

## The challenge for Britain

**To grow together as a country, rewarding those who work hard so they can do well and look after their families: returning Britain to full employment, enabling people to get higher-paid and better jobs, and widening access to home ownership. The Tories have no plan for fairness; their decisions would make our society more unequal and unjust.**

### The next stage of national renewal

- **200,000 jobs through the Future Jobs Fund, with a job or training place for young people who are out of work for six months, but benefits cut at ten months if they refuse to take part; and anyone unemployed for more than two years guaranteed work, but no option of life on benefits.**
- **A National Minimum Wage rising at least in line with average earnings, and a new £40-a-week Better Off in Work guarantee.**
- **More advanced apprenticeships and Skills Accounts for workers to upgrade their skills.**
- **No stamp duty for first-time buyers on all house purchases below £250,000 for two years, paid for by a five per cent rate on homes worth more than £1 million.**
- **A People's Bank at the Post Office; a Universal Service Obligation on banks to serve every community; a clampdown on interest rates for doorstep and payday loans.**

As the British economy returns to growth, we will ensure that everyone who is willing to work shares fairly in renewed prosperity. We will support the recovery so that we see a swift return to full employment, with more chances to get on at work and a fair distribution of growth throughout Britain.

Our job guarantees will put an end to long-term unemployment and a life on benefits. No one fit for work should be abandoned to a life on benefit, so all those who can work will be required to do so. At the same time, we believe that people should be able to earn enough to live and be better off than on welfare.

In today's world, every worker needs to be able to upgrade their skills in order to get on. As well as good career prospects, people want to know that their living standards and quality of life will improve. So we will enable more people to get on the housing ladder; offer a helping hand to build up savings; and secure a fair deal with the banks to strengthen people's personal finances.

### A modern welfare state for all

We will build a personalised welfare system that offers protection for all those who need it, increases people's control over their own lives, and is clear about the responsibilities owed to others. Getting more people into employment increases tax revenues and reduces spending on benefits. Our intensive help for people out of work – starting from day one – has already kept unemployment more than half a million lower than predicted during the recession, saving £15 billion over the next five years.

We are determined that no-one should be scarred for life by joblessness. No young person in Britain should be long-term unemployed: those out of work for six months or more will be guaranteed employment

or training through the £1 billion Future Jobs Fund, with mandatory participation after ten months. The fund will support 200,000 jobs. All those who are long-term unemployed for two years will be guaranteed a job placement, which they will be required to take up or have their benefits cut.

More people with disabilities and health conditions will be helped to move into work from Incapacity Benefit and Employment Support Allowance, as we extend the use of our tough-but-fair work capability test. This will help to reduce the benefit bill by £1.5 billion over the next four years. We will reassess the Incapacity Benefit claims of 1.5 million people by 2014, as we move those able to work back into jobs.

For those with the most serious conditions or disabilities who want to work there will be a new guarantee of supported employment after two years on benefit. We will seek to ensure that disabled people are able to lead dignified and independent lives, free of discrimination and with the support to which they are entitled.

The lone parent employment rate has increased by over 12 per cent since 1997. We are

radically reforming how Job Centre Plus helps lone parents: providing extra help with childcare, training and support to find family-friendly work, while requiring those with children aged three to take steps to prepare for work and actively to seek employment once their youngest child is seven years old.

Our goal is to make responsibility the cornerstone of our welfare state. Housing Benefit will be reformed to ensure that we do not subsidise people to live in the private sector on rents that other ordinary working families could not afford. And we will continue to crack down on those who try to cheat the benefit system.

### **Making work pay**

The National Minimum Wage is one of our proudest achievements. It protects and sustains millions of low-paid workers. To ensure that the lowest paid share fairly in rising prosperity, the Low Pay Commission's remit will have the goal of the National Minimum Wage rising at least in line with average earnings over the period to 2015.

To underline our commitment to helping the lowest paid we will ask all Whitehall

Departments, within their allocated budgets, to follow the lead of those who already pay the Living Wage. This will be supported by measures to address high pay in the public sector - reducing pay-bill pressure in the years ahead.

To ensure that work pays, we will guarantee that when someone who has found it difficult to get into work comes off benefits, their family will be at least £40 a week better off. This is our Better Off in Work guarantee: together the National Minimum Wage and tax credits should always make work pay. And we will consult on further reforms to simplify the benefits system and make sure it gives people the right incentives and personal support to get into work and progress in their jobs.

We want everyone to have better prospects in work. We will give the Low Pay Commission additional responsibilities to report on productivity and career progression in low-skilled, low-paid sectors, bringing together representatives from the business community and social partners.

## Getting ahead: investing in you

As we restore full employment to the British economy, we will seek to make work more fulfilling and secure. That means helping people to improve their skills.

We have rescued the apprenticeship system supporting more than 250,000 places a year, and we will now expand technician-level apprenticeships to ensure Britain has the skills it needs for the future.

We have legislated for a right to request time for training and will continue to invest in workplace training through Train to Gain. New Skills Accounts will enable every worker to make choices that drive improvement and quality in the skills system. Accounts will help learners know what training they are entitled to, the level of funding available and the benefits of training for their careers. But good work is about more than just skills. Stronger employee engagement improves innovation and productivity: we will continue to promote more effective employee engagement in the workplace.

## Improving your living standards

Our aim is to put more wealth in the hands of the British people. We have done all we can to keep mortgage rates low – at 0.5 per cent during this recession compared to 15 per cent in the 1990s – and will continue to do so in the future. The direct tax and benefit measures introduced since 1997 mean that in 2010-11, households will be £1,450 a year better off on average. A family with one child and one person working full time will have a minimum income of £310 a week in October 2010 - 27 per cent higher in real terms than in 1999. Tax credits will be increased not cut.

As family budgets are under greater pressure, we will do more to help people with the cost of living. Council Tax increases have fallen to their lowest ever rate and we expect them to stay low. There will be more help with energy bills through the Social Tariff and Winter Fuel Payments, and we will work with the regulator to promote greater competition and diversity in the supply of energy to ensure falling wholesale prices get passed onto households in lower bills.

## Fairness at work

We will strive to ensure fairness at work for all employees, continuing our crackdown on exploitative gang-masters and rogue employers. In all sectors the law must be upheld, properly enforcing safety and employment rights, and tackling tax avoidance. We will extend the licensing approach to labour providers in the construction industry if the evidence shows that is the best way to enforce employment rights. We have strengthened HMRC's enforcement of the minimum wage. In future it will co-operate more closely with local authorities to enforce minimum wage legislation. We are enacting the Agency Workers Directive to offer additional protection to agency workers in relation to pay and conditions.

New legislation and the Equality and Human Rights Commission will ensure that people are not held back at work because of their gender, age, disability, race and religious or sexual orientation. The new Equality Act will be enforced, promoting fairness across our society. The public duty to promote equality of opportunity is being extended. We will encourage employers to make greater use of pay reviews and equality checks to eliminate

unfair pay gaps, including inequalities in pay between men and women.

Modern trade unions are an important part of our society and economy, providing protection and advice for employees, and working for equality and greater fairness in the workplace. We welcome their positive role in encouraging partnership and productivity.

### **More home ownership**

Owning your own home is the aspiration of most families. We want as many people as possible to share in the benefits of home ownership, and to have a stake in an affordable home. That everyone has access to a decent home at a price they can afford is a central Labour ambition.

We will widen home ownership: over 160,000 households have been supported into ownership through government action since 1997. We will exempt purchases below £250,000 from stamp duty for the next two years, benefiting more than nine out of ten first-time buyers. This will be paid for by increasing stamp duty to five per cent for homes worth more than £1 million.

Our highly popular Home Buy Direct scheme will continue. We will work with Housing Associations to develop a new form of affordable housing targeted at working families on modest incomes who struggle in the private sector and rarely qualify for social housing. This will focus on enabling working people to rent an affordable home at below market rates while they build up an equity stake.

We have acted decisively to make repossession the last resort, helping over 330,000 families stay in their homes so that repossessions are running at around half the rate of the early 1990s recession. We will now strengthen regulation to ensure consistent standards of consumer protection from repossession, making the FSA responsible for the regulation of all mortgages. This means transferring second charge loans such as debt consolidation loans, which are often issued by sub-prime lenders, into the FSA's tougher regime – guaranteeing equal protection for homeowners.

We are investing £7.5 billion over two years to 2011 to build new houses, delivering 110,000 additional energy-efficient, affordable homes to rent or

buy. We believe local authorities should be able to play their part in providing social housing in the future; and we will reform the council house financing system to enable local authorities to maintain properties at the Decent Home standard and to build up to 10,000 council houses a year by the end of the next Parliament. Tenant involvement in the management of social housing properties will be strongly encouraged.

### **Better housing**

This Government has led the way in making sure that British homes are greener homes through our world-leading commitment to all new homes being zero carbon by 2016 and the construction of new eco-towns, which will have the highest standards of green living yet seen in Britain.

Local authorities now have greater flexibility over the allocation of social housing in order to promote mixed and sustainable communities. We will guarantee the three million households who rent from a private landlord the right to a written tenancy agreement and access to free and impartial advice; and we will establish a new National Landlord Register.

We are committed to ending rough sleeping by 2012, and we will tackle the problems faced by homeless people with multiple needs. We will provide homeless 16 and 17 year olds with Foyer-based supported accommodation and training including help with parenting skills. Once there is enough provision to provide universal coverage we will legislate to change the law so that for 16 and 17 year olds the right to housing is met solely through supported housing.

Our regeneration policies have transformed previously neglected communities, and our great cities are among the best in the world. We will make savings in regeneration funding and focus on tackling worklessness, transforming the prospects of those areas most disconnected from the wider economy.

### **Support with saving**

We will do more to support saving and spread wealth across more families. The annual limits for Individual Savings Accounts have been raised to £10,200 and will be index-linked. The Pension Credit capital disregard will increase from £6,000 to £10,000.

The pioneering Savings

Gateway account for people on lower incomes will be available to over eight million families from July 2010, providing a match of 50p for each £1 saved up to a limit of £300. We will extend this approach even further, giving a boost to savings for more people on middle incomes. To help encourage the savings habit among young adults, we will develop a matched savings account for all 18-30 basic-rate taxpayers, as set out in the Budget.

For the next generation we will protect – not cut – the Child Trust Fund – the world’s first universal savings policy for young people, already giving 4.8 million children a nest egg for the future. We will contribute an additional £100 a year to the Child Trust Funds of all disabled children.

### **A new deal on personal finances**

In the post-crisis economy, we will fight for consumers and stand up to vested interests that treat people unfairly, whether in the private or public sector. We want a fair deal for all.

The Post Office has an invaluable role to play in our communities and in serving local businesses. To promote trusted and accessible

banking, we will transform the Post Office into a People’s Bank offering a full range of competitive, affordable products. This will help sustain the network and boost competition in banking. The universal postal service delivered by the Royal Mail connects and binds us together as a country. We are firmly committed to the 28 million homes and businesses across the country receiving mail six days a week, with the promise that one price goes everywhere. The Royal Mail and its staff are taking welcome and needed steps to modernise work practices. For the future, continuing modernisation and investment will be needed by the Royal Mail in the public sector.

We will introduce a universal service obligation on retail banks, so that all consumers with a valid address have a legal right to a basic bank account, and a right to redress if this is refused. Banks will have to publicly report on the extent to which they are under-serving communities. And we will introduce a new levy on the banks to help fund a step-change in the scale of affordable lending by third-sector organisations, including a new partnership with the Post Office, offering an alternative to loan sharks and high-cost doorstep lending.

Over the lifetime of the next Parliament, as more affordable lending becomes available, we will clamp down on the interest rates and other fees charged by instant loan companies and payday or doorstep lenders, tackling the very high cost lending that hits low-income communities hardest. We will introduce a single regulator for consumer finance to restore confidence and trust with responsibility for the supervision of all unsecured lending being passed to the Financial Services Authority. And new rules governing how financial products are sold will be introduced with a crackdown on unfair terms in contracts.

Finally, we will seek to promote competition in high-street banking by introducing portable bank account and cash ISA numbers that stimulate switching where consumers are dissatisfied, along with consistent, easily understood labelling of financial products.