

# A gold mine for growth and opportunity

## **Introduction**

This Government's mission is to grow the economy, to drive prosperity and deliver opportunity for all.

And for me, this is about jobs. Delivering our agenda is all about tackling economic inactivity and putting the incentives in place to make sure we help as many British people into work as possible.

In practical terms, that means providing the tools, support and incentives to ensure people can start, stay and succeed in work – so that whatever a person's age or career stage, everyone has the chance to fulfil their potential and build greater security for themselves and their families.

Everyone's talents must be included in growing our economy – and everyone should have the chance to grow.

We need to be clear about what we mean when we talk about opportunity for all.

It's the difference between someone having a job or not.

Having a pay rise, or not.

Getting the education they need – and any skills needed later in life – or not.

Suffering from barriers like limited childcare choices – or knowing the kids are OK and you can go for it.

We need to break down the barriers which can hold people back –

And smash the glass ceilings limiting ambition and advancement.

So opportunity means successful incentives and support to move off benefits and into work.

Opportunity means making work pay.

It's by helping people increase their own spending power, improve their wellbeing and enhance their life choices that this Government's Growth Plan will deliver in the practical real world.

The power of work to deliver opportunity – and the sense of purpose and pride that it provides – is something that has been important to me throughout my whole life, starting indeed at my education. Which, like the Prime Minister, took place was at a comprehensive school, in fact – in her constituency of rural South West Norfolk!

It's also a fundamental principle that's guided me for 13 years as a Norfolk Member of Parliament for Norwich North and most recently, in my previous role as the Minister for Disabled People, Health and Work.

Now as Secretary of State for Work and Pensions I am absolutely determined to use all those experiences, first and foremost to tackle our labour market shortages, but of course also to protect the most vulnerable in society.

As the Prime Minister has set out, in this country, you should be able to go as far as your talents will take you.

No one should be left behind.

No one should feel like they are at a dead end.

Nobody should be written off from achieving their potential.

## **Recent Challenges**

Over the last two years as a country we have faced significant obstacles. We saw real challenges to lives and livelihoods during the pandemic and we now have the economic headwinds that have stemmed from Putin's acts of aggression in Ukraine.

Of course I am primarily here today to talk about my department's role in achieving growth, I'd also like to start my reflecting on how proud I am of DWP's work in supporting the most vulnerable during the cost of living crisis that's followed from these events.

For example, my teams have played key roles in ensuring that the Cost of Living payments have gone out, which offer targeted support for around eight million low-income households, and most recently, the one-off disability payment to six million people.

The Government is also shielding households and businesses from high energy bills through the Energy Price Guarantee, which will mean a typical household energy bill shouldn't be more than around £2,500 this winter and next per year, enabling the typical household to save an average of £1,000 a year on their energy bills.

These interventions are necessary and important – but the best way, the surest and most sustainable way, to increase people's living standards and put them on a track to success is to help them into a good job.

That's why we have to get Britain working, moving and growing again.

We're going to get going through renewing our focus on helping people to move into and – crucially – to progress in work.

## **Labour Market**

Like the British people themselves, our labour market has remained resilient

through the pandemic and beyond.

In fact, Tuesday's Labour Market Statistics show that the number of people on company payrolls is at a record high and unemployment is at its lowest rate since 1974.

There is no doubt that this is good news.

And it reflects the focus that we have placed on protecting, creating and supporting jobs, including the efforts of our work coaches and jobcentres all around the country to get people into work – and I think a few might even be in the audience here today.

But challenges remain and we must not stop there. We have very high numbers of vacancies still – 1.2 million and over.

Those unfilled posts represent unfulfilled potential – for people of course, and for the economy as a whole. My mission is to help businesses up and down the UK to fill the vacancies that would otherwise mean they can't grow.

At the same time, we have many thousands of people looking for work, but who are not moving into work.

We have also seen a rise in the number of people who are economically inactive –

Meaning they are neither employed nor unemployed – and some who have left the world of work altogether.

Now this combination of circumstances is holding back people who deserve a chance.

It's holding back opportunity.

It's holding back British employers.

And it's holding back economic growth.

## **Improving the labour market – going for Growth**

So today, I would like to set out the three areas that I, and my department, will be focused on to help get the labour market moving –

and to realise its potential as a gold mine for growth and opportunity.

Firstly, by reforming work incentives and support within the welfare system will help more unemployed people move into available jobs, and for those already in work, to increase their earnings.

Secondly, by stopping the flow of people moving into economic inactivity will help people return to the workforce by securing the role that's right for them and the support that people may need to remain in work – so they can get the benefits of that drive for growth.

And third, by forging a new deal with employers – we will do our bit by helping businesses to fill their posts quickly, particularly in sectors with the tightest labour markets,

but in return, we want businesses to play their part in growing the economy.

Which can include investing in and supporting and retaining workers within a flexible and inclusive workforce, improving occupational health practices so that they don't fall into being unwell.

## **Reforming work incentives and support within the welfare system**

So first, I'll turn to the welfare system.

We have a good track record of getting people into jobs. The Way to Work campaign, for example, got half a million people into jobs in just six months.

Of course, some people are not able to return to work, and we will always support them with dignity and with compassion.

And as Secretary of State, I am absolutely determined and passionate that our claimants are given excellent support – and that our welfare works for them.

That's also why we have recently made changes so that people nearing the end of their life can focus on sharing the valuable time they may have left with the loved ones who matter most to them – rather than worrying about finances.

For those who can work, though, we need to make sure we're doing enough. We need to make sure people have the right incentives and support in place to move into work or increase their earnings, so that they no longer have to rely on Universal Credit.

Around half the people on Universal Credit who are required to search for work have been claiming for over two years.

With over 1.2 million vacancies, it is right that we are firm but fair in ensuring people are engaging effectively with the support available to take up the opportunities that are there.

So that's why, as the Chancellor announced as part of his recent Growth Plan, we are strengthening the expectations on claimants, including about applying for jobs, attending interviews or increasing their hours – in return for receiving Universal Credit.

To really get the country really working and growing, it's not enough just to move people into jobs. We need to help people move up – to up their hours, take a step up the career ladder, to up their pay.

We know that our Jobcentre programmes work, so to help our claimants, we are increasing the pool of people benefiting from our intensive work search

support.

This means an extra hundred thousand claimants will benefit from crucial time with their work coach, helping them to increase their hours and thrive.

The Chancellor and I recently announced changes to raise the earnings threshold even higher from January. This will support our claimants to drive their career forward and will also put in place even stronger incentives for staying and succeeding in work.

We are also rolling out new practical advice and support across all our jobcentres, implementing one of the recommendations of the In Work Progression Commission.

These reforms will give claimants the best possible opportunity to move into work, boost their hours and grow their incomes.

Underpinning all of this is our programme to move claimants off the legacy benefits and onto Universal Credit.

This is vital because Universal Credit removes cliff edges and incentivises work through the taper rate. We have strengthened this work incentive already this Parliament by reducing the taper rate from 63% to 55% – putting more money into the pockets of the lowest earners.

The taper rate also allows employees and businesses to be more flexible about the hours that work for them – and ensure that the amount of benefits they get change according to the amount of income they earn.

Ultimately, though, the welfare system has always had a bottom line – if people don't engage, if people don't keep their promise in the Claimant Commitment – then they are not holding up their end of their bargain and benefits can be reduced.

## **Stopping the flow of people moving into economic inactivity**

Turning to economic inactivity, how do we achieve what we've set out when it comes to in work progression and help stop that flow from employment to inactivity?

Through listening to businesses, we know that the tight Labour Market across the UK is making it more difficult to fill vacancies – as I've said there's 1.2 million vacancies, a very large amount.

Coupled with this, there are now 9 million working-age people who are economically inactive, which is up by 630,000 since the start of the pandemic.

While we have lower rates of inactivity than the OECD average, they have not returned to pre-Covid levels like other countries have seen, reversing the downward trend in inactivity which the UK saw in the 2010s.

So my job is to help both claimants and employers here – and we're doing all we can to match the right people with the right roles.

We're helping businesses to fill their gaps and mobilising untapped talent.

We know that 1.7 million people – who are not active yet in the labour market, want to work. That is a waste of talent across the country.

Now economic inactivity is a rising trend. We cannot afford for more people to join it. It stands at 9 million.

As I say, but just this week new figures suggest a quarter of a million more people joined that number, so it now stands at well over a fifth of the working age population.

Let me turn to who makes up this number:

Almost 2.5 million people are students, a further 2.5 million people are long-term sick. This is in addition to the 1.7 million people who are looking after somebody, and almost 1.2 million working age people who have retired.

Now each person within those numbers, behind those statistics, will have their own story, but in each case they may be held back from securing a fulfilling job that they want.

And this is all despite the outstanding progress we have made in increasing labour market participation, particularly of disabled people.

For example, we not only met – but exceeded – our 2017 manifesto commitment to see a million more disabled people in work over 10 years – in fact, we saw that happen in just five years.

But it is not only getting disabled people into jobs, but making sure their workplace and society is as accessible as possible.

When I was the Minister for Disabled People, I saw how deaf people too often were left out, too often excluded in work, education or wider society.

And that's why I was so proud to help lead the changes represented by the British Sign Language Act, along with my friends cross-party like Rosie Cooper MP.

But we need to do more to help disabled people, or those looking to return to work after suffering from a long-term health condition.

Perhaps it's the moment to touch on my own return to work following a period of sickness.

In October 2020 I was diagnosed with breast cancer, particularly poignant this year again because October is Breast Cancer Awareness Month.

I am stood here as one of the lucky ones, caught it early, able to get the treatment you need to go on I hope to live a long and healthy life. But I

also understand what it is like to return to work after being ill, and I am committed to putting the measures in place to help others with what they may face.

So that's why we're investing £1.3 billion over three years in more targeted employment support for disabled people and people with health conditions.

I've come to see the extent to which the health and disability benefits system can itself be something of a barrier to employment because it genuinely focuses on what people cannot do, instead of what they can.

And I want to turn that on its head so we are focused on what people can do, so they are supported to take up the opportunities that are right for them, that they deserve, guided by the knowledge that employers need their talents.

With this can-do approach, I think we can achieve some more incredible things, together.

## **Older Workers**

I want to turn next to older workers. Older workers have a wealth of experience that is crucial to our labour market. That experience is a key part of the diverse workforce that we need to be able to deliver growth.

The Government and business must work together to do all we can to support older people to stay in the labour market. Both recruitment and retention are very important.

In my department we understand the value that older workers bring, and provision already exists to help them be part of growth.

For example, our new and refreshed, 50 PLUS Champions network provides dedicated support to work coaches across all of the jobcentres in the country. Supported by these champions, DWP is expanding the delivery of the Government's mid-life MOT, which encourages those 40 and above to take stock of their finances, skills and health – That's both of us David as I'm now definitely 40 and above.

We're building on this solid base of support, with even more help announced in the cross-government Growth Plan to support older workers to get jobs.

We are stepping up support for the over-50s, with millions of pounds of measures to help tackle joblessness, including referring those who are long term unemployed to our Restart programme so they get the support they need to find a job.

## **Forging a new deal with employers**

As I set out briefly before, in return for the government helping businesses fill their vacancies, we are expecting employers to invest in their workforce's progression and health. And doing so is a crucial step to ensure we don't face similar labour market challenges in the future.

We can pull out all the stops to help businesses fill their vacancies, we need employers to help people to start and stay and succeed.

Businesses can play their part in reducing inactivity and growing the economy by making the labour market more accessible and inclusive. Many already do.

On top of helping prevent people from falling into unemployment due to sickness, this means recruiting people based on attitude and potential –seeing past disabilities and age.

It means making reasonable adjustments, which are the right thing to do, and also which help to retain workers and cost a fraction of the costs of recruiting replacement.

It means investing in the workforce in terms of training and supporting career options.

This will enable workers to progress into better-paid and better-quality jobs, while also enhancing growth and productivity.

This in turn delivers more jobs, higher wages and the economic growth to fund vital public services and allow us in turn, to put more money into the pockets of hardworking people.

A healthy workforce supports a healthy and growing economy.

Sickness absence has been found to cost employers an estimated £9 billion a year – and that was before the pandemic! We know this holds businesses back – which in turn, holds back growth.

To underline once more, out of that 9 million economically inactive group, around 2.5 million people are long term sick, which is up by 378,000 since before the pandemic.

Many employers are doing great work to support the health and wellbeing of their workforce.

But to truly address this issue and prevent even more people being inactive due to long term poor health and to prevent even more businesses facing shortages in what they can recruit and the talent that they need, more needs to be done.

So this is why we've set out plans to reform the occupational health market to support employers, particularly smaller ones, to purchase high quality and cost-effective occupational health services.

I think most businesses understand this and for really good reason.

I'm aware of the challenges for small businesses in particular, in delivering high-quality occupational health, but I want to help them by aiming high – every business will want to make great provision available for employees.

We know that one of the biggest causes of people being long term ill is



mental ill health – and so to counteract this, I am delighted that there is some great examples of small companies who are really going the extra mile to look after their staff.

As an example you can see Sawdays, a Bristol-based travel company that employs 65 people. The company has a number of policies in place to support wellbeing, including up to four sessions of private counselling for anyone who may need it, a trained mental health first aider in each team, and contact with a mental health support specialist.

Another principal cause of people becoming long-term sick is Muscular Skeletal issues.

But, again, there are things employers can really do to help in that area.

For example – aware of the detrimental impact of spending many hours in front of the computer – the Cornwall-based print supplier Forms Plus have organised an ‘on your feet day’ where every hour staff get together to do two minutes of exercises.

When businesses put in place a holistic approach to looking after their staff – it increases the chances that common issues will be avoided, talent can be retained, people have a better opportunity to reach their potential and the company will thrive.

So I challenge all employers to join me in rolling out the best provision that they can.

## **Conclusion**

So I am determined in conclusion, that DWP needs to play its full part in delivering a new era for Britain focused on growth. To go further and faster, we need to work across the Government and be led by the evidence.

By reforming welfare to create stronger incentives, extra support and clearer expectations on people to move into work and increase their hours because a good job is the best way to be resilient against changes in the Cost of Living.

By acting to reduce economic inactivity so we can help businesses to fill their vacancies and grow.

By ensuring that the health and disability system focuses on what people can do rather than on what they can't so their talent is not wasted.

By continuing to protect the most vulnerable at a time of many pressures and anxieties.

With businesses working with us, we can play that full part together.

We can unleash the full potential of our labour market.

We are an aspiration nation.

We are going for opportunity, and we're going for growth.

Thank you