

THE ROAD

TO FULL

How we rebuild social security for 21st century Britain

EMPLOYMENT

Liam Byrne MP

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INTRODUCTION

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After the horrors of World War II when Britain fought on global battlefields to defeat fascism, the men and women of the country, having suffered years of privation refused to go back to the domestic ills that preceded the inter-war years. Clement Attlee's Labour government, which was returned to office in the landslide general election victory of 1945, gave birth to the modern welfare state. The government set about building social institutions which remain to this day and they did so by underpinning the welfare state with national insurance contributions paid by a fully employed population, which included the concept of full employment, which is as relevant now as it was then.

Since 2010 a succession of failed economic policies have been pursued by the Conservative led government, with full support from their Liberal Democrat colleagues. These policies have had a disastrous effect on the country. Not only has minister after minister been forced to return to the despatch box to revise down targets but there has been a human cost too.

With the level of unemployment in the United Kingdom standing at over 2.5 million and youth unemployment edging towards 1 million, the situation is bleak. However that only sheds light on part of the problem. The level of underemployment in this country and the level of people employed in insecure and low paid work is one of the great shames of the 21st century.

There are huge societal and personal benefits to people being in well-paid and secure, skilled employment. Financial security and a higher standard of living for individuals and their families leads to increased spending, stimulating the local economy. High levels of employment lead to an increase of tax revenue to spend on social projects. Studies show that good jobs can have wide ranging benefits from playing a key role in people's physical and mental health to reducing levels of crime in a community.

Full employment, though a term many economists may argue over, simply means providing a decent job for everyone. To do this means having a well-trained workforce who can fill the skilled roles needed to make it work. It means not leaving anyone behind, providing specific help to the sections of modern Britain who need it.

Like many, I am delighted that the future Labour government will seek to underpin society by a plan for full employment.

This pamphlet pulls together ideas from all over Britain about how we rebuild a country of full employment. They're ideas based on Labour values. They're ideas that could rekindle the spirit of 1945. And get our country back to work.

1

THE ROAD TO FULL EMPLOYMENT

It's two years until the election. It is set to be the longest campaign in British political history. And could there be more at stake? We know all too well what the Tories will say. Their strategy is hardly a secret. It was laid out by Mr Andrew Coulson, currently on perjury charges, in the July edition of GQ magazine:

"The message for a campaign", Coulson said, "writes itself: 'We're on the right track... don't let the other lot balls it up again'". The Tories will hark back to the theme of David Cameron's speech in 2009 at the height of the financial crisis, in which he set out his 'national interest' pitch: "We will need to do difficult and unpopular things for the long-term good of the country", he said, "I know that, I'm ready for that". As George Osborne famously chorused 'We're all in this together'.

The flat-lined economy will be squarely blamed on 'external global factors'; ludicrous claims will be made for 'reform' of welfare and education; the anaemic level of job creation will be heralded as some kind of miracle and the party's right will be kept quiescent with a hog roast or two at Chequers, a referendum on Europe and some symbolic moves on immigration. And the Conservatives won't dare run against Ed Miliband. They'll try and run against Gordon Brown.

That's the argument that we've got to beat. And I think we can. It's there in the speeches Ed Miliband has made:

1. These Tories chose the riskiest, most idiotic way to cut the debt and because their plan went so awry, we've now got even more to pay back. That debt is set to be £245bn higher because the government throttled the recovery so hard that we lost £274bn of forecast tax receipts.
2. Yet, when their plan went wrong, the idea that 'we're all in it together' went out the window at the first opportunity. These Tories are squeezing the squeezed middle harder than ever to clear up their mess. Wages have taken an absolute hammering because there's not enough work to go round; the average pay packet is £1500 smaller than it was at the election. Yet instead of helping, the Tories have hit average families with changes that made them £891 worse off while handing a £3bn tax cut to the very

richest; that's £2,057 a week if you happen to be on a million a year. The rest of us suffered the biggest squeeze on living standards since the 1870s. That isn't 'we're all in it together'. That's 'you're on your own'.

3. Worse, we're now losing the future. We're dramatically falling behind in the world as the Tories set course for a low pay, low tech, low skill economy. We're losing share in global markets. They are planning to cut spending on infrastructure. The TUC reckons 80 per cent of jobs created since the election are low paid.¹ Any work is better than no work. But good jobs are better than bad jobs. And we need good jobs.

Just for good measure, this government has set about its work in a manner that has redefined incompetence. Noone put it better than Ed Miliband at last year's party conference. "Have you ever seen", he said, "a more incompetent, hopeless, out of touch, u-turning, pledge-breaking, make it up as you go along, back of the envelope, miserable shower than this prime minister and this government?"

The Department of Work and Pensions (DWP) is possibly the worst offender of them all. They say to err is human. But if you want a real dog's breakfast of reform, you send for Iain Duncan Smith. We have a Work Programme that's worse than doing nothing. A Youth Contract that managed to miss its target by 92 per cent. And Universal Credit that's descended into universal chaos. They are truly hopeless.

Britain can do better. And that's the core of our argument. We need growth that's fairly shared and real investment in boosting Britain's ranking in this extraordinary century. In this new world that's coming, our best days should be ahead of us, not behind us. That means we have to:

1. Turbo-charge our entrepreneurs and exporters, our small businesses and world traders
2. Rebuild our country's infrastructure, starting with new homes
3. Put a new, square deal on the table for the squeezed middle
4. Invest in winning the future, backing the industries where we compete on brain-power
5. Put in place a low-risk plan for paying down debt, with the right timetable, judicious spending cuts and fair tax rises

I think there's one idea that's the foundation stone for all this; rebuilding Britain as a nation of full employment.

For us, full employment is our oldest idea. It's like our cardinal principal. 'Useful work for the unemployed' was the call of our first manifesto. When Keir Hardie stood up in parliament as the first Labour MP, he insisted on the principle of work or maintenance.

And almost 70 years ago, Labour leaders made the idea of full employment for the first time a national objective.

In 1944, Ernie Bevin stood up in the Commons to present the famous 1944 white paper on employment policy, replete with its famous first paragraph that henceforth:

“The government accept as one of their primary aims and responsibilities the maintenance of a high and stable level of employment after the war”.

That white paper set out the big levers that government would pull: trade policy, vital for an exporting nation; interest rates, to keep money at the right price; public investment and tax rates to make good any shortfalls in business investment or consumer demand; and crucially, special help for special areas, where old industries were in their sunset years but where new industries were yet to dawn.

When Bevin launched the white paper in the Commons he was very clear that as technical as the strategy might sound, this was a moral crusade. Remembering some of the soldiers he had bid farewell as they sailed for the D-Day landings in Normandy, he told the Commons of one man of the 50th Division who had asked him this:

"Ernie, when we have done this job for you, are we going back to the dole?"

Both the prime minister and I answered, "No, you are not."

"Unemployment", said Bevin, "was and is a social disease, which must be eradicated from our social life".

In the 1945 election, Labour argued that if we could achieve full employment then we could afford to rebuild Britain – and we could afford to build social security.

“There is no reason”, we argued, “why Britain should not afford such programmes but she will need full employment and the highest possible industrial efficiency in order to do so”.

The big insight of the Attlee government was this: in a fully employed society we could afford social security. We could afford to renew.

It was the same insight as New Labour. We knew back in 1997 that if we got our country back to work, we could afford to renew our public services.

Our insight now is the same. If we restore our country to full employment, we can afford to rebuild; to address the biggest challenges of our times.

Full employment has always been the foundation for rebuilding Britain.

It was for Attlee’s Labour. It was for New Labour. It will be for ‘one nation’ Labour.

Today the goal of full employment is important for a very simple reason. The faster we return to full employment, the faster we stop the incalculable waste of human life around us, the faster we can pay down our debt, and the faster we can put the ethos of ‘something for something’ back into social

security.

In June Ed Miliband made the key argument. The next Labour government will have less to spend: “If we are going to turn our economy round, protect our NHS, and build a stronger country we will have to be laser focused on how we spend every single pound.

“Social security spending, vital as it is, cannot be exempt from that discipline.”

Of course social security spending went up during the crash. That’s what happens in recessions. The problem is that spending hasn’t fallen since. It has carried on rising, by an average of 2 per cent a year in real terms. That’s not sustainable. So it’ll be down to Labour to put social security back on an even keel. That demands we get Britain back to work.

The last time we were in office, employment, productivity and wages all grew together for the first time since records began. The employment rate, in fact, hit a record high since consistent records began in 1971.² Wages for workers in Britain rose for over a decade.³ Only two other OECD countries could match this record - Ireland and Australia.

Now the Tories and Lib Dems have left us a long way from full employment.

Jobs have been created – as you’d expect after a recession – but most have proved low paid and insecure. Today nearly half of the jobs in Britain are part-time, self-employed or temporary.⁴

If we want to bring unemployment down to just 5 per cent we need to get another 900,000 people into work.⁵

If we’re to make that kind of progress it means transforming the outlook for a lot of people in Britain. The road to full employment is very long indeed for lots of us. Today, employment rates for women, disabled people, ethnic minorities, young people and older people are a great deal lower than average. (See Figure 1 overleaf) For women and older workers, the employment ‘gap’ is almost 5 percentage points.⁶ For young people, the gap is three times bigger – and for disabled people, the gap is five times bigger.

The gap for disabled people is shocking, at 24 percentage points.

We can’t go on like this. The prize of full employment is great: ending the waste of human potential, lifting millions out of poverty, growing faster, raising living standards and, crucially, freeing wasted resources that will help us turn our economy round, protect our NHS and build a stronger country. Full employment could transform our ability to pay down the deficit.

Figure 1: Employment rates and gaps for various protected characteristics, Quarter 1 2013 (January - March 2013) ⁷

	Q1 2012	Q1 2013
Employment rate (%)		
Overall	70.5	71.3
Female	65.5	66.6
Disabled People	46.4	46.8
Ethnic Minorities	58.7	59.2
Young People (aged 18 to 24)	55.6	56.9
Older Workers (aged 50 to 64)	65.7	67.1
Employment gap (pp)		
Female	4.9	4.7
Disabled People	24.0	24.4
Ethnic Minorities	11.7	12.1
Young People (aged 18 to 24)	15.0	14.4
Older Workers (aged 50 to 64)	4.8	4.2

- If we raised the employment rate for the over 50s to the rate in Japan, that would mean 440,000 more older people in work, which would raise around £3bn a year in direct tax receipts.⁸
- If we raised the employment rate for mums with children aged 3-5 and matched, say, the average employment rate in the five best OECD countries, we would have 320,000 more women in work, and £1.7bn more in direct tax revenues to the Treasury.⁹
- If we increased the number of young people in work, cutting youth unemployment to say, the best five European countries, we would have more than half a million young people in work, raising £190 million a year.¹⁰
- Together, this could boost overall employment by up to 1.27 million, raising our employment rates from 71.5 per cent to 74.6 per cent.¹¹
- Combined that could be £5bn a year – just in direct taxes.

Next year we mark the 70th anniversary of that famous white paper on employment policy. If ever there was a time for a big debate about how we return Britain to full employment once more, it's now.

Not long ago, I did a big survey on youth unemployment in my constituency. What surprised me is that many of the people who replied, weren't young. They were old. What deeply troubles our older generation is that their grandchildren are growing up with a gnawing sense of self-doubt, a lack of self-respect, a deficit of pride, a familiarity with indignity because they are denied a chance to work.

The choice for Britain is simple. Unless we have a fast recovery and get our country back to work, we're going to be living with high levels of debt and squeezed living standards for a generation. And while other nations pour investment into winning the future, the foundations of our strength are going to crumble. That's why we need to change course. And that's why we need to get our country back to work.

This short pamphlet ties together a lot of the work I've done with hundreds of others over the last two years. It reflects my own experience as a technology entrepreneur creating jobs before I came into parliament and the lessons I've learned researching how our country is going to prosper in the Asian century. It reflects the lessons I've been taught by our Youth Jobs Taskforce; the lessons I've learned from hundreds of councillors and council leaders and disability rights campaigners. I am going to share with you what people have told me in the discussion groups I've held on social security reform with Labour parliamentary candidates in key seats across the Midlands and the south. But most of all it reflects what I've learned serving the constituency with the second highest unemployment in Britain, and the highest youth unemployment anywhere in the country.

These ideas aren't yet our 'manifesto'. We need to debate them to get them right. But together I believe these ideas could be the making of a blueprint for rebuilding social security for 21st century Britain. It's about getting Britain back to work, better off in work, and properly insured for when things go wrong. We need:

- Radical action to tackle the youth jobs crisis, transforming the journey from the classroom to a career, with a new Fast-track to Work for young people, creating a gold standard vocational qualifications system and slashing the time a young person takes to find work by around 25 per cent.¹²
- A huge devolution of power from Whitehall to local government, transferring billions of pounds from the Work Programme to create a Local Works programme, organised by councils and jobcentres in the places where unemployment is worst.
- A revolutionary guarantee that no-one need go jobless for more than 24

months – with time limits on JSA and backed by £1bn of investment – restoring hope for over 120,000 long term unemployed. We'll invest in chances. But we'll insist too that people take them.

- Action to rescue Universal Credit, promote a living wage and improve childcare, so that families are genuinely better off in work.
- Big steps to 'put the Beveridge back into social security', with extra help for those who've paid in most and Australian-style comprehensive, universal insurance for disability.

That's a big agenda. But, first we've got a big question to answer. It's the question we get on the doorstep every day. Where are the jobs going to come from?

2

WHERE ARE THE JOBS GOING TO COME FROM?

As Ed Balls argued recently, we've had three wasted years. Globally there isn't a shortfall in demand. None other than Vince Cable made the point in March this year that world trade is continuing to grow, by 5 per cent in 2011 and 3 per cent in 2012.¹³ But there is a demand shortfall in Britain. Our national output is still 3 per cent lower than it was at the start of the recession.

The government has made this problem much, much worse for significant parts of Britain. How? By hitting hardest the places where jobs are fewest.

Combining House of Commons library research with work done by Newcastle City Council in November 2012, we revealed that the five councils facing the highest cuts per head of population in 2012 had an average of 9 people chasing each job.¹⁴ More than double national average.

These are often the places where Tories destroyed the local economy in the 1980s and the 1990s.

Second, certain sectors have been hit especially hard by the government's decision to cut too far and too fast – especially capital spending.

Construction employment is 289,000 lower than its pre-recession peak in March 2008. Manufacturing sector employment is 285,000 lower than pre-crisis. Wholesale and retail trade, financial and insurance activities, and agriculture, forestry and fishing are all smaller.

The government has of course made much of the private sector growth in employment. But here's some the reality:

- The employment rate is still 1.5 per cent lower than its 2008 peak.
- According to the Resolution Foundation we would need 850,000 more jobs to be created in order to return the employment rate to this peak.¹⁵
- The unemployment rate is 2.5 percentage points higher than its average over the period 2000-07 of 5 per cent.
- Long-term unemployment is at its highest level since 1996.
- A million young people are out of work.

Even for those in work, underemployment is vast. Over 10 per cent of people in employment want to work longer hours than they've got. The number of people working part-time because they can't find full-time jobs is at a record high.

We need more work. Not least because the great work-shortage means wages are taking a hammering; in fact we're now experiencing the longest wage squeeze since the 1870s.¹⁶ Can you believe this? On average, people now earn the same in real terms as they did thirteen years ago in 2000.

The most expensive thing the government has done to 'help' has been a big corporate tax cut. It's cost £5.7bn over the course of this parliament. But government has failed to inspire big business to respond by investing more, or taking on new people, or giving their workers a pay rise. Just as bad, despite the huge depreciation of our currency since 2007, our export growth has been feeble. It seems the only thing that's growing is the amount of money piling up in corporate balance sheets. Since the recession private sector non-financial corporate sector cash balances have increased by 25 per cent, to £488bn.¹⁷

The result is persistently high unemployment and a downgraded trend rate of growth. The Office for Budget Responsibility's latest Economic and Fiscal Outlook report expects our "potential" growth rate to be 1.5 per cent in 2013, rising to 1.9 per cent in 2014 and 2.1 per cent in 2015. Back in March 2012, it was expected our trend rate of growth to be 2.0 per cent in 2013 and 2.3 per cent thereafter.

I'm not sure anyone could truthfully say that's been a success.

Ed Balls has laid out better than anyone how a different kind of macro-economic policy could make a difference. And, as I've gone round Britain and talked to MPs about this, I think it's pretty clear that there are five big things we can do to boost jobs.

1. Turbo-charge our small business base

Britain's army of small business people and entrepreneurs are the nation's big job creators. For years now, small businesses have been creating a lot more jobs than big business. Here are the three key facts you need to know about Britain's army of small businesses:

1. Small businesses make up 96 per cent of all businesses and employ over 14 million people – that's 59 per cent of private sector employment.¹⁸
2. Nine out of ten people coming off benefit and into work, join or start a small business.¹⁹
3. Small businesses are growing jobs five times faster than big businesses.²⁰

Surely this means we need to boost our small businesses like never before. I've started a business. I know what a roller-coaster it is. I know that to grow, small businesses need sales, people and money.

Yet, right now the government is completely failing to tackle the bank lending crisis. Business lending has fallen in every quarter of the last two years. Our banking sector is hugely uncompetitive; 89 per cent of all our businesses are locked into the five big banks. No other country in Europe has seen bank deleveraging on the same scale as the UK and SME loan rejection rates in the UK are higher than in other European countries. The Breedon Review found that UK SMEs face a finance gap of up to £59bn within five years.

That's why Ed Miliband, Ed Balls and Chuka Umunna are right to say that, as part of the British Investment Bank model, we need a new system of regional banks - banks that only lend to businesses within a defined community - to support small business modelled on Germany's highly successful *Sparkassen*.²¹

2. Enlarge our trade

The prime minister likes to say we're in a global race. The problem is that right now, we're losing it as others streak ahead. Just the other month, the deputy governor of the Bank of England, Charlie Bean, lamented our export growth of recent years has been 'lacklustre' – despite a whopping fall in the value of the pound. In fact, despite the fall in the pound's value since 2007, exports have risen by just 1-2 per cent. Net trade is a drag on growth, not a growth booster and around us our old markets in America and Europe aren't in much better shape.

We can't go on like this and earlier this year I wrote a book called *Turning to Face the East*,²² which is all about how we rebuild our economy by rebuilding our ability to export – especially exporting to the great Asian growth markets. I won't repeat the entire argument here; but the summary is simple.

We're world leaders in some huge industries, like healthcare, pensions and asset management systems. We should be exporting that knowledge and as global markets grow we should be using our membership of the free trade club, also known as the European Union, to batter open the doors of trade for the sectors – our 'crown jewels' - where we're strong. We should be helping our universities, our R&D leaders and our great cities find partners in China and elsewhere, not simply to grow inside China but to partner with Chinese firms going global. And we should be leading the European debate to ensure our continent is the world's favourite place to invest.

3. Rebuild our infrastructure

Since the new government came to office, our investment rate has collapsed. We lag behind the OECD average and ONS statistics show that, in 2011, the total value of new orders for infrastructure construction was £8.5bn, down from a peak of £11.6bn in 2009. Heathrow airport is currently operating at 99 per cent capacity. Congestion on our roads will add some £10bn of business costs by 2025. Our rail network is overcrowded at peak hours, especially in the south-east and north-west. Demand for shipping is forecast to outstrip port capacity. Economics expert Dieter Helm told the Treasury select committee:

“The gap between what needs to be done [on infrastructure investment] and what is being done remains very large. It is a good news story that it is finally being taken seriously, but we are not anywhere near closing up those gaps”.

Three main barriers hold back private-sector investment: weak demand, tight credit conditions and heightened uncertainty about the economic outlook. And for business investment, the picture is just as bleak.

That’s why Labour has said the government should be listening to the wise heads at the IMF, where economists have called on government to bring forward £10bn in capital spending for infrastructure. If the entire boost was spent now on housing it would allow the building of around 400,000 homes across the country.

That could make a huge difference to creating jobs, supporting over 600,000 new jobs in construction, including 10,000 apprenticeships.

4. Buy local

Now all this new investment into our economy wouldn’t do us much good if the work simply went abroad. Under EU rules, we have to conduct a fair and open competition, just like every other EU country.

But, there’s plenty of latitude within the law that lets councils and departments ask for contractors to make a positive impact on the local labour market.

Under the Manchester City Council Sustainable Procurement Strategy, for example, businesses on the city council’s supply chain are actively encouraged to take on apprentices and local unemployed people. Now scores of young people are starting their working careers as apprentices building the town hall extension.

5. Hire local

There is one more piece in the argument. Right now, the truth is that all over Britain we have regions where the unemployment rate is high or rising – yet there are skills shortages emerging amongst major businesses.

Nearly two in five employers surveyed by the Confederation of British Industry report that they are struggling to recruit employees with scientific, technological, engineering or medical skills, and 41 per cent expect these difficulties to persist over the next three years.²³

The result is that firms are increasingly turning to agency workers. The phenomenon of agency workers has been growing for years. The Recruitment and Employment Confederation estimates that around 1.1 million people are placed into temporary jobs by recruitment agencies.²⁴ That number has been rising since 2009/10. According to the Department for Business, Innovation and Skills, about 13 per cent of employers take on agency workers because they find it difficult to fill their vacancies. But agency workers are also attractive because they help employers to cheaply and quickly boost their workforce. These placements occur in a range of sectors, from the highly skilled (such as IT), to lower paid and lower skilled industries such as social care and hotel and cleaning.

Around 20 per cent of agency workers are foreign nationals.²⁵ This is perfectly legal – and an element of international mobility is important in making sure we have the best mix of talent and skills on the planet. Ultimately that is good for growth.

But the reality for many workers is that they find themselves under-cut by agency workers because agencies exploit loop-holes in the law. So we need to fix the loop-holes so that local workers get to compete on a level playing field.

Agency workers cost less to employ because the agency, rather than employer, bears the costs of recruiting and training. Agency workers have fewer statutory rights: they do not for example, have a statutory employment right to maternity, paternity or parental leave, and have fewer unfair dismissal and redundancy rights. To dismiss an employee the employer generally has to go through a dismissal process involving correspondence and meetings, and the potential prospect thereafter of an employment tribunal, with the risk of paying compensation if it loses, or winning but being unable to recoup its legal costs.²⁶ By contrast, agency workers can generally be dismissed at the drop of a hat.

That's why we have to ensure that agency workers are given working terms and conditions that are similar to permanent employees undertaking the same roles. This is why the Labour government enacted the Agency Workers Directive, which gives agency workers equal treatment after 12 weeks in the same role. But we recognise that reform is needed in some areas of employment law and we will work with businesses, charities and trade

unions to take forward change that will benefit both employees and employers.

But improving job security and job quality is one thing. We then need a different kind of system to connect those jobs to the unemployed.

3

BACK TO WORK

Right now, every day 8,400 people lose their job and sign on at a job centre.²⁷ Nearly 6,400 of these people are likely to find another job within six months. But 2,000 are likely to be left to sit on the dole for months and months and months.²⁸ This waste is especially serious for our young people, and overall the problem has got far, far worse under this government.

We were of course promised it would all be very different. We were promised the grandest back to work programme in human history, so big that you could see it from space. In practice, the Work Programme has proved worse than doing nothing.

I think that Labour has got to make three big changes:

- A new ‘fast track to work’ for young people. This will be a revolutionary new approach to youth unemployment; a British gold standard vocational system, as in Germany, which creates a new ‘fast track to work’ for our young people who don’t want to go to university, cutting the average time out of work by up to 25 per cent.²⁹
- A Local Works Programme - a fundamental restructure of the DWP, in which we radically devolve the Work Programme, keeping the best of the existing programme but creating a local work programme that brings together the private sector, government and local councils in one team tasked with tackling the problem. It’s time to stop fighting unemployment with one hand tied behind our backs.
- A revolutionary compulsory jobs guarantee that means no-one need go jobless for more than 24 months, together with time limits on jobseeker’s allowance. Backed by £1bn of investment, we’ll restore hope for over 186,600 long term unemployed. We’ll invest in chances. But we’ll insist too that people take them.

Tackling the youth unemployment emergency

The level of youth unemployment in Britain is a national scandal. Did you know that nearly 40 per cent of people out of work are under the age of 25? That's one of the highest rates in the western world. Nationally nearly one in five young people is out of work. This waste of young lives also happens to be costing us a fortune; £3.7bn a year in benefits³⁰ and £6.3bn a year in lost economic output.³¹

The government's programmes have been simply hopeless. Businesses small and large want to join forces in tackling this crisis. Look at National Grid's programme to employ young ex-offenders. It's a scheme that's helped over 2000 young people get a job. Look at Westfield's work in East London to make sure Newham residents were first in line for work at the new retail park.

But a report for Labour's Youth Jobs Taskforce by Alan Buckle, Deputy Chairman of KPMG, found that business has all but given up on the Work Programme and the Youth Contract.³² The Work Programme helped just 31 per cent of young participants into jobs, lower than the DWP's own minimum performance levels. The Youth Contract, launched with much fanfare by the deputy prime minister last year, missed its targets by an incredible 92 per cent.

So, what can we do about it?

The international evidence says that the best way to approach the problem is to boost employability skills and vocational qualifications. As Ed Miliband said at party conference last year, we can't have a country with a forgotten 50 per cent. The German system places great importance on work experience and vocational education, though its 'dual system' isn't perfect. In Germany, I've heard firsthand how many employers – especially in new sectors like high-tech – don't feel the system works for them. There's also a long-standing worry that young people are forced to specialise too soon.

Labour could never simply stand by and watch a generation wasted. And sure enough, all over Britain, Labour councils have been leading a fight back. Last year, as youth unemployment hit the million mark, I asked the leaders of ten councils where youth unemployment is highest to come together, to share ideas, and to show Labour nationally what works to get young people into jobs.

In the past 12 months, despite horrendous budget settlements, those leaders have begun to revolutionise the way we get our young people jobs in Britain's 21st century economy. Five big changes are now underway which we should pull together into a national strategy to create a new fast track from school to work for those Ed Miliband said last year were our 'forgotten 50 per cent' who didn't go to university:

1. Prepare our children not just for a life of tests but for the tests of life

If we're to maximise the chances of our young people getting a job, we need to teach them the skills and aptitudes that business needs. Six in ten firms say school and college leavers have not developed the self-management skills they need for work.

As Stephen Twigg said earlier this year, 'character education' is one of the ways we can do that.³³ We've been researching it and developing it in Hodge Hill's schools for six years. And it makes a big difference. Prof James Arthur, head of Birmingham University's School of Education is a pioneer in the field. The Jubilee Centre at the university is intensively researching the subject. The point Prof Arthur makes to me is simple:

“Character education is about the acquisition and strengthening of virtues: the traits that sustain a well-rounded life and a thriving society. That means virtues like courage, justice, honesty, compassion for others, self-discipline, gratitude, humility and modesty. This isn't about 'indoctrination' or mindless conditioning. The ultimate goal of all proper character education is to equip students with the intellectual tools to make wise choices”.³⁴

Teaching enterprise in schools is one of the best ways of bringing alive this kind of teaching. In his report for Labour's Youth Jobs Taskforce, Jamie Mitchell, chief executive of Daylesford Organic and former managing director of Innocent Drinks offered a way forward. If we raised the number of young people who start a business to the level seen in Germany, we'd have 200,000 more young people self-employed or sole trading or owning a business. To unlock this huge opportunity we have to improve access to enterprise finance and support for young people, create local partnerships like Sheffield's 'Generate' partnership that actively promote enterprise and embed enterprise into the education system, especially our colleges.

2. Bring the world of school closer to the world of work.

We have to multiply the ways we bring businesses and schools closer together.

At the best primary schools today, pupils are offered 'work discovery' to inspire young people about the world of work. That's especially important for opening male-dominated professions like engineering to women.

We need to offer a clear vocational route to a gold standard qualification at 18 called a Technical Baccalaureate. Employers should be involved in the accreditation of vocational qualifications, and we should ensure that anyone studying for a Technical Baccalaureate successfully completes a programme of work experience.

In Labour cities like Birmingham, new University Technical Colleges like Aston University Engineering Academy are creating 14-19 schools that lead to apprenticeships or engineering courses. Bradford council is building "industrial centres of excellence": small schools of 300 students aged 14-19 offering enterprise skills, paid work experience and business-led qualifications – all tailored to what's actually available in the local jobs market.

Why don't we encourage more business people to sit on governing boards? Why don't we give all schools the freedom to innovate with the national curriculum, so they can work with local businesses to tailor courses for local labour markets? And why don't we explore whether schools are assessed in the right way? We should look at whether we can do more to measure schools on whether their alumni do well in the jobs market.

3. We need to revolutionise the path from classroom to a career, exploring how small business, the DWP and schools can come together to get our teenagers job ready

Alan Buckle's report for Labour's Youth Jobs Taskforce found that careers services have become all but 'extinct' and young people now lack any independent advice on what skills to develop to land a local job and a local career. To change this we need to think radically. We need to look at how government can be a critical partner in rebuilding Britain's careers service. Local experts sit on a huge wealth of information about local labour markets and local skills gaps. Why aren't we using it? In Germany, their jobcentre staff are talking to young people from the age of 13. In Britain, they are completely out of the picture. And we need to look into ensuring that young people leave school with a plan for their future careers, whether that's a university, apprenticeship or employment offer. No-one should feel under supported when they move into the working world.

4. Build an apprenticeship system that works for the small business powerhouse of our 21st century economy

We think employers should have control over government funding of £1bn to spend on apprenticeships, as well as to have more say in setting the standards for qualifications. We want to make it easier for employers to deliver the expansion in apprenticeships that we need to rebuild the economy. Labour's Skills Taskforce, led by Professor Chris Husbands has been looking into these issues in greater detail.

But we won't re-build the apprenticeship system unless we build a system that works for small business. Remember, small business is creating jobs five times faster than big business and employs the majority of people in the private sector. Labour councils are showing how it can be done.

Liverpool, Leeds and Sheffield have created "apprenticeship agencies", which organise training and work opportunities for thousands of apprentices with their cities' diverse business base of SMEs (small and medium-sized enterprises). Pioneers like Manchester City Council are adding UCAS style clearing houses for apprenticeships to help small businesses find the recruits they need. I think this kind of approach could help us nationwide.

5. A new partnership backed by a future jobs fund

Finally, we need to add a back-stop to the system. A guarantee that means if plan A fails, no young person goes for more than a year without work. Great Labour leaders in Wales, Glasgow, Birmingham, South Tyneside and elsewhere are reinventing the highly successful future jobs fund to make sure that young people out of work are given paid opportunities as a springboard into local careers. Sandwell council in the West Midlands is guaranteeing three months' work experience for every 16 to 24-year-old to ensure the borough's young people are job ready. Some of the results are amazing. In Wales for instance, the Welsh Assembly found that 76 per cent of the people taken on under the scheme stay in their job at the end of their initial 6 month placement. That's an incredible retention rate. That's why Labour is proposing a tax on bankers' bonuses to create a fund that would pay for a minimum wage job for every young person still out of work for over a year.

Put all this together, and we've got a fast-track to work for young people who don't want to go to university.

A Local Works Programme

If we're to get a handle on unemployment, we need radical change at the DWP. We need a radical devolution of powers to engage local councils so that they can become an equal partner in fighting unemployment, for the first time joining forces with job centres and the back to work industry. For the first time, we need to bring together one team with the right incentives to make a difference.

Right now we have the unnecessary paradox of rising unemployment and rising skills shortages in the same places. The West Midlands, Yorkshire and the Humber, and the North West of England are all regions with above average unemployment rates. And yet these are regions where skills shortages are growing. According to a 2011 survey by the UK Council of Education and Skills:³⁵

"Establishments in the Yorkshire and Humber region stand out as having the most difficulties in the recruitment market. One third of all vacancies in this region were reported as being hard-to-fill (34 per cent); and it also has one of the highest proportions of vacancies that

are hard to fill due to skill shortages. Additionally, the West Midlands and North West have particular issues with skill-shortage vacancies, where one in every five vacancies in these regions is hard to fill due to skill shortages."

All over Britain, I've heard loud and clear that the DWP is a handbrake on progress. Council leaders I speak to have good things to say about their local team – but Stalin-esque ministers are stopping people on the frontline getting on with what works best. "They're good people, trying to do the right thing," said one, "but they're trapped in some very bad systems." "DWP has been unwilling to engage locally," said another. I heard the same story wherever I went.

We need to change this. We need radical localisation. And there's a very simple rationale for this. The causes of unemployment are different in different parts of the country. Economies are different. But very often there is one issue in common: an unskilled workforce.

Today, if you're without a skill, you're likely to be without a job.

Back in the 1980s, old industries were destroyed – and almost nothing was done to offer workers a new future. The great destruction of British industry - especially manufacturing and mining had huge consequences for jobs in places like the North East. The aftershocks of that shock therapy are still felt today, two generations later. Of the ten per cent most deprived districts in England, around 40 per cent are either ex-mining or manufacturing areas.

What happened during the 1980s was no great programme of re-skilling. Instead a generation was written off, put on incapacity benefit without a thought for those former workers or the damage it would do to the aspirations of their children.

Yet this is what the 1944 white paper taught us: that when the sun sets on old industries, you need big action to reskill, "to fit workers from declining industries for jobs in expanding industries".

Our challenge today is that the last decade's worth of globalisation has created huge consolidation in the commanding heights of the global economy. Peter Nolan at Cambridge University has shown that since 2000, some 2,500 mergers worth £1bn or more, worth in total some \$4 trillion, have created a new global super-league. A handful of firms now monopolise the aircraft industry, the world's auto business, the world's mobile telecoms infrastructure, pharmaceuticals, beer, cigarettes, aero-engines, computer chips, industrial gases and soft drink cans.

These giant firms, often richer than nations, now have the power to move jobs to wherever the skills are greatest or the wages lowest.

That means unskilled workers here in Britain compete with wages far lower elsewhere. According to the ILO, manufacturing wages in the UK were nearly twice as expensive as Singapore and almost 20 times as expensive as the Philippines.³⁶

That means there is less and less low skill work to go around in Britain and that means over half of adults in Britain without skills are out of work. This typically means that Britain's poor places are falling behind, because some of Britain's poorest communities are home to five times more unskilled workers than Britain's richest communities. On three-quarters of the estates in Britain where unemployment is highest, there are now more people out of work than at the time of the election. Long term unemployment has risen in two-thirds of these places.

Yet, I know from my own constituency that these places are packed with potential. But to unlock that potential means we have to match investment in people to investment in places. Unlocking that potential means coordinating skills, education, crime, worklessness, transport, physical regeneration, health, housing, environmental sustainability, social regeneration, spatial planning, and economic development.

That's extraordinarily complicated. And in fact if you try to do it from Whitehall, it's impossible to do. We know - we tried. In office we had 36 different organisations, operating on four different levels: national, regional, sub-regional and local trying to coordinate this work.

A better way is to simply localise far more. In Germany, a more localised approach has contributed to saving billions of euros in welfare payments by driving up the employment rate. Job centres work closely with surrounding schools and have deep roots in the local labour market which allows them to engage with employers far beyond the traditional low skill, low pay sectors.

In Canada, localised delivery of back to work programmes gives local government the flexibility to establish their own priorities and to develop programmes to achieve this. Provinces and territories control how the funding is allocated in order to meet the needs of their particular labour markets, which in turn gives them the opportunity to apply local expertise to skills development, allocating targeted wage subsidies, and creating Job Creation Partnerships, to help provide useful work experience that leads to sustained employment.

So how could a Local Works Programme operate in Britain? I think there are five simple principles:

1. The DWP and local authorities would agree to create a single back to work service for a local area. The area would usually be a Local Enterprise Partnership, or perhaps a Combined Authority. The service would cover priority groups; for example young people, the over 50s, and the long term unemployed.
2. The team would create a single pot of funding; DWP would put in their resources – and the local authority would agree to include regeneration spending plus any skills funding it controlled. Lots of big councils have now used City Deals to ensure that some of the Skills Funding Agency budget is spent locally.

3. The team would jointly contract with a back to work provider; the private back to work industry, where it works well, has made a huge difference. We need to keep that expertise - but local authorities can also offer valuable assistance, for example with bringing in local schools, regeneration and skills funding, local agencies and assets.
4. The pot of money which currently goes exclusively to private sector Work Programme contractors would not go up, but we should explore how the funding mechanism would work so that all parties involved – providers and councils – can show they’re putting something into the bargain and sharing the benefits from getting people into jobs.
5. Going further, as Ed suggested in June, where councils find innovative ways of making savings to the housing benefit bill, then “we would let them keep some of the savings they make on the condition they invested that money in helping build new homes.”The housing benefit bill, at £24bn a year, is nearly five times the size of the unemployment benefit bill.

We will issue a new invitation to tender when current Work Programme contracts end. The new contracts will be on sub-regional boundaries, rather than current regional boundaries. Of course, not every part of the country would want to seize this radical devolution. They wouldn’t have to. It’s an offer on the table. But here’s the point. We only need to get these arrangements in place in just eight parts of Britain in order to cover over 54 per cent of the bill for out of work benefits.

Figure 2: ‘Big eight’ spend on out of work benefits

Area	Combined spend on out of work benefits (£m) ³⁷
London	2,838
Scotland	1,974
Wales	1,215
Greater Manchester	1,191
South East	1,105
Leeds City Region	1,060
North Eastern	838
Liverpool City Region	801
Total of eight biggest areas	11,022
Total UK spend on out of work benefits (£m)	20,438³⁸
Big eight as a percentage of UK total	54 per cent

Tackling long-term unemployment

Finally, alongside these ideas we need a plan to tackle long term unemployment – which has spiralled under this government. Long term unemployment is terrible. The longer someone is out of work the harder it is to get back into work. That's why we need a compulsory jobs guarantee for all long-term unemployed adults.

Under the jobs guarantee idea which Ed Balls and I launched in January 2013, a Labour government would ensure there is a job for every adult who is long-term unemployed. We'll invest in making sure there's an opportunity. But in return we'll insist people take it. Indeed, people out of work will be obliged to take up those jobs or face losing benefits.

Initially the guarantee would be for adults who are out of work for 24 months or more. If the scheme was in place today, it would provide a new opportunity for 186,600 people over the age of 25 who have been out of work for 24 months or more. The jobs would be at the minimum wage and they would last for six months. They will be part-time so that the person can look for a permanent job at the end of the temporary opportunity. Over the course of a year the scheme would help 263,000 people.

The idea is not cheap or cut-price. But the £1bn cost could be funded by reversing the government's decision to stop tax relief on pension contributions for people earning over £150,000 being limited to 20 per cent.

When times are tough it cannot be right that we subsidise the pension contributions of the top 2 per cent of earners at more than double the rate of people on average incomes paying the basic rate of tax. £1bn a year would fund a compulsory jobs guarantee initially for all those out of work for 24 months or more.

Together, these ideas are a powerful response to the high levels of unemployment we have in our poorest communities, amongst the unskilled and the young. And they're a world apart from a failing Work Programme and useless Youth Contract, run from a centralised DWP.

But, if you're in the Labour party, a job is one thing. And a decent pay packet is another. We want both.

4

BETTER OFF IN WORK

If there's one idea that animated the welfare reforms of the New Labour era it was a simple idea: if you want people to go back to work you'd better make sure they're better off in work. And so we implemented the national minimum wage and tax credits. Together, they helped revolutionise Britain's employment rate.

At first the Tories opposed the idea, just like they opposed the Webb Minority Report in 1909, and the Beveridge Report in 1942. But tax credits and the minimum wage were such a success that they decided to keep them. The minimum wage is here to stay and tax credits will be incorporated into universal credit.

But there are three big problems that the next Labour government is going to have to wrestle with to truly make sure that workers and families are genuinely better off in work.

First, we are going to have to rescue universal credit which is a mess. Second, we're going to have to look again at how we raise wages. And third, we're going to have to revolutionise childcare so that parents genuinely are better off in work.

Rescuing universal credit

Labour's introduction of tax credits in 2003 was a really important idea. Tax credits made a simple and big difference.

A couple with two children working full time on the minimum wage would take home £22,701 a year in joint wages and child benefit. Working tax credits would increase their annual household income by 18 per cent to £26,722 a year. The same couple would take home £13,573 in benefits and child tax credits if they were out of work.

Tax credits are not however perfect. They can lead to complicated calculations using disregarded income and taper rates. A couple where one person is working 24 hours a week at minimum wage, and where the other person is unemployed, receives £36.82 per week in the basic element of working tax credit and £37.78 in the couple's element. But 41 per cent of their gross income that is above the taper threshold is taken away from them: that's £25.08 if the unemployed partner is receiving jobseekers allowance.

The idea behind universal credit is simple. We liked the idea when we looked at it in office. To simplify the benefits system by bringing together a range of working-age benefits into a single payment with a simple, single taper that reduces your benefits as your earnings increase.

However, if you want an example of this government's monumental incompetence, universal credit would be a case in point. Here's a list of the biggest problems we know about:

1. A lot of workers will be worse off. In fact, 2.1 million workers will be penalised under universal credit; 1.8 million main earners will be worse off if they take on extra hours under universal credit than they would be now – and crucially 300,000 second earners will be penalised for taking on extra work.
2. Thousands could be better off on benefits. The government can't decide how to deal with passported benefits in a universal credit world. Passported benefits are benefits or schemes that people receive because of their entitlement to other benefits or tax credits. One such example is free school meals, which families are eligible for if they are in receipt of certain tax credits or out of work benefits. Save the Children warned that those in receipt of free school meals could face a huge benefit 'cliff-edge' when universal credit is introduced, meaning 120,000 families would be better off working less hard under universal credit.
3. The DWP has dropped claims that universal credit will tackle poverty. The impact assessment in 2011 claimed that universal credit will lift around 900,000 individuals out of poverty, including 250,000 children and 550,000 working age adults. This has been removed from the 2012 impact assessment
4. The implementation is a complete shambles, as the NAO reported in September. Originally, ministers claimed (in May 2011) that the IT system would be complete by autumn 2013. That's now been dropped. There are rumours that the original £300 million system will have to be written off. The pilot areas, it seems, will be calculating benefits using spreadsheets.
5. It's a complete nightmare for business. The way universal credit is designed means payroll information is collected in real-time from businesses to calculate how much people are being paid. But, no-one can really explain how that is going to work for small businesses or the self-employed. And the system known as 'RTI' or 'Real Time Information' is running well behind schedule.

So, all in all it's a dog's breakfast and when we win in 2015 we're going to have to rescue it. To do this we're launching Labour's Universal Credit Rescue Committee with senior people from local government – including Kieran

Quinn, leader of Tameside Council which is one of the pilot areas for universal credit along with former DWP civil servants, IT community and benefit specialists.

Raising Wages

I said earlier that any work is better than no work. But good jobs are still better than bad jobs. And we should be aspiring to build an economy of good jobs with good pay packets.

Right now, look what's happening to wages. Corporate profitability is rising. Productivity has started to recover. On average, there isn't any real fall in the number of hours that people are working. Yet peoples' pay is falling through the floor. Our economy is becoming more and more unfair by the day.

We've now had the longest squeeze on wages since the 1870s. As I said earlier, on average, people are earning nearly £1500 less than they were at the last election. In fact, people are earning today the same as they were in 2000. So, for all of Britain's progress in the last 13 years, people aren't earning a pound more! No wonder people feel they are going backwards. They are going backwards.

Yet, what's going on in corporate Britain?

Well, labour's share of national earnings has fallen dramatically.

The labour share has fallen from about 66 per cent of GDP in the early 2000s to 61 per cent. Yet, the stagnation of the economy over the past three years has meant that that cash isn't going out to shareholders or into hiring new people, or into new investment. It's sitting in the bank earning 0.5 per cent interest. Ridiculous. It's dead money.

Company executives on the other hand are being handsomely rewarded for presiding over all of this. In 2013, CEOs received a 15.8 per cent pay increase in 2013, once their bonuses were added in.³⁹

That doesn't seem fair, does it?

Labour's campaign for a living wage is a symbol of the kind of change the Labour party wants to see in our economy. It is about ensuring that work lifts families out of poverty and off benefits.

The living wage is an investment which makes sound business sense. Studies by the Greater London Authority and Queen Mary, University of London, have found clear evidence that employers have benefitted after implementing the living wage. The most significant impacts noted were improved recruitment and retention, higher worker morale, motivation and productivity and increased ability among staff to take on new working practices, in addition to the reputational benefits of being an ethical employer.

And as you would expect, a living wage isn't just good for families, it's also incredibly good for the public finances. Today, we spend £29bn on tax credits – and that bill is forecast to rise in nominal terms by 2015.

Calculations by USDAW show that moving a lone parent working part-time from minimum wage to the living wage increases gross wages by £20.16 a week, at the same cost to the employer. But central government saves £13.11 a week on housing benefit, and local government saves £4.03 a week on council tax support. In other words, nearly 85 per cent of the increase in wages benefits the government by reducing spending on benefits. That's why we'll be campaigning so hard for a living wage.

Revolutionising Childcare

The third thing we need to do to make sure people – especially women – are better off in work is finish the childcare revolution we started in office.

Today, not enough parents are free to work because frankly work does not pay enough to cover the extra costs of childcare. An Aviva study in 2011 found that a working mother could be up to £98 a month worse off after all child and work costs are taken into account.⁴⁰

Figure 3: Woman in a committed relationship with two children (one year old and seven years old) and using childcare

Working Status	Annual income (Monthly income) (£)*	Work costs (monthly) (£)	Child costs (monthly) (£)	Income at the end of the month (£)
Part-time	8,557 (713)	90	721	-98
Full-time	17,513 (1,459)	120	1220	120

* Post Tax and national insurance

Source: *The Aviva Family Finances Report, 2011*

The government's decision to cut support for childcare made the situation a whole lot worse.

Over the course of this parliament, the government will have cut the support for childcare and family support by £15 bn. That includes cuts to child tax credit, the childcare element of working tax credit, child benefit, maternity allowances, maternity pay and other support. Families have lost up to £1,500 in childcare support through cuts to tax credits.

Not long ago, I organised the first ever mums' jobs fair in my constituency. We had our jobcentre team, training providers and lots of help and advice from colleges, the great team from Mumpreneurs, and people who could help with starting a business.

I spent the morning talking to mums about what they felt they needed to get back into work.

In my community, mums want to work. Just like families everywhere, our families are really feeling the pinch right now – and lots of mums are looking to get into work to help top up the family income, especially now tax credits have been cut back so savagely and because bills are spiralling up and up. What’s true for Birmingham Hodge Hill is true for Britain. The Women’s Business Council recently published a brilliant report which estimated 2.4 million more women want to work, and 1.3 million women want to boost their hours.⁴¹

The second big message Birmingham’s mums had for me, was that we need a lot more skills training. Lots wanted ambitious programmes, and lots were struggling to find basic ESOL (English for Speakers of Other Languages) provision.

But, most important of all, the parents I serve told me they need more childcare.

In a community like mine, we simply can’t tackle the great challenges that we came into politics to solve, unless we make the right to work a reality for parents.

What I’ve found missing from the government’s argument is any assessment of just what are the priorities for expanding childcare, if our goal was to free mothers to work, and raise the employment rate for women.

Since my mum went back to work after having me in the 1970s, the employment rate for women has been transformed. Female employment has risen by over 50 per cent since 1971 – 4.5 million more women work than when my mum had me – and went back out to work.

Crucial to this was the investment we made in early years during our time in office.

We introduced free early years education to all four year olds in 1998, and extended that to three year olds in 2004. We introduced Sure Start centres, which the Children, Schools and Families Committee called ‘the most innovative and ambitious government initiatives of the past two decades.’

But now, women have been bearing the brunt of unemployment.⁴² As Yvette Cooper says: for many women today, it feels like the clock is being turned back.

In a world of limited money we need to debate our priorities. If we’re to expand childcare, where should we start?

Well, across every child’s age range, we have higher employment rates for women than the OECD average. Except one.

For mums with children aged three to five, our employment rate is much lower than the OECD average - and far lower than the best countries like Denmark, Sweden, Iceland, Estonia and Slovenia.

What’s more for women with children of this age, who do go to work, twice as many are in part-time work as the OECD average.

As I said at the Resolution Foundation in July, “at the moment, three and four year olds are obviously entitled to 15 hours of childcare...But here’s the

problem. The average part-time job in Britain is 15.4 hours a week. Throw in average journey time of 42 minutes there and back and you need at least 17.5 hours of childcare to tie down a part-time job as a mum in Britain.”⁴³

I think we should be clear. Better childcare will help a lot more mums take up available part-time jobs.

Lots of countries have gone much further than us.⁴⁴

But what's fascinating is the new international evidence that now shows that raising mums' employment rates can pay for itself.

In Quebec for instance, research shows that investment in childcare more than pays for itself through the impact on mums' employment rates, GDP and tax revenues.

Reforms in Quebec in the late 1990s introduced a cap on childcare costs.

The result was that about 70,000 more women with young children entered the workforce; Quebec's employment rate overtook over other Canadian provinces, and for every dollar the Quebec government invested, the government recouped \$1.05.

What would better childcare mean for Britain?

Well, according to House of Commons library research, if we moved our employment rate for mums up to the average of the OECD's best five nations, we'd have 320,000 more women in work and - wait for it - another £1.7bn in tax receipts (and that's assuming 43 per cent work part-time).

There are other areas that need our attention too: parents tell us that there isn't enough after school provision or holiday provision.

But expanding provision is one thing. I think there are some other big changes we need too. First, finding a place for your child shouldn't be any more complicated than it needs to be.

Right now, mums in my constituency tell me it's really hard to find out about vacancies and secure a place in an organised way.

If you want to make a major change like moving into work, that's a real barrier.

So ministers should look for better ways to organise admissions locally, so there's a clear and accessible way for parents to get information on the availability of places and to secure a place, without undue hassle.

Second, there has got to be much more transparency on costs. We should be looking at ways local authorities can do more to publish a price for childcare. Local authorities already determine a local price, through the funding formula, they should ensure parents can use this as a benchmark when shopping around for extra provision.

Third, it has to be clear to parents not just how much things will cost - but how much they will be on the hook for. Right now this varies wildly, depending on the family's income, the age of the child, and the number of children.

A family could receive help for anything from 70 per cent of costs, to nothing at all. If this isn't clear it will be impossible for parents to plan their

budgets. Ministers have got to do more to ensure everyone has the information they need at their fingertips.

Fourth, government should look to clear away a lot of the barriers that stop nurseries starting or expanding on primary school sites. At the moment lots of providers are unable to expand because they are not allowed to set rates that will let them expand without negotiating heaps of red tape. There are quite simply a big set of barriers that shouldn't be there.

When the 1944 white paper on full employment was published, there wasn't a lot in it about helping women work. As we set about building a new road to full employment we have to put women's struggle at the heart of our politics and our priorities. Let's not be the generation of politicians that saw the clock turned back for women. We are determined to be the party that says we're going forwards not back. If we get these things right, a lot more people are going to be better off in work than they are today.

5

INSURED FOR WHEN THINGS GO WRONG

Why was the Beveridge report so popular in 1942? When details of Sir William's report were broadcast from dawn on 1st December 1942 it was swept off the shelves. It became the most popular government white paper until the Profumo report was published in 1963. Sex and social security were never going to be a fair competition.

Beveridge timed his report well. It came just at the moment when Britain was asking, 'what are we fighting for?' That summer, the Allies had won in North Africa, held the line in Stalingrad and turned the tide in Guadalcanal in the Pacific. It wasn't the beginning of the end, but it was, said Churchill, the end of the beginning.

But Beveridge also had a simple idea that really appealed to people. He said he wanted the vast majority of social security payments paid as contributory benefits. He described his plan for social security as:

"First and foremost a plan of insurance—of giving in return for contributions benefits up to subsistence levels, as of right and without means test, so that individuals may build freely upon it."

Famously, he wrote:

"The first view is that benefit in return for contributions, rather than free allowances from the State, is what the people of Britain desire... All the principal cash payments—for unemployment, disability and retirement will continue so long as the need lasts, without means test, and will be paid from a Social Insurance Fund built up from contributions from the insured persons, from their employers, if any, and from the state."

It was a 'something for something' deal. A contributory principle that meant you got out if you paid in. I think that renewing the contributory principle is really important to restoring the sense of social solidarity that underpinned the system all those years ago.

Social security is part of our national story and our national fabric. It is a boat we've built together. I've long been interested in this idea of 'rules' at

the heart of a civic contract. It's what John Denham once called 'the fairness code'.⁴⁵ One of the books that influenced me most was written by Samuel Bowles and Herbert Gintis. Reflecting on how we restore solidarity to social security, they argued this:

"The welfare state is in trouble not because selfishness is rampant (it is not) but because many egalitarian programmes no longer evoke, and sometimes now offend, deeply held notions of fairness, encompassing both reciprocity and generosity...stopping far short of unconditional altruism towards the less well off."⁴⁶

So we have to make sure that social security works for working people. In a recent poll for the BBC, 70 per cent said they believed the welfare state is one of Britain's proudest creations – but 64 per cent said the benefits system does not work well in its current form.

I'm not surprised. Since 1945, the contributory principle has been hit by three great challenges: compassion, cash and the Conservative party.

The compassion challenge was that after the war, no-one wanted to wait until everyone had paid in lots of contributions before we started paying out the new universal pension that Beveridge promised. So in the event, full value pensions were introduced straight away. What's more, there were obviously lots of people unable to work who couldn't build up a contribution record – so they needed to be credited in or helped with extra-cost benefits. So, attendance allowance was introduced in 1971, and mobility allowance and invalid care allowance were introduced in 1976.

Together, these changes squeezed the cash in the system. Bluntly, there wasn't enough to pay out contributory benefits at a very high level for those who had paid in. As early as 1954, the Phillips Committee suggested the government abandon any long-term aim of raising retirement pensions to a subsistence level on the grounds that it would present an unduly heavy burden on the Exchequer. The result was means-tested assistance quickly became part of the system. In 1948 there were one million people dependent on national assistance; by 1983, it was over 4 million.

Finally, there was the Conservative party which has always hated contributory benefits. Conservatives hated the Webb's Minority Report. They used to heckle Clement Attlee as a young campaigner when he made the case for it. A secret committee of Conservative MPs lobbied against the Beveridge report. Margaret Thatcher's election in 1979 inaugurated what Ruth Lister called 'two decades of attrition'. The earnings link for pensions was snapped; earnings-related supplements done away with; and contributory unemployment insurance halved from twelve months to six. Now, Iain Duncan Smith is writing a new chapter in this dismal history. By the end of this parliament, contributory benefits will be no more than a rounding error. That creates what former TUC general secretary Brendan Barber calls the

'nothing for something' problem. Working people pay in. But they get nothing out.

How do we turn this around? Well, we have to start somewhere. And I think it makes sense to start with those who have given the most - Britain's over 50s.

A new bargain for the over 50s

If you ever doubt people's interest in politics, just start a debate about welfare reform with a group of people in their 50s. You will find your audience doesn't need much warming up. Over the last year I've worked with Labour prospective parliamentary candidates in key seats to talk to people about rebuilding our social security system. I felt I walked into a wall of rage. There's a very ready market for Ed Miliband's message that the 'system isn't working'. People's confidence is shaken. And they're running out of patience with a government that promised so much and has delivered so little.

I don't think there's anyone quite as angry as Britain's over 50s. Those born in 1963 were born into a turbulent, exciting world. The Beatles released their first album. President Kennedy was assassinated. The Profumo scandal shook Britain. Now as these workers enter their 50s, they face a turbulent, stressful world of the 'silver squeeze'. Many care for parents and grandchildren. Many are still providing board and lodging to children who can't afford to move. Prices are going up, wages going down and long term unemployment is spiralling out of control.

What I found is that Britain's over 50s are struggling with three big issues: unemployment, disability and debt.

Unemployment

Today, long-term unemployment is concentrated amongst Britain's over 50s. You won't believe this, but nearly half of all unemployed people in their 50s have been unemployed for more than a year and the over 50s now spend longer on the dole than any other age group - an average of 32 weeks.

In theory, support for the unemployed is available through jobseeker's allowance (JSA) and through passported benefits. However, contributory JSA can only be claimed for six months, regardless of how much people have contributed to the system throughout their working life. And, since the Flexible New Deal was scrapped, the system provides no specific support to enable the over 50s to get back into work.

Here's what people said to me:

"How much you pay in should be linked to what you can get out. My mate paid in for years - but his money was stopped a long time before he found a job. He was out of work for over a year. JSA should be longer."

"It makes you wonder why we bothered paying in all those years; they don't bother to look at our skills. They tell us to apply for anything. It's just banging square pegs into round holes."

"There's a big pool of skills there – it's a question of how it's redeployed."

Disability

Disability in Britain is concentrated amongst Britain's over 50s. In fact nearly half of disabled working age adults are over the age of 50. Yet, most find the 'system' simply terrible – and the Tories and Lib Dems have made it much worse.

For example, half of the people hit by limiting contributory Employment and Support Allowance (ESA) to one year are over 50. People on middle incomes are often unable to take advantage of means-tested benefits such as free NHS prescriptions, even though they are far from well-off. Half of carers were over the age of 50 and the over 50s are often caring for grandchildren as well as elderly parents.⁴⁷ Yet changes to disability living allowance will mean that 10,000 fewer people will be eligible for carers allowance. That will also have knock-on effects on their ability to claim credits for means-tested benefits such as housing benefit and pension credit.

Here's what people said to me:

"A holistic approach is needed: cuts to carers' allowance only push up on hospital and institutional care bills."

"If you work too many hours you lose all your carers' allowance. And you lose it when you get your pension. Even though your work as a carer might be getting harder and harder. My partner has a progressive degenerative disease."

"The system has no real focus on independence."

"The system needs to be simplified so people can understand it. It's very complicated and the cuts to CAB [Citizens' Advice Bureau] are simply making it worse and worse."

Debt

When you put these two challenges of unemployment and disability together, you get the terror of debt. A woman in Reading described it to me as a journey to hell and back; she had lost her job. She had become disabled. It was taking ages to find more work. Bills were mounting up. And so she faced the frightening prospect of retirement on a small pension with huge debt to pay down. It's terrifying. And she thought she was paying in for a very different deal. What really sticks in the craw is that the only help on offer is an order from the job centre to fill in twenty job applications a week. That's it.

This is a real challenge for Britain's over 50s because while the state pension age is going up, people haven't got the money to save more into their pension. So they face retiring not with assets but with debt. Research by Aviva shows that 38 per cent of people aged 55-64 save nothing each month and debt levels for the over 50s as a whole has risen by 36 per cent over the past two years. 30 per cent of pensioners have enough debt to worry them. In Reading, an Age UK representative told me that 40 per cent of calls to Reading Age UK are around money and money worries.

Why this is unfair

Now on average, someone in their 50s who has worked all their life has paid in over £100,000 in national insurance. And yet the support they receive does not reflect that. It simply isn't fair. And it's a huge waste of our national talent and experience. Britain's army of unemployed over 50s have between them 3.5bn days of life experience.

I think social security should offer more for those that contributed most either by caring or paying in national insurance. Our most experienced workers and carers have earned an extra hand. We should make sure there something better for when they need it. The contributory principle should not be mothballed; but modernised for new times.

Right now we're falling behind social security systems around the world in countries like Germany, Japan, Canada, and America. They have far better systems for supporting older workers back into jobs.

Germany offers higher rates of support for jobseekers, whilst Japan offers specialist offices for older jobseekers with placement services to help older jobseekers with specialised support for those who used to be in managerial, professional or technical positions in so-called 'Talent Banks'.

Canada, on the other hand, is exploring a training grant for older workers looking to develop new skills. Businesses can claim up to £9,500 to train workers for an existing job or a better job at an eligible training institution.

In America, under the Obama administration's Ageing Workers Initiative, they have developed services to support and train older workers so that they

can take up employment and advancement opportunities in high growth sectors, with a host of further specialised programmes from state to state

When we asked our groups of over 50s to rank the changes they thought were most important, here's what people said:

Figure 4: Changes for the over 50s ranked by popularity

1. Better back to work support
2. Increase carers' allowance
3. A more generous JSA
4. Flexible retirement bands
5. Training grants
6. Change pension tax relief
7. Fix rules for free prescriptions
8. Increasing the time for contributory ESA
9. Fix means testing rules
10. Lower national insurance
12. Allow people to retire after they have contributed for a certain number of years

We obviously can't do everything. But I think this points to three big changes to start 'putting the Beveridge back into social security':

1. We need contributory benefits that give more for those who have paid in for over 30-35 years. Beveridge suggested the idea of a training benefit when unemployment benefit runs out. In June, Ed Miliband has proposed a more generous contributory jobseeker's allowance. It could be paid for by making contributory benefits less generous for those who have only paid in for a few years. And it could be conditional on taking steps that were likely to actually result in a job.
2. It's clear we need a tailor-made approach to helping the over 50s back to work – a sort of 'premium class' service like they have in other countries like Japan, and which provide a much better match of jobs to the skills that older people have.
3. We need comprehensive change to the work capability assessment so that we stop sending people with life-limiting disabilities into the same back to work system on jobseeker's allowance, along with everyone else. This means pretty radical reform like universal disability insurance, developed by the Labor Party in Australia.

If we get it right, there's a huge prize. If we offered more help finding work for those who've paid in for 30-35 years, we'd have more taxpayers to help drive down debt faster. If we raised the employment rate amongst our over 50s to the level enjoyed by Japan, there'd be 438,000 more people in work, and £3bn in extra tax flowing into the Treasury.

People in Britain are saying loud and clear that they think the system is broken and the government is simply failing to fix it. That's why it's time to end the scandal of Britain's silver scrapheap.

A better way

There's one more profound change we need to make to our social security system if it is going to work for the 21st century. I mentioned at the beginning of this pamphlet that if we're to win this race we need to draw on every ounce of talent. In this race to the top, we must compete on innovation. High tech. Brain power. New ideas.

Our success in the new world that is coming depends on our resolve to give everyone a chance to contribute. And yet, today we don't do that because we have not shattered the link between disability and disadvantage.

Today, one in five adults in Britain has a disability of some kind. That means that unless we give all disabled adults the chance to contribute, we're only drawing on 80 per cent of our power. We're only firing on four out of five cylinders: are we so rich and so prosperous that we can afford to do that?

I don't think so. And that is why social security has got to change so that we make the right to work a reality for disabled people in 21st century Britain.

Over half of disabled people are economically inactive. Disabled people are twice as likely to be out of work than non-disabled people. Over 40 per cent of disabled people have qualifications below 5 A* - C grades at GCSE.

As a result, far more disabled people live in poverty than anyone else. According to latest figures from the House of Commons Library, working age disabled adults are two thirds more likely to live in poverty than non disabled adults.⁴⁸ A staggering 2.3 million disabled people live in relative poverty across the UK.⁴⁹ One third of the households in absolute poverty are home to someone with a disability.

This is outrageous. And government changes are so bad for disabled people that the government frog-marched their MPs into voting against a cumulative impact assessment of changes hitting disabled people for fear of what it would say.

Frankly, George Osborne was lucky to get away with boos at the Paralympics.

Today, someone in our country is registered as disabled every 3 minutes. As Australia's former prime minister, Julia Gillard argued recently, the case for reform is very simple: "Disability can affect any of us and therefore it affects all of us...The existence of disability in our community cannot always

be avoided. But the consequences of disability— isolation, poverty, loss of dignity, stress, hopelessness and fear of the future— can be avoided.”⁵⁰

Yet even a small amount of work each week can help a disabled person escape poverty.

The table below shows that working just three hours a week at the minimum wage could lift a disabled person over the poverty line by £393 a year. Working 30 hours a week could increase annual income by 89 per cent, lifting them over the poverty line by £5,212 a year.

Figure 5: Income scenarios - single, childless individual on lower rate of DLA 2013-14

	Out of work	Single, childless	
		3 hours a week at minimum wage (full Oct 2013 rate £6.31ph)	30 hours a week at minimum wage (full Oct 2013 rate £6.31ph)
	Per year	Per year	Per Year
Total net income	£6,300	£7,824	£11,912
Of which: benefits/tax credits	£6,300	£6,300	£2,398
Relative poverty benchmark after housing costs (2013-14 est)	£6,891	£6,891	£6,891
How net income compares	-£591	+£393	+£5,021

So I believe it’s time for a profound change in the way we support disabled people. Last year, I said we need to make rights a reality for disabled people. We must give greater value to that which the philosopher Amartya Sen calls “substantive freedoms” – the capabilities to choose a life that one has reason to value.⁵¹

Labour has a proud record of creating new universal institutions that help civilise the labour market, that make a reality of rights: the national minimum wage; tax credits, soon to become universal credit; universal occupational pensions. I think the time has now come for us to explore how we add to this list and create universal disability insurance.

Today, we support disabled people by putting them in the middle of a labyrinth and telling them to find their way out.

There are assessments for social care. There are assessments for personal independence payments. There are assessments like the work capability assessment.

Of course we need assessments – but at the moment, everyone asks the same question and hundreds of thousands of the assessments are wrong.

Years are wasted in court where eventually 40 per cent of appeals are won. It is a monumental waste of money - £74 million according to evidence provided to the Public Accounts Committee by Disability Rights UK. We spend £900 million on Atos. We're about to spend £540 million on Atos and Capita. Heaven knows how much we spend on social care assessments.

I think it's time to put a stop to this confusion. It's time to bring services and benefits together to empower disabled people in a new way by exploring how we import the idea of universal disability insurance which is being pioneered with cross-party support in Australia.

It would build on the work Anne McGuire and I pushed forward in government when we served as ministers together, pioneering individual budgets and developing the concept of 'whole person care' that Andy Burnham has laid out with such vision. There are five basic principles:

Principle 1: A personal plan for support, including employment

At the centre of Australia's national disability insurance scheme is a personal plan for each participant. Coordinators will work with participants to establish goals and support needs, to develop a personalised plan and to connect people to mainstream services and community supports. In Britain today, as Scope's Richard Hawkes put it: "Disabled people don't only fall between the cracks separating the health and social care system – but they must also navigate the welfare system, employment support and housing."

So, we should integrate health and social care, mental health and employment services for disabled people as far as we can - including employment. Rather than separate services treating different bits of a person, we should provide a single service to meet all of a person's care needs.

Principle 2: Local partnerships

To deliver a personalised approach, we need local partnerships between the DWP, specifically the DWP's Pensions, Disability & Carers' Service, and social care, the NHS, Local Enterprise Partnerships, emerging City Deals and disability organisations. These partnerships could be underpinned by the 'duty to cooperate', like the children's trusts we created in 2004.

Principle 3: 'Tell us once' approach to assessments

A person-centred approach would need a radical approach to information sharing. The principle should follow the 'tell us once' approach, a cross-government programme pioneered by Labour which allows customers to inform local government of a change in circumstance such as births, deaths and change of addresses only once.

Principle 4: Empowering approach to assessments

Assessments should serve to put a team behind disabled people, not a bureaucracy against them. So Labour will also look at reforming tests so that they identify the help disabled people actually need to achieve economic well-being and independent living, rather than a simple assessment of conditions.

Principle 5: Root and branch review of employment support programmes for disabled people offered through a personal budget

To simplify the employment support system, improve targeting and give disabled people choice over the type of support they receive, we will look at rolling disability employment programmes into one individual budget-based programme.

CONCLUSION

Wherever I've gone over the last couple of years I've heard stories, which if I had any, would have made my hair fall out. They're stories about how this government is murdering common decency in Britain.

A few of these stories stand out. Like a woman with MS who told me how her teenage son who cared for her had lost all his support; it's tough, she said, for a boy to lose that help when he knows his mother won't get better. Or the worker in a food bank in Fulham who taught her kids the value of her work by making them deliver food parcels with a chocolate bar, so they could see the joy of the faces of kids who'd long gone without the smallest of treats. Or the Remploy workers on a GMB picket line, fighting for work, who said to me: this isn't just my job; this is my life. And from the thousands of young people, who Jack Dromey, Shabana Mahmood and I brought together, hunting for work who speak of the hundreds of CVs they send and never even get a reply - and still they keep going. Those young people fighting for work in east Birmingham have got a damn sight more grit than you need to get through Eton College.

Today we have a million young people out of work, long term unemployment at record highs, disabled people living in a climate of fear, child poverty up, inequality up, living standards hammered. We can't go on like this.

But let's be honest. We won't win power with a plan to roll back the clock. To restore the status quo or ignore the calls for change.

The vast majority of people in this country believe the welfare state is one of our proudest creations. It is the proudest badge of a civilised society. But the vast majority also believe the benefits system doesn't work for modern times. If we want a new consensus as surely we must, then we'll need a new system. In a democracy, if people don't think the system works for them, then they'll vote for the people who will change the system.

So we mustn't be defenders of the status quo: we must be the reformers – reformers that stay true to our values. For the Labour party, that has to start with work, ambition and compassion, dignity and duty. These are the ideals that make us different to the Conservatives. And these are the ideals which should inspire to rebuild a 21st Britain as a country of full employment. Just

as we did in 1945.

More than fifty years ago, my hero Clement Attlee, a man with the best hair in the Labour party's history, made his final broadcast to a war-weary nation hungry to win the peace.

"We call you", he said, "to another great adventure. The adventure of civilisation".

Where "all may help to create and share in an increasing material prosperity, free from the fear of want". As we finish our plans to rebuild social security - social security for a one nation Britain - those are fine words to guide us.

ENDNOTES

- 1 <http://www.tuc.org.uk/economy/tuc-22364-f0.cfm>
- 2 The quarterly employment rate peaked at 73.1 per cent in December-February 2005, the highest since the ONS Labour Force Survey series began in 1971.
- 3 An average of 3.4 per cent a year between 1997 and 2006. By 2007 UK average wages were some 59 per cent ahead of where they were in 1997.
- 4 House of Commons calculations using the LFS show that 40 per cent of people in employment are either part-time, temporary or self-employed.
- 5 Work by the Resolution Foundation has found that a similar increase would return our employment rate to its pre-recession level. Resolution Foundation, 'Sizing the UK "Jobs Gap"' http://www.resolutionfoundation.org/media/media/downloads/The_UK_jobs_gap_2.pdf
- 6 The difference between the overall employment rate and employment rates for these groups.
- 7 <https://www.gov.uk/government/publications/employment-gaps-dwp-equality-information-2013-data>
- 8 See 'Something for something: Supporting Britain's workers', http://www.yourbritain.org.uk/uploads/editor/files/supporting_older_workers.pdf, p.5.
- 9 If the UK matched maternal employment rates for women with children aged 3-5 seen in the top 5 countries in the OECD, then there would be 320,000 more women in work. Calculated using OECD data for 2009 and available here: <http://www.oecd.org/els/soc/oecdfamilydatabase.htm>; the UK figures used are for Q4 2012, from the ONS Labour Force Survey. House of Commons Library calculations find that higher female employment would result in £1.7 billion in higher direct taxes (income tax and NICs). This assumes 43% of the 320,000 women work part-time, reflecting the current part-time share.
- 10 House of Commons Library calculation. Germany, Austria, Netherlands, Malta and Denmark have the lowest youth unemployment rates in Europe, at an average of 10.1% (Source: Eurostat, May 2013). If the UK's youth unemployment rate fell to 10.1% we would have an extra 506,000 young people in work (assuming constant inactivity), which according to the House of Commons Library would boost tax revenues by just under £190m a year.
- 11 House of Commons Library calculation using ONS Labour Force Survey figures.
- 12 House of Commons Library calculations using claimant count figures find that eliminating long-term unemployment would reduce the median duration of youth unemployment from 17.8 weeks to between 8 and 13 weeks.
- 13 "When the facts change, should I change my mind?" <http://www.newstatesman.com/politics/politics/2013/03/when-facts->

- change-should-i-change-my-mind
- 14 <http://www.theguardian.com/news/datablog/2011/nov/16/local-authority-cuts-north-south#data>
 - 15 Resolution Foundation, Sizing the UK 'Jobs Gap' http://www.resolutionfoundation.org/media/media/downloads/The_UK_jobs_gap_2.pdf
 - 16 TUC, 'Britain suffering the longest real wage squeeze since the 1870s', <http://www.tuc.org.uk/economy/tuc-22366-f0.cfm>
 - 17 ONS Economic Accounts, <http://www.ons.gov.uk/ons/datasets-and-tables/data-selector.html?cdid=NKJZ&dataset=ukeya&table-id=A57>; see also Corry, Kenway, Barwick, 'A new golden rule', <http://www.fabians.org.uk/a-new-golden-rule/>
 - 18 'Back to work: The role of small businesses in employment and enterprise', http://www.fsb.org.uk/policy/assets/publications/fsb_2012_back_per cent20to_work.pdf
 - 19 Ibid.
 - 20 In fact, House of Commons Library research has found that small and medium-sized businesses have experienced the fast employment growth, at about 10 per cent since 2010, compared with a 2 per cent increase for large businesses.
 - 21 See Labour's 'Small Business Taskforce Report', <http://tinyurl.com/npayd4c/>
 - 22 Liam Byrne, *Turning to Face the East*, Guardian Books, 2013.
 - 23 CBI/Pearson, 'Education and Skills Survey 2013', <http://tinyurl.com/ldojqan>
 - 24 <http://www.bis.gov.uk/files/file48720.pdf>, p.12.
 - 25 <http://www.bis.gov.uk/files/file48720.pdf>
 - 26 Costs are very rarely awarded in employment tribunal cases.
 - 27 In July 2013, 260,700 people started claiming jobseeker's allowance, or the equivalent of 8,400 a day. Source: ONS claimant count inflows.
 - 28 House of Commons Library calculation, using ONS NOMIS figures, found that 24 per cent of claimants who started claiming jobseekers allowance in January 2013 are still claiming six months after. If this proportion is applied to the 8,400 people who flowed on to the claimant count on the average day in July, then 2,000 claimants are likely to be still claiming jobseekers allowance in six months' time.
 - 29 House of Commons Library calculations using claimant count figures find that eliminating long-term unemployment would reduce the median duration of youth unemployment from 17.8 weeks to between 8 and 13 weeks.
 - 30 House of Commons library calculation, includes jobseekers allowance, employment and support allowance and housing benefit.
 - 31 ACEVO Commission on Youth Unemployment, 'Youth unemployment: The crisis we cannot afford', <http://tinyurl.com/nv2wwyv>
 - 32 <http://liambyrne.co.uk/wp-content/uploads/Youth-Jobs-Taskforce-The-Business-Perspective-Final.pdf>
 - 33 <http://blogs.spectator.co.uk/coffeehouse/2013/01/schools-can-teach-good-character-and-the-three-rs/>
 - 34 University of Birmingham, 'A framework for character education in schools'
 - 35 UKCES, <http://www.ukces.org.uk/assets/ukces/docs/publications/evidence-report-46-ukemployer-skills-survey-2011-england-report.pdf>
 - 36 ILO Global Wage Report, 2012-13, http://ilo.org/wcmsp5/groups/public/-dgreports/-dcomm/-publ/documents/publication/wcms_194843.pdf
 - 37 Includes jobseekers allowance, housing benefit, incapacity benefit, employment and support allowance and income support.

- 38 This is a sum of spending by local authorities on out of work benefits, and may not include spending done at the central level.
- 39 National management salary survey, 2013.
- 40 <http://www.aviva.com/media/news/item/uk-parents-give-up-work-as-childcare-costs-outstrip-income-12823/>
- 41 'Maximising women's contribution to future economic growth', <http://womensbusinesscouncil.dcms.gov.uk/>
- 42 Women's unemployment increased by 100,000 since the election, while men's unemployment has fallen by over 78,000. And women account for nearly three-quarters of the rise in long-term unemployment since 2010. Source: ONS Labour Force Survey.
- 43 <http://www.labour.org.uk/childcare-and-womens-employment-rates>
- 44 For example, In Denmark, kindergarten is available full-time for young children, the majority of which are by municipalities. And the charges are transparent and simple: parents can't be charged more than 25 per cent of the cost of childcare. In Sweden too, there is a clear cap on costs, with parents not paying more than three per cent of their income on childcare. Municipal governments are responsible for offering places, normally within three to four months of a parent's application.
- 45 John Denham, 'The fairness code', Prospect 99, June 2004.
- 46 Samuel Bowles and Herbert Gintis, 'Is equality passé? Homo reciprocans and the future of egalitarian politics', Boston Review, December 1998.
- 47 3 million out of 6 million in 2001 according to an Age UK report <http://tinyurl.com/ptfy7rg>
- 48 31 per cent of disabled working-age adults are in relative poverty after housing costs are taken into account; 20 per cent of non-disabled working-age adults are in relative poverty after housing costs are taken into account. Source: DWP, 'Households below average income 2010/11'.
- 49 House of Commons Library.
- 50 Australian House of Representatives: National Disability Insurance Scheme Bill 2012, Second Reading Speech by Prime Minister Julia Gillard, 29 November 2012, <http://pmtranscripts.dpmc.gov.au/browse.php?did=18932>
- 51 For example, I think they are things like: the right to health; to be skilled and knowledgeable; to be able to work if you can; to have a roof over your head; to live free from fear of attack; to have a family; to be part of a community; to be able to get around; to have aspirations for the future.

About the author

Liam Byrne is the Member of Parliament for Birmingham Hodge Hill. He was elected in 2004, and was promoted to Minister for Police and Counter-Terrorism and then Immigration Minister. In 2009, Liam became Chief Secretary to the Treasury and led the renewal of Labour's strategy for public service reform set out in Putting the Frontline First: Smarter Government.

Liam has been the Shadow Secretary of State for Work and Pensions since 2011, He is chair of Labour's Youth Jobs Taskforce a board member of the Institute of Government.

In June of this year Liam published his book, 'Turning to face the East, How Britain can prosper in the Asian Century' and Liam has written widely about the squeezed middle, public service reform, economic development and shared values.

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Thanks to the hundreds of individuals who attended our listening events and submitted responses to the consultation.

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About our funders

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