced New Deal for Partners: synthesis of findings, 2006, DWP research report number 417.

circumstances, for example carers⁴², those whose partner is in the ESA support group, partners of IS/ESA customers who claim a disability or sickness benefit and people of the eligible age for Pension Credit. *Annex A* sets out in the exemptions categories in full.

The proposed change is to bring forward implementation for new claims only from 2012/13 to autumn 2011. Changes will be phased in for the stock of customers from April 2012 as previously planned

A full impact assessment has already been published for partners conditionality.

Overall Estimated Impact of Policy / Estimating Costs and Benefits

Up to 94,000 couples will be subject to the full conditionality requirements on JSA joint claims and of these up to 22,000 individuals could be helped off benefits and into work after three years. The assumptions around how effective the regime would be for this group are uncertain. This is because there is very little evidence to indicate how partners will behave as a result of increased conditionality: the evaluation of the transition to JSA joint claims for partners of JSA customers without children was unable to attribute an exit from benefit to the actions of the partner or the main customer⁴³.

The table below presents the likely impacts of the policy and the associated costs/savings associated with these:

Economic Costs	Economic Benefits	Fiscal Costs and Benefits	Wider Benefits
<p>The additional costs from bringing forward conditionality (and therefore the associated support to move partners into employment such as fortnightly interviews) estimated to be £1m in 2011/12.</p> <p>The costs of the programme in subsequent years are estimated as before for the original proposal at £15m in 2012/13, £60m in 2013/14, £55m in 2014/15. The costs increase in 2013/2014 when customers take part in the Flexible New Deal.</p>	<p>A small number of partners are expected to move off benefits earlier from bringing conditionality forward than originally planned.</p> <p>For the overall policy, up to 10,000 individuals moving into employment after one year, up to 15,000 after two years, and up to 22,000 after three years. Assuming these individuals earn the minimum wage and work 16 hours a week this translates into wage earnings of £50m in 2012/13, £75m in 2013/14 and £105m in 2014/15.</p>	<p>Small fiscal benefits are expected from moving additional people into work. These would be in the region of £0-4m over four years..</p> <p>For the overall policy this amounts to savings in the range of £17.5-35m in 2012/2013, £22.5-45m in 2013/14 and £32.5-65m in 2014/15.</p> <p>Estimates of savings are sensitive to behavioural assumptions.</p>	<p>Greater inclusion in the labour market for some of the most disadvantaged people and increase in incomes for households. There is strong evidence to suggest that being in work boosts self-esteem, health and wellbeing⁴⁴.</p>

Equality Impact Assessments

Disability

Partners are disproportionately likely to report that they are sick or disabled - 39 per cent of all partners state that they are sick or disabled⁴⁵. To provide context, according to the Labour Force Survey 16 per

⁴² Who are in receipt of or eligible for Carers Allowance.

⁴³ Bewley, H, Dorsett, R and Thomas A (2005) Joint Claims for JSA evaluation – synthesis of findings. DWP Research Report 235.

⁴⁴ Gordon Waddell, A Kim Burton (2006) *Is Work Good for Your Health and Well-being?* The Stationary Office.

⁴⁵ Coleman N, Seeds K and Edwards G; *Work Focused Interviews for Partners and Enhanced New Deal for Partners: synthesis of findings*, 2006, DWP research report number 417.

cent of the overall working age population have a DDA defined disability. Evidence also shows that of partners who state that they were sick or disabled three in ten (29 per cent) said that it affected the type or amount of work they could do. This includes one in eight (13 per cent) partners who said that they were too ill to work again⁴⁶.

Partners of IS customers were more likely to report that they were sick or disabled (40 per cent) than JSA customers (22 per cent)⁴⁷. As is often the case, there is a link between age and health problems/disabilities, with older partners much more likely to have a health problem or disability (62 per cent of those aged 50 or above compared with 17 per cent of those aged under 25)⁴⁸.

For existing customers, if no additional action were to be taken there would be a risk that couples transferring from ESA to JSA who are not claiming Disability Living Allowance, which entitles them to the Disability Premium within JSA, could potentially be worse off. This potential risk was identified during the development of this policy change; therefore DWP are fully considering how to address this risk and plan to further impact assess these options.

Furthermore, in recognition that partners are disproportionately more likely to have a disability or sickness, there are exemptions and mitigations in place to protect those who may be unable to work:

- Partners of ESA/IS customers who are in receipt of disability or sickness benefits in their own right will be exempt from the policy change.
- Partners of JSA customers who are receiving sickness or disability benefits in their own right will not, in future, be required to make a joint-claim for JSA.
- Partners who are not in receipt of ESA but who seek exemption from these new requirements on account of sickness or disability will need to establish that they have limited capability for work through an ESA assessment and will be able to claim contributory ESA in their own right.

In addition the Government has a number of tailored employment schemes aimed at helping disabled people, including Access to Work, New Deal for Disabled People, Workstep and Work Preparation. The Government's proposals for partners will further support those who are able to work.

Partners who are receiving the middle and higher care component of DLA on behalf of their child will be exempt from the proposals. Further support is offered under the provisions of the Childcare Act to parents who are looking for work and have caring responsibilities for a child with special needs.

Future provision to improve access to formal childcare for disabled children was also announced in *Aiming High for Disabled Children*, published in May 2007. This is providing additional funding of £35m for 2008-09 to 2010-11 to improve access to childcare for disabled children and young people and to reduce attitudinal barriers. Pilots started in September 2008 in ten local authorities and will test out ways of meeting the needs of disabled children as identified in childcare sufficiency assessments, with best practice subsequently being rolled out more widely.

The policy changes present an opportunity to promote equality by supporting partners with a disability or illness who are able to work to work.

Gender

Women currently make up by far the largest proportion of partners of benefit customers who are in scope of the policy changes⁴⁹. Overall, 75 per cent of partners are female, ranging from 90 per cent of JSA 'non-joint' claims to 72 per cent of IS claims.

Since April 2004, partners of benefit customers have been required to take part in a Work Focused Interview (WFI) six months into their claim period. Since then the majority (79 per cent) of those attending a WFI are women, accounting for just over 163,000 partners.

⁴⁶ Coleman N, Seeds K and Edwards G; *Work Focused Interviews for Partners and Enhanced New Deal for Partners: Quantitative Survey Research*, 2006, DWP research report 335.

⁴⁷ FRS 06/07.

⁴⁸ Coleman N, Seeds K and Edwards G; *Work Focused Interviews for Partners and Enhanced New Deal for Partners: Quantitative Survey Research*, 2006, DWP research report number 335.

⁴⁹ Those who are exempt from the policy changes because they are carers, have children under 7 or have a disability or health problem themselves.

There is a potential risk – affecting more women than men – that partners may not be able to meet the terms of increased conditionality and not access the support on offer due to childcare issues and caring responsibilities. However the government believes that there are measures in place to help partners meet the terms of increased conditionality. Where this is still not possible there are mitigations such as flexibilities within JSA and exemptions in place to ensure that partners will not be penalised due to not being able to access suitable childcare or because they have significant caring responsibilities.

Childcare: There is a potential risk that women may find it harder to combine looking for work with their childcare responsibilities and therefore miss out on the positive support available. They may also find it difficult to find work that allows them to combine work with their childcare responsibilities. Responses to the Green Paper highlighted strong concerns about the availability and cost of childcare, particularly for older children.

The Government already has in place a number of measures to ensure that childcare is available for working parents. It has invested significantly in improving the availability and quality of formal childcare since 1997 and the Childcare Act 2006 places a duty on all local authorities in England and Wales to secure, as far as reasonably practical, sufficient childcare for working parents. This should help to ensure that all parents, including lone parents undertaking work or skills-related activity, have access to the childcare they need.

The provisions of the Childcare Act do not extend to Scotland. However, the Scottish Government's Economic Strategy states that the Scottish Government will promote the provision of high quality, accessible, affordable, flexible childcare, in order to enable parents to access training and employment opportunities.

To ensure Local Authority childcare provision is adequate in light of this, Local Authority sufficiency assessments are closely monitored by the Department for Children, Schools and Families (DCSF). Detailed Statutory Guidance has been issued on how the assessments are to be conducted and, in May 2008, DCSF commissioned an independent survey of how assessments have been conducted. Additional funding has been made available to ensure local authorities can address gaps identified in their childcare sufficiency assessments. And each local authority has been asked to prepare a robust action plan detailing how it will address any gaps in provision identified within their assessment. Meanwhile, Jobcentre Plus feeds into Local Authority sufficiency assessments by sharing data on reported childcare barriers to work - gathered via its Labour Market System (LMS).

Furthermore, JSA has been amended to take into account the specific needs of being a parent. This includes a range of flexibilities so that no parent will be penalised, for example, if they can demonstrate that they are unable to access appropriate and affordable childcare, including during school holidays. There is a process in place to ensure that decisions are consistent and fair. The personal adviser is responsible for gathering evidence from the parent which demonstrates that they are not able to take up a job because appropriate childcare is not available. This is then passed onto a Jobcentre Plus Decision Maker who will consider, on a case by case basis, whether the steps the parent has taken and the reasons they do not want to use available services are reasonable.

Although these proposals require (in some cases) both members of the couple to look for work, there is no requirement for both partners to enter work. Therefore childcare responsibilities can be shared between both parents. The Government have accepted the recommendation of the Walsh review that the right to request flexible working should be extended to parents of children up to the age of 16. From April 2009 the right to request flexible working by parents of children aged 16 or under or a disabled child under 18 became a statutory right. Evidence from a large scale survey of carried out in 2004/05 found that almost all JSA partners stated that they would be happy to leave their children with the JSA customer should they start work⁵⁰.

Caring: Concerns were raised in the 2008 Green Paper consultation about the negative impact of increased conditionality on carers. The gender impact in respect of caring is minimal as although there are larger numbers of women partners who are carers (because the majority of partners are female), proportionally males partners are more likely to be caring than their female counterparts.

⁵⁰ Coleman N, Seeds K and Edwards G; 'Work Focused Interviews for Partners and Enhanced New Deal for Partners: Quantitative Survey Research', 2006, DWP research report number 335.

Carers who qualify for Carers Allowance even if they do not receive it, but instead receive a carers premium within an income related benefit are exempt.

In addition the Carers Strategy published in June 2008 will help carers who are also partners to address the barriers they face, for example Jobcentre Plus will provide specialist training for personal advisors to make them more aware of the particular needs of carers. This will enable advisers to provide improved support to assist carers in reattaching to the labour market.

Responses to the 2008 Green Paper consultation included concerns that women would not necessarily have the right to their own individual income because they will be treated as part of a couple. The proposals do not increase this risk because at present the top up for partners is paid as part of the main customer's benefits. In fact the proposals provide an opportunity for equality in this sense as individuals who are part of a joint claim, where joint-claims are applicable, can decide between themselves who receives the payment. In addition partners who are part of a joint-claim will receive more support to look for work and they can also choose to have joint or separate work focussed interviews. Evidence has shown that couples were far more likely to describe their first joint claims interview as very helpful where they attended with their partner rather than on their own⁵¹. However, women were more likely than men to find a separate interview helpful as there was greater opportunity for them to focus on their work aspirations and discuss how to deal with potential barriers to work.

The change provides an opportunity to promote gender equality by helping more women back into the labour market. Female employment rates will be monitored via national statistics. The policy change will be formally evaluated and the gender impact will be explored as part of this evaluation.

Ethnicity

Non-Whites are over represented amongst partners of JSA/IS customers compared to the Britain's working population. Approximately 11 per cent of the population is non-white while some 20 per cent of partners of IS/JSA customers are non-white. Specifically the proportion of partners of IS/JSA customers who are Asian is much higher than the proportion of Asian ethnicity in the working population as a whole. The majority of Asian partners are female⁵².

Research into ethnic parity in outcomes from Jobcentre Plus services⁵³ show that the services received by IB customers who have a Work Focused Interview (WFI) are just as likely to be successful regardless of ethnic group. For IS customers there were largely positive results with ethnic minorities being more likely to be in work in the 12 months following their WFI date. In particular Pakistani and Bangladeshi females on IS were less likely to be on benefits than the White comparison group in the 12 months following the WFI date.

Previous research on joint claims for couples without children has shown that there were cultural objections to joint claims, mainly by Muslim and white 'traditional' men who believed that women should not go out to work and should therefore not have to participate in joint claims⁵⁴. However, more recent qualitative research with Pakistani and Bangladeshi women indicates that attitudes are changing⁵⁵. Women from these communities indicated that they have both parental and partner support in taking up employment.

Although the number of partners from a minority ethnic background is fairly small, there are indications from previous research that a high proportion of this group may not have English as their first language. This indicates that increased conditionality may have a negative impact on these people. However the

⁵¹ Bewley, H, Dorsett, R and Thomas A (2005) *Joint Claims for JSA evaluation – synthesis of findings*, DWP Research Report 235.

⁵² Family Resources Survey data 2005-2008.

⁵³ Crawford, C, Dearden, L et al (2008) *Estimating Ethnic Parity in Jobcentre Plus programmes: A quantitative analysis using the Work and Pensions Longitudinal Study* DWP Research Report 491.

⁵⁴ Bewley, H, Dorsett, R and Thomas A (2005) *Joint Claims for JSA evaluation – synthesis of findings*. DWP Research Report 235.

⁵⁵ Aston, J, Hooker, H, Page R and Willison, R (2007) *Pakistani and Bangladeshi women's attitudes to work and family* DWP Research Report 458.

Government believes that there are measures in place to help people with language barriers access the support they need to find work.

For example, Jobcentre Plus provides support to all customers with language barriers. Specifically for partners of benefit customers, there is support provided via the New Deal for Partners (NDP). Participants receive the help of a personal adviser who will work closely with the partner, delivering a package of advice and support tailored to meet their needs. If a language barrier is identified, the adviser can fund an English for Speakers of Other Languages (ESOL) course to help the NDP participant move towards employment.

For partners with children, the provision of high quality, flexible childcare has a key role to play in helping parents start and remain in work. Evidence shows that some Black and Ethnic Minority (BME) groups are less likely to access formal childcare than white families⁵⁶.

The Department for Children, Schools and Families (DCSF), as part of the wider work to increase take-up of formal childcare by low income working families, are undertaking a range of projects targeted at BME families.

- The DCSF is working with 12 local authorities on practical ways to increase the accessibility of formal childcare to BME families. Some of the key themes of the project are to improve information and communications to parents through Families Information and other outlets. It aims, in identified BME communities, to increase the take-up of free early years provision for three and four year olds. This project has been extended to run until March 2010.
- A pilot to develop 'parent childcare champions' in local areas who will spread the word to other parents about the advantages and availability of childcare. This was piloted in three local authorities until March 2009. Drawing from the experience of these three local authorities and other organisation who have undertaken similar community based pilots, a tool kit outlining good practice is now available on DCSF's website.
- In addition, as part of a national 'affordable childcare' communications campaign, there is a specific brief to address the issues affecting BME and hard to reach groups. Key messages for these groups include the beneficial effects of quality pre-school provision for children on their subsequent school achievement; and affordability of formal childcare.

It is expected that the policy will increase the interaction of people from ethnic minorities and Jobcentre Plus therefore providing an opportunity to support those people to overcome barriers related to language, lack of qualifications and limited or no work experience who would otherwise not engage with Jobcentre Plus.

It therefore provides an opportunity to promote race equality by helping more people from ethnic minority groups into work.

The policy change will be evaluated and the effects of the change on people from ethnic minority groups will be explored as part of this.

Age

The policy changes will apply equally to all partners who can work regardless of age. Around 40 per cent of partners are expected to be over the age of 45, however, analysis suggests that the proportion of partners who are likely to have a weak labour market attachment (those who have never worked or have not worked in the last ten years) is similar for those aged 45 and above compared to those aged under 45.

Furthermore, the evidence on Joint Claims for couples without children suggests that partners aged 45 or over were less likely to question having to make a joint claim and that, with the benefit of more established relationships, they were more likely to operate as a couple when it came to participating in employment decision-making and job search activities⁵⁷.

⁵⁶ Kazimirski, A. et al. (2008) *Childcare and Early Years Survey 2007: Parents' Use, Views and Experiences* DCSF Research report 025.

⁵⁷ Bewley, H., Dorsett, R. and Thomas, A. (2005), *Joint Claims for JSA evaluation synthesis of findings*, DWP Research Report 235.

10) Health

i) Full-time mental health coordinators in each district

Introduction and Policy Rationale

DWP has recently launched mental health coordinators working in each Jobcentre Plus district. They are charged with building local links and increasing the extent to which services meet the needs of customers with a mental health condition. The recently published Perkins review has highlighted the importance of these roles in joining up health and employment support for people with mental health conditions. The review recommended increasing these roles as a cost effective and quick measure to ensure better welfare to work support for people with mental health conditions. Responding to these recommendations, the policy is to double the capacity of the co-ordinator role.

Overall Estimated Impact of Policy / Estimating Costs and Benefits

<i>Economic Costs</i>	<i>Economic Benefits</i>	<i>Fiscal Costs and Benefits</i>	<i>Wider Benefits</i>
Additional operational costs would be £1m in 2010/11 rising to £2m per annum thereafter.	Improvement in employment of those with mental health problems.	A reduction in the number of people on out-of work benefits.	Economic and social benefits due to increased employment including health improvements.

Equality Impact Assessments

Disability

This measure should help disabled people with low employment rates.

Gender

Amongst those out of work under state pension age (SPA) who respond that they have depression or bad nerves, or phobia, panics or mental illness on the Labour Force Survey, some 55 per cent were women in the first quarter of 2009.

Ethnicity

Amongst those out of work under SPA who respond that they have depression or bad nerves, or phobia, panics or mental illness on the Labour Force Survey, some 90 per cent described themselves as White or British, compared to 88 per cent in the age group as a whole, in the first quarter of 2009.

Age

Amongst those out of work under SPA who respond that they have depression or bad nerves, or phobia, panics or mental illness on the Labour Force Survey, 15 per cent are aged 16 to 24, 59 per cent are aged 25 to 49, and 26 per cent are aged 50 to SPA in the first quarter of 2009.

ii) Time limited internships

Introduction and Policy Rationale

The Perkins review identified that many people with a mental health condition have gaps in their work history and others have never worked. This can lead to:

- Lack of confidence and fear of entering/re-entering the labour market
- Lack of people on whom they can call for references.

DWP also believes that there are many other long-term benefit customers who have gaps in their work history who face similar barriers.

The proposal is that a time limited internship, while job search continues, may help overcome these barriers. There is some indicative evidence supporting use of such work placements. This policy proposes initially piloting the scheme for people who are long-term on benefits with a particular focus on people with a mental health condition.

Estimated Impact of Policy / Estimating Costs and Benefits

<i>Economic Costs</i>	<i>Economic Benefits</i>	<i>Fiscal Costs and Benefits</i>	<i>Wider Benefits</i>
Operational costs would be £5m 2010/11 to 2012/13.	This policy will improve employment outcomes for those who take up internships. This will have positive economic impacts due to additional production.	There will be benefits to the exchequer from reduced benefit payments from additional employment impacts.	There are expected to be health improvements from moving people into work, as well as other economic and social benefits due to increased employment.

Equality Impact Assessments

Disability

This measure caters for disabled people with low employment rates.

Gender

Amongst those out of work under State Pension Age (SPA) who respond that they have depression or bad nerves, or phobia, panics or mental illness on the Labour Force Survey, some 55 per cent are women in the first quarter of 2009.

Ethnicity

Amongst those out of work under SPA who respond that they have depression or bad nerves, or phobia, panics or mental illness on the Labour Force Survey, some 90 per cent described themselves as White or British, compared to 88 per cent in the age group as a whole, in the first quarter of 2009.

Age

Amongst those out of work under SPA who respond that they have depression or bad nerves, or phobia, panics or mental illness on the Labour Force Survey, 15 per cent are aged 16 to 24, 59 per cent are aged 25 to 49, and 26 per cent are aged 50 to SPA in the first quarter of 2009.

DWP will monitor the age of internship participants to avoid internships being given disproportionately to a particular age group.

iii) Workchoice

Introduction and Policy Rationale

What is the current policy?

There is a suite of separate specialist disability employment programmes with the main programme being WORKSTEP. WORSTEP is a supported employment programme aimed at disabled people facing the most significant or complex barriers to finding and keeping a job, who with the right support can work effectively. During 2008/09 17,320 people received supported employment through WORKSTEP and 1,630 people progressed to open employment during 2008/2009

Supported employees on WORKSTEP work either in jobs in the open labour market, via supported placements, or within supported businesses established to employ disabled people. WORKSTEP aims to help people progress to unsupported employment where this is the right option for them. Work Preparation helps disabled people to address employment-related issues associated with their disability and prepare to enter work. This might include confidence building, identification of suitable types of work and work experience. The Job Introduction Scheme can pay a wage subsidy of £75 per week to an employer for up to 13 weeks when they employ a disabled person.

What is the change in policy?

From 2010, a single programme called Workchoice will be introduced to replace the current suite of separate programmes. The improved provision will be modular which is more flexible - it represents a movement away from 'one size fits all' and has a greater focus on job entry for those who can move into unsupported work. The policy is to increase the funding into Workchoice to enable additional places on the programme.

Reason for change in policy

Existing provision is insufficiently geared to job entry. There are not enough incentives built into the system to encourage those who reach the stage where they could work without support to move towards being able to find suitable unsupported work. Disability Employment Advisers do not always monitor customers' progress or help customers to make decisions which will improve their chances of moving into work. Current provision is insufficiently flexible and not well adapted to the specific support needs of each individual.

Provision has been subject to a public consultation after consulting extensively with stakeholders. The new provision takes account of suggestions received to create the support most likely to help customers move into and stay in work.

Overall Estimated Impact of Policy / Estimating Costs and Benefits

Economic Costs	Economic Benefits	Fiscal Costs/Benefits	Wider Benefits
Funding to support additional places of £25m over 2010/11 to 2012/13.	It is estimated that the additional places on Workchoice will support additional employment worth around £40m to the economy over 2010/11 to 2012/13.	<p>Estimated savings from more people moving into work and reduced numbers of people claiming incapacity benefits/ESA and, increased income and indirect tax and National Insurance contributions.</p> <p>Estimates are net of increases in other benefits and in-work support.</p> <p>Estimated impact is £25m over 2010/11 to 2012/13.</p>	Creates choice and control, supports independent living and prevents social and economic exclusion.

Note: Fiscal transfers directed towards lower income people will have a further economic benefit reflecting the fact that marginal changes in income for low income groups will have a relatively larger impact on their welfare. Reference: HM Treasury, The Green Book.

Administrative evidence has shown that for every pound the Government invests in WORKSTEP, there is a benefit of £0.82, from savings on benefit expenditure and increased tax revenue.

Equality Impact Assessments

Disability

The reforms to incapacity benefits are designed to help disabled people and people with certain health conditions into work, with improved financial support for those for whom work related activity would be unreasonable. As such the measures have been designed to have a positive impact on people with health conditions and disabilities and aim to promote equality of opportunity.

A formal consultation process has elicited feedback from a wide range of stakeholders⁵⁸. Several events were held with officials and specific groups of disabled people; these included a discussion forum with representatives of learning disability / learning difficulty organisations; a round table with organisations concerned with mental health; and users of supported employment services in Northern Ireland. Ministers and officials also have regular discussions with external disability experts and key disability organisations as part of the policy development process. This includes Non Departmental Public Bodies such as Equality 2025 and Disability Employment Advisory Committee, as well as coalitions such as the Disability Benefits Consortium and this will continue as these proposals are further developed.

Most ESA/IB customers are likely to be covered by the Disability Discrimination Act (DDA) and so these reforms have considerable significance for disabled people. *Table 1* shows the distribution of ESA/IB customers by medical condition, with mental and behavioural conditions being the most common.

People with mental and behavioural disorders recorded as their primary condition account for around 42 per cent of existing customers, with people with diseases of the musculoskeletal system recorded as their primary condition making up the next largest group of 17 per cent of cases.

⁵⁸ www.dwp.gov.uk/welfarereform

Table 1 Incapacity Benefits customers by medical condition (per cent)

	Percentage of caseload
Mental & Behavioural	43
Diseases of the nervous system	6
Circulatory & Respiratory	7
Musculoskeletal	17
Injury & Poisoning	5
Other	22
Total	100

Source: DWP Information Directorate: Work and Pensions Longitudinal Study, May 2009

Gender

There is a risk that these reforms do not provide us with assurance that people have access to the support it provides irrespective of their gender. Men have historically outnumbered women by more than two to one on WORKSTEP. This may be because some customers of WORKSTEP joined the programme when it was the former Supported Employment Programme. This had a stronger emphasis, compared with WORKSTEP, on factory-based provision, which would have attracted relatively more men. Another factor is that, in the past, more men than women worked. These proposals are for less prescriptive and more flexible provision with a greater focus on those who need specialist support, presenting an opportunity to promote equality. The Department has recently commissioned a Baseline Survey of WORKSTEP customers which will encompass a quantitative and qualitative survey. The fieldwork took place in the first half of 2009 and is due to report in January 2010. The results of this survey will form a baseline for a future evaluation of the reformed programme.

Ethnicity

Consultation responses reflected concern that the proposals in the Green Paper were likely to impact disproportionately on ethnic minorities because minorities generally have higher rates of worklessness than the majority of the population. Although no administrative data on ethnicity of incapacity benefits customers is available, survey evidence suggests that people from ethnic minorities, other than those of mixed ethnicity, are less likely than white people to claim incapacity benefits.

Steps are being taken to improve information on ethnicity of incapacity benefits customers. Ethnicity is now being recorded on first contact with Jobcentre Plus, and as such ethnicity breakdowns for ESA should be more robust.

Table 2 New ESA/Incapacity Benefit customers by ethnic group (Per cent, June 2008 to May 2009)

Ethnicity	Percentage of caseload
White	69
Mixed	1
Asian or Asian British	4
Black or Black British	3
Chinese or other ethnic group	1
Unknown/prefer not to answer	23
Total	100

Source: DWP Information Directorate: Work and Pensions Longitudinal Study, May 2009

There is a risk that the reforms do not provide the assurances needed that people have access to support irrespective of ethnicity. Fifty per cent of customers on WORKSTEP have not been recorded within any ethnic group, which means that management information is not completely representative. Of the half that have been recorded, 96 per cent of customers on WORKSTEP are shown as 'white' compared with 89 per cent in the wider working age population. Options for improved data collection and retrieval are being considered so that there is more effective monitoring of the ethnic breakdown of the successor to WORKSTEP, which is due to commence from late 2010. This will involve working with partners and stakeholders to agree what data needs to be retained and how to improve collection and storage.

The current over-representation of the white population probably reflects past entry patterns, reinforced by low turnover. The new policy provides less prescriptive and more flexible provision with a greater focus on those who need specialist support. In addition, equality will be promoted by the greater turnover expected as a direct consequence of incentivising providers to help far greater numbers of those who can to move off the programme and into unsupported work.

More analysis of the under-representation of ethnic minority groups on existing programmes will be used to promote race equality as these reforms roll out. The Baseline Survey of WORKSTEP customers recently commissioned by the Department will form a baseline for a future evaluation of the reformed programme. There are also plans for research to look at ethnic minority access to the suite of Disability employment programmes and provision. This will also explore cultural issues and barriers in addition to what provision meet the needs of ethnic minority people with disabilities.

Age

The table below shows the proportion of the Incapacity Benefit/Employment and Support Allowance caseload from each age group as at May 2009.

Table 3 ESA/Incapacity Benefit customers by age (May 2009)

Age	<i>Percentage of caseload</i>
Under 25	6
25 - 49	49
50 – State Pension Age	45
Total	100

Source: DWP Information Directorate: Work and Pensions Longitudinal Study, May 2009

Table 4 WORKSTEP Supported Employment starts by Age (1st April 2008 to 31st March 2009)

Age	<i>Percentage of caseload</i>
Under 25	25.1
25 - 49	56.6
50 – State Pension Age	18.3
Total	100

The age distribution of supported employment starts for the period April 2008 to March 2009 shows that WORKSTEP has a disproportionate coverage of young people compared to the Incapacity Benefit/Employment and Support Allowance caseload.

There is a risk that the reforms do not provide the assurances needed that people have access to support irrespective of age. WORKSTEP tends to be a first step on the route to full unsupported employment, so DWP would expect this programme to have more younger people starting in supported employment. DWP will continue to monitor this.

11) Modernising services

Introduction and Policy Rationale

What is current policy?

Vacancies are taken by telephone (Employer Direct), online (Employer Direct Online), email or fax. This is quite resource intensive and the growing channel is email, indicating that other channels are not meeting employers' needs.

What is the change in policy?

From January 2010 to March 2010, a pilot will examine:

- linking with larger employers' own recruitment systems and other recruitment sites to automatically capture vacancies they wish to advertise with Jobcentre Plus, available through the Jobs and Skills search facility; and
- provision of a vacancy creation and management tool that enables small and medium enterprises to advertise and manage their vacancies.

From September 2010, there will be a new improved service delivering:

- an employer vacancy capture service (rolled out from the pilot);
- employer accounts accessed via BusinessLink.gov.uk where employers can record the required skills, experience and qualities for vacancies
- customer accounts, including an electronic profile accessed via Directgov where customers can record their skills, experience and preferences;
- an automated match between employer requirements and customer profiles in real time;
- notification of a match by choice of channels;
- facilitated communications between customers and employers, enabling job seekers to apply direct;
- intelligence from match activity which advisors will be able to use to help tailor support; and
- feedback from employers and customers on their experience.

From 2011, data derived from the new service will allow Jobcentre Plus to:

- build up richer data on customers' job search activity; and
- use labour market intelligence to identify skills gaps and to help shape service delivery in response to local need and economic conditions.

Reason for the change in policy

- Support self service, greater automation, paper reduction, personalisation
- Ensure that processes are as efficient and cost effective as possible, freeing up resources.

Overall Estimated Impact of Policy/ Estimating Costs and Benefits

The intelligence created by the new service will help identify gaps between employer demand and customer capabilities where Jobcentre Plus can more closely tailor the support offer to the demands of the labour market and to help customers find work more quickly.

The programme IT costs will be £17m over two years (£6m pa across 2009/10 & 2010/11 and £11m across 2010/11 and 2011/12). Public access computers will cost £5m in 2010/11. Any additional service delivery and maintenance costs will be informed by the success of the initial pilot and the decision to progress with phase two in April 2010.

<i>Economic Costs</i>	<i>Economic Benefits</i>	<i>Fiscal Costs and Benefits</i>	<i>Wider Benefits</i>
Additional administrative cost is expected to be negligible. Programme IT costs will be compensated for by operational cost savings.	<p>The new system aims to reduce information asymmetries enabling better matching and identification of labour market needs – potentially increasing labour market efficiency.</p> <p>Better matching and notification of vacancies may lead to increased employment leading to economic growth resulting from getting people into work.</p>	Reduced number of people claiming incapacity benefits/ ESA (and housing benefit/council tax benefit) and increased direct and indirect tax contributions through sustained employment.	<p>Improved reputation with employers and reducing time from advert to filling vacancy - better for employers (productivity).</p> <p>Employment is linked with increases in standard of living – moving people into additional jobs may result in lower levels of crime/better health for example.</p>

Equality Impact Assessments

There is no evidence of disproportional impact and unequal treatment on these grounds is not envisaged. This will be also considered as part of the evaluation criteria and as the policy develops, EIA will be an integral part of the policy development. Moving towards greater personalisation and freeing up resource to offer greater support to those who need it most is expected to be beneficial for people who experience labour market disadvantage. Data presented below is taken from the Labour Force Survey, Internet Access Households and Individuals Statistical Bulletin August 2009, Office for Disability Issues Disability Equality Indicators, and NOMIS and totals may not sum due to rounding.

Disability

The employment rate for working age disabled people (defined as people covered by the Disability Discrimination Act) in Quarter 3 2009 is 47.8 per cent compared to 77.6 per cent for non disabled people. In 2006, an estimated 49 per cent of disabled people had access to the internet compared to 71 per cent of non-disabled people.

The policy intends to increase support to those who need it most, irrespective of disability. Some groups are less able than others to access online services – evidenced by disabled people being less likely to have access to the internet than non-disabled people. DWP will invest in a range of local and national solutions to tackle digital exclusion among DWP customers, as well as working with wider government and the Digital Inclusion Task Force. DWP aims to provide additional support to those who need it, which could also be by providing additional staff time for people less able to benefit from online services.

Providing advisers with more information about customers so that they can tailor support to the individual's needs is an opportunity to promote equality.

Gender

The employment rate for working age males in Quarter 3 2009 is 75.9 per cent compared to 69.3 per cent for females. Claimant count figures for September 2009 suggest around 1.5 million people in Great Britain were claiming Jobseeker's Allowance, with around 72 per cent of customers male. In 2009, it is estimated 80 per cent of men and 72 per cent of women accessed the internet in the three months prior to being surveyed.

The policy intends to increase support to those who need it most, irrespective of gender, although the majority of Jobcentre Plus customers are suggested to be male. Some groups are less able than others to access online services. DWP will invest in a range of local and national solutions to tackle digital

exclusion among DWP customers, as well as working with wider government and the Digital Inclusion Task Force. DWP will aim to provide additional support to those who need it, which could also be by providing additional staff time for people less able to benefit from online services.

Providing advisers with more information about customers so that they can tailor support to the individual's needs is an opportunity to promote equality.

Ethnicity

Table 1 shows Quarter 3 2009 working age employment rates by ethnicity. Data for September 2009 suggest around 1.5 million people in Great Britain were claiming Jobseeker's Allowance, with around 78.8 per cent of customers from a white ethnic background, 1.6 per cent from a mixed ethnic background, 5.3 per cent from an Asian or Asian British ethnic background, 5.5 per cent from a Black or Black British ethnic background, 1.7 per cent from a Chinese or other ethnic background 7.0 per cent from an unknown ethnic background.

Table 1 Employment rate by ethnic background

Ethnic Background	Employment rate
White	74.8%
Mixed	60.0%
Asian or Asian British	59.3%
Black or Black British	57.8%
Chinese	64.6%
Other ethnic group	58.7%

The policy intends to increase support to those who need it most, irrespective of ethnicity, although the largest group of Jobcentre Plus customers are suggested to be from a white ethnic background. DWP will invest in a range of local and national solutions to tackle digital exclusion among DWP customers, as well as working with wider government and the Digital Inclusion Task Force. DWP will aim to provide additional support to those who need it, which could also be by providing additional staff time for people less able to benefit from online services.

Providing advisers with more information about customers so that they can tailor support to the individual's needs is an opportunity to promote equality.

Age

Table 2 shows Quarter 3 2009 working age employment rates by age. Data for September 2009 suggest around 1.5 million people in Great Britain were claiming Jobseeker's Allowance, with around 0.4 per cent of customers aged under 18, 30.6 per cent aged 18 to 24, 53.8 per cent aged 25 to 49, and 15.1 per cent aged over 50. Table 2 illustrates in 2009 younger people were more likely to have used the internet within the past three months compared to older age groups.

Table 2 Employment rate by age

Age group	Employment rate
16-17	26.2%
18-24	60.4%
25-49	80.1%
50-SPA	71.4%

Table 3 Internet Use by Age Group

Age group	Per cent who have used internet within past three months
16-24	96%
25-44	92%
45-54	81%
55-64	72%
65+	30%

The policy intends to increase support to those who need it most, irrespective of age, although the largest group of Jobcentre Plus customers are suggested to be aged 25 to 49. Some groups are less able than others to access online services, evidenced by internet use being more prevalent amongst younger age groups compared to older age groups. DWP will invest in a range of local and national solutions to tackle digital exclusion among DWP customers, as well as working with wider government and the Digital Inclusion Task Force. DWP will aim to provide additional support to those who need it, which could also be by providing additional staff time for people less able to benefit from online services.

Providing advisers with more information about customers so that they can tailor support to the individual's needs is an opportunity to promote equality.

12) Outreach

Introduction and Policy Rationale

What is current policy?

Jobcentre Plus has put in place an extended partnership approach in Merseyside, South Tyne and Wear Valley and South London. Community-based teams are working to provide support to workless households and address intergenerational worklessness on social housing estates. The teams are working with social landlords and other local partners to test the impact of this a holistic approach to overcoming the barriers that deter social tenants from entering the labour market.

What is the change in policy?

Locally driven outreach will be expanded by creating new outreach teams across the country, targeting those areas with the highest rates of social housing and benefit dependence. Evidence and experience from the existing three teams will be used to engage with and support disengaged individuals and families, who are otherwise unlikely to engage in any meaningful way with the support offered by Jobcentre Plus and its partners, in some of the most deprived areas in the country.

Reason for the change in policy

Research suggests that social housing has tended to “trap” people and limit their ability to exercise choice, rather than giving people a platform from which to build their lives and move on. The proportion of social housing tenants in paid employment has fallen significantly. Social tenants have high rates of disability and single parent families. Workless households are often concentrated in neighbourhoods where there are high levels of social housing and disadvantage, including crime, low educational achievement, ill health and substance abuse. Providing personalised support that meets the needs of customers, involves providing support in locations that are accessible and convenient to them, and where they feel comfortable and able to engage.

Overall Estimated Impact of Policy / Estimating Costs and Benefits

DWP research concluded that “outreach services ... have a role in customer engagement, in the ‘local areas’ agenda and in promoting greater partnership working..... Outreach services can be, and seem to be, effective”. Research by Inclusion noted that “(Jobcentre Plus mainstream services) have been less effective in particular localities and with the least competitive in the labour market, who face multiple barriers to work and / or cumulative disadvantages. Numerous studies highlight that areas with high rates of worklessness face multiple disadvantage, combining individual, household and contextual factors including institutional behaviour. As a result, local residents often face inter-related problems that require a holistic and joined up approach if worklessness levels are to be reduced.”

Previous locally based outreach type activity undertaken by Jobcentre Plus has been similarly appraised – it has been highly valued by customers and local partners. It is too early to judge outputs from the current three “Extended Partnership” areas, which have only been operational from October, and from experience this type of activity takes some time to generate meaningful results – building trust and relationships with partners and customers takes time, and typically the customers will need significant help to make progress in the labour market. However, initial feedback from partners and customers has been very good, and the teams have already achieved their first job outcomes.

Evidence from Action Teams suggests that each pound spent resulted in direct benefit savings of 21 pence and overall fiscal savings including tax and National Insurance contributions of 40 pence.

Expected engagement and job outcome numbers are based on the action team model and customer groups are expected to be broadly comparable. However, the economic conditions are different to the prevailing conditions at the time of the Action Teams evaluation and the wider economic and social costs in particular are difficult to quantify. The existing teams are working with some very difficult to help customer groups (ex-offenders, people experiencing problems with substance abuse, families with experience and expectation of generational unemployment). The holistic approach – for example working with housing providers – enables multiple barriers to be addressed. Any wider benefits accruing

from this approach will not be reflected in benefit savings, but could be considerable (and vary widely from customer to customer).

<i>Economic Costs</i>	<i>Economic Benefits</i>	<i>Fiscal Costs and Benefits</i>	<i>Wider Benefits</i>
Economic costs are estimated at £35m (NPV of additional administrative costs from 2010/11 to 2012/13).	Increased employment leading to economic growth resulting from getting people into work. This results in estimated additional value to the economy of around £30m (NPV 2010/11 to 2012/13).	Reduced number of people claiming incapacity benefits/ ESA (and housing benefit/council tax benefit etc.) and increased direct and indirect tax and contributions. These estimated savings would be £20m (NPV 2010/11 to 2012/13).	<p>A personalised service that responds to the needs of customers and employers in the local community. Enhanced partnership working and reputation.</p> <p>Employment is linked with increases in standard of living – moving people into additional jobs may result in lower levels of crime/better health for example.</p>

Equality Impact Assessments

There is no evidence of disproportional impact and no unequal treatment on these grounds is envisaged. This will be also considered as part of the evaluation criteria and as the policy develops, EIA will be an integral part of the policy development. Data presented below is taken from the Labour Force Survey, NOMIS, Survey of English Housing, Census 2001, and DWP Longitudinal Study and totals may not sum due to rounding.

Disability

There are an estimated 4.8 million people of working age living in workless households in the UK. Of this, around 41.0 per cent of people are disabled (defined as people covered under the Disability Discrimination Act) and 59.0 per cent not disabled. 32.9 per cent of working age disabled people live in workless households compared to 8.8 per cent of working age non-disabled people.

Within wards where there is over 50 per cent social housing and a high level of worklessness, on average 13 per cent of residents are claiming Incapacity Benefit / ESA, compared to a national average of 7.1 per cent.

This policy focuses on worklessness, and there is no evidence to suggest a disproportional impact on reducing worklessness on the basis of disability, other than that client caseloads are expected to be similar to the demographics of the population of people in workless households highlighted above.

Gender

There are an estimated 4.8 million people of working age living in workless households in the UK. Of this, around 49.2 per cent of people are female and 50.8 per cent male. 12.2 per cent of working age males are in workless households compared to 12.9 per cent of working age females. 15 per cent of males and 17 per cent of females are found in the socially rented sector.

This policy focuses on worklessness, and there is no evidence to suggest a disproportional impact on reducing worklessness on the basis of gender, other than that client caseloads are expected to be similar to the demographics of the population of people in workless households and social housing highlighted above.

Ethnicity

There are an estimated 4.8 million people of working age living in workless households in the UK. Table 1 below illustrates the proportion of working age people by ethnic background in workless households and the proportion of workless households by ethnic background. Table 2 illustrates that social housing use varies proportionately depending on ethnic background, but that people from a white ethnic background make up the largest number of social tenants.

Table 1 Ethnicity and worklessness

Ethnic Background	Per cent of people by ethnic background in workless households	Per cent of people in workless households by ethnic background	Total
White	11.9%	75.9%	30,441,000
Mixed	22.7%	1.4%	295,000
Asian	14.4%	5.6%	1,858,000
Black	23.6%	3.9%	786,000
Chinese	19.8%	0.7%	166,000
Other	21.9%	2.7%	585,000
Total	37,957,000	4,789,000	

Table 2 Ethnicity and social housing tenure

Ethnic Background	Per cent of individuals by ethnic background in social housing sector	Numbers of individuals by ethnic background in social housing sector
White	14%	4,936,000
Mixed	31%	259,000
Asian	15%	338,000
Black	38%	157,000
Chinese or other	20%	74,000
Total	15%	5,765,000

This policy focuses on worklessness, and there is no evidence to suggest a disproportional impact on reducing worklessness on the basis of ethnicity, other than that client caseloads are expected to be similar to the demographics of the population of people in workless households and people in the social housing sector highlighted above – which may mean clients may be proportionately more likely to come from a non-white or non-Asian ethnic background, but likely to be from a white ethnic background in terms of absolute numbers.

Of the 165 wards in England and Wales preliminarily identified as having a high rate of worklessness *and* where over 50 per cent of households are in the social rented sector, 42 per cent have an ethnic minority population at least three times the national average. So while the target areas have yet to be finalised, they are likely to contain a significant proportion of areas with a very high EM population.

Age

There are an estimated 4.8 million people of working age living in workless households in the UK. Table 3 below illustrates that higher proportions of younger and older people live in workless households compared to 25 to 49 year olds, but as a proportion of the total population living in workless households, 25 to 49 year olds form the largest group. Table 4 illustrates that younger and older people are proportionately more likely to be in the socially rented housing sector.

Table 3 Age and worklessness

Age	Per cent of people by age in workless households	Per cent of people in workless households by age	Total
16-24	15.1%	23.3%	7,351,000
25-49	10.0%	45.0%	21,378,000
50+	16.3%	31.6%	9,228,000
Total	37,957,000	4,789,000	

Table 4 Age and housing tenure

Age	Per cent of people by age in social housing
16-24	30%
25-34	17%
35-44	16%
45-64	14%
65-74	19%
75+	26%
Total	18%

This policy focuses on worklessness, and there is no evidence to suggest a disproportional impact on reducing worklessness on the basis of age, other than that client caseloads are expected to be similar to the demographics of the population of people in workless households and social housing highlighted above.

13) Mini-Jobs

Introduction and Policy Rationale

What is the current policy?

Currently, lone parents, working less than 16 hours a week, are entitled to a £20 earnings disregard within Income Support (IS) and Jobseekers Allowance (JSA). Any earnings in excess of £20 per week are deducted pound for pound from their benefit.

What is the change in policy?

In 2010 DWP will test an increased disregard for lone parents in our progression to work pathfinders, and we are currently looking at the optimal form for that higher disregard to take. This will provide an incentive for lone parents with a youngest child aged below seven to try out work of a limited number of hours so that they are better prepared to re-enter the labour market when their child is older. DWP will assess the experience of operating this in the pathfinders. In light of that experience DWP will take a view on implementing the enhanced disregard on a national basis.

Reason for the change in policy

The policy change will improve work incentives for lone parents with a youngest child aged up to seven to try out work in mini-jobs. In considering policy design DWP would consider time-limiting the additional support so that it will improve incentives to move into full time work after the disregard runs out.

Using the disregards in IS ensures it is fairly well targeted on those out-of-work or in-work with low incomes, as those on higher incomes should have moved off IS.

Overall Estimated Impact of Policy / Estimating Costs and Benefits

Evidence on whether individuals will take up mini-jobs and on whether these jobs act as a 'stepping stone' to full time work is limited.

There are some studies⁵⁹ which suggested that mini-jobs may be desirable to those with children and, in particular lone parents when choosing to return to the labour market, and one study⁶⁰ found that parents working in mini-jobs in one year were much more likely to be working more than 16 hours a week in the following year, than parents who had done no work. However, it should be noted that the studies found that the employment impacts overall were small.

Another study⁶¹ has found that, under the current system of disregards, mini-jobs have limited impact in helping individuals back into the labour market. The mixed findings are likely to be, in part, because the level of existing disregards does not provide much of an incentive⁶² for individuals to take-up mini-jobs. This limits the scope to assess the impact of mini-jobs on future employment.

There is some evidence which suggests that mini-jobs could act as a 'stepping stone' to full time work for carers and households with disabilities engaged in permitted work⁶³ "there is clear evidence that, for a (not insignificant) minority of clients, the permitted work rules have acted as a stepping stone to employment, and as a shift away from benefits"⁶⁴. However, any policy proposal to encourage the take-up of mini-jobs would need to be evaluated in order to assess the effectiveness of these policies in

⁵⁹ 1) Bell K, Brewer M and Phillips D (2007) *Lone Parents and Mini-Jobs* Joseph Rowntree Foundation; 2) Evans M, Harkness S and Ortiz R (2004) *Lone parents cycling between work and benefits* DWP Research Report 217.

⁶⁰ Iacovou M and Berthoud R (2000) *Parents and employment: an analysis of low income families in the British Household Panel Survey* DWP Research Report No 107.

⁶¹ Hales J, Tipping S and Lyon N (2007) *Mothers' participation in paid work: the role of 'mini-jobs'* DWP Research Report 467.

⁶² 0.4 per cent of single people are in part-time work with the £5 disregard and five per cent of lone parents make use of the £20 disregard with some evidence of them limiting their earnings to the level of the disregard.

⁶³ There is a £92.80 permitted work rule in ESA/IB and a £95 earnings disregard in Carers Allowance.

⁶⁴ Casebourne J and Britton L (2004) *Lone Parents, health and work* DWP Research Report 214.

increasing the take-up of mini-jobs and on the impact of mini-jobs on individuals' future labour market prospects.

Estimated costs and benefits

This section assesses the potential costs of full national roll-out of an increased disregard. The policy will firstly be piloted on a smaller scale and the optimal policy design will be chosen.

The policy change (with adjustment for estimated take-up) would benefit up to approximately 20,000 lone parents. All of those who gain from the policy change would be lone parents in work, working fewer than 16 hours. The majority of households that benefit (91 per cent) would be working ten or fewer hours a week. The benefits from this policy go entirely to lone parents with young children. It is likely therefore, that there will be some positive, albeit small, impact in reducing child poverty. For lone parents who move into part-time/full-time work as a result of the policy it is highly likely that they will be lifted out of poverty.

The policy will work to improve the financial incentives of taking-up mini-jobs, and the aim is that the mini-job may act as a bridge into full-time employment. It facilitates the opportunity for people to try out work and build up hours gradually. If the policy is successful in encouraging the take-up of mini-jobs, then additional individuals will benefit. There would also be some economic benefit from increased employment, if the policy is successful in moving individuals into mini-jobs in the short term and into full-time work in the long-term.

<i>Economic Costs</i>	<i>Economic Benefits</i>	<i>Fiscal Costs and Benefits</i>	<i>Wider Benefits</i>
<p>The one-off administrative cost of the policy would be up to £1m for IT changes.</p> <p>There is a possibility of a small increase economic cost (through reduced overall production) if individuals currently working choose to reduce the number of hours they work as a result of the policy change. However a time-limit, if incorporated, would minimise this incentive.</p> <p>Individuals may experience additional costs (such as transport or childcare) as they move into work (however, this should be offset by the additional income from work leading to an overall increase in utility and social welfare).</p>	<p>The policy change would increase the financial incentive to enter work for many of those currently not working.</p> <p>The policy may also help more individuals into work by promoting mini-jobs for lone parents. Part-time work may act as a bridge into full-time employment and encourage people to try out work and build up hours gradually.</p> <p>This would result in a small increase in overall employment levels.</p>	<p>It is estimated that an increased disregard would cost approximately £10m⁶⁵ in the first year of implementation and future costs would depend on policy design – including time limiting.</p> <p>This figure includes an adjustment for estimated take-up rates but does not include any estimate of behavioural and employment effects.</p> <p>Some potential offsetting benefit savings if the policy is successful in encouraging individuals into work.</p>	<p>As all of those benefiting immediately from the policy are families with children, this policy change contributes, albeit in a small way, to reducing child poverty.</p> <p>In addition, there will be some wider economic and social benefits from increased employment.</p>

Note: Fiscal transfers directed towards lower income people will have a further economic benefit reflecting the fact that marginal changes in income for low income groups will have a relatively larger impact on their welfare. Reference: HM Treasury, The Green Book.

Work Incentives

The policy should have a positive impact on take-up of mini-jobs overall, but there is very little evidence on which to base an estimate of the magnitude of the impact. The policy change may also have different employment impact on different households:

- For lone parents who are already working (less than 16 hours), the increase in disregard would lead to a small increase in income, and it is possible that some individuals may choose, if able to, to reduce their number of hours of work accordingly. Although it is important to note that the gains from the policy change should be greater, the higher the number of hours the individual works.
- For lone parent not currently working, the policy change will improve financial gains to work for those entitled to IS and so should increase the incentive to take up mini-jobs for a year.

The policy may also help more individuals into longer hours of work. Mini-jobs may act as a bridge into full-time employment as they encourage people to try out work and build up hours gradually.

No assumptions have been made about the move in to part-time or full-time work as a result of the policy change. However, if around 1,800 lone parents moved into part-time or full-time work for at least a year as a result of the policy then it will break even.

Equality Impact Assessments

Disability

Approximately 14 per cent of lone parents with a youngest child under seven report to be DDA disabled with a further four per cent reporting a work limiting status.

Lone parents with a disability have substantially worse employment outcomes than non disabled lone parents; the employment rate for disabled lone parents with a youngest child under seven is approximately 26 per cent.

Family type	Current disability			
	DDA + Work Limited	DDA Only	Work Limited Only	Not Disabled
Percentage of all lone parents	10%	4%	4%	82%
Percentage of those who have a disability	58%	22%	20%	-

Source: Household Labour Force Survey: Quarter two 2009

No direct risk of negative impact is envisaged as a result of these proposals. The opportunity to take-up mini-jobs will be applied equally to lone parents with a youngest child under seven, irrespective of disability status. However, for disabled lone parents or lone parents with disabled children to take advantage of this policy, potential reasonable adjustments that may be required as the policy is delivered will need to be identified.

This could be an opportunity to promote equality for disabled people by helping to address the additional disadvantage in employment outcomes as noted above. The policy aims to promote employment for those eligible, offering the chance to 'try work' and gain skills and confidence as a 'stepping stone' to further full-time employment in future. Insofar as it is successful in increasing employment it could also provide an opportunity for disabled lone parents with young children to participate more fully in society.

Gender

This policy will apply to lone parents with a youngest child under seven, in receipt of income support, irrespective of gender. However, the vast majority of lone parents are women and as a result the benefits from this additional incentive and opportunity to take up 'mini-jobs' will accrue almost entirely to women.

Family type	Percentage
Lone Mothers	96%
Lone Fathers	4%

Source Household Labour Force Survey, Quarter two 2009

No direct risk of a negative impact on the grounds of gender through discrimination or harassment has been identified.

The employment rate for lone parents with a youngest child under seven, at around 41 per cent is substantially below both the overall lone parent employment rate – 57 per cent and the national employment rate of almost 73 per cent. Professor Paul Gregg’s review of conditionality identified lone parents with a youngest child age one to seven as being suitable for the ‘Progression to Work’ group suggesting that a return to full time work was not immediately suitable but that it could be with time and support⁶⁶.

Overall, far more women than men are likely to gain from this proposal, though this is due to the gender composition of the target group (lone parents). Any men falling within this target group would similarly gain from the proposal, though any indirect impacts on men will be monitored as the policy progresses. Evidence of considerable labour market disadvantage for the target group outweighs what appears to be a very small risk of potential indirect discrimination against men.

As described above, the employment rate for lone parents with a youngest child under seven is substantially below both the average for lone parents and the national employment rate and the vast majority of lone parents are women. If this policy is successful in supporting lone parents to take up mini-jobs then it provides an opportunity to promote gender equality. Employment generally provides opportunities to gain both skills and confidence and to further engage in social interactions which help individuals to participate fully in society.

Ethnicity

A detailed breakdown by ethnic group is not available for lone parents with a youngest child under seven due to small sample sizes. Below is a more detailed breakdown for all lone parents and a split between those from a white background and those from an ethnic minority background for those with a youngest child under seven. The overall composition appears to be fairly similar, although those who have a youngest child under seven are slightly more likely to be from an ethnic minority background than lone parents as a whole.

Employment outcomes for lone parents with a youngest child under seven who are from an ethnic minority are also worse than for all lone parents with young children, the current employment rate is approximately 33 per cent.

Ethnicity - All lone parents

Ethnic Group						
White	Mixed	Asian	Black	Chinese	Other	All ethnic minorities
84%	2%	4%	8%	<1%	2%	16%

Source Household Labour Force Survey, Quarter two 2009

Ethnicity - Lone Parents with a youngest child Under seven

White	All ethnic minorities
82%	18%

Source Household Labour Force Survey, Quarter two 2009

No direct risk of negative impact is envisaged as a result of these proposals. The opportunity to take up mini-jobs will be applied equally to lone parents with a youngest child under seven, irrespective of ethnicity.

⁶⁶ Gregg, P (2008) *Realising potential: A Vision for Personalised Conditionality and Support* TSO

The policy aims to promote employment for those eligible, offering the chance to 'try work' and gain skills and confidence as a 'stepping stone' to further full-time employment in future. If it is successful in increasing employment for lone parents from an ethnic minority background it will help to promote equality of opportunity. It may be able to contribute to reducing the overall employment gap for those from ethnic minorities.

Age

The majority of lone parents with a youngest child are aged under 35 (70 per cent). However, no direct negative impacts of the policy with regard to age are envisaged. The opportunity to take up a mini-job will be the same irrespective of the age of the lone parent who is eligible.

	Age			
	Under 25	25-34	35-44	45+
Proportion of lone parents with youngest child under seven	28%	42%	27%	3%

Source Household Labour Force Survey: Quarter two 2009

14) Carers allowance

Introduction and Policy Rationale

The current policy is that those claiming Carers Allowance (CA) can earn up to £95 net of tax, National Insurance Contributions (NICs), pension contributions and some other deductions, without their CA being affected. (Note that the position is more complex for those who are claiming an income-related top-up such as Income Support – their CA will not be affected, but their income related benefits will be reduced by £1 for every £1 of earnings above the £20 disregard).

Up to April 2007 this threshold was set to be equal to the Lower Earnings Limit for NICs. In October 2007 there was an additional one-off increase (from £87 to £95) to address the problem caused by the rise in the national minimum wage leading to a significant number of carers losing eligibility. Since then the threshold has remained unchanged and has therefore decreased in real terms. The proposed change is to make a one-off increase from £95 to £100, which would in real terms be roughly what it would be had the £95 been uprated in line with inflation.

The reason for the change in policy is that there is increasing comment that having made a positive move to increase the threshold in 2007, DWP has since allowed it to erode in real terms. This change will ensure that carers do not have to artificially manage down their earnings to remain within the limit.

Overall Estimated Impact of Policy / Estimating Costs and Benefits

DWP estimates that the cost of this measure would be negligible. Very few of those entitled to CA are earning just above the threshold and would therefore be floated on to the benefit.

The evidence for this comes from the Family Resources Survey, which confirms that there are few people in this earnings range (and this is likely to consist largely of people who are for some other reason not entitled to CA – for example because the person they are caring for receives a Severe Disability Premium). This is supported by operational intelligence from the Carer's Allowance Unit, who report extensive communications with customers seeking to alter their working pattern to remain within the limit.

The benefit to customers comes not from more being entitled to CA, but from being able to earn more without losing benefit. This will apply principally to those who are reasonably close to the existing earnings limit. DWP does not have information on what proportion of this group would want to increase their hours of work (the most likely route by which to increase earnings), or who would be able to do so. DWP has estimated a maximum of 40,000 people who might benefit, but the actual number is likely to be less than this.

<i>Economic Costs</i>	<i>Economic Benefits</i>	<i>Fiscal Benefits (and additional costs)</i>	<i>Wider Benefits</i>
Negligible administrative costs.	In total this would result in slightly increased earnings for up to 40,000 carers, which is expected to have a very small positive employment impact (in terms of increased hours for existing employees) but DWP has not quantified the magnitude of this impact at this point. There are no losers as a result of this policy change.	For every additional hour worked as a result of this policy change there will be a net exchequer saving. There will be a negative fiscal impact from increasing the earnings limit for carers allowance.	There are wider economic and social benefits with regards to increased employment.

Equality Impact Assessment

Disability

Carers as a whole (DWP does not have information specific to CA customers) are more likely to be in poor health or disabled than non-carers. The differences are particularly large for those in full-time work and those caring for 50 or more hours a week. For example, one study reported that 21 per cent of carers providing more than 50 hours of care were 'not in good health' compared to just under 11 per cent of the non-carer population⁶⁷. As such this proposal would disproportionately benefit disabled people.

Gender

Among the working age population, the majority (over 70 per cent) of CA customers are female.

Ethnicity

There are significant variations in the proportion and profile of carers from different ethnic groups. Research evidence⁶⁸ suggests that persons from some ethnic minority groups, in particular Bangladeshi and Pakistani groups, are more likely to care than others. A higher concentration of ethnic minority carers is recorded in London, the West Midlands, the North West and Yorkshire and the Humber, although these proportions reflect the higher ethnic minority populations in these areas⁶⁹.

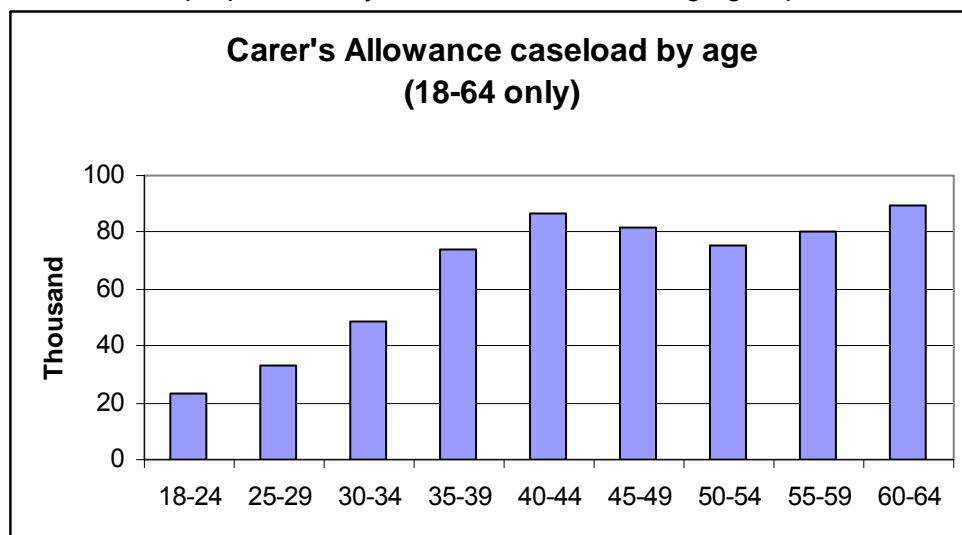
In most ethnic groups, women were 40 per cent more likely to provide care than men. However, women in Bangladeshi and Pakistani groups were twice as likely as men in the same ethnic groups to provide care.

At a regional level, the prevalence of care giving was highest among the Pakistani population. There are some exceptions to this. In Wales and the North East, the White population was nearly as likely as the Pakistani population to provide care.

The proposals are therefore likely to have if anything a greater benefit for ethnic minority customers.

Age

Carers are disproportionately concentrated in older age groups, as shown in the chart below.



This measure would therefore have a greater impact, other things being equal, on older customers.

⁶⁷ *In Poor Health: the impact of caring on health* (2004) Carers UK, London, based on Census 2001 data

⁶⁸ *Who cares wins, statistical analysis of the Census Carers UK, 2001*

⁶⁹ Census 2001

15) Skills

Introduction and Policy Rationale

Current policy

Currently people who are claiming Jobseeker’s Allowance (JSA) can access several funding streams that support different training schemes with different eligibility criteria.

Change in policy

The change is a new, single purse in England jointly owned and funded by DWP and the Department for Business, Innovation and Skills (BIS). From 2011, these departments will bring together money currently spent by both DWP and BIS to help people who are on out-of-work benefits, primarily those on JSA, gain the skills they need to get a job they can progress in.

Reason for the change in policy

Much high quality provision currently exists, but the nature of the pre-employment offer is targeted at different groups, with different eligibility criteria and a different focus to each element. This can be confusing for advisers to make appropriate referrals, and for customers to know what options they have. It makes it difficult for providers to bid for contracts where they can add the most value and provide the right training at the right time to help people move into sustainable employment.

Through the single purse, DWP will develop a new training offer, specifically designed for people who are unemployed in England to get them into work and start them on a longer learning journey. The proposed policy change will introduce a joined up approach to supporting people claiming out-of-work benefits to access training that meets their individual needs and is relevant to the needs of the local labour market and employers.

Overall Estimated Impact of Policy / Estimating Costs and Benefits

This change in policy is expected to be cost-neutral, as existing money being spent on training people claiming out-of-work benefits will be pooled. The single purse will allow more efficient policy delivery and ensure that individuals get training designed specifically to support them into sustainable employment.

The purse should be available from 2011/2012. On the basis of current funding levels, the single purse will be around £250m a year although the precise figure will depend on the next Spending Review. The size of the purse will determine the number of training places it can fund.

The table below shows the expected costs and benefits from this policy change.

<i>Economic Costs</i>	<i>Economic Benefits</i>	<i>Fiscal Costs and Benefits</i>	<i>Wider Benefits</i>
No additional costs expected.	Increased employment and growth through getting people into work, higher productivity in work and employment gains.	Reduced number of people claiming JSA and increased tax and National Insurance contributions.	The whole economy will benefit from a better trained and more productive workforce as a result of a more efficient delivery of skills policies.

Fiscal transfers directed towards lower income people will have a further economic benefit reflecting the fact that marginal changes in income for low income groups will have a relatively larger impact on their welfare. Reference: HM Treasury, The Green Book.

Equality Impact Assessments

Evidence shows that those with greatest skills needs tend to be more disadvantaged than the rest of the population (see table below).

Highest level of qualification

	All population	DDA Disabled	Non White	Age 50+
No Qualification	10.9%	22.4%	15.1%	16.4%
Below NVQ2	17.1%	20.2%	19.1%	16.3%
NVQ2 or above	72.0%	57.4%	65.9%	67.3%

Source: LFS, Q3 2009. Values for GB

Disability

As disabled people are overrepresented among the group that needs training, a policy designed to improve the delivery of training would not have a detrimental effect on that group. The risk of negative impact is likely to be minimal as the measure will improve the efficiency of delivery of work-focused training for Jobcentre Plus (JCP) customers and this measure will improve the delivery of work-focused training for individuals who need it most.

Gender

The risk of negative impact is likely to be minimal as the measure will improve the efficiency of delivery of work-focused training for JCP customers.

Ethnicity

The table above shows that the ethnic minorities tend to have lower levels of qualification than the general population. As the ethnic minorities are over represented among the group that needs training the most, a policy designed to improve delivery of training to the lowest skilled would not have a detrimental effect on that group. The risk of negative impact is likely to be minimal as the measure will improve the efficiency of delivery of work-focused training for JCP customers.

Age

We have not identified any direct age impacts from this policy. However, the most disadvantaged age groups tend to be over represented among those with low or no qualifications. The risk of negative impact is likely to be minimal as the measure will improve the efficiency of delivery of work-focused training for JCP customers.

16) Delegated flexibility pilots

Introduction and Policy Rationale

A number of large steps have been taken towards a more flexible system, but these have been introduced in response to specific events and triggers. DWP's vision for the future welfare system is for flexibility to become a guiding principle. The delegated flexibility pilots will allow far greater flexibility and discretion to four Jobcentre Plus districts.

DWP has moved towards a more personalised service and now wants to take this to the next step by piloting a system where support is determined by need rather than benefit, providing a more personalised and higher quality service for customers. Increasing flexibility will also allow DWP to cater better for the wider customer base DWP now deals with.

Overall Estimated Impact of Policy / Estimating Costs and Benefits

DWP has taken a number of steps towards a more flexible system, such as Employment Zones. The pilot will provide us with a robust evidence base on whether greater local flexibility can lead to improved outcomes. This evidence will inform future policy.

In delivery terms, the pilots will need to be cost-neutral - i.e. delivered within current resources. There will be some additional costs involved in setting up, running and evaluating these.

<i>Economic Costs</i>	<i>Economic Benefits</i>	<i>Fiscal Benefits</i>	<i>Wider Benefits</i>
£2m in additional resource cost expected for evaluation and initial set up.	Increased employment leading to economic value resulting from getting people into work.	Reduced number of people claiming all benefits and increased direct and indirect tax contributions through sustained employment.	A personalised service that responds to the needs of customers and employers and is responsive to changing economic and family circumstances.

Equality Impact Assessments

This proposal moves towards offering greater personalisation and flexibility to more effectively help customers in the pilot areas. Achieving these aims is thought to help Jobcentre Plus succeed in more effectively providing support to its customer base, with greater account of customer needs in delivering services.

Proposals have considered impacts on all customers, and it is considered that there may be risks of disproportionate impacts on some groups that DWP will need to monitor as the pilots progress – the following section offers more detail. Data below is taken from the Labour Force Survey, DWP Tabtool, and NOMIS and totals may not sum due to rounding.

There are two potential risks of allowing advisers greater discretion that DWP will seek to test during the pilots.

- Advisers will either be inconsistent in the support they offer or disproportionately increase support for some groups at the expense of others.
- As the pilots will affect multiple client groups DWP could see resources shifting from one benefit group to another.

Increasing flexibility will look to tailor support informed by client needs rather than on the basis of gender, disability, age, ethnicity, sexual orientation or religion or belief. There is a risk that piloting greater flexibility may lead to alterations in service provision that may disproportionately impact on some groups, but any alterations will be informed by evidence and look to increase support to those in most need - and DWP will look to identify any unintended disproportionate impacts and manage these within the pilots.

DWP will need to test whether this happens, monitor and manage the impact against delegated targets and take steps if appropriate. One of the aims of the pilots is to see if this happens. DWP expects advisers to use their expertise to ensure that people receive the level of support necessary.

Providing advisers with more information about customers so that they can tailor support to the individual's needs is an opportunity to promote equality. The pilots are an opportunity to monitor and evaluate the success or otherwise of adviser discretion in promoting equality.

Disability

The employment rate for working age disabled people (defined as people covered by the Disability Discrimination Act) in Quarter three 2009 is 47.8 per cent compared to 77.6 per cent for non disabled people.

Gender

The employment rate for working age males in Quarter three 2009 is 75.9 per cent compared to 69.3 per cent for females. Table 1 shows that of benefit customers, Jobseeker's Allowance (JSA) and Employment Support Allowance (ESA) have high proportions of male customers whilst Income Support (IS) has a high proportion of female clients.

Table 1 Benefit Claim and Duration by Gender

		Total	Up to 3 Months	3-6 months	6-12 months	12-24 months
JSA	Male	1,104,770	68.0%	71.6%	77.2%	79.6%
	Female	427,925	32.0%	28.4%	22.8%	20.4%
ESA ⁷⁰	Male	106,310	-	-	-	-
	Female	69,490	-	-	-	-
IS	Male	699,780	20.2%	21.8%	32.2%	33.6%
	Female	1,290,220	79.8%	78.3%	67.8%	66.4%

DWP recognises that if pilot areas are representative of national trend, the majority of JSA and ESA customers are likely to be male, with a majority of female customers in receipt of IS, with male customers increasingly larger proportions of longer term benefit customers.

Ethnicity

Data for September 2009 suggest around 1.5 million people in Great Britain were claiming Jobseeker's Allowance, with around 78.8 per cent of customers from a white ethnic background, 1.6 per cent from a mixed ethnic background, 5.3 per cent from an Asian or Asian British ethnic background, 5.5 per cent from a Black or Black British ethnic background, 1.7 per cent from a Chinese or other ethnic background 7.0 per cent from an unknown ethnic background. DWP recognises though, that if pilot areas are representative of national trend, the majority of customers are likely to be from a white ethnic background.

Age

Table 2 illustrates that benefit customers for JSA, ESA and IB were likely to be from older age groups, with older customers increasingly larger proportions of longer term benefit customers.

⁷⁰ Data for ESA unavailable by duration and gender.

Table 2 Benefit claimants and duration by age

		Total	Up to 3 Months	3-6 months	6-12 months	12-24 months
JSA	Under 18	6,485	0.6%	0.4%	0.2%	≈0%
	18-24	469,595	39.7%	30.4%	24.3%	5.8%
	25-49	825,155	47.4%	53.8%	59.0%	71.2%
	50+	231,480	12.3%	15.3%	16.4%	23.0%
ESA ⁷¹	Under 18	2,240	-	-	-	-
	18-24	27,230	-	-	-	-
	25-49	230,450	-	-	-	-
	50+	52,260	-	-	-	-
IS	Under 18	19,490	7.2%	5.6%	3.3%	1.0%
	18-24	262,400	28.5%	28.2%	26.3%	24.6%
	25-49	1,280,500	56.6%	57.6%	58.3%	59.2%
	50+	427,580	7.7%	9.7%	12.2%	15.1%

DWP recognises that if pilot areas are representative of national trend, the majority of customers are likely to be aged 25 to 49.

⁷¹ Data for ESA unavailable by duration and age.

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	<i>Results in Evidence Base?</i>	<i>Results annexed?</i>
Competition Assessment	No	No
Small Firms Impact Test	No	No
Legal Aid	No	No
Sustainable Development	No	No
Carbon Assessment	No	No
Other Environment	No	No
Health Impact Assessment	No	No
Race Equality	Yes	No
Disability Equality	Yes	No
Gender Equality	Yes	No
Human Rights	No	No
Rural Proofing	No	No