EXPLANATORY MEMORANDUM TO THE

SOCIAL SECURITY (INTENSIVE ACTIVITY PERIOD 50 TO 59 PILOT) REGULATIONS 2005

2005 No. 636

SOCIAL SECURITY (INTENSIVE ACTIVITY PERIOD 50 TO 59 PILOT) (No.2) REGULATIONS 2005

2005 No. 637

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 These Regulations support the Intensive Activity Period 50 to 59 Pilot ('the IAP 50-59'). This is an employment programme, which has been running in 123 Jobcentre Plus offices since April 2004 and in a further 33 offices since January 2005. The programme helps unemployed customers in the age group 50-59 within these districts with their jobsearching skills and the steps they need to take to gain employment. The pilots were intended to run for a two year period at the outset in order to collect statistically significant data on the effectiveness of this programme. These regulations will support the second year of live running.

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

3.1 None.

4. Legislative Background

4.1 The Social Security (Intensive Activity Period 50 to 59 Pilot) Regulations 2005 will extend the changes to the Jobseeker's Allowance Regulations 1996, originally introduced by the Social Security (Intensive Activity Period 50 to 59 Pilot) Regulations 2004 (S.I. 2004/868). The amendments currently provide for the pilot of a mandatory employment programme, the IAP 50-59, which provides assistance to individuals in the selected age group to move them nearer to employment through arrangements made by the Secretary of State under section 2 of the Employment and Training Act 1973.

4.2 There are a linked set of regulations- the Social Security (Intensive Activity Period 50 to 59 Pilot)(No.2) Regulations 2005. These support the IAP 50-59 employment programme in a further 33 offices and link in to the Social Security (Intensive Activity Period 50-59)(No.2) Regulations 2004 (S.I. 2004/869). The reason that two separate sets of regulations are necessary is that there was a later start date for the 33 offices covered by the second set of regulations as these offices were running a different pilot employment programme at the start date for the IAP 50-59 regulations. The later start date

for these offices avoided the results of the previous employment programme pilot scheme from being contaminated or the main introduction of the IAP 50-59 scheme from being delayed.

5. Extent

5.1 These instruments apply to Great Britain, although all the pilot areas are within England and Wales.

6. European Convention on Human Rights

6.1 The Minister of State for Work has made the following statements regarding Human Rights:

In my view the provisions of the Social Security (Intensive Activity Period 50 to 59 Pilot) Regulations 2005 are compatible with the Convention rights.

In my view the provisions of the Social Security (Intensive Activity Period 50 to 59 Pilot) (No.2) Regulations 2005 are compatible with the Convention rights.

6.2 These instruments are subject to the affirmative resolution procedure.

7. Policy Background

7.1 Since 1997 the employment rate for those aged 50 to State pension age increased from 64 per cent to 68 per cent in 2002, although still below the overall rate of 75 per cent, the increase was faster than the employment rate for younger people. Once people reach the age of 50 the risks of leaving work to become unemployed or inactive increase and the chances of returning to paid work for those out of work decreases. In addition, older people are much more likely to face multiple disadvantages in the labour market than younger people. Currently there are relatively high inactivity rates among those aged 50 and over. Many people aged 50 and over are willing to, and capable of work but do not have the opportunities they need. The Government is committed to further increase the over 50s employment rate and reduce the gap by 2006 by promoting employment among those aged 50 and over and tackling age discrimination.

7.2 In December 2002, the Secretary of State for Work and Pensions presented the Pensions Green Paper *"Simplicity, security and choice: Working and saving for retirement"*. The paper set out a number of proposals to improve back to work help for the over 50s, one being, the running of pilots in which the Intensive Activity Period (IAP) of New Deal 25 plus (ND25 plus) programme will be mandatory for people aged 50 to 59 years old, where currently it is voluntary. This proposal is part of a package of measures aimed at developing more intensive help for older workers and guidance for employers on recruiting and training older workers.

7.3 The consultation period for the report ran from December 2002 to the end of March 2003, and in total more than 800 written responses were submitted from a broad and diverse section of stakeholders. These 800 responses included

trade unions, employers, members of the public, actuary and consultancy firms, voluntary and consumer groups, think tanks, pension providers and financial institutions. Half of the responses came from members of the public. The majority of the responses welcomed further support to help people aged over 50 back to work, but did not comment on the detail of this proposal.

7.4 Currently, long-term unemployed jobseekers aged 25 to 49 are required to participate in the ND25 plus IAP because it offers extensive help towards getting back into work. Jobseekers aged 50 to 59 who have been claiming Jobseekers Allowance (JSA) for 18 months can volunteer to take up this extra help. However, they often fail to do so because many have grown demoralised about the chance of returning to work, or, quite simply because there is the option not to attend. The Mandatory IAP pilots for 50 to 59 year olds embrace the Government strategy of extending working life and the importance we also attach to helping older people off benefits and back into work. We already have some evidence of the effects of mandatory provision on the over 50s from the ND25 plus pilots undertaken in 1998. Those pilots demonstrated that a mandatory IAP did achieve additional flows into work for this group, but that mandation also increased flows onto other benefits (most notably Incapacity Benefit). This evidence was established before the introduction of either a Jobcentre Plus or Incapacity Benefit Reforms (IBR) environment. Personal Advisers also stated that they would welcome extending the mandatory IAP element to 50 to 59 year olds.

7.5 The pilot's primary objective is to collect robust evidence on the impact and cost-effectiveness of making the IAP mandatory for Jobseekers aged 50 to 59, in both the Jobcentre Plus context and with the enhanced support offered by the IBR pilot measures. The pilots will test the effectiveness of the mandatory IAP for helping people aged over 50 back to work, including the following key points:

Whether more people aged over 50 move off benefits and into work than without the mandatory IAP.

The extent to which this change causes any additional or attempted move onto Incapacity Benefit (IB), and the effectiveness of measures in place in Jobcentre Plus and the IBR pilot areas in promoting a work focus.

8. Impact

8.1 Regulatory Impact Assessments have not been prepared for these instruments as they have no impact on business, charities or voluntary bodies.

9. Contact

9.1 Adrian Wilkins at the Department for Work and Pensions Tel: 0114 259 6360 or e-mail: adrian.Wilkins@jobcentreplus.gsi.gov.uk can answer any queries regarding the instrument.

2 February 2005