

GET BRITAIN WORKING

An assessment of the White Paper

Background

On 26 November the UK government published its White Paper *Get Britain Working*. In formal terms it comes jointly from the Work and Pensions Secretary, the Education Secretary and the Chancellor (and the Health Secretary too adds his name to the ministerial foreword) but this is primarily the product of the Department for Work and Pensions.

The White Paper is about bringing down the numbers of unemployed and economically inactive.

The issues addressed in the White Paper are of particular concern in older industrial Britain. Whilst recorded unemployment in most of the country is now relatively low, economic inactivity among working age adults remains very high, especially in the older industrial areas of the North, Midlands, Scotland and Wales. Across this part of Britain, 15-20 per cent of all adults of working age (16-64) are typically out-of-work on benefits of one kind or another, the biggest numbers on incapacity-related benefits. The numbers recorded as long-term sick have increased since the pandemic but in older industrial Britain the very high numbers of incapacity claimants date back much further.

What's in the White Paper?

- A commitment to scale up NHS support to improve employment outcomes, including by dedicated capacity to reduce waiting lists in 20 NHS Trusts in England with the highest levels of health-related economic inactivity.
- The establishment of eight 'trailblazers' in England and Wales to reduce economic inactivity, with £125m funding for 2025-26. In England these will cover Mayoral Combined Authorities and London.
- Support for all areas in England to develop 'Get Britain Working Plans'. Plans are to be led by mayoral authorities and elsewhere by groups of authorities.
- £115m in funding for 2025-26 to enable local areas in England and Wales to deliver new back-to-work support for people who are economically inactive.

- A Youth Guarantee so that all 18-21 year olds in England have access to education, training or help to find a job or an apprenticeship. £45m is being made available to mayoral authorities in 2025-26 to help deliver this.
- Refashioning Jobcentres to provide an integrated jobs and careers service. £55m has been made available in 2025-26 to kickstart this reform.
- A review of the role of employers in promoting healthy and inclusive workplaces.
- A Green Paper on the reform of health and disability benefits is promised for the spring of 2025.

An assessment

It's hard to disagree with most of the proposals. The intentions seem sensible and, in some cases, probably overdue. Nor are the proposals very far from those recommended in July by Barnsley Council's well-publicised Commission on *Pathways to Work*. The really tricky issue – the reform of health and disability benefits – has for the moment been kicked down the road.

On the other hand, as a plan to get Britain working it's striking how few of the proposals apply beyond England. The refashioning of Jobcentres is perhaps the notable exception. This is an inevitable reflection of devolution.

Also, the sums committed to delivering the reforms are, in 2025-26 at least, relatively modest. Simultaneously, too, the government has cut funding for the UK Shared Prosperity Fund by £600m in 2025-26, which given that around a third of UKSPF spending goes on training and employment support means a £200m cut to existing services helping people into work.

The real problem with the White Paper is that it doesn't go far enough. It nibbles at the edges of worklessness but doesn't address some of the fundamental issues. The White Paper is too much about what the DWP can do to bring down worklessness, and too little about what the rest of government needs to do.

So what's missing?

1. *A failure to acknowledge that economic inactivity is an issue in some places much more than others*

Recent media coverage has focussed on the 2.8m adults of working age recorded as 'long-term sick'. This is a national figure from the government's Labour Force Survey (LFS) but local data from the LFS is subject to a wide margin of error so there's been very little focus on the local or regional picture.

Benefits data, on the other hand, exposes the scale of local disparities. The incapacity-related benefit claimant rate, for example, varies from as much as 10-13 per cent of all 16-64 year olds in parts of older industrial Britain through to as little as 2-4 per cent in the most prosperous parts of southern England. These big disparities aren't simply a reflection of differences in health, though that plays a part. They reflect the strength of local economies and the local demand for labour.

Indeed, if economically inactive students are stripped out of the picture – they tend to be concentrated in the big cities – the true geography and scale of the inactivity problem becomes apparent. Credit here to the statistical annex published alongside the White Paper, albeit using problematic LFS data: this shows that when students are stripped out, of the 20 upper tier local authorities in Britain with the highest inactivity rate, 17 cover older industrial areas.

2. *Growing the economy and jobs in less prosperous parts of Britain is essential to bringing down economic inactivity*

This follows directly from the observation that high levels of economic inactivity are an issue much more in some places than others. And it's older industrial Britain, above all, where economic inactivity is a problem.

In the less prosperous parts of the country the danger in encouraging more of the economically inactive back into the labour market is that this becomes a zero-sum game: if they succeed in finding work it's possible they will simply do so at the expense of other local jobseekers. It's inconceivable that in older industrial Britain a big reduction in economic inactivity could be achieved without additional job opportunities.

Of course, growing the local economy in less prosperous parts of the country isn't the responsibility of DWP, so this is ignored in the White Paper.

3. *There needs to be a great deal more investment in training, especially in apprentice-level skills*

Motivating more people to work, and growing the supply of jobs to match, is all very well but individuals need the skills to fill the vacancies that are available. Unfortunately apprentice-level training, in particular, remains seriously inadequate. The number of apprenticeships has been falling and around half don't finish their training. The White Paper doesn't offer remedies.

In fairness, the new government understands that there are flaws in the present system and intends to replace the present Apprenticeship Levy by a new Growth and Skills Levy. It needs to go further. For the first few years after Apprenticeship Levy was introduced the revenue from employers was more or less balanced by the funding going back into training but the Levy has since become a cash-cow for the Treasury – to the tune of more than £700m in 2023-24, an expected £800m in the present financial year, and a forecast in

excess of £1.1bn a year by the end of the present Parliament. This money is collected to fund training and it really ought to be going back into training.

4. *The alternative labour supply – migrant workers from outside the UK – needs to be reduced*

In recent years, high levels of economy inactivity have co-existed with relatively strong growth in employment. This has been possible because of a very substantial inflow of workers from outside the UK. Even in the former coalfields – one of the least prosperous parts of Britain – almost half the recent job growth has been filled by the increase in the non-UK born workforce. In Yorkshire and parts of the Midlands, where job growth has been fastest, the proportion going to migrant workers has been highest; elsewhere, in Wales for example, job growth has been slower and migration lower.

There's a link here between migration and economic inactivity. Because employers can recruit young and healthy workers from outside the UK, they have less need to consider older and less healthy workers from within the local area. In some sectors they also have less incentive to invest in skills and training. Terms and conditions of employment may be eroded too in some cases, making the jobs unattractive to residents who might consider moving off benefits.

The White Paper ducks this sensitive but unquestionably important issue.

***National Secretariat
Industrial Communities Alliance
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