



## Welfare to work programmes: an overview

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This note provides an overview of the main employment schemes that offer support to unemployed individuals in their job search.

The system is currently in a state of transition between the New Deal schemes of the previous Government and the Coalition Government's policy of replacing them with a comprehensive scheme called the Work Programme by summer 2011.

In the meantime, the type of compulsory programmes available varies by area. In roughly half of Great Britain the Flexible New Deal is in operation (for all those unemployed for at least 12 months); in the other half, the programmes are the New Deal for Young People (for those aged 18-24 and unemployed for at least 6 months) and the New Deal 25+ (for those aged 25-59 and unemployed for at least 18 months). Other voluntary programmes such as New Deal 50+, New Deal for Partners and New Deal for Lone Parents are also available.

Additional programmes and support packages are also on offer to eligible individuals: the Young Person's Guarantee, which includes the Future Jobs Fund, directed at those aged 18-24; Pathways to Work, the New Deal for Disabled People and Work Choice for those with a disability or a health condition; and the Six Month Offer package of measures, available to all.

This note contains summaries of these schemes, as well as where, and to whom, they are available. Links to Library Research Papers on past employment programmes are also provided. There has been considerable research into the costs, benefits and effectiveness of various employment schemes. Summaries highlighting the key findings of some of these reports are provided.

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## 1 The Coalition Government's Work Programme

The Government plans to restructure the welfare-to-work system by introducing a new scheme called the Work Programme which would replace existing New Deal back-to-work programmes. It is scheduled to be rolled out nationally by summer 2011. Details of how the programme will operate are being considered at the moment, with a [consultation](#) recently completed.<sup>1</sup>

The DWP website contains information on the Work Programme, including a [short document](#) providing background to the scheme.<sup>2</sup>

A Written Ministerial Statement outlining the Government's broad commitment<sup>3</sup> to implementing the Work Programme stated the rationale behind the policy:<sup>4</sup>

As announced in the coalition agreement we will radically simplify the back-to-work system by ending the complexity of the previous decade and replacing current schemes with a new Work programme.

The Work programme will provide a coherent package of support for people out of work, regardless of the barriers they face or the benefits they claim.

The Government will look to investors from the private, public and voluntary sectors to provide this support.

## 2 Current compulsory programmes

### 2.1 Flexible New Deal

The Flexible New Deal (FND) is a compulsory employment programme for individuals of all ages who have been claiming Jobseeker's Allowance (JSA) for 12 months. It is run by specialist providers (often private or third-sector organisations) and lasts for up to one year. Providers work with the unemployed individual in drawing up an action plan that will improve the likelihood of them finding employment. Providers are given freedom to use a wide range of measures that they believe will best assist the participant in their jobsearch. This may include calling on the expertise of other specialist organisations, help with travel costs or finding training courses that will increase the skills of the unemployed individual.<sup>5</sup>

The FND was introduced by the previous Labour Government to replace the New Deal for Young People (for those aged 18-24), New Deal 25+ (aged 25 and over), New Deal 50+ and Employment Zones.

The FND was scheduled to be rolled out across the country in two phases. It was introduced in Phase 1 areas in October 2009 and was scheduled to be implemented in Phase 2 areas in October 2010. However, the Coalition Government has cancelled the FND's rollout to Phase 2 areas as part of its plans to introduce the Work Programme by the summer of 2011. In Phase 2 areas, older New Deal programmes such as New Deal for Young People and New Deal 25+ will continue to operate until the Work Programme goes live. The FND will

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<sup>1</sup> DWP website, [Consultations – the Work Programme](#), consultation closed on 20 Oct 2010.

<sup>2</sup> DWP website, [The Work Programme Framework](#)

<sup>3</sup> Also see: [Written Ministerial Statement](#), HC Deb 10 Jun 2010 c38WS

<sup>4</sup> [Written Ministerial Statement](#), HC Deb 29 Jun 2010 c39-40WS

<sup>5</sup> For more see Chapter 1 of DWP Research report 624, [Jobseekers Regime and Flexible New Deal, the Six Month Offer and Support for the Newly Unemployed evaluations: An early process study](#), January 2010.

continue to operate in Phase 1 areas until the Work Programme is introduced. A list of Phase 1 and 2 areas is provided at in the Appendix at the end of this note.

## **2.2 New Deal for Young People**

The New Deal for Young People will continue to operate in Phase 2 areas until the Work Programme goes live.

The New Deal for Young People is a compulsory programme for people aged 18 to 24 who have been claiming Jobseeker's Allowance for six months. It is divided into three stages:

- The first stage, "gateway", lasts for up to 16 weeks and focuses on helping the unemployed individual in their jobsearch by providing advice and regular meetings with a personal adviser.
- If the individual has not found a job during the gateway period they move to the second stage, "options", generally lasting for up to 13 weeks. It involves the individual, following discussion with the personal adviser, either: (i) enrolling on a full-time education or training course; (ii) starting a placement with a voluntary sector organisation; or (iii) taking a job with an employer who receives a subsidy for taking the individual on.
- The final stage, "follow-through", which lasts up to six months, offers extra help and support to those still unemployed.<sup>6</sup>

## **2.3 New Deal 25+**

The New Deal 25+ will continue to operate in Phase 2 areas until the Work Programme goes live.

New Deal 25+ is a compulsory programme for those aged 25 to 59 who have been claiming JSA for at least 18 of the previous 21 months. The programme consists of three stages:

- The first stage, called the "gateway", lasts up to 16 weeks and focuses on helping the individual in their job search by providing advice and regular meetings with a personal adviser.
- If the individual has not found a job during the gateway period they move to the second stage, an "intensive activity period" (IAP), which lasts for up to 13 weeks. It involves the individual, following discussion with the personal adviser, being offered a selection of support activities. These include training courses, help with soft skills and work experience placements. For those aged 25-59 participation in the IAP is mandatory; for those aged over 60 it is voluntary (although participation in the Gateway period is compulsory).
- The final stage, "follow-through", for those who have not found work at the end of the IAP, lasts up to six weeks and offers extra help and support to those still unemployed.<sup>7</sup>

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<sup>6</sup> *Welfare to Work handbook, 4<sup>th</sup> edition*, Centre for Economic and Social Inclusion and Neil Bateman, pp85-95

<sup>7</sup> *Welfare to Work handbook, 4<sup>th</sup> edition*, Centre for Economic and Social Inclusion and Neil Bateman, pp95-103

## **2.4 Employment Zones**

“Employment Zones” is a programme targeting the long-term unemployed in designated areas of high unemployment. It allows contractors flexibility in how they use existing funding in order to give individuals the best chance of finding work. Employment Zones currently operate instead of the New Deal 25+ or the Flexible New Deal in the following areas only:<sup>8</sup>

- Glasgow
- Liverpool and Sefton
- Brent and Haringey
- Tower Hamlets and Newham

Employment Zones will be replaced by the coalition Government’s Work Programme when it is introduced by the summer of 2011.

Those living in a designated Employment Zone must take part if they:

- are over 25 years of age and have been on Jobseeker’s Allowance for 18 of the past 21 months.
- are aged between 18 and 24, have previously been on the New Deal for Young People and have been receiving JSA continuously for at least six months; or
- have taken part in an Employment Zone programme in the past 12 months but did not complete the programme.

The participant is assigned a personal adviser who will work through the three stages of the programme, which involve both participants drawing up and implementing an action plan of activities designed to improve the likelihood of the unemployed individual finding a job.

## **3 Other programmes and support schemes**

### **3.1 Other New Deal programmes**

The following voluntary New Deal programmes were introduced by the previous Labour Government and will be replaced by the Coalition Government’s new Work Programme by summer 2011.

#### **New Deal 50+**

The New Deal 50+ will continue to operate in Phase 2 areas until the Work Programme goes live.

The New Deal 50+ is a voluntary programme that aims to help those over 50 improve their employment prospects. To be eligible to join an individual must, in addition to being at least 50 years old, be on one of the following benefits for at least the last six months:<sup>9</sup> Jobseeker’s Allowance; Income Support; Employment and Support Allowance; Incapacity Benefit; Severe Disablement Allowance; or Pension Credit. Individuals may also be able to join if they have been getting National Insurance credits, Carer’s Allowance or Bereavement Allowance, or if their partner has been getting other benefits for them for at least six months.

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<sup>8</sup> Directgov website, [Employment Zones](#)

<sup>9</sup> Directgov, [New Deal 50 plus](#)

This programme is run by Jobcentre Plus. When joining New Deal 50+ the unemployed individual has a meeting with a personal adviser where they discuss what steps should be taken to help improve their employment prospects.

### **New Deal for Lone Parents**

The New Deal for Lone Parents is a voluntary programme run by Jobcentre Plus for single parents whose youngest child is under 16 years of age. To qualify individuals must either be out of work or working less than 16 hours per week. A Jobcentre Plus personal adviser gives advice and support to the individual through a series of interviews. Support may include advice on searching for a job, explaining the changes to benefits and tax credits when starting a job, access to training to improve skills and help with childcare costs.<sup>10</sup>

### **New Deal for Partners**

The New Deal for Partners is a voluntary programme run by Jobcentre Plus for partners of unemployed people claiming Jobseeker's Allowance, Income Support, Employment and Support Allowance or Incapacity Benefit, Carer's Allowance, Severe Disablement Benefit or Pension Credit. The individual must be out of work, or working less than 16 hours per week, and not be claiming Jobseeker's Allowance themselves.

A Jobcentre Plus personal adviser gives advice and support to the participating individual through a series of interviews. Support involving training, improving jobsearch techniques, work experience and advice on benefits and tax credits is available.<sup>11</sup>

## **3.2 Six Month Offer**

The Six Month Offer, which was introduced by the previous Government in April 2009, offers individuals of all ages who have been claiming Jobseeker's Allowance for six months extra support and "opportunities". These include volunteering opportunities, work-focused training and financial support for individuals who wish to become self-employed.<sup>12</sup> The coalition Government has removed recruitment subsidies from the Six Month Offer which used to offer employers £1,000 plus another £1,500 for in-work training if they took on the unemployed individual.<sup>13</sup>

## **3.3 Young Person's Guarantee (including the Future Jobs Fund)**

The Young Person's Guarantee (YPG) was announced by the previous Labour Government at the Budget in April 2009. Under the YPG all 18 to 24 year olds in Great Britain reaching the six-month point of claiming Jobseeker's Allowance are guaranteed an offer of a job, training or work experience.

The YPG was formally introduced on 25 January 2010 (although some elements of it began earlier) and was initially scheduled to run until March 2011. Since 24 April 2010, it has been mandatory for all young people reaching ten months unemployment to participate in the YPG.

A key component of the YPG is the Future Jobs Fund, which began in October 2009. It was initially designed to fund the creation of up to 170,000 temporary jobs and run until March 2011. Most of the jobs were targeted at young people but 50,000 of the 170,000 jobs were aimed at people of all ages in unemployment hotspot areas.

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<sup>10</sup> Directgov, [New Deal for Lone Parents](#)

<sup>11</sup> Directgov, [New Deal for Partners](#)

<sup>12</sup> DWP, [Building Britain's Recovery: Achieving Full Employment](#), Cm 7751, 15 December 2009, pages 12 and 46

The Department of Work and Pensions (DWP) provides funding for approved bids from organisations or consortia (usually led by local councils) that offer jobs lasting at least 6 months, involve working at least 25 hours a week and pay at least the National Minimum Wage.

As part of the March 2010 Budget the previous Labour Government extended the YPG (including the Future Jobs Fund) for another year until March 2012. As a result, it was estimated that the total number of jobs grants from the Future Jobs Fund would support would rise to 200,000.

The coalition Government has since cancelled the extension of the YPG to 2012; it will now run until March 2011. In addition, the DWP is not accepting any further bids for the Future Jobs Fund. However, existing commitments will still be met, with funding for up to a total of 111,000 jobs until March 2011.

Statistics on the Young Person's Guarantee are published by the DWP, with the latest release covering the period October 2009 to July 2010. The release states that 54,920 DWP benefit claimants started a Future Jobs Fund job during the time period. The full release is available from the DWP [website](#).<sup>14</sup>

## **4 Programmes for disabled people**

A Jobcentre Plus adviser may arrange for an individual to have an interview with a Disability Employment Adviser, who will help draw up a plan of action to help them find a job or go on a training course. If the individual is claiming incapacity benefits (defined as Employment and Support Allowance; Incapacity Benefit; or Income Support on the grounds of incapacity) they will automatically be considered for Pathways to Work, a scheme designed to help people on incapacity benefits back into work. In addition, the New Deal for Disabled People is a voluntary programme that is available in some parts of the country. Work Choice provides intensive support to disabled people who face the biggest barriers to work.

The coalition Government has stated that it intends to replace Pathways to Work and the New Deal for Disabled People with the Work Programme when it goes live by the summer of 2011.<sup>15</sup> Work Choice will continue alongside the Work Programme.<sup>16</sup>

### **4.1 Pathways to Work**

Pathways to Work is a programme run across Great Britain to help people with a disability or health condition find work. Those claiming Employment and Support Allowance, Incapacity Benefit; Severe Disablement Allowance; or Income Support on the grounds of incapacity will be considered to join the programme. Once on the scheme, a series of up to six Work Focused Interviews with an adviser will be held to assess the unemployed individual's needs and draw up an action plan of activities that will be undertaken. If the participant fails to attend these interviews, the amount of benefit they are entitled to could be reduced.<sup>17</sup>

Another (voluntary) element of Pathways to Work is the Condition Management Programme, which aims to help the participating individual better understand and manage their disability

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<sup>13</sup> HM Treasury press release, "Action to cut Whitehall waste and protect schools spending", 24 May 2010

<sup>14</sup> <http://research.dwp.gov.uk/asd/ypg.asp>

<sup>15</sup> HC Deb 24 Jun 2010 c306W

<sup>16</sup>

<sup>17</sup> Directgov website, [Pathways to Work](#); HC Deb 23 Nov 2010, c193-4W

or health-condition. It is delivered by healthcare professionals who provide a personalised service.

For those finding employment, a Return to Work Credit of £40 per week, tax-free, is available for up to 52 weeks as long as the individual is working over 16 hours per week, holds the job for at least five weeks, earns less than £15,000 per year and has been on an incapacity benefit for at least 13 weeks.

Pathways to Work is delivered by Jobcentre Plus in some areas and by specialist providers in others. The Coalition Government has stated that it will be replaced by the Work Programme when it is introduced by the summer of 2011.<sup>18</sup>

#### **4.2 New Deal for Disabled People**

The New Deal for Disabled People is a voluntary programme delivered by “Job Brokers” from a range of organisations to help those in receipt of a disability- or health-related benefits find employment. The scheme is not available everywhere. For a list of regions where it is available see the Directgov website’s section on the [New Deal for Disabled People](#).

To be eligible, an individual must be between 18 and the state pension age (60 for women and 65 for men) and be in receipt of benefits such as Employment and Support Allowance, Incapacity Benefit, or Income Support on the grounds of incapacity.<sup>19</sup> Once registered with a Job Broker, unemployed individuals will be offered services by the Broker which may include advice on jobsearch techniques, basic training, identifying suitable job opportunities and assistance during the first six months of employment.

#### **4.3 Work Choice**

Work Choice offers disabled people who face the most difficulty in finding a job specialised support in their job search. Unemployed individuals will usually be referred to the programme by Jobcentre Plus Disability Employment Advisers.

### **5 History of employment schemes**

Two Library Research Papers from September 2005 describe the employment programmes that were in operation at the time. These are available in two volumes: [Volume I](#) and [Volume II](#).<sup>20</sup>

A Library Research Paper from 1996 describes the schemes that were in operation in 1996. The paper also gives brief descriptions of earlier schemes. It is available on the [Parliamentary Intranet](#).<sup>21</sup>

### **6 Research into the costs and benefits of employment programmes**

There is considerable research into the costs, benefits and effectiveness of various employment schemes, some of which are briefly summarised below. All of these studies predate the Coalition Government’s proposals to change the welfare-to-work system.

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<sup>18</sup> [HC Deb 23 Jun 2010 c239W](#)

<sup>19</sup> For a full list of eligible benefits see Directgov website, [New Deal for Disabled People](#).

<sup>20</sup> Volume I: <http://www.parliament.uk/documents/commons/lib/research/rp2005/rp05-061.pdf>

Volume II: <http://www.parliament.uk/documents/commons/lib/research/rp2005/rp05-062.pdf>

<sup>21</sup> <http://hcl1.hclibrary.parliament.uk/rp96/rp96-066.pdf>



- National Audit Office, *Helping people from workless households into work*, July 2007. The NAO calculated that **the net cost of to the Exchequer in 2005/06 was £390 per participant of the NDYP and £360 per participant of the New Deal 25+** (see table 21 on page 41). The net benefit/cost to the Exchequer was defined as the difference between the cost per participant, and the benefits that will flow back to the Exchequer in benefits saved, and increased tax revenue, less the cost of increased Tax Credits payable to people who move into work.
- National Audit Office, *Sustainable employment: supporting people to stay in work and advance*, Nov 2007. This report examined the sustainability of jobs found through New Deal schemes. The report concluded that although progress had been made there is still significant cycling between employment and benefits – 40% of JSA claimants helped into work will claim again within six months. It said that sustainable employment requires closer relationships between the scheme and employers, and greater knowledge of regional variation in labour markets.
- Public Accounts Committee, 9th report of 2007-08, *Helping people from workless households into work*, Feb 2008. The Committee, using figures from the NAO studies above, found that only two employment programmes showed a positive return on the net benefit/cost to the Exchequer per participant in 2005/06. It also concluded that while the New Deal for Disabled People and Pathways to Work programmes have found new jobs for disabled people, they are not delivering results for all people with disabilities, particularly those with mental health problems.
- Work and Pensions Committee, *DWP's Commissioning Strategy and the Flexible New Deal*, February 2009. The Committee concluded that the more localised contracting of services under the FND was a welcome step. The Committee, however, raised concerns that the 'creaming' and 'parking' of customers will not be alleviated by the FND.
- De Giorgi, G., IFS, *Long term effects of a mandatory multistage program: the new deal for young people in the UK*, 2005. The study found that the New Deal for Young People enhances employability by about 6-7%.
- Social Market Foundation, *The Flexible New Deal: Making it Work*, Sept 2008. This study reports on the unintended consequences of the move from NDYP and ND25+ to FND. The report found that there is cause for concern that the FND will not be as effective as it could or should be, due to tensions between procurer and contractor.
- DWP Research Report 624, *Jobseekers Regime and Flexible New Deal, the Six Month Offer and Support for the Newly Unemployed evaluations: An early process study*, January 2010. Fewer customers than expected took up the services offered in the Support for Newly Unemployed aspect of the FND, but this was expected to improve as the services became more widely known. The 6 Month Offer aspect was more popular with customers. Mostly, customers with high skills and those aged between 25-45 were found to have moved into work more quickly under the FND.
- DWP Research Report 433, *Evaluation of the macroeconomic impact of Jobcentre Plus and Jobseeker's Allowance New Deals: a feasibility study*, June 2007. Studies the feasibility of examining counterfactual situations in which the JSA and New Deal policies had not been introduced.

## Appendix – Where the Flexible New Deal is in operation

The table below shows which Jobcentre Plus districts are part of Phase 1 (introduced in October 2009) or Phase 2 (cancelled) of the Flexible New Deal rollout.<sup>22</sup> Both Phase 1 and 2 areas will see the new Work Programme replace current schemes by summer 2011.

<b>Phase 1 (October 2009 - Flexible New Deal operational)</b>	<b>Phase 2 (cancelled – existing New Deals still operating)</b>
<p><u>England</u></p> <p>Devon and Cornwall</p> <p>East Midlands</p> <p>Greater Manchester</p> <p>Kent, Surrey and Sussex</p> <p>London (Central, Lambeth, Southwark and Wandsworth)</p> <p>Norfolk, Cambridgeshire and Suffolk</p> <p>North, East and South Yorkshire and the Humber</p> <p>Tees Valley</p> <p>West Midlands</p> <p><u>Scotland</u></p> <p>Ayrshire, Dumfries, Galloway and Inverclyde</p> <p>Edinburgh, Lothian and Borders</p> <p>Lanarkshire and East Dunbartonshire</p> <p><u>Wales</u></p> <p>All areas</p>	<p><u>England</u></p> <p>Bedfordshire and Hertfordshire</p> <p>Berkshire, Buckinghamshire and Oxfordshire</p> <p>Cheshire, Halton and Warrington</p> <p>Cumbria and Lancashire</p> <p>Dorset and Somerset</p> <p>Essex</p> <p>Gloucestershire, Wiltshire and Swindon</p> <p>Hampshire and the Isle of Wight</p> <p>London (City, East, West, South, North and North East)</p> <p>Merseyside</p> <p>Northumbria</p> <p>South Tyne and Wear Valley</p> <p>West of England</p> <p>West Yorkshire</p> <p><u>Scotland</u></p> <p>Forth Valley, Fife and Tayside</p> <p>Glasgow</p> <p>Highland, Islands, Clyde Coast and Grampian</p>

<sup>22</sup> Source: [Directgov website](#) and DWP website: [Jobseeker's Regime/Flexible New Deal information \[pdf\]](#)