EXPLANATORY MEMORANDUM TO THE

EMPLOYMENT ZONES (ALLOCATION TO CONTRACTORS) PILOT REGULATIONS 2005

2005 No. 1125

1. This explanatory memorandum has been prepared by the Department for Work and Pensions and is laid before Parliament by Command of Her Majesty.

2. Description

2.1 The Regulations support the pilot scheme for jobseekers allowance claimants whereby claimants who meet certain qualifying conditions are allocated to one of several employment zone contractors operating an employment zone programme. The pilot operates in the six areas listed in the Schedule to the Regulations. Employment zone programmes are designed to assist jobseekers obtain sustainable employment.

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None.

4. Legislative Background

4.1 The current pilot scheme has operated since April 2004 under the Employment Zones (Allocation to Contractors) Pilot Regulations 2004 (S.I. 2004 No 934) which expire on 25 April 2005. The Department wishes to continue to gather further evaluation evidence. In order to do so these Regulations will replace the Employment Zones (Allocation to Contractors) Pilot Regulations 2004 with a further pilot scheme which makes similar provisions in the same areas.

4.2 The power in section 29(1) and (3) of the Jobseekers Act 1995 (c. 18) is relied upon in order to establish a pilot scheme to impose the sanctioning regime in section 19 of the Jobseekers Act on certain people who are claiming a jobseeker's allowance and who have been selected on a sampling basis to participate in an employment zone programme operated by a particular employment zone contractor.

4.3 Employment Zones and employment zone programmes are established under section 60 of the Welfare Reform and Pensions Act 1999 (c. 30). Section 60(1) and (9) enable the Secretary of State to designate areas of Great Britain as employment zones. The employment zones to which these Regulations apply are listed in the Schedule to the Regulations. Section 60(2) of the Welfare Reform and Pensions Act enables the conditions otherwise applicable under the Jobseekers Act to be suspended.

5. Extent

5.1 This instrument applies to Great Britain.

6. European Convention on Human Rights

6.1 The Minister of State for Work, Jane Kennedy has made the following statement regarding Human Rights:

In my view the provisions of the Employment Zones (Allocation to Contractors) Pilot Regulations 2005 are compatible with the Convention rights.

7. Policy Background

7.1 Employment Zones were established in 15 areas of Great Britain in April 2000. Employment Zones were located in areas with persistently high levels of long-term unemployment and were established as an alternative method of delivering personalised support to the unemployed. Despite the ongoing fall in the national levels of unemployment, there remained areas where the long term unemployed found it difficult to make the move into work. Within Employment Zones private and public/private sector advisers work with participants, providing innovative and flexible solutions to assist them to find sustainable employment.

7.2 In 2002, the Chancellor announced in his Pre-Budget Report that the Government would test the effect of introducing several contractors in the largest Employment Zones from April 2004. In these Zones jobseekers would be allocated to one of several contractors providing an employment zone programme so that the effectiveness of the provision could be evaluated.

7.3 Following consolidation of the 15 original Zones into 13, the multiple provider pilot commenced in the 6 largest Zones in April 2004. The mandatory Employment Zone programme lasts for up to 30 weeks, in consequence the numbers of participants moving through the programme since April 2004 is insufficient to enable the Department to carry out a full evaluation of the effectiveness of provision. These Regulations will enable the pilot to continue for a further year, to permit evidence for the evaluation to be gathered.

7.4 The Social Security Advisory Committee considered these proposals at their meeting on 1 December 2004 and decided that it did not wish to have the proposed regulations formally referred.

8. Impact

8.1 A Regulatory Impact Assessment has not been prepared for this instrument as it has no impact on business, charities or voluntary bodies.

8.2 The Regulations do not give rise to new public expenditure.

9. Contact

9.1 Richard Jackson at the Department for Work and Pensions Tel:0114 2677 379 or e-mail: richard.jackson@dwp.gsi.gov.uk can answer any queries regarding the instrument.

22 February 2005