



WORKING FOR **THE FUTURE**

FINAL REPORT

THE COMMISSION ON THE FUTURE
OF EMPLOYMENT SUPPORT

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Executive Summary



We need a new approach to employment support

Over the last five years, employment growth in the UK has gone into reverse. While employment has risen strongly across the developed world, the UK is almost unique in seeing employment fall. Overall, the share of people in the labour force is now the lowest that it has been since 1998, driven by fewer young people in work, more older people out of work and more people off with long-term health conditions. Digging deeper, virtually all of the increase in the number out of work is accounted for by people who last worked before the Covid-19 pandemic even began, or who have never worked at all – so the challenges we face are particularly around fewer people *entering* the labour force rather than more people *leaving* it in recent years.

These issues reflect deep rooted, structural challenges in our economy and public policy, and not just the legacy and consequences of the Covid-19 pandemic. The UK entered the pandemic with among the highest employment rates in the developed world, but also with a labour market characterised by significant inequalities, insecurity, stagnant productivity growth and unacceptably high rates of poverty – affecting people in and out of work. And this presents a particular problem for the UK because for nearly a generation, economic growth has relied almost entirely on employment growth – i.e. increasing the number of people *in* work rather than being more productive *at* work. This means that as the labour force has stopped growing, our economy has stopped growing too.

Addressing these problems is now urgent if we are to get back to sustained economic growth, raise living standards and reduce economic and social inequalities. It will require action on multiple fronts, but our approach to employment support – how we help people who want to move into work, stay in work or progress in work to do so; and help employers to find, recruit and retain the right people – has a key role to play. That is why this Commission was set up nearly two years ago, by the Institute for Employment Studies in partnership with abrdn Financial Fairness Trust, to look at what is working now and what will need to change in future in order to support higher participation in work, make work more rewarding and productive, and reduce inequalities in access to work.

In our evidence gathering and in developing proposals, we have heard from and spoken to hundreds of people and organisations in what we believe is the largest consultation on our system of employment support in at least a generation. While we found many good practices in how services are working now, we also came across a range of challenges. We found that the UK has the least well-used employment service in Europe – often acting as an extension of the benefits system, with an over-reliance on compliance and sanctions, an ‘any job’ mindset, and often limited access to personalised support for those who are more disadvantaged in the labour market. This has often pushed people away from support and disempowered and penalised those that do engage.

We heard similar concerns from employers and employer bodies, with often limited use of services, and a confusing and fragmented landscape that does not join up effectively between employment, skills, and wider workplace support. Many of these issues – for individuals and employers – are exacerbated by wider challenges in joining up and delivering services locally, partly as a result of the UK having one of the most centralised systems for employment support in the developed world, but also because of short-term and piecemeal funding, near-constant changes and initiatives, and a lack of a coherent approach to devolution and partnerships.

Looking ahead, with the opportunities and challenges that the UK is facing from an ageing population, the rapid pace of technological change, different patterns of international trade and migration, and the transition to a net zero economy, it is clear that our approach to employment support is no longer fit for purpose and needs to change. This final report of our Commission on the Future of Employment Support sets out our proposals for reform.

Northern Ireland, Scotland and Wales

Devolution of employment support varies significantly across the nations: with full devolution in Northern Ireland, including of the equivalent of Jobcentre Plus (but with a requirement to apply UK social security rules); devolution of most employment 'programme' spending in Scotland; and virtually no devolution in Wales. In all three nations however, there is full devolved responsibility for a range of economic and social policy areas – including education, skills, careers, economic development, business support, health and local government – and all have used this to take different approaches that better reflect their needs and priorities on areas like work and health, jobs and careers, and local economic development.

In our view, the arguments for treating employment support differently to virtually all other aspects of 'supply side' economic and social policy do not stack up, particularly given the experience of Northern Ireland: where devolution has enabled the government to design a system which better reflects their needs and priorities, and to narrow the employment 'gap' with the rest of the UK.

We therefore propose that employment services and support – including services currently delivered through Jobcentre Plus – should be fully devolved to Scotland and Wales on the same basis as Northern Ireland, by the end of this Parliament.

Towards full employment and better work

A new approach to employment support needs to be underpinned by clear objectives that can recognise the specific challenges that we are facing in the labour market and the role that employment support can play in meeting these: to raise participation in work, support more productive and rewarding work, and tackle inequalities and disadvantage. Setting clear objectives on this would help drive change nationally and across the wider system. We propose three stretching but achievable ambitions for the next five years, to:

- **Raise our employment rate from 74.5% to 77%**, on the way to the government's long-term goal of 80% employment. Reaching 77% would return the UK to the top fifth of developed economies and increase employment by just over two million based on the latest population forecasts.
- **Reduce the share of people in insecure work or in poverty in work to 2010 rates.** This would be equivalent to lifting a million people out of poverty and 700,000 out of insecure work on current figures.
- **Significantly narrow the 'gaps' on these measures for those who are most disadvantaged:** specifically disabled people, those aged 50-64, lone parents, the lowest qualified, people from minority ethnic groups, young people outside full-time education, and those living in the most disadvantaged areas.

These ambitions should be consulted on and set nationally, and then translated into specific and measurable objectives that local partnerships can work towards as part of new local plans to devolve, join up and extend access to support (covered below).

Resetting the relationship

We need a fundamental reset in the relationship between employment support and the citizens and employers that use these services – to open up access to support; drive a shift from compliance and monitoring towards empowering people; and to set common standards on the quality and delivery of services. To achieve this, we propose:

- **An Employment Advice Guarantee** that if you want jobs and careers advice then you will be

able to get it. We found strong support for having a straightforward guarantee, to send a clear signal of a more inclusive and needs-led system and provide a basis for linking people up with the support that they need.

- **An Employment Support Guarantee** for those who are more disadvantaged, with a cast-iron commitment of access to specialist, regular and consistent adviser support, alongside additional services based on an individual's need. Moving from a programme-based model to an entitlement-based one will be an essential part of having a more ambitious, needs-led and devolved system.
- **A new Charter for Employment Support and Charter for Employer Services.** These would enable clear standards and expectations to be set across national, local and wider employment services, and ensure that the voice and experience of service users – individuals and employers – is integral to how services are designed and delivered.

Making a success of the new Jobs and Careers Service

We welcome the government's commitment to introducing a new Jobs and Careers Service. We believe that this should be at the heart of a new system that is accessible to all, joined up with wider services and focused on what people can do, with the right support, rather than what they must do. We propose that this should be built on three pillars:

- **Online** – a new digital service that can provide information, advice and practical support, and act as a gateway to wider support and services where needed.
- **On the high street** – drawing together existing Jobcentre Plus sites, local job shops and commissioned employment services into a single national network of publicly accessible centres where people can access jobs, careers, skills and wider support.
- **On the doorstep** – with employment and careers support co-located within wider services reaching people who are not yet ready for a job or actively seeking work – to deliver support closer to where people are, through services that they use and trust, and in ways that can meet their needs.

This should be complemented by **a single system for employers**, organised nationally and locally, working directly with employers while co-ordinating with wider employer services and support. This should include a clear offer around advertising and filling jobs, brokering people into work, and providing specialist advice on workplace support for specific disadvantaged groups like disabled people, older people and parents.

This reformed system should be underpinned by a **clearer separation between employment support and social security delivery**, reflecting the (welcome) separation of Ministerial responsibilities for these two fundamentally important priorities. As now, some of those who claim benefits would be expected to attend regular meetings at the new Jobs and Careers Service, but we propose more flexibility and tailoring of those meetings and propose that the focus of them – and of all of the service's work – will be on forward-looking, employment-related support.

Building on this, we also propose a **fundamental reform of the Claimant Commitment**, which is currently a one-sided list of the requirements that people face and the penalties that could be imposed, rather than the basis for an Action Plan owned by the individual and agreed by both parties. This would support a more forward looking, empowering and less threatening approach.

New Labour Market Partnerships

Alongside this new Jobs and Careers Service, we are proposing a new approach to how we tailor, co-ordinate and integrate support within local areas. This is imperative now, given the need to better reach and support people who are more disadvantaged in the labour market (both in and out of work) and who will often not be in touch with employment services; and it is important

in the longer term so that our employment system can better meet local priorities and support local growth. In our view, this means moving away from the highly centralised system that exists now towards one that is more in line with approaches taken in other high-performing countries: with greater devolution and local control and stronger partnership working across services.

To achieve this, we propose that local areas in England should be resourced and accountable for leading new **Labour Market Partnerships** that would bring together local government, employment and skills services, employers, trade unions, voluntary and community organisations and wider public services including health. These would lead on developing local plans and would oversee the commissioning and implementation of specialist support.

Local plans and targets would be agreed nationally and would be aligned with the overarching national objectives set out above, but tailored to local needs and priorities. Importantly, these would be plans for the whole employment system in a local area – with the Jobs and Careers Service and wider local partners agreeing the contributions that they will all make and how support will be joined up and delivered effectively. The plans will also set out how the ‘Support Guarantee’ for disadvantaged groups will be implemented, and will be responsible for ensuring that it can be met – through specialist commissioned services, Jobs and Careers Service support, and/or employment support in wider settings like the NHS or voluntary and community services.

Ending the compliance culture

The last 20 years have seen a relentless ratcheting up of labour market requirements for people claiming benefits, alongside ever tougher penalties and stricter application of the rules. This has often happened with very little or no evidence to justify it, and there is growing evidence that these changes have made things worse rather than better – pushing many people away from support, especially those with health and caring needs; and leading to a range of unintended negative impacts on individuals and families affected (including often poorer employment outcomes). We believe that we need to take a different approach – which still recognises there are mutual obligations in the social security system, but that can enable, empower and engage more people and can work better across services, in communities and with employers. We recommend:

- **Ending the 35-hour jobsearch requirement** for unemployed claimants and returning to broadly the previous rules. The 35-hour requirement is driving much of what is wrong with our current approach: forcing people to constantly justify their actions, tying advisers up in checking what people did last week, and pushing people who are unable to spend 35 hours a week looking for work to apply for other benefits where they would face fewer requirements but also end up further from support. It is a bad policy, with no evidence to justify it, and its abolition would be wholly positive.
- **Removing requirements to undertake ‘work related activity’ where people have significant health conditions or very young children.** The evidence base for applying these requirements is weak, with significant evidence that it can lead to worse outcomes for individuals including on their likelihood of being in work. The core requirement should be to attend periodic meetings with a specialist adviser, where individuals can engage with support voluntarily.
- **Remove ‘worksearch’ and ‘work availability’ requirements from people in work and on low incomes.** The current system, which in effect extends a version of the 35-hour a week rules, is very hard to justify, has no evidence base and likely creates more problems than it solves. We believe that the only requirement for low-income working claimants should be to attend periodic meetings, with the focus then being on agreeing a voluntary plan.

We also propose two changes to the sanctions system. First, there should be **more checks and balances in how decisions are made**. This should include defining ‘good cause’ in legislation so

that frontline staff can act with more discretion before referring for sanction; enabling frontline advisers to make a recommendation to the sanction decision-maker on whether to apply a sanction; and introducing an ‘early warning’ system where people are at risk of breaching requirements. Secondly, the government should legislate to **reduce the severity of sanctions**, particularly for families with children, broaden access to hardship payments and stop recovering these from future benefits.

Support across our working lives

A common theme in our evidence gathering and consultations was that employment support needs to be tailored to meet our different needs across our working lives, and in particular when we are entering the labour market or at risk of leaving it.

For **young people**, we support the government’s commitment to a Youth Guarantee and would argue that this should be built on stronger integration and co-location of youth services and support – across Youth Hubs, local authority services and the proposed new Young Futures network. We would also see merit in testing a full ‘jobs guarantee’ for young people in one or more local areas, which could build on the successful Youth Employment Guarantee after the last recession.

For **older people**, the last five years has seen employment stop growing for the first time since the 1990s. Within this, there is also a growing number of people in their 60s – many affected by State Pension Age rises – who are often overlooked, discriminated against or poorly served in employment support. Older people should be a key focus within the new Support Guarantee, and this should include far greater use of specialist provision and co-located delivery to reach those who are not engaged with support. We also need to ensure that both employment services and workplace practices are far more age inclusive: by setting clear performance measures within services to narrow gaps in outcomes for older workers; and by government getting behind the Age Friendly Employer Pledge to promote more age positive employment practices.

The benefits of reform can far outweigh the costs

We anticipate that implementing the reforms set out in this paper would require additional investment of around £150 million a year over this Parliament. In addition, we assume continued ongoing investment of around 15,000 employment and careers advisers and around £1 billion a year available for commissioned employment support.

Our high-level modelling suggests that meeting these additional costs would require only marginal improvements on current performance – equivalent to just 1% more people engaging with support and 1% more achieving a positive employment outcome. Using more plausible assumptions where 5% more people access support and 3% more achieve outcomes, these reforms would save the Exchequer more than £300 million a year and benefit the economy by at least £750 million a year.

Indeed looking further ahead, if the government can achieve the overall objectives that we have proposed for a reformed system – a 77% employment rate and up to a million fewer people in low-paid and insecure work – then the benefits would be very significant: at least a £16 billion a year improvement in the public finances and £25 billion a year in extra growth.

Taking this forward

A new role for central government

The proposals in this report will lead to important changes in the role of national government, and in particular of the Department for Work and Pensions. In the short term, national government will need to work with a range of stakeholders and service users to develop these plans and then lead and champion their rollout; while in the longer term it will have to play a

very different role which is less focused on 'command and control' and more about supporting, enabling and challenging across a wider employment system. We would therefore propose five key priorities for central government over the coming Parliament, to support implementation of reforms and to build the longer term structures for success:

- **Create a new Implementation Unit** to support partnerships to build capability, develop plans and join up – drawing on seconded and commissioned expertise;
- **Establish a What Works Office for employment support**, that can synthesise evidence, develop tools and resources, and work with policymakers, commissioners and delivery organisations to apply it;
- **Continue to invest in data and insight** – by working with local partnerships to support development of local datastores and Observatories, join up national government initiatives on skills and employment data, and extend the DWP Datalab service;
- **Work with partners to develop the common standards that will underpin a more devolved system** – including the new Service Guarantees and Charters, a single commissioning strategy, common success measures, and a joined-up approach to accreditation and professionalisation of employment advisers; and
- **Create a new Employment Support Quality Team**, to provide oversight and assurance on the delivery of services – both within the Jobs and Careers Service and those that are commissioned locally or in other settings.

A roadmap to a reformed system

We believe that it is feasible to be ready to go live with the new Jobs and Careers Service, empowered Labour Market Partnerships, and guarantees of access to support from Spring 2026. To achieve this will require extensive work over the next eighteen months on detailed design, testing and learning, and managing the transition to a reformed system.

This work should include in particular a focus on co-design and development with service users, partners and staff working in employment services; testing and trialling new approaches in a small number of pathfinder areas and in Jobcentre Plus Model Offices; and ensuring that there is access to specialist employment support over the transitional period – including through a reformed Universal Support programme and a successor to the UK Shared Prosperity Fund.

Taken together, the reforms proposed in this report would represent the most fundamental changes to our approach to employment support and services since the creation of Jobcentre Plus in 2001. However these changes are now not only necessary but urgent if we are to meet the challenges that we face now and the opportunities that the future will bring.

Summary of recommendations

1. **Set three over-arching ambitions for the next five years** (Chapter 3):
 - To raise the employment rate from 74.5% to 77% on the way to the government's long-term goal of 80% employment
 - To reduce the share of people in insecure work or living in poverty in working households to 2010 rates
 - To significantly narrow the 'gaps' on these measures for those who are most disadvantaged in the labour market
2. **Create a cross-governmental Labour Market Board** to oversee these goals and drive change (Chapter 3)
3. **Establish an Employment Advice Guarantee** that sets out that if you want jobs and careers advice then you will be able to get it (Chapter 4)
4. **Establish an Employment Support Guarantee** for those who are more disadvantaged in the labour market, to guarantee access to specialist adviser support and appropriate additional services (Chapter 4)
5. **Develop Charters for Employment Support and for Employer Services**, that set out the standards and expectations for support across national, local and wider employment services (Chapter 4)
6. **Fully devolve responsibility for employment to Scotland and Wales on broadly the same basis as Northern Ireland** by the end of this Parliament – including services currently delivered through Jobcentre Plus (Chapter 5)
7. **Work towards a Jobs and Careers Service based on three pillars** (Chapter 6):
 - **Online** – a new national digital service for information, advice and access to additional resources and support
 - **On the high street** – a single national network of publicly accessible centres where people can access employment, careers, skills and wider support
 - **On the doorstep** – with employment and careers advisers co-located and integrated within wider services that can reach people not yet ready for a job or actively seeking work
8. **Develop a single system for employers** that can work across different employment programmes and services to deliver a clear offer around advertising and filling jobs, brokering people into work, and providing specialist advice on workplace support (Chapter 6)
9. **Consider the case for developing a wider support offer for employers on 'people' issues that can then join up with employment services**, in particular the scope to build on recent trials being run by the Chartered Institute of Personnel and Development (Chapter 6)
10. **Create a clearer separation between employment support and social security delivery**, with the Jobs and Careers Service focused on forward looking, employment-related support and with more flexibility to tailor the approach to engagement for those claiming benefits (Chapter 6)
11. **Reform the Claimant Commitment and introduce new Action Plans for jobseekers**, to support a more forward looking, empowering and less threatening approach (Chapter 6)
12. **Introduce new Labour Market Partnerships** in England, that will lead on developing and agreeing local plans, joining up service delivery across the employment system, and overseeing the commissioning and implementation of specialist support (Chapter 7)

13. **End the 35-hour jobsearch requirement** for unemployed claimants and return to broadly the rules that previously existed (Chapter 8)
14. **Remove requirements to undertake ‘work related activity’ where people have significant health conditions or very young children**, so that the core requirement would be to attend periodic meetings with a specialist adviser where individuals can then engage with support on a voluntary basis (Chapter 8)
15. **Remove jobsearch and work availability requirements from people in work and on low incomes**, with people in work only required in future to attend periodic meetings (Chapter 8)
16. **Reform the sanctions system** to introduce stronger checks and balances in how decisions are made, to reduce the severity of sanctions and to strengthen safeguards for people who could face hardship (Chapter 8)
17. **Revisit the issues raised by the National Audit Office in 2016**, to ensure that there is transparent reporting on how sanctions rules are being applied and active management where there are risks of inconsistency or unfairness (Chapter 8)
18. **Ensure that the new Youth Guarantee is built on integration and co-location of youth services and support**, including the proposed new Young Futures hubs, and that this is led and taken forward through local partnerships (Chapter 9)
19. **If possible, work with a small number of local areas to test a full ‘jobs guarantee’ for young people**, building on the Youth Employment Guarantee which was in place between 2009 and 2011 (Chapter 9)
20. **Work to make employment services and workplace practices more age inclusive**, with clear performance measures within services to narrow gaps in outcomes for older workers; and by getting behind the Age Friendly Employer Pledge (Chapter 9)
21. **Create a new Implementation Unit** to support local partnerships to build capability, develop local partnerships and plans, and join up support and services (Chapter 10)
22. **Establish a What Works Office for employment support**, that can synthesise evidence, develop tools and resources, and work with partners to apply these (Chapter 10)
23. **Continue to invest in data and insight** – including through the development of local datastores and Observatories, by joining up national government initiatives on skills and employment data, and extending the DWP Datalab (Chapter 10)
24. **Work with partners to develop the common standards that will underpin a more devolved system** – including the new Service Guarantees and Charters, a single commissioning strategy, common success measures for provision, and a joined-up approach to accreditation and professionalisation of employment advisers (Chapter 10)
25. **Create a new Employment Support Quality Team** to provide oversight and assurance on the delivery of services (Chapter 10)
26. **Ensure that there are mechanisms in place, for example through the cross-government Growth Mission or Local Growth Plans, to join up across wider drivers of employment growth and good work** – including social security policy; workplace regulation, enforcement and practices; skills policy; health and social care; and local economic growth (Chapter 11)
27. **Work to go live with the new Jobs and Careers Service, Labour Market Partnerships, and the Advice and Support Guarantees from Spring 2026** – with detailed co-design and testing over the next 18 months and transitional support in place to provide a ‘bridge’ to the new system (Chapter 11)



1: Introduction



1. Introduction

1.1 About the Commission

The Commission on the Future of Employment Support was launched in November 2022, to develop evidence-led proposals for reform of our system of publicly-funded employment support and services. These services can play a key role in supporting economic growth and social inclusion: by helping people who want to move into work, stay in work or progress in work to do so; and by helping employers to find, recruit and retain the right people. However with participation in the labour force at its lowest in 25 years, record numbers off work due to ill health and one third of all vacancies going unfilled because of labour and skills shortages, it is increasingly clear that we need to reform our approach. This Commission was set up to gather evidence on what has worked and what needs to change, and to set out what a better system could look like.

The Commission has been overseen by ten commissioners who have brought a range of perspectives, expertise and experience in employment support, public services, business and civil society. The Institute for Employment Studies has provided the secretariat for the work, with funding and support from abrdn Financial Fairness Trust.

Over the last two years we have heard from and spoken to hundreds of people and organisations in what we believe is the largest consultation on our system of employment support in at least a generation: from national and local governments across all four UK nations; those working in employment, skills and careers services; large and small employers and representative organisations; people working in wider services including health and housing; academics and researchers; international experts; and people with direct, recent experience of using employment support. This has included running a major Call for Evidence in early 2023, with nearly one hundred responses and around 250 evidence submissions; delivering twenty consultation events to learn more about what was working and could be improved; conducting an extensive review of the literature around ‘what works’; and over the last year running 15 further workshops and roundtables first to explore and co-design options for reform, and then to develop and refine these.

The launch report for the Commission, the Interim Report published in July 2023, and other publications related to the Commission are available on the IES website at www.employment-studies.co.uk/commission. We are deeply grateful to everyone who has contributed to this work and shared their expertise and views. It has come across clearly throughout this process that our system needs to change; however we have also heard that there is a lot that we can learn from and build on already, and a real opportunity in the coming years to get things right.

Box 1: The Commissioners

Fran Beasley – former Chief Executive, London Borough of Hillingdon

Kate Bell – Assistant General Secretary, Trades Union Congress

Karen Brookes – Chief People Officer, Sir Robert McAlpine

Neil Carberry – Chief Executive; Recruitment and Employment Confederation

Mubin Haq – Chief Executive; abrdn Financial Fairness Trust

Kayley Hignell – Head of Policy (Families, Welfare and Work); Citizens Advice

Ashwin Kumar – Director of Research and Policy, IPPR

Liz Sayce – Visiting Professor in Practice, London School of Economics and Political Science

Michael Sheen – actor and producer

Carmen Watson – Chairperson, Pertemps Network Group

1.2 The options development process

Over the last year, the Commission's work has been focused on developing proposals for future reform. We have done this using the Government's 'Green Book' process, which sets out guidance on appraising policies and programmes in the public sector¹. Specifically, this sets out a process for developing a longlist of options using an 'Options Framework-Filter'; shortlisting these against 'Critical Success Factors'; and then identifying a leading option.

Box 2: The Green Book options appraisal framework

Options Framework-Filter (for longlisting options)

1. **Service Scope:** the coverage of the service, for example by geography, population groups, durations or other qualifying criteria
2. **Service Solution:** what service(s) would then be delivered, for whom and how – for example in-person and digital services, specific programmes or interventions, how services join up
3. **Service Delivery:** the organisations or types of organisations that would deliver this, i.e. public service provision, commissioned services, contracted providers
4. **Service Implementation:** the proposed approach to rolling out reforms, i.e. piloting/ testing, phased implementation, 'big bang' rollout; and any interaction with other aspects of design
5. **Service Funding:** broad cost estimates and potential funding sources based on the proposed design

Green Book Critical Success Factors (for shortlisting options)

1. **Strategic fit and business needs:** both in terms of the objectives for the policy or services, and the fit with other objectives
2. **Value for money:** in terms of its social, economic and environmental costs and benefits and the risks involved
3. **Supplier capacity and capability:** the ability of potential suppliers to deliver
4. **Potential affordability:** the scope to finance from available funds at a reasonable price
5. **Potential achievability:** how deliverable the option is, in terms of the level of change or skills required

Longlisting and shortlisting was done through design workshops, roundtables and research with stakeholders and service users through the autumn and winter of 2023-24. This comprised three workshops with people in and out of work and three with people who design, commission and deliver employment services; as well as undertaking additional in-depth interviews with employers and conducting a two-day visit to Northern Ireland to learn from their approach to employment service delivery and devolution. In practice, there has been broad consensus around many aspects of how a reformed system should look, and so options development tended to focus on specific design choices within this (for example around the extent of devolution, levels of integration with other services, scope of services for employers, and so on).

The key Critical Success Factors built on the objectives and design principles set out in the interim report (and repeated in Chapter 3 of this report) and took as a starting point that the system should be cost neutral over the medium term. Chapter 11 sets this out in more detail, including an assessment of the scale of impact that would be necessary for reforms to deliver a

¹ Available at: <https://www.gov.uk/government/collections/the-green-book-and-accompanying-guidance-and-documents> [Accessed 15 July 2024]

positive fiscal return.

In the final stage, over the spring of 2024, we tested draft proposals in six expert workshops (engaging around ninety people and organisations) and three workshops with previous and potential users of employment services (focused on those out of work and looking for work, out of work but not looking for work, and in work but on low incomes). We also commissioned YouGov to conduct public polling to test views on specific recommendations².

1.3 Structure of this report

This report begins by setting out the case for reforming our system of employment support. It builds on and updates the arguments set out in our launch report and interim report, which described the key issues that we are facing in the economy and labour market, how our system measures up, and what needs to change.

Following this, the report is divided into three parts:

- In the first (Chapters 3 to 5) we set out how the objectives for a reformed system should be translated into clear ambitions and targets, guarantees of access to support, and clear standards for delivery of services. We also argue for fuller devolution of employment powers to Scotland and Wales to mirror the approach taken in Northern Ireland.
- The second part (Chapters 6 to 9) sets out the core proposals for a new approach – based around a new jobs and careers service that is **online, on the high street** and **on the doorstep**; a coherent, joined up and more devolved system that can deliver higher quality specialist support for those who are most disadvantaged in the labour market; a reformed approach to conditionality and sanctions, based on what you can do (with the right support) rather than what you must do; and ensuring that support is tailored to the different stages of our working lives.
- The final part (Chapters 10 and 11) then describes how this should be taken forward – and in particular the implications for the Department for Work and Pensions, the broader conditions that need to be in place, and how proposals would be implemented and funded.

² Fieldwork was undertaken by YouGov Plc between 3rd - 4th June 2024. Total sample size was 2,083 adults. The survey was carried out online. Figures have been weighted and are representative of all GB adults (aged 18+).



2: The case for reform



2. The case for reform

Over the last five years, employment growth in the UK has gone into reverse while many of the problems that we were already facing in the labour market have got worse. The share of people in the labour force is now at its lowest since 1998, with fewer young people in work, more older people out of work and more people off work with long-term health conditions. Overall, our analysis finds that nearly nine out of ten people out of work face a significant labour market disadvantage, and nearly half are multiply disadvantaged.

Our analysis also suggests that the increase in economic inactivity over the last five years is being particularly driven by fewer people entering the labour force rather than by more people leaving it: with 90% of the overall growth – and three quarters of the growth in those off work with long-term health conditions – accounted for by people who last worked before the Covid-19 pandemic even began or who have never worked at all.

Falling labour force participation is a particular challenge for the UK because for nearly a generation, economic growth has relied on more people in work rather than being more productive at work. So as the labour force has stopped growing our economy has stopped growing too. And in our view it is the weak labour market that is holding back economic growth, not the other way around.

The UK is almost unique internationally in experiencing these issues. Every country has lived through the Covid-19 pandemic, many have ageing populations, and many have faced unprecedented demands on public services and public finances. Yet while the employment rate in the UK fell by 1.6 percentage points between 2019 and 2024, across the European Union it has risen by the same amount.

Alongside this, too many people who are in work still struggle to make ends meet: with nearly two thirds of those in relative poverty (eight million people) in households where someone works. So looking ahead, we need to raise both participation in work and productivity at work to deliver sustained economic growth, raise living standards and tackle inequalities.

In our interim report, we found many good practices in how services are working now, but also a range of challenges. We have the least well-used employment service in Europe, with an over-reliance on compliance and sanctions, an ‘any job’ mindset, and often limited access to personalised support. This has often pushed people away from support and disempowered and penalised those that do engage. We heard these concerns from employers and employer bodies too, who told us that services are often ‘goods led’ rather than ‘needs led’, and do not join up effectively with wider support (which itself was often limited).

These issues in how we support people and work with employers are exacerbated by wider challenges in joining up and delivering services, partly as a result of the UK having one of the most centralised employment systems in the developed world, but also because of short-term funding, near-constant changes and a lack of a coherent approach to devolution and partnerships.

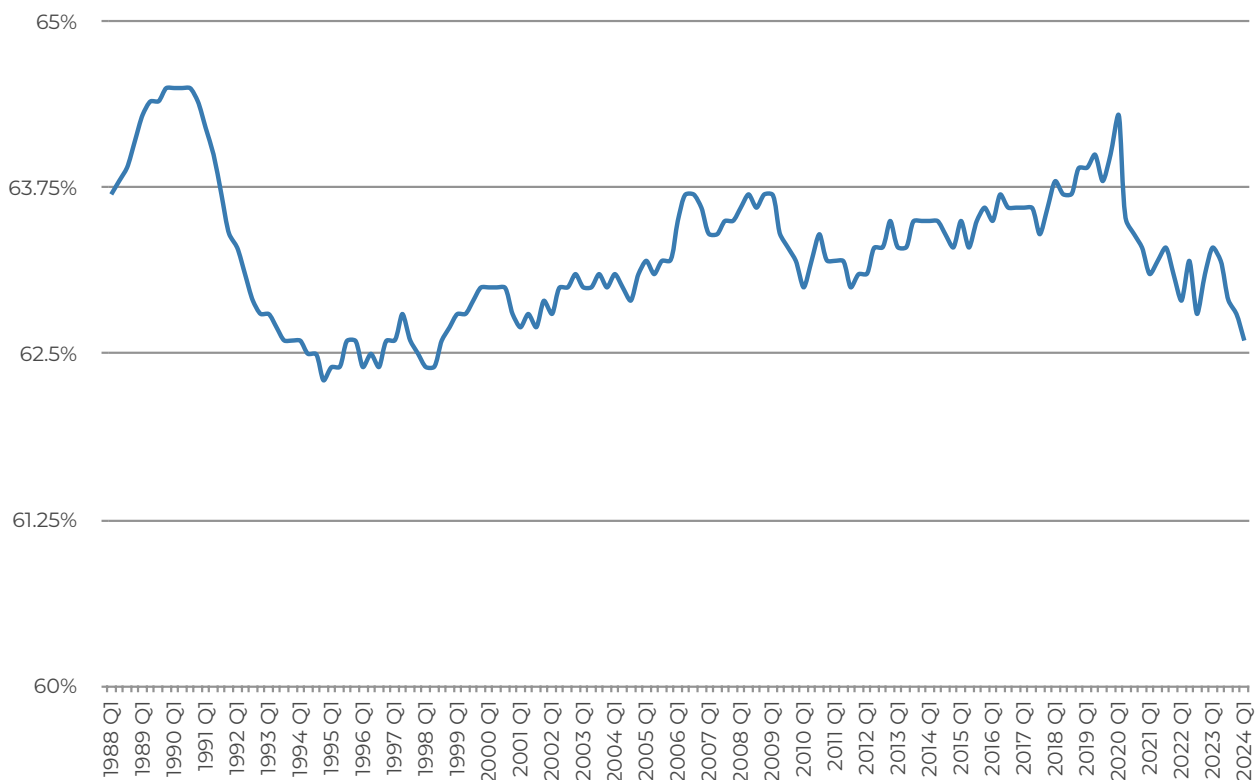
To meet the challenges that we are facing now will require action on multiple fronts. However, reforming our approach to employment support is perhaps the clearest example of where ‘supply side’ policy reform could make a tangible and substantial difference to economic growth and social inclusion.

2.1 The economic and labour market context

As we set out in our launch report in 2022, the UK entered the Covid-19 pandemic with a range of challenges – particularly around inequalities in the labour market, chronically weak productivity growth and long-term worklessness – but also boasting its highest employment rate on record and one of the highest in the developed world. Since 2019 however, employment growth in the UK has gone into reverse, while many of the problems afflicting the labour market have got worse. This has been driven in particular by large increases in the number of people outside the labour force altogether (described by economists as being ‘economically inactive’, which means they are not currently looking and/ or available for work).

As Figure 1 below shows, this reversal in participation in the labour force has happened at a pace that we have not seen since the late 1980s, with the ‘participation rate’ (the share of the population aged 16 and over who are either in work or looking for work) now at its lowest since 1998.

Figure 1: Proportion of people aged 16 and over who are either employed or unemployed



Source: IES analysis of Labour Force Survey

Higher worklessness has been particularly a consequence of fewer young people in work (in turn mainly explained by people staying in education longer), more people off work with long-term health conditions – which has risen to its highest ever, at 2.8 million – and more older people out of work. However these latter two factors are not simply a result of our population getting older or our health getting poorer, as our ageing population had helped drive the jobs boom over previous decades – accounting for three quarters of all jobs growth between 2000 and 2020 – while before the pandemic the employment rate for disabled people and those with long-term health conditions had been increasing³.

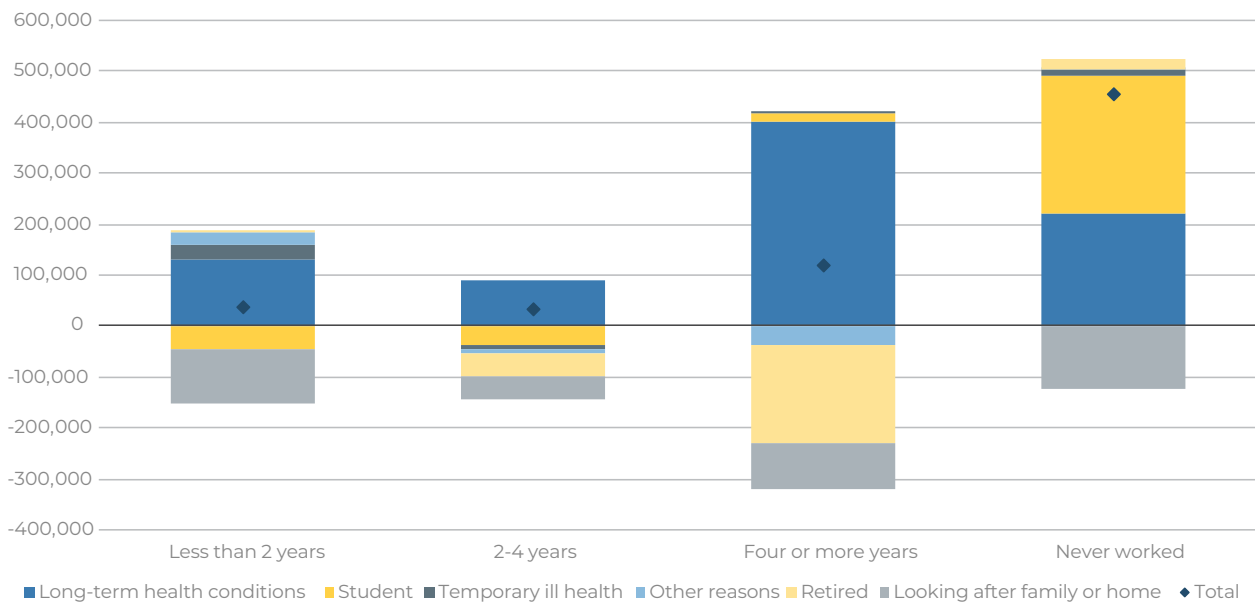
Our analysis suggests that higher worklessness now is mainly being driven by fewer people

³ However it should be noted that this growth in employment may partially be explained by increased reporting of disability. See Wass, V. and Jones, M. (2020) Measuring Disability and Interpreting Trends in Disability Related Disadvantage, Disability@Work Briefing Note, August 2020.

entering work from ‘economic inactivity’, particularly those who have been out of work a long time or have never worked, rather than more people *leaving* it. This is illustrated in Figure 2 below, which shows the change between 2019 and 2024 in the number of people who are outside of the labour force by the time since they last worked and their main reason for not working. The bars illustrate the change between 2019 and 2024 for those who last worked less than two years before, two to four years before, more than four years before, and who have never worked (this latter group is mainly people aged under 30). The colours then illustrate different reasons for economic inactivity, and the diamonds indicate the total change.

This shows that the overall growth in worklessness since 2019 is almost entirely accounted for by people who last worked more than four years previously (i.e. before the onset of the Covid-19 pandemic) or who have never worked. These two categories account for 89% of the overall increase. Within this, students account for most of the rise in those who have never worked, but the single largest change across all categories has been the number of people off work with long-term health conditions who last worked more than four years ago. It should be noted that there has been growth in those off work with long-term health conditions at all durations, so there are more off work for relatively shorter periods too. However overall, three quarters (74%) of the total increase is accounted for by people who last worked four or more years ago or who have never worked.

Figure 2: Change in economic inactivity by length of time out of work and main reason given, Q1 2019 to Q1 2024



Source: IES analysis of Labour Force Survey. Note that 2019 data has been modelled to address a discontinuity in population weighting between 2019 and 2024. To do this we have assumed a uniform impact from reweighting on reasons for economic inactivity.

It is important too to emphasise that the vast majority of those who are outside the labour force face wider disadvantages in the labour market. Analysis of 2021 Census data shows that half (49%) of those who are economically inactive and not in full-time education are aged 50-64, more than two fifths have low or no qualifications or are disabled (43% and 42% respectively), and just over one fifth (22%) are from an ethnic minority group. In all, 88% of all of those who are economically inactive are disadvantaged on at least one of these four dimensions, while nearly half (46%) are disadvantaged on two or more⁴.

Falling labour force participation is a particular challenge in the UK because chronically weak

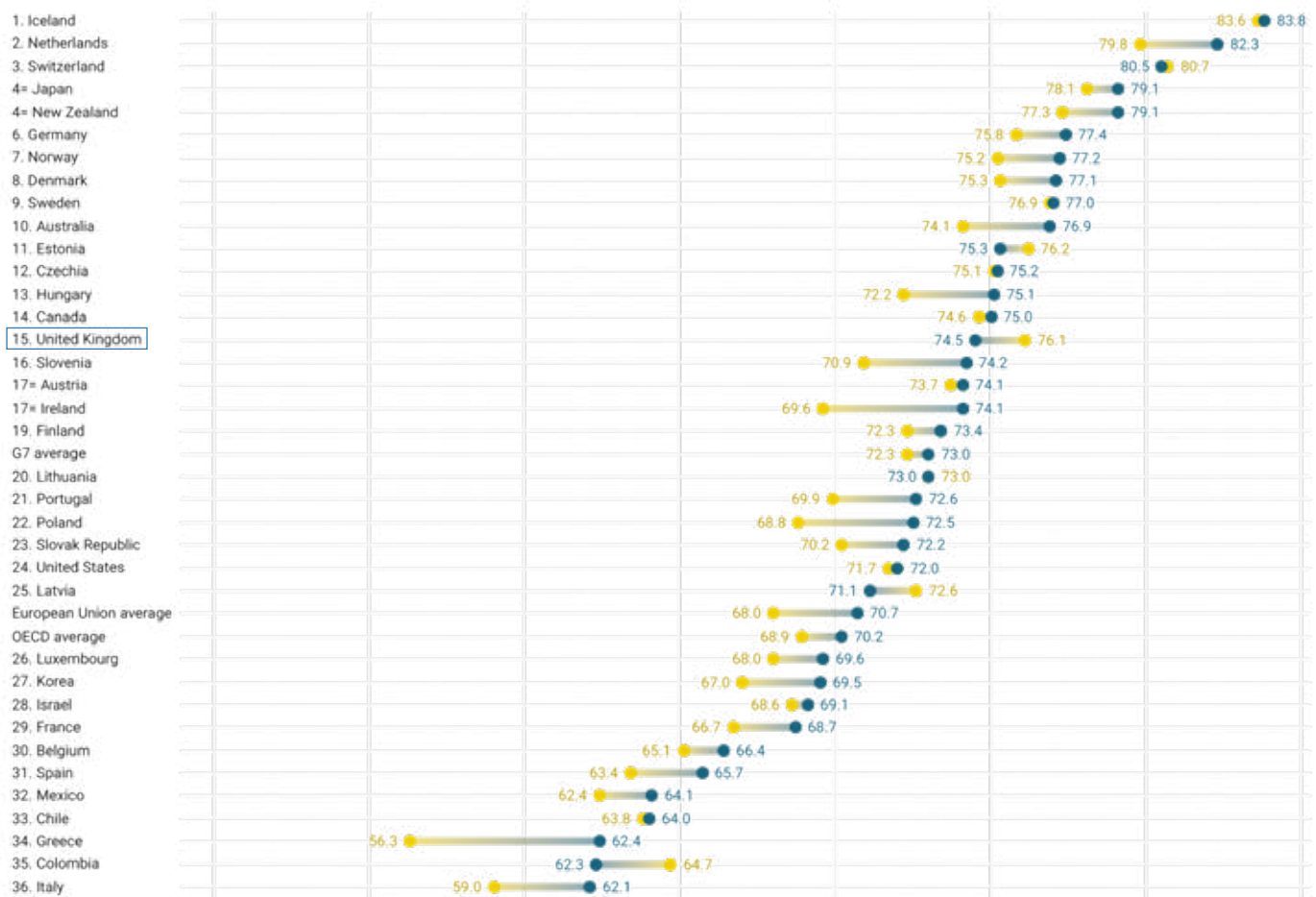
⁴ Source: IES analysis of 2021 Census. Data is for England and Wales.

productivity growth since the financial crisis has meant that economic growth has almost entirely relied on growing the labour force rather than improving productivity. As we set out in our launch report, the size of the labour force in the UK has grown continuously since the early 1990s – adding around one million people every four years, aided by both higher migration and a rising employment rate. Over the last four years however, we have had no employment growth at all. In effect there are now more than a million people ‘missing’ from the labour force compared with pre-pandemic trends.

These issues are particularly acute now because it is becoming clear that weaknesses in our labour market are holding back economic growth. We can see this in the latest labour market data, with 860,000 unfilled vacancies in the economy (well above their pre-pandemic levels), redundancies close to their lowest on record, earnings growing by around 5% a year, and firms reporting continued difficulties in recruiting staff⁵.

It also bears repeating that the UK is almost unique in the developed world in having seen employment fall over the last four years. Across the OECD, employment rates have risen by on average 1.3 percentage points since the end of 2019 while across the European Union they have risen by on average 1.6 points. In the UK, the employment rate has fallen by 1.6 percentage points. This in turn has seen the UK slip from having the eighth highest employment rate in the developed world (placing it among the top fifth of countries overall) to fifteenth – as Figure 3 below shows.

Figure 3: Employment rates (15-64) by OECD nation, Q4 2019 (yellow) and Q1 2024 (blue)



Source: OECD Data Explorer, chart created with Datawrapper.

5 Sources: Office for National Statistics Labour Market Overview, August 2024; British Chambers of Commerce Quarterly Economic Survey, July 2024

Raising *participation* in work, however, will not be enough on its own to unlock growth and improve living standards. We also need to make work more rewarding, productive and inclusive. This means boosting investment, particularly in workplace skills, but also on making the best use of our skills at work – with a range of evidence showing that poor workplace practices, workforce management and skills utilisation has held the UK back⁶.

Increasingly, it also means supporting individuals who are in work to find better work, as for too many people having a job is no longer a route out of poverty. In all, nearly eight million people living in relative income poverty are in a household where someone works – nearly two thirds (63%) of all of those in poverty, and one in six (17%) of all people living in working households⁷. And we need to do far better at helping people to get the flexibility, autonomy and workplace adjustments that they need in order to access good work, particularly for disabled people and those with health conditions.

We also set out in our launch report that the UK entered the pandemic as one of the most unequal societies in Europe, with these inequalities particularly pronounced in access to employment, earnings in work and the distribution of higher skilled jobs. For example disabled people are more than twice as likely to be out of work as non-disabled people, and when in work earn around one sixth less; those with low qualifications are twice as likely to be out of work than those with higher qualifications; while people from ethnic minorities groups are nearly 50% more likely to be out of work compared with white people (and when in work are about one sixth more likely to be in low skilled jobs)⁸.

Disparities are particularly pronounced between areas: people in the North of England for example are one third more likely to be in a low-skilled job, a third more likely to be disabled, and a fifth more likely to have low or no qualifications than those living in London and the South East⁹. Within regions, disparities are even greater still – with ex-industrial areas, coastal towns and many major cities seeing particularly high worklessness and disadvantage.

2.2 How our system measures up

Addressing the challenges that we face in the labour market requires action on a number of fronts. Critically, as the Chancellor set out in her Mais lecture in March 2024, this means taking a more active approach to ‘supply side’ policies – and there are few areas where this more applies than in our approach to employment services and support. Over the last two years, we have consulted widely on what is working well and what needs to change, both to address the issues that we face now but also to prepare for the future with key findings below (and set out in more detail in our interim report).

2.2.1 Supporting people

Our evidence gathering found many examples of effective employment support, but seven key barriers were consistently identified:

- **The narrow focus of employment services** – with many of those who need or could benefit from support unaware of it, unable to access it or not eligible, and unemployed people less likely to use public employment services in the UK than in any other European country.
- **Limited access to personalised support** – particularly for those more disadvantaged in the labour market like parents, disabled people, older people, disadvantaged young people and refugees and migrants.
- **An ‘any job’ mindset** – fuelling turnover in work, discouraging people from accessing

6 Recent analysis of drivers of weak productivity growth in the UK are summarised well by the Productivity Institute at: <https://www.productivity.ac.uk/news/what-explains-the-uks-productivity-problem/> [Accessed 15 July 2024]

7 Source: Households Below Average Incomes, 2022-3. Figures exclude pensioner households.

8 Source: IES analysis of 2021 Census. Data is for England and Wales

9 Ibid.

support, and alienating those employers that engage with the system.

- **A focus on compliance and the threat of sanction** – which often undermines trust and pushes some people away from support.
- **Poor co-ordination with skills and careers** – with strong support for a more flexible and adaptable service for people through all stages of their working lives.
- **Problems in navigating wider support** – we heard many examples of how a complicated and fragmented landscape of local support made it hard for services to engage people.
- **A lack of support for self-employment** – which risked cutting off opportunities for those who may be more disadvantaged or wanted more control and flexibility at work.

“It definitely does feel like they are trying to push you through the system very quickly and to put you into any role that’s out there just to get you into employment. Without properly thinking about what’s right and what you want and what your circumstances are.”

Participant, Consultation with young people

2.2.2 Working with employers

When we surveyed employers in 2022, we found that around two thirds of firms that had used public employment services had had positive experiences of doing so. However, we also found that just a quarter of employers had used these services in the prior two years. In our evidence gathering, we also found a range of good practice among firms – for example on inclusive recruitment and on making adjustments at work – but extensive challenges both in how services reach employers and the support that they provide.

In particular, we heard that support for employers:

- Tends to be ‘goods led’ rather than ‘needs led’ – based on specific and time limited programmes and often very narrowly focused on help with vacancy collection and job applications;
- Can be confusing and fragmented, with different services competing for employer attention or duplicating effort; and
- Does not join up effectively with wider skills support or wider services for employers.

More broadly though, in many cases (particularly in England) wider business support services are patchy and often do not exist – meaning there is little to join up *with* and making it harder still for employment services to reach employers or co-ordinate activity. These issues are particularly pronounced for small employers, who are far more reliant on the availability and quality of local services.

“Employers want a service which responds to the needs of the local labour market and they want a service that delivers candidates who want the jobs available.”

Federation of Small Businesses

2.2.3 Working in partnership

These issues both in how to support people and work with employers are exacerbated by wider challenges in how our systems join up to support employment, both locally and nationally. We have one of the most centralised models for employment support in the developed world, but also one that is siloed and highly fragmented¹⁰. The Local Government Association has estimated that (as of 2021) there were 49 national employment and skills related schemes or services,

¹⁰ LGA (2017) , *Local Government Association*, June 2017

with combined spending of around £20 billion. In England in particular, the infrastructure to effectively join up across these schemes simply does not exist, although a number of combined authorities have used their devolved powers (which do not extend to employment) to try to co-ordinate and integrate support. The picture is also different in Northern Ireland, Scotland and Wales, which to different extents have developed more systematic approaches to joining up locally.

We heard that the involvement of Jobcentre Plus was particularly patchy. Many places reported having cordial working relationships with local managers, but said that there was little to no institutional focus on partnership working and limited local autonomy or control over service design and delivery. Similar findings were often also reported for nationally-contracted employment programmes.

This was made harder still by funding pressures and short-termism both in employment support and wider services. A range of post-pandemic programmes were wound up during our evidence gathering, and in the latter stages of the Commission's work it was announced that the Work and Health Programme would close in September 2024. Its replacement – the Universal Support programme – remains significantly delayed. The UK Shared Prosperity Fund, which had allocated nearly £600 million to employment and skills support for disadvantaged groups, is slated to end in March 2025 with as yet no extension or replacement¹¹. Meanwhile the Learning and Work Institute has estimated that public investment in adult skills support has fallen by 20% over the last fourteen years¹².

Nonetheless, there are a range of models that we can learn from and build on: in English Combined Authorities and the devolved nations, as well as more nascent developments in joining up work and health services, often led by local government and the NHS.

“I would have really appreciated DWP working better with local organisations that are very much instrumental to the community... it needs to be a collective collaboration to get people into employment.”

Young person

2.3 Facing the future

Overall, then, our system of employment support was built for a different time, and without reform it cannot meet the challenges that we are facing now – to raise participation in work, to improve the quality of work, and to address the disadvantages that many people are facing both in and out of work. However it also needs to be able to meet the opportunities and challenges that the future will bring: in particular from our ageing population, rapid social and technological change, and the transition to a net zero economy.

Our previous reports have set out how these forces are already leading to permanent changes in our economy and labour market and are likely to accelerate in the coming years. Far slower growth in our labour force, continued growth in demand for higher skills and falls in demand in low skilled industries, plus the scale of change required to meet our 2030 climate change targets will only be met by transforming our approach to the labour market, employment and skills.

¹¹ Source: Freedom of Information request to Department for Levelling Up, Housing and Communities, December 2023

¹² Evans, S. and Egglestone, C. (2024) *The great skills divide: how learning inequalities risk holding the UK back*, Learning and Work Institute, May 2024



Part One: Towards full employment and good work

3: Setting the direction

3. Setting the direction

We welcome the government's long-term goal of achieving an 80% employment rate. We believe, and heard in our design work, that having clear and ambitious objectives would help set the direction for the next Parliament and drive reform across the system. These top level objectives need to be ambitious, clearly defined and limited in number, and underpinned by clear accountabilities and success measures.

We also heard and believe that our objectives need to balance the different priorities for our employment system, both around how we support those in and out of work and how we deliver economic growth and social inclusion. Therefore we are proposing three stretching but achievable ambitions for the next five years, to:

- Raise our employment rate from 74.5% to around 77% on our way to an 80% long-term goal. Reaching 77% would return the UK to the top fifth of developed economies and increase employment by just over two million based on the latest population forecasts;
- Reduce the share of people in insecure work or living in poverty in working households to 2010 rates, equivalent to lifting a million people out of poverty and 700,000 out of insecure work on current figures; and
- Significantly narrow the 'gaps' on these measures for those who are most disadvantaged: specifically disabled people, those aged 50-64, lone parents, the lowest qualified, those in ethnic minority groups, young people outside full-time education, and those living in the most disadvantaged areas.

These ambitions should be consulted on and set nationally, then translated into specific and measurable targets for our employment services and for local areas – based on the contributions that they can make given their starting positions.

They would then be overseen by a national Labour Market Board, and provide the basis for local and regional partnerships to develop their own local plans.

The Labour government has set out a long-term goal of achieving an employment rate of 80%. This would be a step-change from where we are now (74.5%) and place us among the highest performing countries in the world. We support having clear and ambitious objectives, to set the direction for the coming years and drive reform across the system. This came out clearly too in workshops and feedback in the latter stages of our design work. We would argue that these objectives need to be ambitious, clearly defined and limited in number, and then underpinned by clear governance, accountabilities and success measures.

In this chapter we set out what we think the objectives for a reformed system should be, how these could be translated into three clear ambitions and associated targets, and then how this should be taken forward.

3.1 Objectives: what are we trying to achieve?

We set out in our launch report that modern public employment services tend to balance three important roles, to:

- Help the labour market work more effectively, by ensuring that people who want to enter work or change jobs can find the jobs that want people – quickly and the right fit;
- Improve equity, by providing extra support to people who are disadvantaged in the labour

market and so might otherwise spend longer out of work or in poverty in work; and

- Help manage social security, by supporting claimants who are able to work to do so, while ensuring that any requirements to seek or prepare for work are being met.

The balance between these priorities has changed over the 115 years of public employment services in the UK, but in recent years has been particularly focused on the third objective and to some extent on the second, often in tension with each other – as increasingly strict application of conditions has pushed some people further from support and made it harder to engage people who receive social security but are not required to prepare for work.

In our interim report, we set out that a reformed system should seek to reset the balance between these three functions, and proposed three overarching objectives for a reformed system, to:

1. Provide inclusive, tailored and effective support that can empower people who are out of work or who want to get on in work to find the right job for them
2. Enable employers to be better able to recruit and retain the people and skills that they need
3. Support a stronger economy and more equitable society

Alongside this, we set out six key principles that should underpin these: around **empowering** people who use and work in services; improving **efficiency** and **equity** in the services we deliver and outcomes we achieve; **joining up** effectively within and between services; and supporting a more **sustainable** and **deliverable** system, that can support lasting change and command broad support.

There has been broad consensus around these objectives and principles in our consultations since autumn 2023, with discussion tending to focus on the scope of public employment support – how far it should be a service for all, versus one for those who face particular disadvantages – and the relationship with the benefits system. These issues are explored in more detail in Part Two, where we set out proposals for the design of the new system.

3.2 Clear ambitions and targets

A strong steer from discussions with stakeholders and experts has been that the high-level objectives for a reformed system need to translate into clear ambitions for the coming Parliament. A number of people, particularly those formerly in government, argued that these should not simply be aspirational objectives – they should be stretching but achievable targets, with specific success measures and accountabilities, that can then drive future decisions, service delivery and reform. They also need to balance different priorities, both around how we support those in and out of work and how our system supports economic growth and social inclusion. Therefore we believe that at a high level, government should set three ambitions and associated targets: for higher participation in work; more people in better work; and reducing inequalities in access to good work. These are taken in turn below.

3.2.1 Higher participation in work

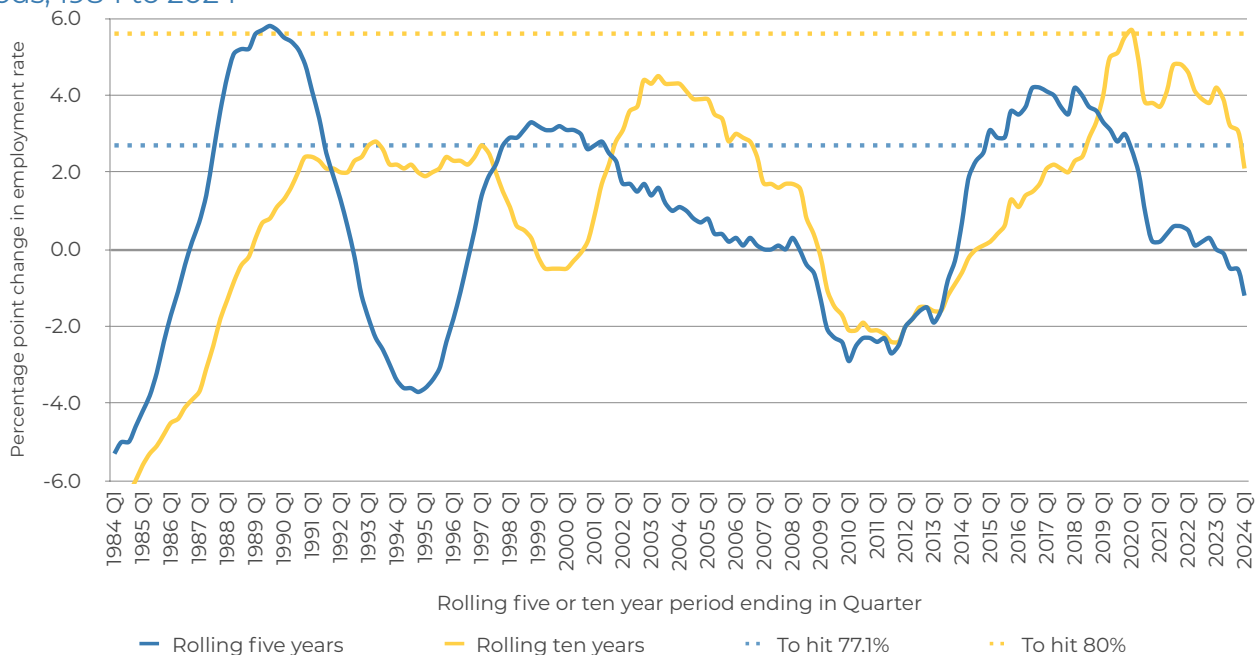
The government's long-term goal of an 80% employment rate is welcome. We are taking this to mean the proportion of people aged 16-64 who are employed – while there would be an argument for setting a different target to increase the employment rate for those aged between 16 and the State Pension Age (currently aged 66, with the employment rate 73.7% on this measure) or even for all of those aged 16 and over (60.0%), for clarity and simplicity we would agree with setting an ambition based on the 16-64 rate.

The government's ambition of reaching 80% would mean increasing the employment rate by 5.5 percentage points from its current position (74.5% in the second quarter of 2024). As Figure 4 sets out, this has only been achieved once over a five year period in recent decades, and even

then only very briefly – in the ‘boom’ years between the early 1980s and late 1980s recessions. Even over a ten year period it has only been achieved once and again only momentarily: in the decade before the Covid-19 pandemic, aided by the equalisation of the State Pension Age for women and the recovery in employment following the financial crisis. This also emphasises how far changes in employment rates are driven by wider ‘demand’ side factors – recessions and recoveries, and more recently the Covid-19 pandemic and its aftermath. Therefore we would argue that achieving 80% should be an aspiration for the next decade rather than this Parliament, subject to the economic cycle. Whether this could be achieved would depend on a range of factors, but as the Institute for Government and Nesta have recently pointed out, setting and committing to aspirational targets can nonetheless be important in driving system change¹³.

In the shorter term though, we would recommend setting an ambition to return the UK employment rate to the top fifth of developed economies, which would translate to an increase of 2.6 percentage points to 77.1%. This would be a highly stretching target too – our highest employment rate on record – but as Figure 4 shows (blue dotted line) it is in line with the scale of change that we have seen in the aftermath of the three recessions since the early 1980s and in our view, with the right reforms, can be achieved again. If we did so, then based on the latest population estimates this would be equivalent to an addition **2.05 million people in work** between 2024 and 2029¹⁴. On plausible assumptions, this would boost GDP in the final year of this Parliament by around £25 billion in today’s prices, and boost the public finances by around £16 billion (see Chapter 11).

Figure 4: Percentage point change in 16-64 employment rate over rolling five- and ten-year periods, 1984 to 2024



Source: IES analysis of Labour Force Survey

3.2.2 More people in better work

We received clear feedback from our consultations that a target to raise employment needed to be balanced with one to improve the quality of work (both for those entering work and those in poor quality jobs). Specifically, concerns were raised that *only* targeting an increase

13 Gurumurthy, R., Owen, J., Burns, A. and Norris, E. (2024) *Mission-driven government: What does a ‘mission-driven’ approach to government mean and how can it be delivered?* Nesta and Institute for Government, July 2024

14 Based on ONS 2021-based interim population projections, published in January 2024. Note that the latest Labour Force Survey estimates do not use these population projections, so to arrive at the 2.1 million figure we have applied the 2021-based projection for the year 2024 to the latest LFS employment rate estimate. This gives an estimated level of employment of 32.4 million.

in employment could drive the wrong behaviour and perpetuate a narrow focus on pushing people to apply for any job and to prioritise job entry over sustained employment.

There are a range of ways that we can measure job quality (and the ONS periodically reports on many of these, following the work of the Measuring Job Quality Working Group¹⁵); but in order to be meaningful we would argue that the objectives we set need to be limited in number, regularly measurable, and directly relevant to employment support. Our particular focus here is on how job quality affects health and wellbeing, income poverty and economic growth and so have considered and discussed a range of potential measures. Our conclusion is that we should set two ambitions, to reduce the number of people:

- **In relative income poverty in households where someone works.** As noted in Chapter 2, currently 17% of all people in working households (excluding pensioner households) are in poverty. If an ambition was set to reduce this to its 2010/11 rate of 15%, this would lift nearly a million people out of poverty on today's figures.
- **In insecure work.** Using the TUC's definition of insecurity – which comprises those on zero-hours contracts; in other insecure work like casual, agency and seasonal work; and the low-paid self-employed – there are 3.9 million people in insecure work (around one in twelve of those in work). Again, reducing this to its 2011 level would lift 700 thousand people out of insecure employment.

As with setting an employment target, both of these measures are affected by wider factors than our approach to employment support. In particular, changes to social security (like the removal of the two-child limit) would reduce the number of people in poverty in working households, while the introduction of the measures in Labour's New Deal for Working People should reduce the numbers in insecure work. However, employment policy can make an important contribution on both, and – importantly – both can also be translated into operational targets and priorities, which would lead to a more explicit focus on tackling poverty and improving security.

We considered further measures, around desired working hours, labour productivity, hourly pay and wellbeing at work. However we ruled these out either because of their measurability, their direct relevance, and/ or the extent to which they could be influenced by employment services.

3.2.3 Reducing inequalities in access to good work

As well as setting ambitions for the employment rate and for working poverty and job security, we would also argue that on each measure there should be an explicit commitment to narrowing the 'gaps' between outcomes for specific disadvantaged groups and for the wider population. This is important because a core purpose of employment support is to narrow inequalities and address the 'market failures' that mean that some groups are disadvantaged in the labour market.

Such targets were a feature of the last Labour government through their Public Service Agreement model, the best example of which was their 2007 Agreements which included (as 'PSA 8') an explicit objective to *'narrow the gap between the employment rates of the following disadvantaged groups and the overall rate: disabled people, lone parents, ethnic minorities, people aged 50 and over, the 15 per cent lowest qualified [and] those living in the most deprived local authority wards'*. As we set out in Chapter 2, these inequalities persist, and the very large majority of those who are outside the labour force are disadvantaged on at least one of these measures.

In our view, and unlike the PSA 8 formulation, ambitions here should be quantified for this Parliament. The precise design and size of these targets would need further work, mainly due

¹⁵ See for example the ONS 2022 statistical bulletin analysing job quality measures: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/jobqualityindicatorstheukhourspayandcontracts/2021> [Accessed 15 July 2024]

to issues around the population weighting of the Labour Force Survey and the impacts that future changes will likely have on employment estimates. However as an illustration, using the *current* published estimates for the labour force, if an employment rate target of 77.1% were hit, and in doing so the growth in employment for disabled people and for those aged 50-64 was proportionate to their share of the number of people out of work (excluding students), then the employment 'gap' for disabled people would narrow by nearly three percentage points in this Parliament, while the gap for those aged 50-64 would narrow by more than two points.

3.3 Taking this forward

In summary, our system of employment support needs to be guided by three stretching but achievable ambitions for the next five years, to:

- Raise our employment rate to above 77%, equivalent to two million more people in work;
- Reduce the share of people in insecure work or living in poverty in working households to 2010 rates, equivalent to 700 thousand fewer people in insecure work and a million fewer people in poverty; and
- Significantly narrow the 'gaps' on these measures for those who are most disadvantaged: specifically disabled people, those aged 50-64, lone parents, the lowest qualified, those in ethnic minority groups, young people outside full-time education, and those living in the most disadvantaged areas.

These three ambitions should be set nationally and translated into specific and measurable targets for our employment services and support.

Setting this national framework is also critical to achieving meaningful devolution to local areas and supporting better joining up and integration across services – by enabling areas to focus on (and be accountable for) outcomes, rather than required to report on specific initiatives or programmes. Therefore we also propose in Chapter 7 that these national objectives should be overseen by a national Labour Market Board - with input from the new Advisory Board announced by the government in July - and then form the basis for local plans which would translate these into the contributions that each around would make given their starting positions. This is discussed in Chapter 7.



4: Resetting the relationship

4. Resetting the relationship

We need a fundamental reset in the relationship between employment support and the citizens and employers that use these services: to drive a shift from a focus on compliance and what you must do to one based on empowerment and what you could do; to enable support to reach more people in different ways and at consistently high standards; and to help overcome the stigma that is often associated with support.

We make four proposals to enable this:

- **An Employment Advice Guarantee** that if you want jobs and careers advice then you will be able to get it. As recently as 2009, half a million people a week visited jobcentres without an appointment, most of the time to look for work. In the last decade however, Jobcentre Plus has closed its doors to the public. We found strong support for having a straightforward guarantee, to send a clear signal of a more inclusive and needs-led system and provide a basis for linking people up with the support that they need. In most cases this would be a light touch offer, so as to be affordable and to not crowd out the wider market. This proposal was also recently made by Demos in their *Open Door Policy* report and we echo that call.
- **An Employment Support Guarantee** for those who are more disadvantaged, with a cast-iron commitment of access to specialist, regular and consistent adviser support, alongside additional services based on an individuals' need. We would propose that this should be in place for the key priority groups covered in Chapter 3, with a cross-cutting guarantee for the long-term unemployed and those who may not meet other criteria but are significantly socially excluded. We believe that moving from a programme-based model to an entitlement-based one will be an essential part of having a more ambitious, needs-led and devolved system.
- **A Charter for Employment Support.** This would enable clear standards and expectations to be set both within national services and in wider support. Again, this would help drive wider system change and underpin greater devolution and localism, but would also ensure a focus on quality within national services. There is no overarching standard currently, although we can learn from the Charter for Employment Services recently developed by the Scottish government.
- **A Charter for Employer Services,** which would similarly set out what employers can expect from services and what they can do in return. This should build on work done in recent years to more clearly articulate the DWP offer, but focus too on how services are delivered and set standards for wider employment support.

As well as setting clear objectives and ambitions for our system of employment support, we also need to reset the relationship that citizens, employers and wider partners have with the system. As we set out in our interim report, we need to shift from a focus on compliance and what you must do, with one-sided responsibilities, no explicit entitlements to help, and where support is determined largely by the benefit that you claim, to one that can enable more people who want or need support to get it, in different settings, and for this to be forward-looking, joined up and partnership based. In this Chapter we set out proposals for:

- A clear promise that if you want or need employment and careers support then you will be able to get it;
- A guarantee of access to more specialist support for those facing more significant disadvantages in the labour market;
- A reformed Charter for employment support, setting out clearly the standards that citizens can expect but also the mutual obligations on both the state and service user; and
- A clear and consistent offer for employers, again underpinned by a reformed Charter.

4.1 An Employment Advice Guarantee

As Chapter 3 sets out, a key objective for public employment services is to ensure that people who want a job (or a different job) can find one as quickly as possible. The rationale for public funding for this is that the open market is imperfect – people may not know what jobs are available, or what work they could do with their skills or with the right support – and that these ‘market failures’ can affect some groups more than others: particularly people with less recent experience of looking for work or who have specific needs that limit the sorts of work they can do (or that mean they require workplace adjustments to be able to do it). However, the open market works well for most people most of the time, and in the UK in particular this is aided by a flexible labour market and diverse private recruitment services. Therefore the UK has tended to limit access to publicly-funded support to those who face specific disadvantages and those claiming specific benefits (in line with the other two rationales set out in Chapter 2).

Nonetheless, until the early 2010s Jobcentre Plus offered a limited service to everyone – with help to search for work available via a telephone service (Jobseeker Direct) and jobcentres themselves open to the public (with ‘jobpoints’ to search for work and information on site about other local services). And even these limited services were often well used: as recently as 2009, half a million people a week would visit Jobcentre Plus offices without an appointment, nearly a third of whom were not claiming any benefits, and most using ‘jobpoints’ to look for work¹⁶. In the last decade however, Jobcentre Plus has closed its doors to the public and no longer offers any in-person services to people who are not on benefit, (and online support is also limited)¹⁷. The National Careers Service by contrast offers a free telephone-based service for anyone in England seeking careers information and advice.

“I think the government have let people down because they keep sort of narrowing it down to people who they think are costing them money. And if they can get them into work, they won’t have to spend so much money.”

Focus group participant, out of work and not looking for work

The UK is very unusual internationally in not allowing public access to employment services. In our consultations and workshops since the interim report, there has been consistent support for some public funding of employment information and advice, to help meet the significant gaps

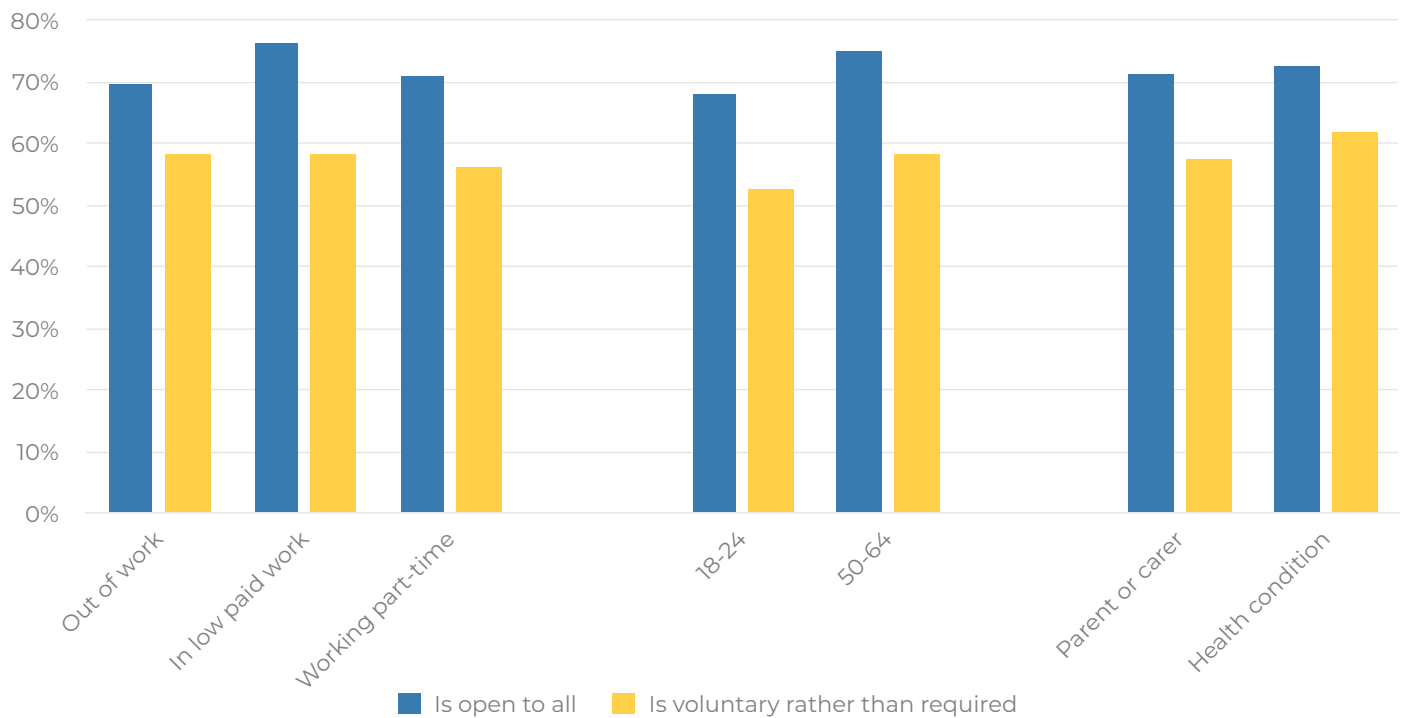
¹⁶ Tu, T., Lister, C. and Kotecha, S. (2009) *Exploring the nature of unappointed face-to-face contacts in Jobcentre Plus offices*, Department for Work and Pensions Research Report 613

¹⁷ There are two online services: an online jobs board (<https://findajob.dwp.gov.uk/>) and a site providing tips and advice on jobsearch, job applications and sources of wider support (<https://jobhelp.campaign.gov.uk/>). These are discussed further in Chapter 6.

in support for those who want a job or want to change jobs but do not claim the right benefits.

We also heard in our evidence gathering that widening access to support would help with engaging groups who are more disadvantaged in the labour market. This was borne out too in polling conducted by YouGov for the Commission. As Figure 5 below shows, among those survey respondents who did not state ‘Not applicable – I do not need access to advice, guidance or support related to work’, more than two thirds of those out of work (68%), or working part-time (71% – working fewer than 30 hours a week) said that they would be more likely to access support that was open to all regardless of their working or benefit status; and more than half (56-58%) would be more likely to access support that was available on a voluntary basis rather than being required for getting Universal Credit. People aged 50-64 (75%) and in low paid work (76% – gross personal income under £25k) were most likely to state that they would be more inclined to access support that was available for anyone who wanted it; while disabled people and those with health conditions (62%) were particularly likely to state that if support was available on a voluntary basis and not a requirement this would make a difference.

Figure 5: Proportion of people reporting that they would be more likely to access employment support if it were open to all, or were on a voluntary basis rather than required



Source: YouGov Plc. Total sample size 2,083 adults. ‘Out of work’ excludes pensioners and full-time students. All totals exclude those who answered ‘Not applicable’.

We therefore propose that there should be a clear and straightforward commitment to all, that if you want help to find work or to improve your work, you will be able to get it. This would also serve as a key enabler for wider system change: by helping to address stigma in using services, loosening the links between employment support and benefits delivery, and underpinning how we join up across services nationally and locally.

In our view, the support available to all as part of this guarantee should be a ‘light touch’ offer as it was before the early 2010s, so as to deliver value for money and not crowd out other services, but should include improved online resources, phone support and publicly accessible ‘one stop shops’ (set out in Chapter 6). It could also provide onward referral to recruitment agencies in the open market, and support better partnership working between public and private employment services.

We have tested this proposal extensively over the last year and found strong support, and set

it out prior to the General Election too¹⁸. This has also been adopted by Demos, in their recent *Open Door Policy* report¹⁹, in which they describe this as an ‘Employment Advice Guarantee’. We would therefore echo that call.

“That universal back to work service should exist.”

Focus group participant, out of work and not looking for work

“I think it’s a very good idea to be honest, particularly if you are in work and want to move into a different vocation. To retrain.”

Focus group participant, in low paid work and interested in changing job

4.2 An Employment Support Guarantee

Alongside this universal ‘Advice Guarantee’, a reformed system should include stronger guarantees of access to tailored support for specific groups that face significant disadvantages in the labour market.

Adopting a ‘guarantee’ approach rather than programme-by-programme entitlements (as largely happens now) would serve a number of purposes. First, it sets out clear commitments that would then drive delivery and standards both nationally and locally, particularly in a more devolved and less siloed system. Secondly, it would provide a framework for ensuring that additional support is focused on addressing labour market disadvantages. And thirdly, it would reinforce the point that entitlements to support are not programme- or benefits-based, and so reduce the stigma attached to engaging with support.

We propose that this core ‘Support Guarantee’ should reflect the main priority groups identified in Chapter 3, but with cross-cutting guarantees for all of those who have been unemployed for over a year (i.e. actively seeking work and available for work) and for those who may not meet other criteria but are significantly socially excluded – for example care leavers, homeless people, refugees, veterans, and people with drug or alcohol dependency²⁰.

It should be noted that we are proposing here guarantees of *support*, rather than guarantees of *employment* or another positive outcome. In effect, this proposes an extension of Labour’s commitment to a Youth Guarantee – which will guarantee access to specialist employment support, an apprenticeship or training place to young people not in full-time education.

Guarantees along these lines have been used in different programmes and services in the past, in the UK and overseas, and so setting these out as a common set of standards is not a complete departure from what has been tried before and in some cases is in place now or could be put in place relatively straightforwardly. However the detail of the guarantees would need to be worked through, and in particular to get the balance right between making clear and meaningful commitments on the one hand, and on the other avoiding this driving a ‘tick-box’ approach where people are placed in categories based on arbitrary criteria and offered support which may not meet their needs.

Feedback from design workshops and discussions again found strong support for moving to a guarantee-based model, and tended towards keeping this relatively high level but with a cast-iron commitment across all groups of having access to specialist, regular and consistent adviser or caseworker support, alongside a description of the sorts of additional services that should be available, based on an individuals’ needs. This makes sense too given that many of those out of work would fit multiple groups. Given this feedback, we would suggest having a single guarantee that sets out a core level of support for all of those who face significant disadvantages

¹⁸ See: <https://www.employment-studies.co.uk/news/working-future-five-priorities-reforming-employment-support-next-parliament>

¹⁹ Phillips, A. (2024), *Open Door Policy: Why the new government should introduce an Employment Advice Guarantee*, Demos, July 2024

²⁰ Note that we have excluded having a distinctly separate guarantee for ‘those living in the most disadvantaged areas’, as in practice virtually everyone requiring specialist support in these cases should be covered by other guarantees, and this guarantee by its design will encourage government and local partners to gear support to the most disadvantaged areas and to develop place-based solutions.

in the labour market, with access to additional support based on needs. Box 3 below sets out what this could look like in practice.

Box 3: What an Employment Support Guarantee could comprise

If you are out of work and significantly disadvantaged in the labour market, have been unemployed for over a year or are in low paid or insecure work, we guarantee that you will be able to access specialist and high-quality employment support from a trained caseworker, you will be able to meet them regularly, and support will be consistent over time. You will be able to access to additional support where appropriate or needed, for example:

- **For disabled people and those with long-term health conditions:** access to specialist support based on your needs, which could include help with managing a health condition, advice and support on workplace adaptations and flexibility, and referral for assessment for Individual Placement and Support provision
- **For people aged 50 and over:** specialist support on changing careers, using your skills, financial planning, and health and wellbeing at work
- **For lone parents:** access to specialist advice and support on workplace flexibility, childcare, skills and careers and financial planning
- **For people with no or few formal qualifications:** access to training for essential skills and a first level 2 qualification
- **For people from ethnic minority groups:** support tailored to your specific needs, which could include for example support related to health, caring, skills and careers, flexibility at work, or language training
- **For young people:** access to training, apprenticeships and/ or work placements
- **For those in low-paid or insecure work:** help with career planning, job progression and addressing barriers that might make it harder to find the right job or a better job

Realising this guarantee would help drive wider transformation nationally and in local partnerships in how we support people and join-up across services. Indeed in a more devolved world, where employment services are commissioned more locally and by different settings, we would argue that an over-arching guarantee would be essential – in providing the glue that would underpin common entitlements and standards without prescribing specific approaches or programmes. We set this out in more detail in Chapters 6 to 9.

However, an Employment Support Guarantee could also risk over-promising or setting standards that cannot be met in the short-term, particularly for those areas where existing provision is more limited or most disjointed. Therefore there would likely be a case for starting with a higher level guarantee for all, safely delivering fuller guarantees for some groups (Labour's Youth Guarantee, a guarantee for the long-term unemployed and perhaps for lone parents) and building towards having the overall Support Guarantee in place by the end of this Parliament. This is discussed further in Chapter 11.

4.3 A new Charter for Employment Support

The Guarantees set out above should also feed through into a new Charter for employment services and support. Customer Charters can play an important role in setting out the standards of service that users can expect to receive, as well as what is expected of service users in return. A new Charter is needed for three reasons:

- First, because the current DWP Customer Charter does not do this in relation to employment support. The current Charter commitments are higher level, around how people can expect to be treated by DWP services, the accuracy of decision making, how people will be communicated with, and the accessibility of services²¹. And while there did used to be a specific Charter for Jobcentre Plus, which set out what could be expected from employment support staff and services, this was removed in the early 2010s²².
- Secondly, a Charter would enable common expectations to be set across wider employment-related services, including those commissioned locally and nationally, and those delivered through different public services. In a more devolved and joined-up system, a single Charter is necessary to ensure that common standards are set and that services can be held to account against these.
- Thirdly, a single Charter would make clear that there are responsibilities both on those who deliver services and those who use them. For some people, there will continue to be specific obligations to look for work and be available for work as a condition of receiving social security, and we set out in Chapter 8 how these ‘conditionality’ rules should be reformed. However the Charter should also set out that everyone accessing employment support should try to engage openly, treat staff with respect, and notify the service if they cannot attend a meeting or need specific extra help.

The Scottish Government has recently developed and published a similar Charter for Scottish employment services, which sets out how people will be treated, how support will be tailored and how services will be improved, as well as what is expected from service users²³. This would provide a good framework to learn from, although (as in Scotland) the precise detail of a new Charter should be co-designed with service users.

4.4 A Charter for Employer Services

Finally, we would recommend a similar Charter for employers using employment support, setting out what they can expect from services, what will be available and what they can do in return. The previous government made some positive strides in recent years in more clearly articulating its offer for employers, which we return to in Chapter 6. A Charter could build on these, but as above should focus on *how* services are delivered not just what is available, should set standards for all employment support that works with employers, and should set out the responsibilities on both sides.

Note that this would be distinct from the ‘employer charters’ that currently exist in a number of cities and in Scotland. These employer charters are voluntary schemes that encourage firms to demonstrate that they meet certain standards or criteria and in return can gain accreditation and recognition for this. As part of our design work and in consultation workshops, we did consider the case for having a wider accreditation scheme, but while we think that there would be value in exploring this further we concluded that it would be beyond the scope of this Commission.

²¹ The current charter is available at: <https://www.gov.uk/government/publications/our-customer-charter/our-customer-charter> [Accessed 15 July 2024]

²² The former Jobcentre Plus Charter is available at: <https://webarchive.nationalarchives.gov.uk/ukgwa/20060213210448/http://www.jobcentreplus.gov.uk/JCP/Customers/Ourcharter/index.html> [Accessed 15 July 2024]

²³ The Scottish Charter for employment support is available at: <https://www.gov.scot/publications/employment-support-services-customer-charter/pages/6/> [Accessed 15 July 2024]



5: Northern Ireland, Scotland and Wales

5. Northern Ireland, Scotland and Wales

This Commission has found common issues and challenges across all four nations of the UK, but also very different approaches in each – reflecting their priorities, contexts and the extent of their devolved powers.

We also explored the significant differences in the extent of control over employment support in the devolved nations, with Northern Ireland having full devolution of all policy and services but with a requirement to ‘mirror’ UK benefit conditions, while Scotland has far more limited powers (over some employment support) and Wales has none.

In all three nations however, there is full devolved responsibility for a range of similar economic and social policy areas – including education, skills, careers, economic development, business support, health and local government.

In our view, the arguments for not devolving employment services and support do not really stack up, particularly given what we saw in Northern Ireland: where devolution has enabled the government to design a system which better reflects their needs and priorities while maintaining the same social security rules, and prima facie appearing to narrow the employment ‘gap’ that they previously faced.

We therefore propose that employment services and support – including services currently delivered through Jobcentre Plus – should be fully devolved to Scotland and Wales on the same basis as Northern Ireland, by the end of this Parliament.

Those governments would then decide on the objectives and ambitions that they set and how they deliver these, but with the same social security obligations in place across the UK.

Nonetheless we would expect that all four nations would work together to share practice, understand and apply evidence of what works, and achieve better outcomes.

5.1 Employment support in the four nations

The scope of this Commission has been to look at the system for employment-related support across all four nations of the UK. In our Call for Evidence we heard from organisations and individuals in England, Scotland, Wales and Northern Ireland, and in our later consultations have actively engaged across the UK, including discussions with officials in all four governments and a two-day visit to Northern Ireland. This has highlighted the common issue and challenges that the four nations face, but also the very different approaches that have evolved in each, reflecting their political, economic and social contexts and how their devolved powers have been used to reflect these.

In Northern Ireland, the government has devolved responsibility for all employment support, but has to maintain ‘parity’ with the rest of the UK on how work-related conditions are applied to social security claimants²⁴. This employment support is delivered in part through ‘Jobs and Benefits Offices’ (the equivalent of Jobcentre Plus) with wider employment support then commissioned both nationally and locally: national provision mainly focuses on support for disabled people and on a subsidised jobs programme for young people (JobStart) while local provision is co-ordinated through local authority-led Labour Market Partnerships (discussed further in Chapter 7). As a result, the approach to employment support in Northern Ireland has increasingly diverged from that taken in England.

In Scotland and Wales, employment support is a ‘reserved’ matter (i.e. it is the responsibility of the UK government), although since 2017 the Scottish government has had devolved responsibility for employment support for disabled people and for most provision for those ‘at risk of long-term unemployment’ (in effect the equivalent of the Restart Scheme in England and Wales). This has led to Scotland commissioning its own support for these groups (most notably the Fair Start Scotland scheme) and more recently devolving funding to local partnerships through the ‘No-One Left Behind’ programme.

The Welsh government has no formal devolved powers on employment services and support, although this is set to change in this Parliament following Labour’s manifesto commitment to ‘devolve employment support funding to the Welsh Government’. It is not yet clear what this commitment will mean in practice, but at its broadest it could mean the Welsh Government getting the same or similar powers and responsibilities as exist in Scotland.

In all three nations however, governments have full devolved responsibility for a range of other relevant economic and social policy areas – including education, adult skills, careers, economic development, business support, health, local government, children’s and young people’s services, transport and more. This has led to very different systems developing across all four nations, often overlapping with employment services in both Scotland and Wales (including through the development of the Working Wales model, which we highlighted in our interim report).

5.2 The case for fuller devolution

The rationale for employment policy being a ‘reserved’ matter in Scotland and Wales is not entirely clear given their devolved responsibilities for so many other similar economic and social policies, but there are two broad possible arguments:

- That social security is a reserved matter and therefore employment support should be reserved too, given its close links (particularly around the application of benefit conditions in jobcentres)
- That ‘passive’ labour market policies are reserved – like the national minimum wage, labour market regulation and enforcement – and therefore ‘active’ labour market policies should be reserved too.

²⁴ Technically, Northern Ireland has devolved responsibility for social security too, but these requirements for ‘parity’ mean that in practice the social security system is almost identical in Northern Ireland to the rest of the UK.

There are potential merits in both arguments, but both fall down on the experience of Northern Ireland – which manages to maintain full devolved control over employment support and services while having both the same work-related conditions for benefit recipients, and almost identical wider labour market policies, as the rest of the UK. Importantly, this arrangement does not appear to have led to any negative impacts on the performance of the employment system – with Northern Ireland in fact going from having the highest rate of ‘claimant’ unemployment of any UK nation for most of the last three decades to having the joint lowest in recent years. There is no reason in principle therefore why a very similar approach could not be taken in Scotland and Wales: with full devolution of employment services and support but social security continuing to be a ‘reserved’ policy.

Therefore given the extent of devolution in other areas of policy, the different approaches being taken in different nations, and the experience of what has in our view been successful devolution in Northern Ireland, we would argue that employment services and support – including services currently delivered through Jobcentre Plus – should be fully devolved to Scotland and Wales on the same basis as Northern Ireland, by the end of this Parliament.

This means that in practice, most of the proposals that we are setting out in this report would in effect be proposals for employment support in England – it would be for the governments of Scotland and Wales to decide on the objectives and ambitions that they set, the entitlements that they put in place, and how they deliver these (as is currently the case for the government of Northern Ireland). However there are two important exceptions to this. First, as social security would continue to be ‘reserved’ matter, the significant reforms to benefit conditions and sanctions that we set out in Chapter 8 would apply across the UK. And secondly, we would hope and expect that all four nations would want to work together to share practice, understand and apply evidence of what works, and drive improvements in outcomes (which we return to in Chapter 10 around the role of central government in a reformed system).

6. Making a success of the new Jobs and Careers Service

We welcome the government's announcement of a new Jobs and Careers Service. We believe that this should be at the heart of a new system that is accessible to all, joined up with wider services and focused on what people can do, with the right support, rather than what they must do. This system should be:

- **Online** – through a new digital service that can provide information and advice on jobs and careers; provide practical support and resources; offer interactive advice and guidance; and act as a gateway to wider support and services where needed.
- **On the high street** – drawing together existing Jobcentre Plus sites, local job shops and commissioned employment services into a single national network of publicly accessible centres where people can get jobs, careers, skills and wider support.
- **On the doorstep** – with employment and careers support aligned and co-located within wider services reaching people who are not yet ready for a job or actively seeking work, so that we can deliver support closer to where people are, through services that they use and trust, and in ways that can meet their needs.

This should be complemented by a **single system for employers**, organised nationally and locally, working directly with employers while also co-ordinating with wider employer support. This should work across services to deliver a clear offer around advertising and filling jobs, brokering people into work, and providing specialist advice on workplace support for specific disadvantaged groups.

We propose that this reformed system should be underpinned by a **clearer separation between employment support and social security delivery**, reflecting the (welcome) separation of Ministerial responsibilities for these two fundamentally important priorities. As now, some of those who claim benefits would be expected to attend regular meetings at the new service. However, we would propose more flexibility in how services are delivered and in the frequency of meetings, with greater use of data and insight to tailor this to people's circumstances.

Building on this, we propose a **fundamental reform of the Claimant Commitment**, which is currently a one-sided list of the requirements that people face and the penalties that could be imposed, rather than the basis for an Action Plan owned by the individual and agreed by both parties. This would also support a more forward looking, empowering and less threatening approach.

This would be a significant programme of reform, in the long run as transformational as the introduction of Jobcentre Plus 25 years ago. However, in the short and medium term we believe that progress can be made quickly, building on the existing assets and resources that we have within employment and careers services. Furthermore, the experience of the rollout of new Youth Hubs during the Covid-19 pandemic shows that with the right buy-in and relatively modest initial investment we can achieve a lot.

This Chapter sets out our core proposals for reform of employment services: to deliver a new system of jobs and careers support that is accessible to all, joined up with wider services, and focused on what people can do (with the right support) rather than what they must do. The new Labour government has made a welcome commitment to introducing a new Jobs and Careers Service, and this chapter sets out how this could be at the heart of a reformed approach, through:

- **Online delivery** – opening up access to jobs and careers information and advice, linking people to wider support and services, and using new technologies to deliver more personalised and effective support;
- **‘On the high street’ services** – drawing together existing Jobcentre Plus sites, local job shops and commissioned employment services into a new Jobs and Careers network, with adult careers services moving from being an arms-length, co-located service to a fully integrated part of the offer;
- **‘On the doorstep’ support** – with employment and careers support aligned and co-located within wider services reaching people who may be more disadvantaged in the labour market and not yet ready for a job or actively seeking work; and
- **A single system for employers** – organised nationally and locally, working directly with employers while also co-ordinating with wider employer services and support.

These areas are taken in turn below. As with other recommendations in this report, these proposals were developed through co-design workshops in late 2023 and early 2024, and then tested in roundtables and further user workshops and polling. There has been particularly strong consensus around the proposals here, most notably in having a clearer separation between employment support and benefits oversight; moving from a compliance-based approach to one focused on coaching and empowering people; and having meaningful integration between employment and careers support.

However, this was tempered with some scepticism about the feasibility of achieving lasting change, particularly given perceptions of previous programmes and initiatives. This scepticism is understandable, and reiterates why delivering a new Jobs and Careers Service on its own will not be enough, and needs to happen alongside the wider proposals set out in other Chapters – including around system leadership, governance, devolution and the role of the benefits system.

6.1 Online: the digital jobs and careers service

An immediate priority for government should be to start the development of a much higher quality online service for jobs and careers support. The recent *Open Door Policy* report from Demos sets out the case for this, stating that there are four key reasons to prioritise a new online service: there is strong demand for it; online services are accessible to a range of people; they can help join up existing services and resources; and they need not cost a lot of money²⁵. These arguments were borne out in research for this Commission too, with a range of examples of cost-effective and impactful online services identified, in the UK and internationally, and also discussed in our interim report.

Building on this, we would argue that an online service should have four functions:

- To provide information and advice on jobs and careers, tailored to the user and based on their input;
- To provide practical support with looking, preparing or applying for work – for example through tools to help with CV writing, jobseeking and the application process;
- To provide interactive advice and guidance – through online chat, and/or directing to phone services or in-person support; and

²⁵ Phillips, A. (2024), *Open Door Policy: Why the new government should introduce an Employment Advice Guarantee*, Demos, July 2024

- To act as a gateway to wider support and services – including specialist employment support (for example if they would be covered by the Support Guarantee set out in Chapter 4), wider jobseeking and recruitment services, skills and training support, services that can provide advice on workplace matters and adjustments (including Access to Work), and other relevant public or local services.

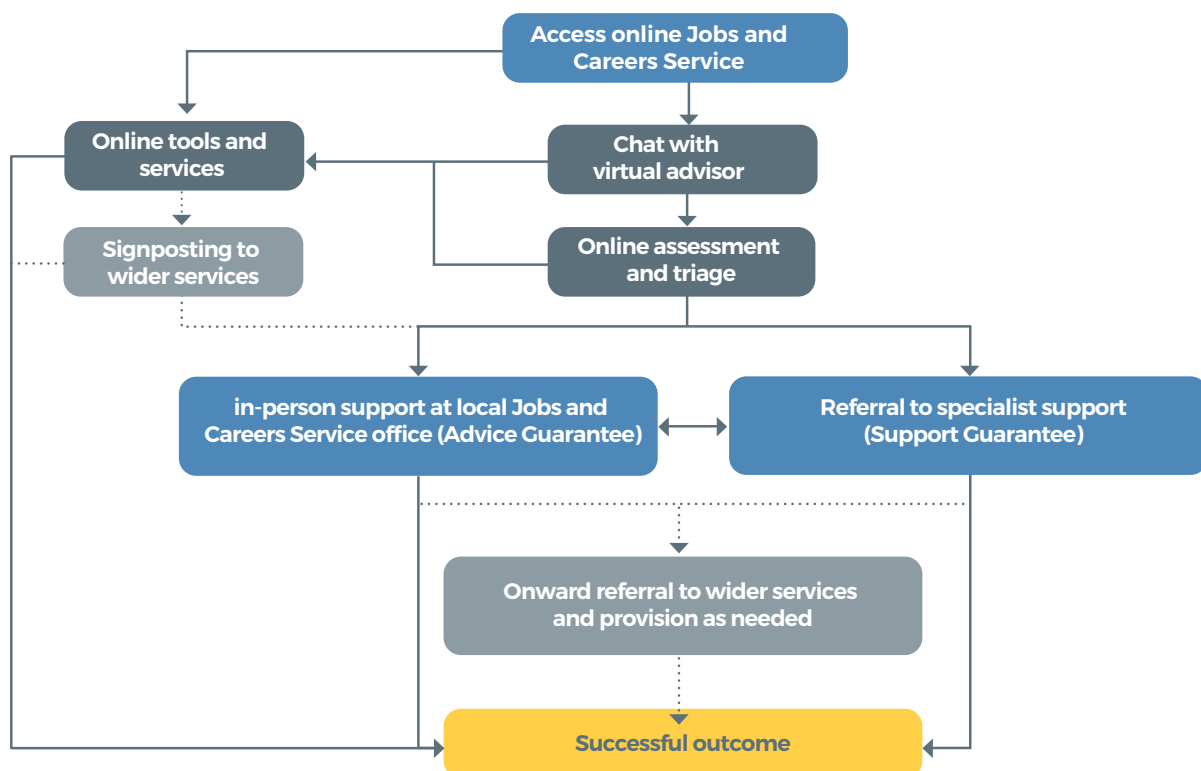
The immediate priority should be to develop a site that can provide the first three functions above, i.e. useful information and advice so that users can understand their options, get practical help with preparing or applying for work, and get into contact with online, phone-based or in-person support from Jobs and Careers Service staff. We believe that this would be feasible with capital and resource spending of between £10-20 million a year. Over time, there is also significant potential to explore how advances in technology could improve these services further, with for example a growing number of commercial services using machine learning to provide more tailored support with understanding skills, identifying potential career paths and then searching for jobs.

Developing the fourth function – to provide a gateway to wider services – will likely take time and be reliant on the development of the local partnerships and networks set out in Chapter 7. However as this develops, it would mean that the online service could act as a ‘front door’ to a range of wider support under the ‘Support Guarantee’. Figure 6 below sets out an illustrative user journey for an individual accessing the digital service, when it is fully developed.

“I don’t drive so having an online service would be easier. I am not going to take half a day out to go and see someone for 10 minutes.”

Focus group participant, in low paid work and interested in changing job

Figure 6: Illustrative user journey for an individual accessing the online Jobs and Careers Service to look for a new job or seek information on future careers



6.2 On the high street: a new Jobs and Careers network

We set out in our interim report a range of challenges with how employment services are delivered in the UK, and noted in Chapter 4 that the UK is very unusual internationally in how it restricts access to services, relies on benefit conditions, and does not integrate across employment, skills and careers. These points were reiterated in discussions during the design phase with international experts and officials.

We believe that the government's proposals to create a new 'Jobs and Careers Service' are welcome and would be a key part of addressing these issues. We argue that this should become a national network of publicly accessible one-stop centres where people can get access to jobs, careers, skills and wider support, along similar lines to the model set out by the Local Government Association in their Work Local proposals²⁶, and the proposal from Demos in 2022 for a Universal Work Service²⁷.

We have significant existing assets that we can build on to deliver this – with currently around 14,000 'work coaches' delivering employment support across 600 local Jobcentre Plus offices, we would estimate around 1,000 careers professionals employed through National Careers Service contracts, and likely at least as many people delivering services in locally commissioned job shops and employment/ skills hubs (often drawing on the UK Shared Prosperity Fund, Adult Education Budget or Councils' own budgets)²⁸. And while our evidence gathering²⁸ has found significant issues with the current system, we also found many examples of good practices (within Jobcentre Plus and the wider system), and often good working relationships between local partners.

Based on these findings, and subsequent design work with service users and wider stakeholders and experts, we would argue that the new Jobs and Careers Service should have seven key design features, as follows.

6.2.1 A service that is open to all

As set out in Chapter 4, reopening access to employment services would bring the UK back into line with other countries, play an important role in addressing the stigma of using services, help to loosen the links with benefits compliance, and help more people to access support and services. For most people most of the time, this would be very light-touch support and self-service, with onward signposting to online or open market resources, but for those who are more disadvantaged in the labour market it would help to bring people into contact with more specialist support (including through the 'Support Guarantee').

In practice, this would mean ensuring that for the large majority of Jobs and Careers Service sites, there would be a public area equipped with terminals and with a small number of staff who could provide first-line support – in particular help with using facilities, signposting to services, or booking appointments for those who need additional support (either through the Jobs and Careers Service or partners). Figure 7 below sets out an illustrative user journey for someone visiting a Jobs and Careers Service site to get help with looking for a job or with skills and careers.

Opening up access to employment services would have resource implications – with additional capital costs from refurbishing and equipping public areas (in effect undoing the changes made post-2010) and resource costs from redeploying or recruiting staff to first-contact roles. We would expect that the capital costs would likely work out at around £10 million per year²⁹,

26 LGA (2017) *Work Local Our vision for an integrated and devolved employment and skills service*, Local Government Association, June 2017

27 Phillips, A. (2022) *Working Together: The case for universal employment support*, Demos, May 2022

28 Source: Freedom of Information request to Department for Work and Pensions, September 2023; author's estimates of NCS and wider service staffing based on contract sizes.

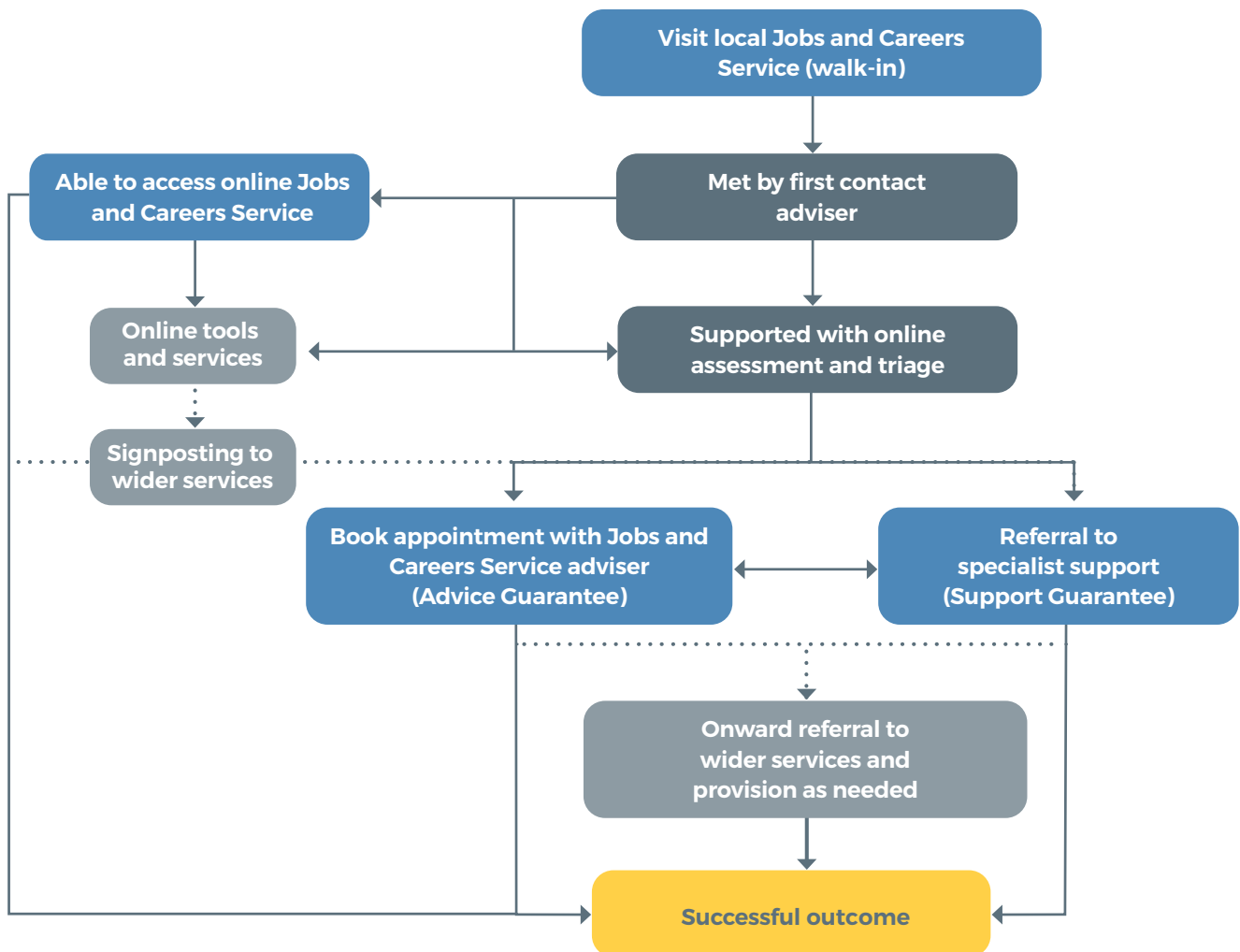
29 Assuming 600 sites are opened to the public and capital costs are depreciated over ten years, then even to reach an annual cost of £10 million would mean spending around £150,000 per office. In practice however, refit costs would be far lower than this in the large majority of cases given existing facilities and resources.

while the staffing requirements would likely be around 2,000-3,000 people per year (assuming 600 publicly accessible offices and an additional impact on resourcing of around four people per office). We set out in Chapter 11 more detail on how this could be delivered within planned resources.

“I was made redundant because my job role had ceased to exist and I was absolutely gobsmacked that there was nothing really for me with regard to help finding something else. I thought the employment exchange as it used to be and the employment agency or something would help. I was just told to look on the internet.”

Focus group participant, out of work and not looking for work

Figure 7: Illustrative user journey for an individual visiting a ‘high street’ Jobs and Careers Service to look for a new job or get careers information



6.2.2 Full integration of careers support

Integrating careers and employment support was a clear theme that emerged from our design work over the autumn and winter, and had significant support in the final round of workshops and engagement in spring 2024. The rationale for doing this is compelling: careers information and advice is increasingly important given the changes that we are seeing in the world of work and in society (particularly with an older workforce); careers integration would drive a stronger focus within services on longer term sustainability of employment (not just ‘any job’); it would support great alignment between employment support, the skills system and employer demand (as careers services in effect bridge all three areas); and more pragmatically, the National Careers Service (NCS) model currently delivers an open-access service, with phone-

based and online support for anyone seeking careers information and advice.

We explored in the design work both greater *joining up* with careers services (in separate systems as now) and full *integration* of careers (within a single jobs and careers system). The consensus however, including from people working in the careers system or with expertise in careers, was for integration. In part, this stemmed from the fact that the NCS is currently very closely aligned with Jobcentre Plus – with three fifths of all NCS meetings happening with Jobcentre Plus clients and on Jobcentre Plus premises³⁰ – but that in practice this simply is not addressing the issues that we face around the ‘any job’ mindset, compliance culture, and wider fragmentation of support. Fully integrating careers would hard wire a focus on career progression into organisational objectives, strengthen joint working within offices, and lead to a more integrated service for individuals and employers.

At the same time however, there was feedback that care would need to be taken to ensure that the focus on careers (and the delivery of specialist careers advice) was not ‘swallowed up’ within the larger employment service. We would therefore also recommend that there continues to be a clearly distinct careers profession within the new service, with a Director for Careers Services on the management team of the national Jobs and Careers Service, and clear operational targets for the delivery of high quality careers advice and support. With the end of NCS contracts in autumn 2025, we would also recommend considering the case for bringing these services in house (including any staff with rights to transfer in, under TUPE regulations). This is set out in more detail in Chapter 11.

6.2.3 A clearer separation between employment support and benefits administration

A consistent finding from our engagement with service users and with wider stakeholders has been that Jobcentre Plus is seen by many people as primarily a benefits service that monitors compliance with work-related conditions rather than an employment service. This is not how Jobcentre Plus started out, with its creation in 2001 intended primarily to extend access to employment support to more people, and particularly people on benefits because of long-term health conditions or caring responsibilities.

We tested different options in design workshops last year, from broadly maintaining the status quo of a single service, through to fully separating responsibilities for ‘employment’ and ‘social security’. Workshops with service users and wider stakeholders were strongly supportive of having less focus on benefits compliance within employment support, but also sceptical about fully separating these two functions – partly because of the complexity of making changes on this scale, but mainly because it was felt that the two systems need to be able to join up effectively, to make sure that people are getting the right financial support, do not have to use multiple services, and can understand what may be required of them as well as how changes in employment affect their entitlements. In other words, we need to try to preserve the positives from integration (around service delivery and information sharing) but address the problems (around the compliance culture, monitoring and stigma).

Therefore we would propose that both employment support and benefits delivery should continue to sit within the same Department and broadly the same system, but that there should be a much clearer separation between the people and parts of the system that support with jobs and careers, and that manage social security. A welcome first step in this has been the decision by the government to have separate Ministerial responsibilities for Employment and for Social Security, for the first time in nearly 25 years.

Building on this, we would propose that there should also be clearly separate:

- Objectives, targets, success measures and service standards for delivery of employment support and social security. We propose in Chapters 3 and 4 what these should look like for

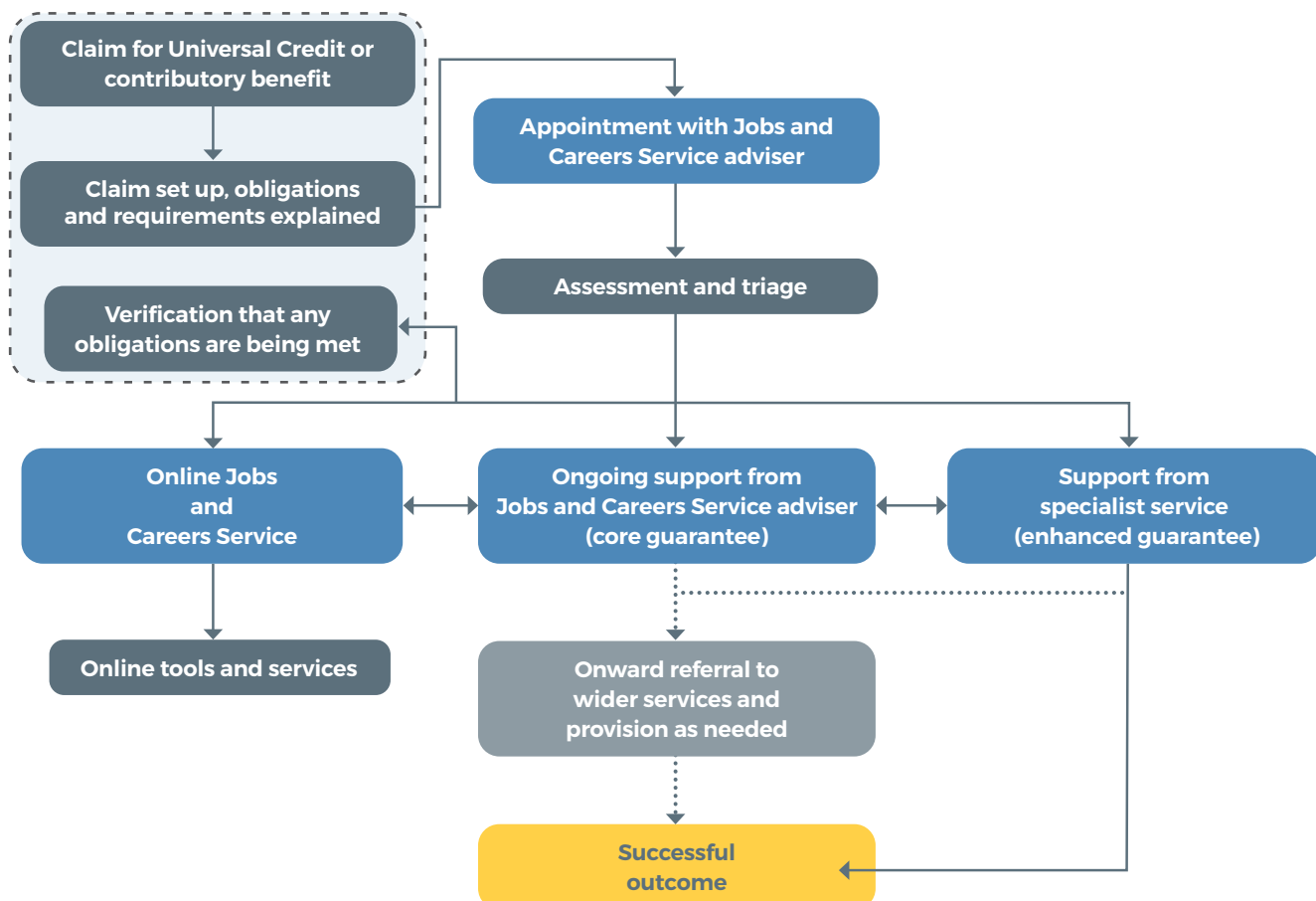
30 Albone, J., Thompson, D. and Coltman, N. (2023) *National Careers Service Customer Satisfaction and Progression Annual Report*, Department for Education

employment support, and there should be an equivalent approach for social security. As part of this, we would recommend that the new Ministerial responsibilities are also reflected in senior management responsibilities within the Department – with a clearly separate Director General for Jobs and Careers services, and Director General for social security delivery.

- Responsibilities for service delivery. Applying for and managing Universal Credit claims is in effect fully online, with then a referral to an initial face-to-face appointment in Jobcentre Plus. That should continue as now, with the initial appointment happening in Jobs and Careers Service offices with specialist staff who will explain any requirements around meetings and activity. However after this initial appointment to set up the claim, responsibility for employment-related support and any mandatory meetings would then pass to employment advisers who would focus on providing employment-related support with the application of benefit ‘conditionality’ in the background rather than foreground. Chapter 8 sets out more detail on proposed changes to conditionality.
- Branding and identity. Following on from the above, we believe that there should be a clearly distinct identity for the new Jobs and Careers Service, and for social security delivery. In other words, people should know that when they are contacted by the Jobs and Careers Service that it will be about employment support, and when they are contacted by the social security service that it is about their benefits. We heard time and again that the single branding and identity of Jobcentre Plus meant that invariably, people associated any contact with their benefits, and often negatively.

Taken together, we believe that this approach would enable us to maintain the benefits of a single Department but help to address the issues that currently mean that many people are fearful to engage with support or do not believe that it would be able to meet their needs. Figure 8 below sets out an illustrative user journey for someone accessing employment support following a new claim for Universal Credit or significant change in circumstances.

Figure 8: Illustrative user journey for an individual accessing the Jobs and Careers Service following a new claim for Universal Credit or significant change in circumstances



6.2.4 Support focused on what you *could* do with the right help, not what you *must* do as a requirement of your claim

Following on from this, employment support for people who have work-related conditions should be forward looking rather than backward, built on an agreed action plan rather than generic requirements, and should be owned by the individual rather than directed by the state. The current system fails too many people on all three of these measures, and as a result disempowers people and drives a tick-box approach to support.

We would argue that in order to address these issues, the current Claimant Commitment needs to be fundamentally reformed. In its current format, it is in effect a one-sided list of the requirements that people face as a condition of their claim and the penalties that will be imposed if they fail to meet these. The ‘work search and preparation plan’ within it primarily serves the purpose of demonstrating how an individual will spend 35 hours a week looking for work, and how they will evidence this in their Journal and in meetings³¹.

We therefore propose that in future that people with work-related requirements are given a straightforward, simple statement of those requirements at the point when their claim is set up, and then in their subsequent meeting with a Jobs and Careers adviser they agree an Action Plan that is personalised to their needs, owned by them, and that sets out what they will do over the next period, what support they will need and how they will get this. This action plan will not, however, be a set of mandatory requirements that could lead to sanction if they are not met (we describe in detail in Chapter 8 how this would work in practice alongside jobsearch requirements).

As we set out in our interim report, these are not new issues in our employment system. Nearly a hundred years ago, in a tour of employment exchanges, an Assistant Secretary at the Ministry of Labour decried the focus on “*where were you last Tuesday*” rather than advisers focusing on ‘*finding out what they could do to help the claimant*’ in their search for work. However while the issues are not new, we also have decades of learning – from the UK and internationally – of how to deliver person-centred, empowering services, and we need to build on this.

6.2.5 A more tailored and personalised approach to meetings and engagement

Delivering the proposals set out in this report within current funding – and in particular making a success of the Advice Guarantee and Support Guarantee – will inevitably mean that employment services will need to effectively target support so that it can be tailored to individuals’ needs and can make the most possible impact within resources available. This in turn has implications both for how we identify and understand individuals’ needs when they engage with support, and then how services are designed and delivered.

In most countries, decisions on tailoring and targeting of support are made through some form of assessment and ‘triage’ early in an individual’s social security claim or engagement with support, which then leads on to referral onto an appropriate path (in many cases with this then commissioned as different services). In some cases like the Netherlands, this has led to relatively few people being supported face-to-face, with those deemed ‘closer to work’ largely served through online channels. Segmentation models have been less of a feature of service delivery in the UK however, with the frequency and level of engagement with Jobcentre Plus largely determined by your ‘conditionality’ status, and access to additional support determined by whether you meet specific eligibility criteria.

At the same time, as we set out in our interim report, recent years have seen changes to requirements to increase the frequency at which ‘unemployed’ claimants are required to attend jobcentres on the basis that this will lead to offsetting reductions in benefit spending. The main consequence however seems to have been an explosion in the number of people being

³¹ <https://assets.publishing.service.gov.uk/media/5a8084e840f0b62302693fb2/foi-3786-13-eg-claimant-commitment-annex1.pdf>

sanctioned for missing appointments, and potentially a link with increases in the number of people applying for health-related benefits that do not require such frequent attendance or carry the same threat of sanction (discussed in Chapter 8).

In principle, we think that there should be more flexibility within the Jobs and Careers services to tailor the frequency and nature of support to individuals' needs, as happens in other countries and exists in many commissioned programmes and specialist services, but recognise that this needs to be applied carefully – with clear minimum standards and with mechanisms to guard against risks that some participants are 'parked' without access to the right support (such standards already exist within most contracted programmes). This should also include robust testing of the impacts of varying the frequencies and nature of interventions for different groups, to identify what factors are most likely to predict where people may be at greatest risk of long-term unemployment and where people would benefit most from different forms of support.

Alongside this, for those who have specific requirements to look for work, we would argue that the core minimum requirement should be to meet a Jobs and Careers adviser once a fortnight, as was the case before recent increases in conditionality requirements. Again, we would also recommend testing greater segmentation within this, including to identify where it may be feasible to have fewer requirements to attend meetings or where attending meetings remotely would achieve better outcomes or be better value for money.

6.2.6 Co-location and joining up with wider support

A strong theme in our evidence gathering has been that effective joining up across services can enable employment support to reach more people, deliver a more seamless service and meet wider needs. In the next section we discuss how the Jobs and Careers Service should deliver within and through other services, but for the 'high street' network we would recommend that as far as possible we create the space to co-locate and join up with wider commissioned employment support (i.e. for groups who are more disadvantaged), with skills and training provision, and with wider Council, community and voluntary services.

We heard many examples of where co-located services were being delivered now, and in some cases this included sharing premises with Jobcentre Plus. This is again an area where we found strong consensus including from local government (where the LGA has made similar proposals in their Work Local programme). Therefore we should build on and learn from this.

“Let’s wholeheartedly support that [a one-stop service] because that’s what we used to have and from my experience, I think it used to work.”

Focus group participant, out of work and not looking for work

6.2.7 A system, not a single (national) service

Finally, while we would propose that the new Jobs and Careers Service should encompass both those work coaches currently working in Jobcentre Plus and careers professionals currently in the National Careers Service, the strong view from our final workshops was that this should be viewed as part of a system of jobs and careers support rather than solely as a single, national agency or service. This system encompasses nationally managed offices staffed by employment and careers advisers and that co-locate other services, but would also include locally managed job shops or skills hubs that can co-locate DWP jobs and careers staff.

In effect, this would build on arrangements that happen already through the Youth Hubs model, where sites are locally managed but then resourced by both nationally- and locally-employed staff, and in the next section we discuss how this could be used to bring employment support closer to where people live and deliver it through services that they are more likely to engage with. It would also be similar to arrangements that exist in the United States (where jobcentres are managed locally but include federal 'employment service' staff) and in Germany (where

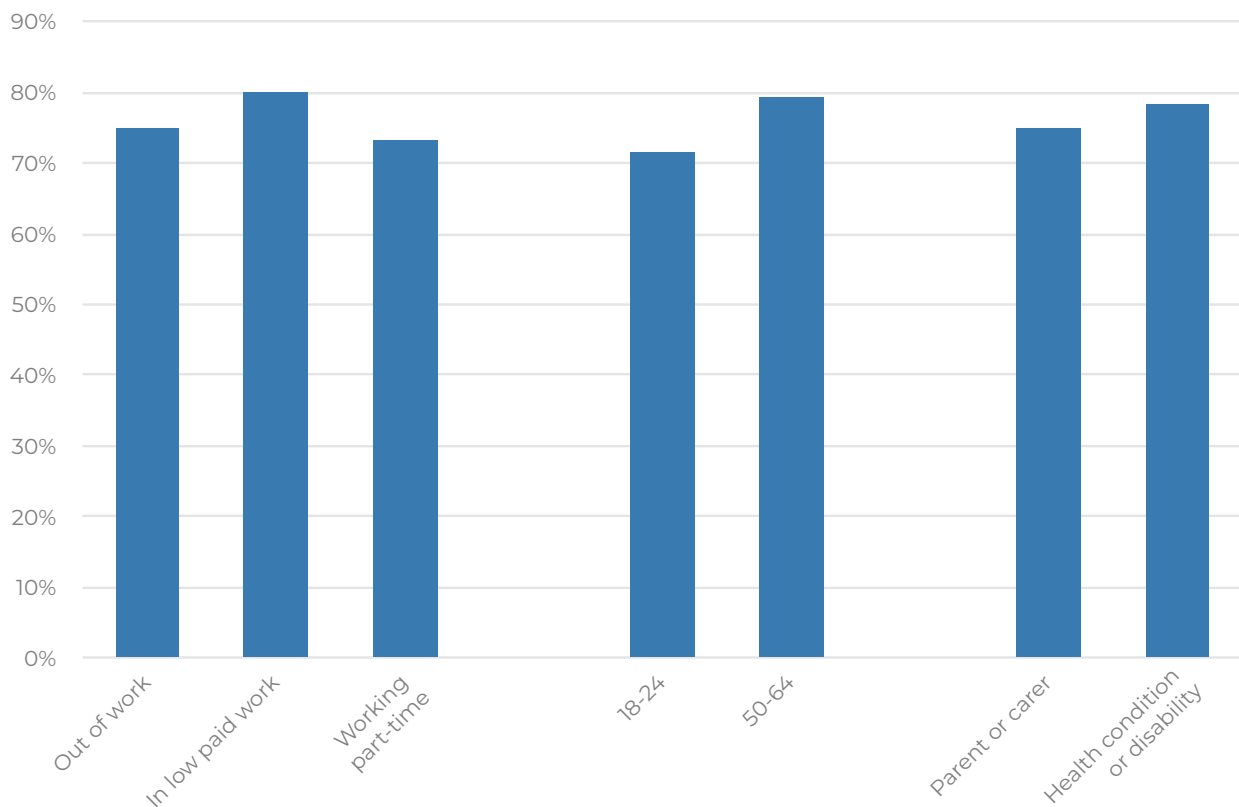
in most of the country there is mandated co-location and co-management of employment services for disadvantaged claimants). This could also provide a basis for testing greater devolution to local areas of oversight and management of employment services. Getting this right, however, depends on having the right governance, partnerships and management structures in place, which is covered in more detail in Chapter 7.

6.3 On the doorstep: delivering jobs and careers services closer to where people are

The digital and ‘high street’ offers described above will mean that our employment services can better meet the needs of people who are actively seeking help to get into work or find a new job. However, as Chapter 2 sets out, the key labour market challenge that we face is that too many people are either not ready to look for work or are not able to take it up. This means that we also need to get far better at reaching people who are not yet seeking support – both those outside the labour force and those in insecure or low paid work – which means making sure that employment support is available closer to where people are, through services that they use and trust, and delivered in ways that can meet their needs.

As part of the polling conducted by YouGov for the Commission, we asked respondents about whether having support available close to home would make a difference to their likelihood of engaging with support. The results are set out in Figure 9 below, and show that for survey respondents who did not state ‘Not applicable – I do not need access to advice, guidance or support related to work’, around three quarters of those out of work (72%) or working part-time (73% – working fewer than 30 hours a week) stated that they would be more likely to access it if it were available close to home. This rose to around four fifths of those in low paid work (80% – gross personal income under £25k), aged 50-64 (79%), or with a health condition or disability (79%).

Figure 9: Proportion of people reporting that they would be more likely to access employment support if it were available close to home



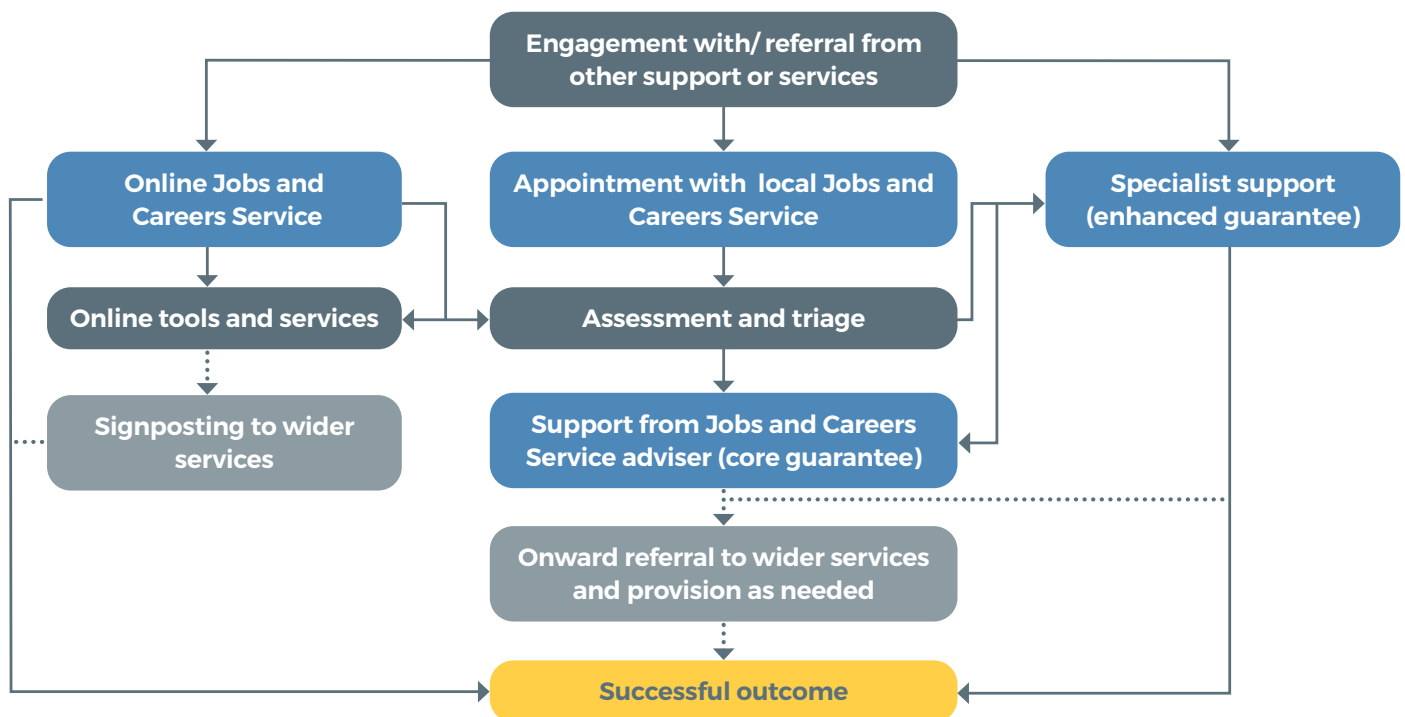
Source: YouGov Plc. Total sample size 2,083 adults. ‘Out of work’ excludes pensioners and full-time students. All totals exclude those who answered ‘Not applicable’.

In our evidence gathering we found that significant progress has been made in recent years in delivering employment support through health and social care. This has been a conscious decision by the previous government, recognising that the best way to improve access to employment support for people with significant health conditions is to deliver it in health settings (and in effect acknowledging the flaws in the original rationale for Jobcentre Plus). This has seen in particular the rollout of employment advice in talking therapies, funding of ‘Individual Placement and Support’ in primary care, and now further testing and trialling of health-based employment services (these are returned to in Chapter 7). In addition, the UK Shared Prosperity Fund has enabled local areas to invest in more locally-responsive and neighbourhood based employment support, although the funding for this has been far lower than the European Social Fund that it replaced, and in general the picture on delivery of employment support in settings beyond health services has been of continued retrenchment rather than expansion.

Looking ahead, then, we would argue that a reformed Jobs and Careers Service should play a key role in promoting, facilitating and delivering employment-related support through wider public and local services that reach and engage with those who are outside the labour force or who may be disadvantaged in work – including health, housing, community services and childcare. This should include having dedicated outreach teams attached to local offices, encouraging the co-location of staff in wider services where appropriate, supporting collaboration between services (including on employer engagement), and promoting access to online and in-person support. This should also build on and learn from previous initiatives, like the Action Teams for Jobs model run by Jobcentre Plus in the early 2000s, which delivered outreach services in disadvantaged neighbourhoods; and the Advancement Prototypes in the late 2000s, which tested delivery of careers support in disadvantaged areas in range of community settings and partnerships.

Figure 10 below sets out an illustrative user journey for someone engaging with employment support through a different service and either directly accessing specialist support through that service (where eligible) or being referred to support through the Jobs and Careers Service.

Figure 10: Illustrative user journey for an individual engaging with employment support through another service (e.g. health and care, council, childcare, welfare advice)



“I think to receive the support it might need to come from an informal scenario or where the person receiving the support is most comfortable to alleviate any of the anxiety or stress that can be out on this situation. It might be in a coffee shop, it might be on the phone, it might be over zoom. It just depends what that person is most comfortable with.”

Social housing resident, design workshop discussion

6.4 Employer services

As noted in Chapter 2, our interim report set out a range of issues with services for employers – around a ‘goods led’ rather than ‘needs led’ model, offering limited services linked to specific programmes and not effectively joined up with wider business support (which was often also limited or fragmented in its nature, especially in England).

We have since conducted further in-depth research with employers, and this echoed these findings – emphasising too the negative consequences of the ‘any job’ mindset in Jobcentre Plus, with people being required to attend interviews for jobs that they did not want, or taking up and leaving jobs that they were not suited for. This added to costs for businesses, wasted their time, and put them off engaging with support in future.

In addition, employer interviews highlighted the potential opportunities to go further – with many employers saying that they were responding to current labour market challenges by focusing more on how they engage in their local communities and support skills development in their workforces. Many also recognised where they needed to go further and may need support – including on using labour market information, improving workforce planning and developing more inclusive workplace and recruitment practices.

It follows from this that we can do more both to deliver a better service for employers on filling their jobs, as well as on making work better – through workforce strategy and planning, job design, line management, workplace support, access to training and more. We have therefore explored the scope of services for employers and who these are delivered by, particularly in workshops with employer groups and experts. The clear conclusions from this have been threefold, that:

- The jobs and careers service needs to have a strong and coherent offer for employers to fill their jobs and to support disadvantaged groups when they are in work;
- It needs to then be aligned and joined up with wider services for employers that can address other needs; but
- These services are generally not in place.

Therefore on the **scope of services for employers**, we propose that there should be a dedicated and clearly branded employer service that can offer all employers help with advertising and filling their jobs (including vacancy gathering, identifying candidates, supporting individuals to apply, and where needed helping with brokering people into work) alongside specialist advice on workplace support, flexibility and job design for specific disadvantaged groups – especially disabled people, those with health conditions, parents and older people.

Currently, our employer services offer elements of all of this, and there has been good recent work in trying to articulate this more clearly as a set of services across recruitment, vacancies and workplace support³². However as set out in our interim report, and reiterated in more recent research, these services tend to focus far more on vacancy gathering and job matching than on

32 See: <https://www.gov.uk/government/publications/how-jobcentre-plus-can-help-employers/jobcentre-plus-working-together-with-employers> [Accessed 15 July 2024]

candidate support and brokerage into work; tend to be siloed within programmes and services; and often offer only limited support once people are in work.

On the more **detailed design of the employer service**, we would argue that it should have four core elements:

- A strengthened national employer function, focused on account management of large employers, co-ordination and partnership across services and with stakeholders, and supporting employer services at district level and frontline.
- District employer engagement teams – with similar functions as above, and dedicated employer specialists working with employers and partners that can then work peripatetically across different locations and offices.
- Building employer engagement capability at the frontline – there were common views in consultation that individual advisers and coaches need to be more capable in working with (and offering support to) employers around recruitment practice, jobs brokerage and workplace adaptations. Therefore a key element should be a ‘train the trainer’ role to support frontline advisers to be better equipped to understand employer needs and where necessary to work directly with employers.
- Mechanisms to join up across programmes and services. This should be based on national and district-level structures, at each tier co-ordinating between employment services and with wider partners to ensure a consistent offer, share employer contacts, and collaborate on employer-facing activities. This could build in particular on self-organised efforts within current national employment programmes, in particular the work being taken forward by Restart Scheme providers as well as by the Employment Related Services Association (ERSA).

“We need more clarity on how employers can access programmes or services. A ‘No wrong door’ approach to make the employment landscape clearer and more simple for employers and job seekers.”

Interviewee, Skills Manager, construction business

This service should then **join up effectively with wider support for employers**, in particular by working with employer networks locally and with sectoral or industry partnerships nationally. However, as noted, the consistent view throughout the work of this Commission has been that there are major gaps around support for firms on ‘people’ issues and that these are often most pronounced for SMEs, on areas as diverse as regulatory compliance, accessing government contracts or public funding, accessing skills support, managing workplace health, flexible working, job design, improving line management, and workforce planning. These are gaps that need to be filled, but cannot be fully met through a reformed employment service. Therefore we would recommend that government considers this, and in particular the scope to build on recent trials being run by the Chartered Institute of Professional Development (CIPD) of specialist support for SMEs.

“A single, go-to contact would help us to understand the range of government schemes and eligibility on this – it would be helpful. It’s a lot easier to have a 30 min conversation with someone than trawl through confusing websites and guidance.”

Interviewee, HR Director, automotive industry



7: Local partnerships and systems change



7. Local partnerships and systems change

Alongside implementing a new Jobs and Careers Service, in order to make meaningful progress in supporting people who are disadvantaged and out of work or are in work but in low paid and insecure jobs, we need to get far better at commissioning the right support at the right levels, and having the right structures to do this well. This means moving away from a centralised, 'command and control' model towards one that is more in line with approaches taken in other high-performing countries, with greater devolution and local control within a clear national framework.

We propose that local areas in England should be resourced and accountable for leading new **Labour Market Partnerships** that would bring together local government, employment and skills services, employers, trade unions, voluntary and community organisations and wider public services including health.

These Partnerships would then lead on developing local plans setting out how services would work together, and would oversee the commissioning and implementation of additional specialist support. In Mayoral Combined Authorities and in London, we propose that they have lead accountability and would have devolved responsibility for commissioning. In other areas, we would suggest that DWP continues to lead the commissioning of employment support on behalf of the Partnership, based on the agreed local plan.

Local plans and targets would be agreed with the national Labour Market Board and designed to feed into national objectives, but tailored to local needs and priorities. Importantly, these would be plans for the whole employment system not just locally commissioned services – with the Jobs and Careers Service and wider local partners agreeing the contributions that they will make and how support will be joined up and delivered effectively. The plans will also set out how the 'Support Guarantee' for disadvantaged groups will be implemented, and partnerships will be responsible for ensuring that it can be met – through specialist commissioned services, Jobs and Careers Service support, and/ or employment support in wider settings like the NHS or voluntary and community services.

This will mean that areas will need to be able to understand their local areas and needs, have a good understanding of 'what works' in supporting different groups, and co-ordinate, commission and manage services to deliver this. It will be particularly important to ensure that specialist support is available for disabled people, and we believe that there will still be a case for national provision where support would be better commissioned through other public services (like the NHS) or would only be sustainable if it were available everywhere. On this basis, we would propose continuing to commission Individual Placement and Support through the NHS and continuing to maintain national Access to Work services (for individuals and employers).

Implementing these new arrangements will be a significant undertaking and take time to get right. In particular it would need to be underpinned by common standards, long-term funding settlements, clear leadership and buy-in, and support with building capacity and capability and with innovating, testing and learning. Nonetheless we would argue that in many parts of the country, we could start the process of devolution almost immediately, and work over the next two years to take this forward everywhere, alongside the government's wider proposals for local growth.

Creating a new Jobs and Careers Service will transform access to employment support and provide a basis for delivering more open, accessible and joined up services. Alongside this, putting in place the guarantees set out in Chapter 4 will ensure that there are common entitlements to support for those who are most disadvantaged in the labour market. However, if we are to make meaningful progress in reaching and supporting those who are outside the labour force or trapped in low paid and insecure work, then we will also need to ensure that we are commissioning the right specialist services, at the right levels, and with the right structures and partnerships in place to deliver this well.

Our previous reports have set out that this funding, provision and delivery landscape for commissioned employment support often manages to be both highly centralised and incredibly fragmented and complicated, particularly in England. We have argued that we need to move away from a centralised, 'command and control' model of nationally commissioned programmes towards one that is more devolved within a clear national framework, and the new Labour government have committed to something similar, through new local plans for work, health and skills.

This Chapter makes proposals for how this could be taken forward. It starts by setting out the current landscape; then describes how specialist support could be co-ordinated and commissioned differently in future through Local Labour Market Partnerships; before discussing the key conditions that would need to be in place to support a sustainable system.

7.1 The current landscape

The large majority of what we spend on employment support – at least two thirds of the total – is on services commissioned to support groups who are disadvantaged in the labour market. This is often commissioned to other public, private and voluntary services, or delivered by specialist teams within Jobcentre Plus. In all, as Chapter 11 sets out, around £1 billion a year is currently spent on commissioned services while there are a further 2-3,000 specialist work coaches in jobcentres, in particular supporting disabled people, older people, young people and those on low incomes in work.

Specialist services are currently largely decided by national government and designed nationally, in particular the current Restart Scheme for the long-term unemployed, the planned Universal Support programme which is mainly for people with long-term health conditions and disabled people, and a number of funded initiatives through the NHS. In addition however, the UK Shared Prosperity Fund (UKSPF) allowed local areas to design and commission specialist support based on local investment plans that needed to align with national priorities.

This mainly top-down approach has had some benefits. In particular, it has enabled the Department to manage fewer suppliers (reducing management costs for them) and it has created economies of scale within the employment services market by having fewer organisations managing larger contracts. In addition, by focusing commissioning on interventions where the evidence base is strongest (i.e. specific interventions for the long-term unemployed and disabled people), this has allowed national government to broadly maintain spending on some programmes in the last five years, by persuading the Office for Budget Responsibility to 'score' potential future benefit savings from those programmes.

However, it has also had significant drawbacks – with consistent concerns raised in our evidence gathering around the extent to which services can meet local needs and join up effectively with wider support, and views that short-term decision making, changing programme priorities and wider funding cuts have led to a fragmented and disjointed system and a less diverse market for local support. At the same time, we heard more recently how programmes funded through the UKSPF and NHS have faced similar issues around short-termism and joining up locally – reflecting the programme-by-programme way that new initiatives are developed, and year-to-year funding settlements under the last government.

A number of Combined Authorities in England have sought to use their (so far limited) devolved powers to bring more coherence to this landscape, including on issues around employment, health and skills: to create mechanisms to join up better between services; to align funding and commissioning where those powers exist; and to better tailor support to meet local priorities. In the case of Greater Manchester and London, this has also included having responsibility for commissioning the Work and Health Programme, albeit with only limited powers over its detailed design. We also saw in our visit to Northern Ireland in the autumn a very different model, where national government set broad priorities for the system and then 'Inclusive Labour Market Partnerships' developed plans for how they would meet national and local priorities through devolved commissioning and joined up delivery.

Looking ahead, our view is that a reformed system should look to build on and significantly extend these good practices, through new local partnerships that can support a more ambitious approach and enable far greater integration across services and better outcomes for local residents and economies.

7.2 Labour Market Partnerships to help more people access better work

Learning from the approach taken in Northern Ireland, which in turn drew on learning from the United States, Canada and mainland Europe including Germany and Denmark, we propose that local areas in England should be resourced and accountable for leading new Labour Market Partnerships that would bring together local government, employment and skills services, employers, trade unions and wider public services including health. These Partnerships would then lead on developing local plans setting out how services would work together across employment, health and skills support, and to oversee the commissioning and implementation of additional specialist services for those who are most disadvantaged in the labour market. These proposals also broadly mirror the system set out by the LGA in their most recent Work Local report, which calls for greater devolution through Local Employment and Skills Agreements³³.

We propose that these partnerships should be in place across England, with a statutory duty on key relevant public bodies to engage with the partnership. Where Combined Authorities exist then partnerships should be organised at that level, with the Combined Authority as the lead accountable body for the local plan. Within London, we would suggest that the plan should be organised either at London level or for each of the sub-regional partnerships (there are arguments either way for this). Around half of the 16-64 population live in either a Combined Authority or London.

For the other half of the country, ideally partnerships would be led by groups of local authorities and align with other boundaries and in particular Integrated Care Systems. In these cases, the lead accountability would be held jointly between DWP and a member local authority. However, issues around the geography of English devolution goes wider than this Commission and will need to be resolved in the near future as part of wider devolution reforms. So where areas cannot self-organise or cannot align, we would suggest that partnerships are encouraged to organise at individual Council levels if necessary, but with more limited (non-statutory) expectations around the development of plans and levels of devolution.

In effect, these Labour Market Partnerships would build on, and go beyond, the previous proposals for Regional Labour Market Boards that the government committed to putting in place in combined authorities that reached 'Level 4' devolution³⁴. However in this model, Labour Market Partnerships would be in place everywhere, with statutory membership, and would be expected to develop local plans setting out objectives and targets, how services would be joined up locally, and what additional support would be commissioned.

33 LGA (2024) *Work Local: Our employment and skills offer to a new Government to boost inclusive growth*, Local Government Association, July 2024

34 See: <https://www.gov.uk/government/publications/technical-paper-on-level-4-devolution-framework/technical-paper-on-level-4-devolution-framework> [Accessed 15 July 2024]

As we set out in Chapter 3, the objectives and targets set by Labour Market Partnerships would be agreed with a national Labour Market Board and would be designed to feed directly into the three national objectives described in that Chapter – around raising employment participation, reducing the number of people in insecure work or in poverty in work, and narrowing gaps for disadvantaged groups. As such, the Partnerships and plans would need the full commitment and engagement of all of those with responsibilities for employment and related services including the Jobs and Careers Service and the skills system. In other words they would be a plan for the local labour market, not just for the commissioning of devolved specialist support. Within these objectives, local areas would have scope to prioritise support for specific groups based on local needs and priorities, but the expectation would be that across all of the Partnerships, the plans would be consistent with achieving the overall objectives set nationally.

Labour Market Partnerships would also include key local stakeholders who do not have direct responsibility for public service delivery but who would play a key role in achieving change – including employers, social partners like trade unions, voluntary and community services and non-profits, and representatives of service users.

Figure 11 below sets out how the national Labour Market Board and local Labour Market Partnerships would be structured and how they would fit together. Yellow indicates lead accountability, blue is those organisations with responsibility for relevant policies or services, and grey is key partners who can help influence and drive change.

Figure 11: The design of national and local Labour Market Partnerships

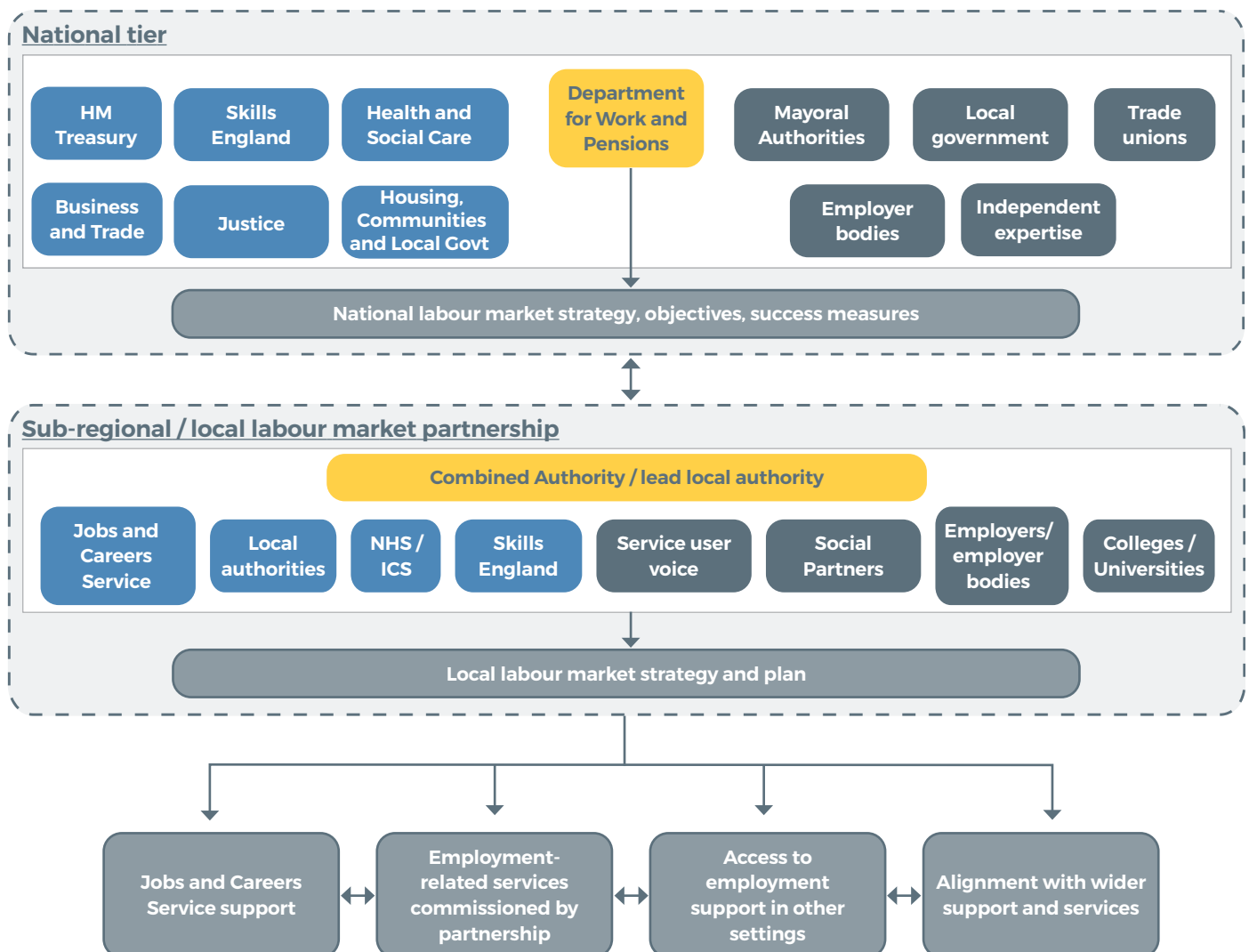


Figure 11 also shows four broad categories of support and services that would be brought together in labour market plans:

- **The delivery of support through the Jobs and Careers Service** – i.e. how this is tailored to local needs and how for example specialist employment services will work with local advisers and support.
- **Specialist commissioned services** – we propose that where ‘full’ partnerships are in place (i.e. Combined Authorities, London and groups of authorities) funding streams that are currently held nationally will be commissioned on Partnership boundaries. In areas with full devolution deals (i.e. currently Combined Authorities and London) this funding would be fully devolved so that it could be commissioned in line with priorities agreed through the plan. This would mean significantly more local control over the design and management of employment services than now, but no more than local areas have in many other countries. In other areas we would suggest that DWP continues to lead the commissioning of provision on behalf of the Partnership, and in line with priorities and design decisions made by the Partnership and agreed nationally.
- **Employment support in other settings** – this would ensure that support being delivered through other public services such as health and social care and potentially local authority-commissioned support (depending on decisions on the successor to the UK Shared Prosperity Fund) is aligned with wider employment support and contributing to agreed local and national priorities;
- **Alignment with wider support and services** – in particular around education, skills, economic development, housing, health and social care and voluntary and community services, i.e. those services where other members of the partnership can take responsibility for supporting a more joined up approach.

Overall, this approach is intended to balance national and local priorities, powers and services, and support greater co-ordination across the system and devolution to local areas – within a framework where national Departments can manage against agreed outcomes rather than specific programmes. This should support far greater joining up and integration between services and across budgets, which in turn will support greater economies of scale and add more value in how services are delivered.

The proposals here will, however, need to take account of decisions on the wider approach to local growth and devolution, and in particular the process for agreeing and overseeing Local Growth Plans within Combined Authorities. Depending on how these develop, it may be appropriate to incorporate local employment plans within growth plans, and Labour Market Partnerships within any wider governance. Similarly, at a national level, the proposed Labour Market Board will need to align with plans for how the government’s missions are taken forward, and in particular the growth mission.

A further important consideration is the specific fit between employment and skills. We focused on this in our design workshops and the testing of final proposals, and asked whether the proposed partnerships should also plan and be accountable for adult skills funding (i.e. the Adult Education Budget and/ or apprenticeships). The consensus was that skills funding should not be fully in scope, i.e. that current accountabilities and overall planning should remain separate, in particular because they serve wider objectives and have different Departmental responsibilities. However there was strong support for using Partnerships to drive greater co-ordination and joining up between employment and skills support, which should follow from the involvement of Skills England and local colleges in Partnerships (and in Mayoral areas, from the lead accountability of Combined Authorities, as they also hold devolved responsibility for the Adult Education Budget).

7.3 Delivering the Support Guarantee

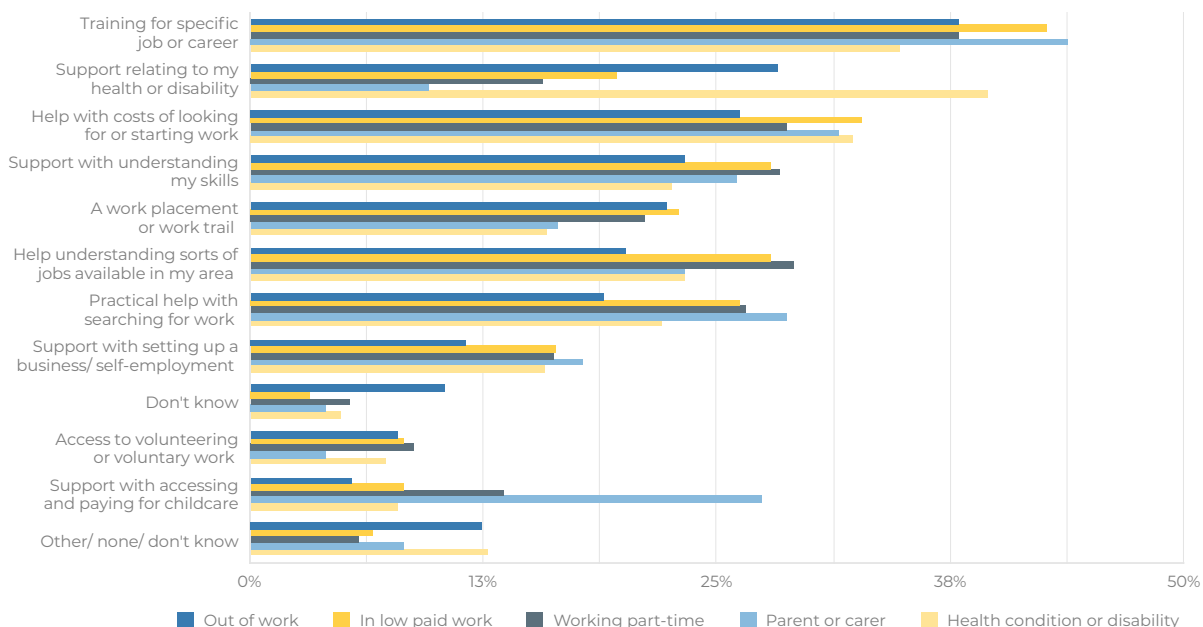
The model set out above will give far more control to local partnerships to specify priorities for commissioned employment support and, in areas covering half of the country, to then commission these services themselves. We would argue that all funding for commissioned employment support should be within the scope of these partnerships, so building up to around £1 billion a year as existing programmes come to an end.

With this funding, areas will need to set clear priorities for what will be commissioned, for whom, and what contribution it would make to their local objectives and targets; but also set out how across these commissioned services, plus support that is available from the Jobs and Careers Services and in other settings (for example health), that they can ensure that the ‘Support Guarantee’ set out in Chapter 3 can be met – i.e. that for all of the identified priority groups, those people who want support to get into work or to find better work would have access to a specialist caseworker and appropriate provision.

This will mean that there will be less national commissioning and potentially no more national ‘programmes’ as such. Instead priorities would be set nationally, and then services commissioned locally – which will require a different role for central government (Chapter 10) and a number of common enablers to support this (set out in the next section). Importantly it will also mean that local partnerships will need to understand the needs of different groups and be able to commission services to meet these. In our polling with YouGov we asked respondents to identify which support would be most useful to them, and the results are set out in Figure 12 below. This identified a diversity of needs, with for example:

- Disabled people and those with health conditions more likely to want help related to their condition or disability (43%), and help with the financial costs of working (32%) than other groups;
- Parents more likely to want help with training (44%), financial costs (32%), the practicalities of finding work (29%), childcare (27%) and self-employment (18%); and
- Those in low paid work (gross personal income under £25k) more likely to want help with training (43%), financial costs (33%), understanding their skills and the sorts of jobs available (28%) and undertaking work placements (23%).

Figure 12: Percentage of survey respondents identifying that support would be useful to them if they were seeking employment-related support



Source: YouGov Plc. Total sample size 2,083 adults. ‘Out of work’ excludes pensioners and full-time students. Respondents able to select up to three responses.

Therefore in a reformed system, it will be important to ensure that three things are in place in commissioned services.

- **A strong focus on access to specialist caseworker support.** One-to-one, tailored support is the key common thread across successful services for a range of different groups who are disadvantaged in the labour market, and underpins the Support Guarantees set out in Chapter 3. Evidence also suggests that this works best when it is available on a voluntary basis (i.e. without relying on mandatory requirements to attend), has relatively small ‘caseloads’ per adviser, has consistent adviser support over time, involves and as far as possible is led by the service user, is tailored to the individual’s specific circumstances (which could include for example delivery by advisers specialised in working with young people, older people, disabled people, parents or the long-term unemployed), is well networked and joined up with wider services, is able to work with employers to support job design and transitions into work, and is focused on making progress towards work.
- **Access to specialist programmes and services.** There are a number of areas where there is strong evidence for commissioning specialist programmes and support, and local partnerships will need to continue to commission these in future as part of delivering the Support Guarantee. This will be especially important for disabled people, who face particularly significant disadvantages in the labour market and where there is a clear evidence base for ‘supported employment’ models as well as ‘individual placement and support’ for those with long-term health conditions. There are other examples too where specialist programmes should be encouraged, including support for those in low-income self-employment or who are out of work but want to start their own business; integrated employment and skills pathways for those in low incomes (in and out of work) – in particular the ‘sector pathways’ model in the US; place-based, housing-led interventions for people living in the most disadvantaged neighbourhoods (including the Jobs-Plus model from the US which is now being tested in the UK); and ‘condition management’ services that support people with health conditions to manage their health at work and address wider potential barriers to work.

Alongside this, and following consultations in the design phase, we believe that there would be a continued case for ‘national’ support or services where *either* the support would be more effectively delivered through another public service, *and/or* it would not be sustainable for a service to only be available in some parts of the country. The former would cover in particular the continued funding of employment support through health services like Individual Placement and Support and employment advice in talking therapies, where it does not make sense for local partnerships to commission this separately; while the latter would cover for example the Access to Work service (and national advice line for employers) where it would not be feasible to commission this in some parts of the country and not others.

- **Effective arrangements to join up and integrate between services.** A key rationale for greater devolution, and for devolving without programme-based ‘strings’ attached, is to enable far greater integration across services in order to better reach those who are more disadvantaged and provide more tailored support. In particular, this means joining up services to better address wider issues and challenges that people may face, for example around housing, debt, health, family, care and more. It is imperative therefore that partners with wider responsibilities for funding and services are empowered (and encouraged) to develop more integrated models and deeper partnerships with a range of wider services – recognising in particular the role that voluntary and community organisations can play in this.

In addition, there is a wealth of evidence around effective approaches that integrate employment and skills support specifically, to help people to get the skills that they need for work as well as to support progression in work. This is particularly important now, given the need to do far better at tackling working poverty and preparing people to fill the jobs of the future. Partnerships should be encouraged therefore to focus in particular on ways

to commission integrated employment and skills services, using the ‘Train to Progress’ flexibilities in Universal Credit and learning from successful models like the sector pathways approach referenced above.

7.4 Creating a sustainable system

The government has already committed in its manifesto to giving local areas greater control over employment support through local work, health and skills plans, and this Chapter sets out how this could be done in a way that maximises the benefits of greater devolution, and tries to minimise the risks of simply devolving in silos and by programme. However, doing this well would be a significant undertaking and require a range of enabling conditions to be met. Based on design workshops and in particular input from people with expertise in employment programmes and in local government, we would argue that there are seven key enablers:

- **Support with building capacity and capability** – for developing local strategies and plans, partnership working, commissioning services, and managing support. This should be multi-disciplinary but led by DWP and is covered in more detail in Chapter 10.
- **High quality labour market and resident insight** – which will need to be enabled through better sharing of data between national government and local partnerships, greater transparency and reporting on the performance of employment services including the Jobs and Careers Service, and direct data gathering and consultation within local areas.
- **Common standards** to underpin planning and delivery in different areas. In particular this should include:
 - » A common commissioning strategy, updating the current DWP strategy to set out common standards for how areas will commission services and try to support a diverse and sustainable market – across the public, private and non-profit and voluntary sectors;
 - » Common quality standards, metrics and success measures that can be used across services and that would apply to the Jobs and Careers Service and to support delivered in health settings, as well as locally commissioned support; and
 - » A consistent approach to managing services and assessing quality, including a role for common regulation and inspection (again covered in Chapter 10).
- **Long-term funding settlements** – with local plans underpinned by commitments to funding over at least a rolling four year window (to allow for the time taken for programmes to start up and to wind down after referrals have stopped).
- **Alignment across commissioning and administrative boundaries** – so that the boundaries for Jobs and Careers Service ‘districts’, health systems, skills and local government powers are coterminous with boundaries for Labour Market Partnerships (as is largely the case for Combined Authorities).
- **Leadership and buy-in** – while we would argue that there should be a statutory duty to engage with Labour Market Partnerships, it is far more important that local leaders are bought into the process and able to create the conditions for local managers and those delivering services to work together. This has been a key finding too in numerous evaluations of previous attempts to join up services locally.
- **A framework for innovation, testing and learning.** Finally, a key benefit of a more devolved approach is that it gives scope for areas to share practice, learn from each other and test new approaches. National government can play a key role in enabling and supporting this, and creating the conditions for innovations to be rigorously tested so that their impacts can be understood and used as a basis for scaling and rolling out successful interventions elsewhere. There are a number of models that we can learn from overseas, particularly from the United States. Again we return to this in Chapter 10.



8: Ending the compliance culture

8. Ending the compliance culture

Labour market requirements have been a feature of the social security system since its creation in 1910, and there is widespread public support for the principle of ‘mutual obligations’ in social security. However, the last 20 years has seen a relentless ratcheting up of requirements, ever tougher penalties and stricter application – to the point where the UK has among the strictest sets of rules in the developed world and where the balance of evidence suggesting that changes have made things worse rather than better – for the economy, society and of course for the people directly affected.

We believe that there is both an opportunity and an urgent need to rethink our approach, so that we can bring more people into support, deliver better services, reduce the significant costs of failure in the current system and improve outcomes.

We propose three important changes to ‘conditionality’ rules:

End the 35-hour jobsearch requirement for unemployed claimants and return to broadly the rules that existed previously. We believe that the 35-hour requirement is driving much of what is wrong with our current approach: forcing people to constantly justify their actions, tying advisers up in checking what people did last week, and actively pushing people who are unable to spend 35 hours a week – for example because of their own health or caring responsibilities – to apply for other benefits where they would face fewer requirements but also end up further from support. It is a bad policy, with no evidence to justify it, and its abolition would be wholly positive.

Remove requirements to undertake ‘work related activity’ where people have significant health conditions or very young children. The evidence base for applying these requirements is weak, with significant evidence that it can lead to worse outcomes for individuals including on their likelihood of being in work. We propose that the core requirement should be to attend periodic meetings with a specialist adviser, where individuals can engage with support voluntarily.

Remove ‘worksearch’ and ‘work availability’ requirements from people in work and on low incomes. The current rules require people in this group to demonstrate that they are spending 35 hours a week in work or work-related activities. Again, it is very hard to justify this approach and it likely creates more problems than it solves. We would argue that the only requirement for these claimants should be to attend periodic meetings, with the onus then being on agreeing a voluntary plan.

We also propose two changes to the sanctions system. First, there should be more checks and balances in how decisions are made. This should include defining ‘good cause’ in legislation; enabling frontline advisers to make a recommendation to the sanction decision-maker on whether to apply a sanction; and introducing a ‘warning’ system. Secondly, the government should legislate to reduce the severity of sanctions, broaden access to hardship payments and stop recovering these from future benefits.

Benefit ‘conditions’ should be in the background rather than the foreground of employment support, and the purpose of our employment services should be to enable and empower people rather than to monitor and suspect them. The actual application of a sanction should always be viewed as a sign of failure rather than success.

We have set out how our system of employment support can be disempowering, stigmatising and often pushes the people who would most benefit from support away from accessing it. We argue that this needs fundamental reform, so that it is no longer based on what you *must* do but what you *could* do with the right support; ends the constant focus on ‘where were you last Tuesday’; and is underpinned by relationships based on trust and empowerment rather than suspicion and compliance.

This shift however has significant implications for the work-related requirements that we place on people when they claim benefit, the penalties that are imposed when conditions are not met, and how these rules are then implemented. This Chapter takes these three areas in turn – benefit conditionality, sanctions and implementation – and then sets out proposals for reform. We believe that the changes that we are proposing would be good for the economy, for the Exchequer and for the people who rely on benefits, as they will lead to a system that people and employers want to engage with, that is evidence led, and that ends the huge costs of failure in the current model.

8.1 Mutual obligations and ‘conditionality’

Labour market requirements have been a feature of the social security system since its creation in 1910. And while the design and application of this ‘conditionality’ has ebbed and flowed over the years, it has generally involved requirements that where people are claiming benefits and are able to work, that they demonstrate that they are available for work (by regularly attending jobcentres and not turning down job offers) and actively seeking work, (by reporting on what they have done).

Similar rules exist in every social security system across the developed world, and there is a broad consensus in support of having conditions in place, in principle at least. We found this in our evidence gathering, including in focus groups with people out of work or in work on low incomes. We also found appetite for testing models that pay a universal income to all citizens without any work-related requirements, although there were often conflicting views on this in workshops and roundtables (as there have been in countries that have trialled this) and we concluded that proposals for this more fundamental reform to social security would be out of scope for this Commission.

“I think sanctions definitely should be put in place because it gives you the knowledge to know that there are cautionary steps and you have a bit more discipline.”

Focus group participant, claiming unemployment benefits and looking for work

However, while there may be consensus around the *principle* of having conditions, the last two decades have seen these rules become both more extensive – applying to more people, including those not able to take up jobs – and intensive – ratcheting up the requirements that people face.

8.1.1 The extension of conditionality to parents, people with health conditions, and those in low-paid work

The process of extending work-related conditions to more groups began in the early 2000s, affecting lone parents claiming ‘income support’ and people with long-term health conditions claiming ‘incapacity benefits’. For lone parents, reforms have extended similar conditions to those that exist for ‘unemployed’ claimants first to parents with secondary school-aged children and then to those with primary aged children; with the Conservative government more recently extending these rules to all parents with children aged over two years old. Lone parents (and now also the lead carers in couple households) are able to restrict their availability to jobs that fit around school or childcare³⁵, and are exempt entirely if they have a disabled child, but otherwise

35 However, there is evidence that the easements are not routinely applied – see for example the findings of the Welfare Conditionality project, available at: <http://www.welfareconditionality.ac.uk/> [Accessed 15 July 2024]

are required to demonstrate that they are looking for work and available for work. In addition, parents with children aged 1-2 are required to attend periodic interviews, and those with children aged 2-3 are required to take steps to prepare for work.

For people with significant health conditions or impairments, a new assessment process was fully introduced in 2008 (following earlier piloting) under which claimants are assessed into one of three groups: people deemed fit for work, who then face the same conditions as other unemployed claimants; 'limited capability for work', where people are required to attend periodic interviews and take steps to prepare for work; and 'limited capability for work related activity' with no requirements. Around two thirds of those who go through this Work Capability Assessment (WCA) are assessed as having no requirements, one in six are placed in the group with limited requirements, and one in six are told that they are fit for work. The government has committed to reforming the WCA in the coming Parliament.

Evaluations of the impacts of these reforms have been mixed. For lone parents, extensive research has suggested positive effects on employment and reductions in the number of people claiming out-of-work benefits³⁶, but little evidence of any impact on poverty, and negative effects on health and wellbeing both for parents³⁷ and children³⁸ - likely driven by a combination of the pressures from having to comply with conditions and the impacts of work on family time.

Meanwhile the evidence on extending conditionality to people with significant health conditions has been overwhelmingly negative – with evidence from studies in the UK and overseas suggesting little, no or even negative impacts on employment and benefit receipt, and negative impacts on wellbeing, especially for those with mental health conditions³⁹. This also points to a broader issue that there are negative impacts on conditionality for people with health conditions regardless of which benefit they claim or group they are placed in.

Finally, importantly, the previous government has also introduced requirements on people in working households on Universal Credit, where their earnings are below a certain threshold (recently raised to around £900 a month for single claimants, and around £1,400 a month for couples). This was introduced as a result of concerns that stronger financial incentives for working shorter hours under Universal Credit could lead to some people working less.

8.1.2 Increasing the intensity of jobseeking conditions

Over the last fifteen years, the requirements placed on jobseekers have also significantly ratcheted up, with claimants required to attend jobcentres more frequently and demonstrate that they are doing more to look for work.

The requirements for more frequent appointments at jobcentres have, on one level, been evidence based – as previous studies have shown that there is a small but significant link between the frequency of attendance at jobcentres and the likelihood of leaving benefit⁴⁰. Indeed this has enabled the government to 'score' potential future savings in benefit spending from some of its more recent changes to conditionality. However as we set out in our interim report, there is an opportunity cost to this too – both on adviser time, with ever more staff tied up with seeing a minority of Universal Credit claimants ever more frequently, and on people's experiences and perceptions of employment support.

36 Avram, S., Brewer, M., Salvatori, A. (2013) *Lone Parent Obligations: an impact assessment*, Department for Work and Pensions Research Report No 845, July 2013

37 Campbell, M., Thomson, H., Fenton, C. and Gibson, M. (2016) 'Lone parents, health, wellbeing and welfare to work: a systematic review of qualitative studies' *BMC Public Health* 16, Article No. 188

38 Avendano, M. and Li, L. (2023) 'Lone parents' employment policy and adolescents' socioemotional development: Quasi-experimental evidence from a UK reform', *Social Science & Medicine* 320, March 2023

39 Geiger, B. (2017) 'Benefits conditionality for disabled people: stylised facts from a review of international evidence and practice'. *Journal of Poverty and Social Justice*, 25(2), May 2017; and Dwyer, P., Scullion, L., Jones, K., McNeill, J., Stewart, A. (2020) 'Work, welfare, and wellbeing: The impacts of welfare conditionality on people with mental health impairments in the UK', *Social Policy and Administration* 54(2), March 2020

40 DWP (2015) *Jobseeker's Allowance Signing Trials*, Department for Work and Pensions ad hoc research report no. 16

Alongside more frequent meetings, jobseekers are also now required to demonstrate that they are doing more to look for work. In particular, since 2013 jobseekers have had to demonstrate that they are spending 35 hours a week on jobsearch activities (replacing previous rules that only set a minimum of three activities per week), with some limited flexibility for people with health conditions or caring responsibilities. This was introduced without any evidence to justify it, was not piloted or tested and has not been evaluated. However we heard consistently in our evidence gathering and in workshops with service users that these requirements were driving the focus on compliance and looking backwards, and that the pressures of having to meet these conditions made it harder in particular for people with underlying health conditions or caring responsibilities to maintain their claims. Critically, this may in turn be pushing more people who have health conditions but were previously in the ‘Searching for Work’ group to apply for a Work Capability Assessment and so contributing to the increase in the number of people on health related benefits, as the Office for Budget Responsibility suggest in their 2023 analysis of fiscal risks and sustainability⁴¹.

More recently, in 2019 the government changed the rules for how long jobseekers can restrict the sorts of jobs that they apply for. Prior to 2019, jobseekers could restrict their jobsearch to specific occupations or sectors for the first 13 weeks of their claim where this could be justified by their employment history, while since 2019 that period has been reduced to four weeks. Again, there was no strong rationale to justify this change, and correspondence between the Department and its Social Security Advisory Committee acknowledged that there had been no assessment of its impact and no likely benefit savings, and that it could lead to negative as well as positive impacts⁴².

“Sanctions makes you not really communicate with the person who’s actually supposed to be supporting you.”

Focus group participant, claiming unemployment benefits and looking for work

8.2 The sanctions system

The same legislation that led to more intensive requirements for jobseekers also overhauled the system of sanctions for people who failed to meet these obligations. This increased the length of sanctions (which previously varied between 1 and 26 weeks), introduced the concept of ‘escalating’ sanctions for repeated failures, and reformed ‘hardship’ payments for vulnerable groups – both removing the automatic entitlement to these for certain groups, and requiring that they be repaid from future Universal Credit awards.

Under the new system there are three levels of sanction for jobseekers:

- **High** – for failing to apply for a job, refusing a job offer or voluntarily leaving work – with the sanction lasting 13 weeks for a first sanction and 26 weeks for any subsequent sanctions within a year;
- **Medium** – for being judged not to have taken reasonable steps to find work or for failing to be available for work, with this lasting four weeks for a first sanction and 13 weeks for subsequent sanctions;
- **Low** – for failing to attend a required interview or take a specific action, with the sanction lasting until that action is undertaken plus one week for a first sanction, two weeks for a second and four weeks for a third.

The Department introduced these reforms because it believed that the size of the financial penalties from sanctions, and having greater clarity and less discretion around their length,

⁴¹ OBR (2023) *Fiscal risks and sustainability*, Office for Budget Responsibility, Command Paper 870, July 2023

⁴² See: <https://www.gov.uk/government/publications/uc-and-isa-work-search-and-work-availability-requirements-limitations-amendment-regulations-2022/ssac-to-secretary-of-state-for-work-and-pensions-the-universal-credit-and-jobseekers-allowance-work-search-and-work-availability-requirements-lim> [Accessed 15 July 2024]

would increase the ‘deterrent’ effect and so lead to higher engagement in support among claimants. However, there was no evidence to back up this view. Indeed the government’s later impact assessment of their sanction reforms suggested that if anything people who are sanctioned are *less* likely to move into work than those who are not sanctioned, and where they do go into work they earn less⁴³.

More broadly, the evidence base on the application of sanctions is generally negative, with studies suggesting that while being sanctioned increases the likelihood of being in work, this is often poorer quality and lower paid work, and that sanctions lead to greater hardship and poorer health (both for those sanctioned and other family members)⁴⁴. It is far from clear that a sanction itself would ever be a positive outcome.

“You are starving a child. Punishing a child for their parent’s actions.”

Focus group participant, in low paid work and interested in changing job

8.3 The application of conditionality and sanctions

Taken together, the UK now has among the strictest sets of rules for ‘conditionality and sanctions’ in the developed world, with the balance of evidence suggesting that the changes made over the last two decade have made things worse rather than better – both for those people directly affected but also for the economy and the Exchequer. In our interim report, we heard directly from service users, employers and wider experts that the current model undermined relationships with employers and partners, pushed people who were more disadvantaged away from support, and had significant negative impacts on people living in households and families that were subject to sanction.

Half a million people are sanctioned every year, with currently 125,000 people on Universal Credit and with a sanction applied. As we set out in our interim report, almost all of these sanctions (97%) are for failing to attend appointments. These are the signs of a system that is failing, and it is likely that the equivalent of hundreds of Jobcentre Plus staff are tied up in administering it.

“Sanctions should be for the extreme when someone is not doing anything to look for work and not around someone missing an appointment.”

Focus group participant, in low paid work and interested in changing job

Importantly, this increase in sanctions is being driven by a combination of changes to the rules and how those rules are being applied. The NAO set out in its 2016 review of sanctions that there were wide variations in sanction rates across Britain and that the government had not done enough to understand the reasons for this⁴⁵. However, sanction rates have increased particularly since the Covid-19 pandemic – more than doubling – perhaps reflecting more people being ‘caught out’ by requirements to attend meetings more frequently, or by decisions to apply the rules more strictly as part of the previous government’s ‘Back to Work Plan’.

Either way in Northern Ireland, which as we set out in Chapter 5 has the same benefit rules as Great Britain (including on sanctions) but has full control over how services are delivered, unemployed claimants are just half as likely to have their benefits reduced. This is set out in Figure 13 below, showing that the gap with Great Britain has opened up in particular since the resumption of full conditionality after the Covid-19 pandemic. Despite this, Northern Ireland has seen no increase in claimant unemployment relative to Great Britain, and in fact over the last decade has gone from having the highest claimant unemployment rate in the UK to the joint lowest. It is simply not the case that even with our current system we should be sanctioning as

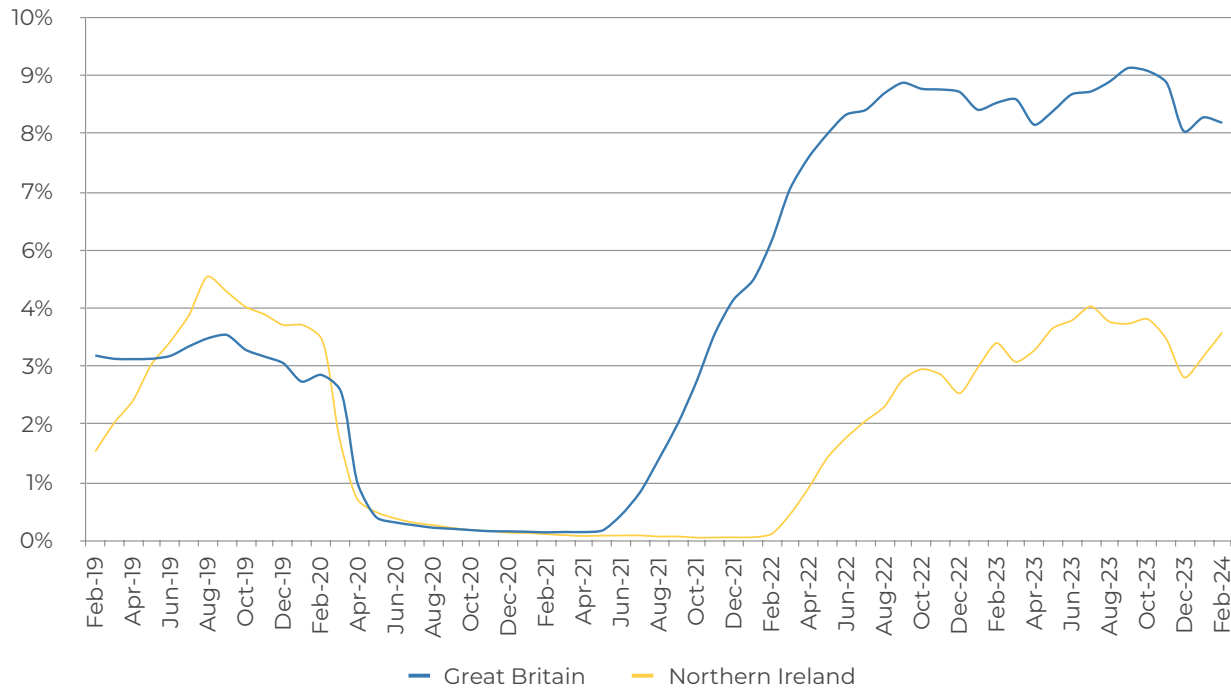
43 DWP (2018) *The Impact of Benefit Sanctions on Employment Outcomes – Draft*, Department for Work and Pensions, Draft Research Report

44 Pattaro, S., Bailey, N., Williams, E., Gibson, M., Wells, V., Tranmer, M. and Dibben, C. (2022) The impacts of benefit sanctions: a scoping review of the quantitative research evidence. *Journal of Social Policy*, 51(3), February 2022

45 NAO (2016) *Benefit Sanctions*, Report by the Comptroller and Auditor General, HC 628, Session 2016-17, November 2016

many people as we are, and it is highly unlikely that if we sanctioned fewer people we would see any negative impacts on unemployment at all.

Figure 13: Proportion of Universal Credit claimants in the ‘Searching for Work’ group whose claim has been sanctioned



Source: IES analysis of DWP and NI Department for Communities statistics

8.4 Proposals for reform

The proposals we set out for taking forward the new Jobs and Careers Service will help address many of the problems that we have described in this Chapter. Having a clearer separation between benefits administration and employment support, tailoring that support to people’s needs, delivering it in different settings, and focusing on empowering and enabling people rather than checking up on them should all lead to a system that has higher levels of trust, focuses on support rather than compliance, and that ultimately leads to higher engagement and fewer sanctions. However, we believe that we also need to make changes to the ‘conditionality’ rules, the sanctions regime and how these are applied.

8.4.1 Conditionality

We make three proposals for reforms to conditionality rules as follows.

- First, we propose reversing the 35-hour jobsearch requirements on unemployed claimants, and returning to broadly the rules that previously existed (which required jobseekers to undertake a minimum of three activities a week). In our view, the need to constantly justify having spent 35 hours a week looking for work is driving the backward-looking, ‘where were you last Tuesday’ focus in jobcentres, wastes everyone’s time and is pushing away from support people who find it harder to meet those strict criteria. We believe that there has never been any evidence to justify the 35-hour requirement, it has served no useful purpose at all and its removal would be wholly positive.

In the final round of workshops we consulted specifically on the design of a replacement for the 35-hour requirement, and in particular whether there should be any requirement at all (as there were no such rules between 1935 and the late 1980s), it should be hours-based or activity-based. The consensus was that reverting to minimum requirements based

on activities would be preferable, as it would be in keeping with individuals' action plans, would minimise the need for detailed checking, can be applied consistently and fairly, and would provide a safeguard for the (likely rare) occasions where advisers did need to direct an individual to undertake an activity or warn someone who is not actively seeking work.

- Secondly, we propose that where people are currently required to undertake work-related activity (those with health conditions and assessed as having limited capability for work, and parents of children aged 1-2), the only requirement should be to attend periodic meetings with a specialist adviser. Those meetings should then work with individuals to engage with support voluntarily where appropriate. Again, we explored in our options development removing requirements entirely, and there were divergent views on this. On balance, we feel that the benefits of having periodic meetings outweigh the potential risks, and would provide an opportunity to engage with and support people who may want to take steps towards work.

Related to this, we believe that there would be merit in exploring the extension of this approach to people with health conditions who currently have no requirements (with appropriate exemptions for some groups), as was proposed in the recent Pathways to Work Commission Report⁴⁶. However, we believe that any decisions on this should be taken only after the successful implementation of the other proposals in this report and following consultation with disabled people, those with health conditions and wider stakeholders.

- Thirdly, for people who are in work and on low incomes, we propose removing the 'work search' and 'work availability' requirements. Currently, those in work and subject to conditionality are expected to demonstrate that they are undertaking worksearch activity for the balance of time between the hours that they work and their expected hours (usually 35 hours a week). In our view this is even less sensible than the 35 hour a week rule for people out of work, particularly given that this is now in theory being applied to up to half a million people. We recognise that there is a case for having regular meetings, but would argue that the only requirement should be to attend those meetings – with the onus then being on the individual and the adviser to agree a plan.

The Commission also considered and discussed the issues around how the conditionality regime is applied where people have fluctuating conditions or changing circumstances (particularly health related but also where family and caring arrangements are more complicated). Ideally, as a principle, we think that the social security system should apply the same broad approach for those out of work as would happen for someone in decent work – if you are not able to work due to ill health or caring then you are able to take leave (sick leave or parental leave), and if that persists then adaptations would be made or there would be appropriate certification and support. There are many reasons why this does not happen now, and this is a far wider issue than employment support and which will need to be addressed as part of the government's review of the WCA. However, we would hope that the proposals in this report will significantly reduce the risk of people being sanctioned where they have fluctuating conditions, and that the WCA review will consider ways to build the capacity and capability for more tailored and rapid assessment and access to appropriate support where changes in someone's health means that they are unable to seek work.

8.4.2 Sanctions

The application of a sanction represents a failure and not a success. The proposals in this Chapter should lead to far fewer people being referred for sanction, but nonetheless there will inevitably still be circumstances where referrals are made and so we also need to reform and improve the sanctions system in two ways.

First, there should be more checks and balances in making decisions to sanction. This is a

⁴⁶ Pathways to Work Commission Report, Presented to Barnsley Council and South Yorkshire Mayoral Combined Authority in July 2024

complex area where the rules are in part a consequence of the fact that there need to be clear ‘decision makers’ acting with the power of the Secretary of State. However, building on the recommendations of the Work and Pensions Select Committee, there are specific reforms that could enable frontline advisers to have more discretion and input before decisions are made. Specifically, this should include defining in legislation what constitutes a ‘good cause’ for not meeting a requirement (so that these can be assessed at the frontline rather than by a decision maker), enabling frontline advisers to provide a recommendation to the decision maker on whether a sanction should be applied, and introducing a meaningful ‘warning’ system as was trialled in the late 2010s⁴⁷.

“Before they actually take it to the sanctions, what they should do is have a look at how many times you’ve not attended and see if there’s support systems that they could put in place. It could be that you have children. You could have social anxiety. They need to understand the situation of the person.”

Focus group participant, claiming unemployment benefits and looking for work

Alongside this, the government should also reduce the severity of sanctions, broaden access to hardship payments and stop recovering these from future UC payments. On severity in particular, sanctions should be reduced where people have dependent children, again as recommended by the DWP Select Committee.

8.4.3 Implementing reforms

Taken together, we believe that the proposals that we make in this Chapter, alongside those in Chapters 6 and 7 for a reformed Jobs and Careers Service and a more integrated and joined up approach, will lead to better outcomes for the economy, for the public finances and for individuals who need employment-related support. By ending the focus on compliance and the reliance on strict conditionality, they will support higher engagement with people who are disadvantaged in the labour market, a more forward-looking and empowering approach, more tailored support, and services that can be trusted by individuals, employers and wider partners – which will address many of the negative impacts that we have seen in our current system.

Achieving these benefits in practice will also require a different approach to relationships between individuals and advisers within the Jobs and Careers Service, and we agree with the findings from recent work by the New Economics Foundation (NEF) which explored this in more detail – concluding that the application of conditionality needs to be in the background rather than the foreground of relationships, and that the starting point should be how to most effectively engage with and support individuals rather than how much conditionality it is reasonable to place on them⁴⁸. The NEF also make more detailed proposals for how this could work in practice which we believe there would be merit in testing, for example through the early pathfinders that we discuss further in Chapter 10.

Finally, we would also argue that the government should revisit the issues raised by the National Audit Office in their 2016 report on benefit sanctions, to ensure that there is transparent reporting on how rules are being applied, and active management where there are risks that rules are being applied inconsistently or unfairly – particularly during the rollout of these reforms.

⁴⁷ Work and Pensions Committee (2018) *Benefit sanctions: Nineteenth Report of Session 2017–19*, HC 955, November 2018

⁴⁸ Pollard, T. (2024) *Terms of engagement: Rethinking conditionality to support more people into better jobs*, New Economics Foundation, July 2024



9: Support across our working lives



9. Support across our working lives

A common theme in our design work was that our employment system needs to be tailored to the different needs that we have at different points in our lives, and in particular when we are entering the labour market and when we are at risk of leaving it.

For young people, the government has recognised the need to take a different approach that can balance objectives around education and skills, careers and the transition to employment – with proposals for a separate Youth Guarantee and to invest in a national network of Young Futures hubs.

We propose that the Young Futures hubs are extended to act as a means to integrate across all local services including employment support, in a single space. The new Jobs and Careers Service should be a key partner, as Jobcentre Plus has been in delivering Youth Hubs. Importantly, local partnerships should then oversee and draw this activity together and ensure that there are clear plans in place for engaging young disabled people and those with health conditions, who are less likely to engage with physical hubs and other mainstream services.

We would also argue that there would be merit in testing a full ‘jobs guarantee’ for young people, building on the Youth Employment Guarantee after the last recession. This came very close to demonstrating a positive fiscal return, and there is a strong case for trialling a reformed guarantee in one or more Combined Authorities.

For older people, the last five years has seen employment stop growing for the first time since the 1990s. Within this, there is a growing number of people in their 60s – many affected by State Pension Age rises – who are often overlooked, discriminated against or poorly served in employment support. The issues for older people are multifaceted and can relate to health, caring, confidence, jobseeking skills, discrimination and more.

We have set out that older people should therefore be covered by the Support Guarantee, and this should include making far greater use of specialist provision and looking to co-locate services so that they can reach those who are not engaging with support. However, we would also argue that we need to ensure that both employment services and workplace practices are far more age inclusive: by setting clear performance measures within services to narrow gaps in outcomes for older workers; and by government getting behind the Age Friendly Employer Pledge to promote more age positive employment practices.

We are proposing that the Jobs and Careers Service is an ‘all age’ service that can support people throughout their working lives. The Commission has also heard that our employment system needs to be tailored to the different needs that we have at different stages in our lives, and that there are particular challenges around how we support younger people entering the labour market and older people who are at risk of leaving it. The proposed ‘Support Guarantees’ should help to address these risks, but this Chapter discusses in more detail how we ensure that:

- For young people, we have a joined-up system that can support transitions into learning and work, with close integration between local services; and
- For older people, we can address the historic poor performance of employment services and ensure that no-one is written off as too old to work but too young to retire.

9.1 A joined-up system for young people

A range of research and evidence suggests that there is a clear rationale for taking a different approach to employment-related support for young people, and we heard this through our evidence gathering and consultation events too. The transition from compulsory education to our working lives only happens once, and is a time where government needs to balance different objectives that should be complementary but can sometimes be in tension with each other – around supporting educational attainment and skills development, making career decisions, finding employment, and becoming financially independent.

Getting this transition right involves a range of different policy areas and services, and needs a different level of integration and alignment between them. However the current approach is not fit for purpose – characterised by multiple different accountabilities, funding streams and services; often competing priorities; short-term reform and stop-start initiatives, particularly around youth engagement and vocational learning; cuts to youth services; and many unemployed young people ineligible for (or unwilling to claim) social security benefits. This has also happened against a backdrop of rising ill health for young people, particularly mental health, and now rising numbers of young people outside of full time education and the labour force (reaching its highest level and rate in at least thirty years).

The Labour government has recognised the need for a different approach for young people too, committing to putting in place a Guarantee for young people aged 18-21, of access to employment support, training or an apprenticeship. This echoes proposals made last year from the Youth Employment Group for a similar ‘Young Person’s Guarantee’⁴⁹. At the same time, Labour is also proposing a national network of Young Futures hubs that will bring together youth workers, mental health support and careers advice, while DWP is continuing to deliver its ‘Youth Offer’ which includes delivery of co-located delivery of employment, skills and local services through a network of locally managed ‘Youth Hubs’.

In taking the new guarantee forward, the government will need to ensure that we cut through rather than add to the current complexity and fragmentation in support for young people, and can focus on ensuring that all young people are accessing support and able to make the transition to further learning or sustained employment. In the latter stages of our design work, we explored in particular the feasibility of a more fundamental reorganisation of support for young people – in effect a new ‘single youth service’ underpinned by a single youth allowance to bring together financial support across education and the labour market – but felt that while this would have significant merit, it was ultimately unlikely to be achievable in the short to medium term.

Instead we would argue that we should focus on developing a far more seamless system for young people within the broad policy and funding framework that exists now, in particular by combining Youth Hubs and the new Young Futures hubs as a means to integrate services for young people in a single space. These should be led through local partnerships, with the new

49 YEG (2023) *The Young Person’s Guarantee*, Youth Employment Group, September 2023

Jobs and Careers Service a key partner: co-locating jobs and careers staff within these offices, and signposting and supporting young people to access online and in-person employment services and specialist support. Importantly, local partnerships would also need to ensure that they are actively engaged with and tailoring services for young disabled people and those with health conditions, who may be less likely to engage with ‘hubs’ and other mainstream services.

Finally, we believe that there would also be value in testing a full ‘jobs guarantee’ for young people, which could build on the original Youth Employment Guarantee that was in place between 2009 and 2011. This guaranteed access to support along the lines of the current government’s proposals, but also guaranteed that young people who remained unemployed for more than ten months would be guaranteed the offer a job – either a subsidised job in the open market, or a six-month ‘transitional’ job funded through public money. The impact evaluation from the transitional jobs element (the Future Jobs Fund) was very positive, although the relatively short period over which impacts were measured meant that it was not possible to prove that the programme was value for money⁵⁰. We would argue that there would be a strong case to test this more rigorously and over a longer period in one or two Combined Authorities, so that it can then be funded and scaled up if successful.

9.2 Supporting longer working lives

Employment of older workers has been the great success story of this century, with three quarters of all employment growth since the year 2000 explained by people aged over 50. However, older people’s employment has also been one of the biggest challenges that we have faced since 2020, as employment has stopped growing (for the first time in thirty years) and the ‘gap’ in employment compared with younger people has stopped narrowing. Furthermore looking ahead, over the next decade we will see the composition of our older workforce changing significantly as the children of the Baby Boomers – the Gen Xers – move through their 50s and into their 60s.

As we set out in Chapter 2, people aged 50-64 already make up half of all of those who are outside the labour force (excluding students) and within this is a growing number of people in their 60s who have lost out as State Pension Ages have risen and who are often overlooked or inadequately served through employment support.

The issues facing older people are multifaceted, including around a lack of opportunities to progress when in work, increased likelihood of having poor health, caring responsibilities for elderly parents and/ or grandchildren, and for those who want to return to work often different support needs related to skills and careers planning, flexibility at work, financial planning, managing health conditions, and more. Added to this, and perhaps unsurprisingly, older people being supported through mainstream employment programmes consistently have the lowest likelihood of any age group of entering work.

There is a strong case therefore for more dedicated and specialist support for older workers as part of delivering the Support Guarantee, which came across clearly in our design workshops and roundtables. There is also a strong case for ensuring that employment support is co-located within community services that older people are already using, and a need to ensure that the Jobs and Careers Service itself – the online and ‘on the high street’ offer – is as age positive and inclusive as possible. Given our changing demographics, if fewer than half of those using these services are over 50 then the likelihood is that those services will not be reaching the right people. This should include setting clear performance measures for services around narrowing gaps in outcomes for older people receiving support.

Finally, we would argue that government should get behind the Centre for Ageing Better Age-Friendly Employer Pledge and ensure that employer services are actively engaging employer clients around the benefits and opportunities of age positive practices.

⁵⁰ Marlow, S., Hillmore, A. and Ainsworth, P. (2012) *Impacts and Costs and Benefits of the Future Jobs Fund*, Department for Work and Pensions



Part Three: Making this work

10: A new role for central government

10. A new role for central government

The proposals in this report will lead to important changes in the role of national government, and in particular of the Department for Work and Pensions. Beyond the direct delivery of employment support through the new Jobs and Careers Service, national government will have to play a very different role in supporting wider system change and improvement.

In particular, it will need to be able to work with local areas to develop their plans; support innovation, learning and improvement at all levels; set clear standards and work to ensure that these are met; and support better use of data and insight.

Many of these capabilities already exist within government, although they are often spread across different functions, and there are important gaps too. Therefore we would propose five priorities for central government over the coming Parliament, to support implementation of reforms and to build the longer term structures for success:

- Create a new Implementation Unit to support partnerships to build capability, develop plans and join up – drawing on seconded and commissioned expertise;
- Establish a What Works Office for employment support, that can synthesise evidence, develop tools and resources, and work with policymakers, commissioners and delivery organisations to apply this;
- Continue to invest in data and insight – by working with local partnerships to support development of local datastores and Observatories, joining up national government initiatives on skills and employment data, and extending the DWP Datalab service;
- Work with partners to develop the common standards that will underpin a more devolved system – including the new Service Guarantees and Charters, a single commissioning strategy, common success measures for provision, and a joined-up approach to accreditation and professionalisation of employment advisers; and
- Create a new Employment Support Quality Team, to provide oversight and assurance on the delivery of services – both within the Jobs and Careers Service and those that are commissioned locally or in other settings.

The proposals set out in this report have important implications for central government – in terms of the role that it would play in a new system; and the specific steps it can take to support the effective implementation of those reforms (nationally and locally). This Chapter takes these areas in turn: first discussing how the proposed changes would affect the functions of central government, and then setting out actions that government should take to support the implementation of reforms.

10.1 The role of central government in a reformed system

Design workshops and roundtables discussed the implications for central government of reforming our approach to employment support. In a more joined-up system, with greater devolution of powers and with employment support being commissioned and delivered in different settings, government will need to move away from a top down, command-and-control model where central government is commissioning or delivering nearly everything within a unitary department, towards one that can steward a wider system, influence practice and drive improvement.

As now, central government will have a significant role in the direct delivery of employment support through the new Jobs and Careers Service, and as we set out in Chapter 6 this will itself lead to major changes – in particular with a greater focus on coaching and employment support, more employer engagement, greater partnership working and delivery in different settings, and more use of digital services. However, looking beyond this at the role of central government in supporting wider systems change, we identified four key roles for government.

- **Strategy and planning.** As now, DWP would have lead responsibility for employment policy within Whitehall. However in a more integrated system it would need to be able to draw policy together across government to support a new national labour market strategy; and in a more devolved system it would need more capacity to support local partners in developing their own Labour Market Partnerships, policies and plans.
- **Supporting innovation, learning and improvement.** With more support being delivered in other settings and/ or commissioned more locally, central government will need to play a different role in supporting others to understand and use evidence, test new approaches, learn from each other and continuously improve. The government has done this in some programmes already – most notably by funding ‘IPS Grow’ to provide expert assistance and support for rollout of Individual Placement and Support within the NHS – but does not (yet) do it systematically. For example there is no ‘what works centre’ to support innovation and learning (as exists for education, health and local growth⁵¹) nor any formal structures to support improvement as are found in many other public services. To some extent this is understandable given how services have historically been commissioned and delivered; but this would need to change in future (and our visit to Northern Ireland demonstrated the benefit of investing in support for local areas).
- **Standard setting and quality management.** A more devolved and diverse system will also put a greater premium on having common standards across services – including around entitlements to support, the quality of support and how services are commissioned and managed (covered in Chapters 4, 6 and 7). It also makes arm’s length oversight of this even more important, and as we set out in our interim report, employment support is one of the only public services with no formal mechanisms for inspection, assurance and quality management of the services being provided – unlike in education, health, social care, policing, criminal justice, housing and more. Ofsted used to inspect contracted employment programmes, but this was ended in August 2010.
- **Data and insight.** Finally, participants in a number of design workshops and roundtables highlighted the critical role that central government can play in supporting better use of

51 See: <https://www.gov.uk/guidance/what-works-network> [Accessed 15 July 2024]

data – specifically on sharing labour market information and data on the performance of programmes and policies, and in supporting the sharing of management information between services. The previous government made some progress in some of these areas – for example through the creation of the ‘DWP Datalab’ to support other organisations in measuring the additional impact of programmes and the Unit for Future Skills to support local partnerships to understand future skills needs and use data better, as well as the funding of the ‘LMI for All’ portal to bring together labour market data and make it more accessible. However, there was strong support to build on this, and these are areas where central government can add significant value for local partners and wider public services.

10.2 Priorities for change in this Parliament

Many of the capabilities set out above already exist within central government to a greater or lesser extent. As noted, DWP has extensive expertise around analysis and insight, employment policy and programme management, and it also has a long track record of implementing major changes (including Universal Credit, digital delivery and wider service modernisation). However these capabilities are often spread across functions and internally looking, and there are important gaps in capability too – particularly in the (lack of) any common oversight of the quality and standards of employment support.

Building on our consultations and design work, we would therefore propose that there are five key priorities for change in the role of central government over the coming Parliament, both to support the implementation of these reforms and to build the longer-term structures so that they can achieve their potential.

10.2.1 An Implementation Unit to build capacity and capability

First, an immediate priority should be to create a new **Implementation Unit** to support capacity and capability building within local areas and to prepare for reform. The objectives for this work would be to support new local Labour Market Partnerships to form, develop their plans and join up delivery; to enable Combined Authorities and London to be ready for devolution; and to establish a clear path for wider areas to move from co-commissioning to fuller devolution.

The scope of support would need to include building capacity for:

- Developing local strategies and plans;
- Understanding and using evidence – labour market data, management information and evidence on ‘what works’;
- Policy design, commissioning and management of employment programmes and services – in particular around specialist support for disadvantaged groups;
- Partnership working, including working across public services and with voluntary and community partners;
- Employer services, engagement and partnerships; and
- Evaluating the effectiveness of programmes and provision.

The unit would need to draw on a mix of in-house, seconded and commissioned support. In-house within DWP, a single team could usefully bring together staff with capabilities around evidence, policy, commissioning, management, partnership working, employer services and so on. This would then need to be supplemented by expertise seconded from local government and delivery organisations.

Alongside this, commissioning specialist support for capacity building has proved successful in the past – as noted the ‘IPS Grow’ model has support rapid rollout and scale-up of Individual Placement and Support within the NHS; while in employment support the ‘City Strategy Partnerships’ model in the mid-2000s built capability across a dozen local areas using a mix of

internal and commissioned support. More recently, the ‘ReAct Partnership’ has used a similar model to support learning, sharing and continuous improvement within the Restart Scheme, collectively funded by Restart providers.

A programme of work would need to include co-developing resources and toolkits for local teams, running training and events, building communities of practice and learning networks, and supporting secondments and placements into local teams (for example secondments between local areas, from national to local government, or between different partners).

Finally, we saw in Northern Ireland that successful capacity building also requires government to **resource the organisations that will be taking on new responsibilities**. So we would argue that there should be funding available to cover the additional costs for a team within each lead local organisation (i.e. Combined Authorities/ London in areas with devolution deals, a nominated lead authority in areas without) to ensure the effective rollout and ongoing management of Labour Market Partnerships.

10.2.2 A ‘What Works’ Office for employment support

Secondly, we recommend that government starts to develop the tools and resources to support both local partnerships and delivery organisations to do more of ‘what works’ and less of what doesn’t – in policy design, commissioning and management of services, and frontline delivery. This will be essential in a system where more commissioning is devolved and more delivery is happening in different settings, and there are a range of examples and good practices that we can build on and learn from.

In particular, through its ‘what works centres’, the UK is already at the leading edge internationally in using evidence to inform policy and practice in a range of areas – including education, health, policing, local growth, policy for older people, and youth employment⁵². These centres are all separate entities with different funding models, structures and purposes, but they share common themes around: synthesising evidence, presenting this in ways that are useful for those who commission or deliver services, and working to disseminate these resources through networks, events and online resources. Many also fund the trialling of interventions to build the evidence base and fill gaps in understanding.

We would argue that we need a similar function for employment support. We are not proposing a formally established, arms-length ‘what works centre’ – partly because we do not yet know how these centres will evolve under the new government, but mainly because it is not clear that at this stage an independent ‘what works centre’ would be the right approach. Instead we would propose that government sets up a team within DWP, again drawing on seconded expertise and externally-commissioned support, that can synthesise evidence on what works (in policy, commissioning/ management and delivery); develop tools and resources; and then work with the Implementation Unit and wider partners to share and embed this.

This would build on resources that have already been developed within the Department over many years and work by wider research centres, trusts and foundations. Externally, the Youth Futures Foundation has developed a pioneering toolkit specifically focused on employment interventions for young people⁵³ and is working with researchers on extending this; while the United States government has developed high quality toolkits to support state and city governments in policy and commissioning – through the Pathways to Work Evidence Clearinghouse⁵⁴ and the Clearinghouse for Labor Evaluation and Research (CLEAR)⁵⁵. The US also has good examples of how Offices within government can support regional and local commissioners to share, understand and apply evidence – through its Office of Planning,

52 More information on the What Works Network can be found at: <https://www.gov.uk/guidance/what-works-network> [Accessed 15 July 2024]

53 See: <https://youthfuturesfoundation.org/toolkit/> [Accessed 15 July 2024]

54 Available at: <https://pathwaystowork.acf.hhs.gov/> [Accessed 15 July 2024]

55 Available at: <https://clear.dol.gov/> [Accessed 15 July 2024]

Research and Evidence (OPRE)⁵⁶ and Office of Disability Employment Policy⁵⁷.

As noted, an important function of many What Works Centres is providing funding for trials that can test new approaches in order to address particular priorities or to fill gaps in our evidence (for example on whether interventions work for different groups or in different contexts). Our view is that a similar fund should be a central part of the approach for employment support too, as there are significant barriers to successful innovation within the day-to-day delivery of employment programmes. The previous government created such a fund in 2023 – the Labour Markets Evaluation and Pilots Fund – and we would recommend making this a permanent feature going forward, with a similar sized budget (of around £40 million per year). We would also propose that this is managed through the new What Works Office so that it can be fully aligned with the wider reforms set out in this paper.

10.2.3 Continue to invest in data and insight

As we set out in section 10.1, there has been progress made over recent years in how government uses data and insight to support decision-making, particularly through the DWP Datalab and the work of the Unit for Future Skills. There has also been significant investment in local government over the last two years to enable areas to build the evidence base for Local Skills Improvement Plans (LSIPs), while some places have gone further in drawing together and presenting data for stakeholders and partners (the Greater London Authority’s London Datastore being perhaps the best example⁵⁸).

Looking ahead, access to consistent and relevant data will be critical both in supporting local areas in policy and planning, and to support those who manage and deliver services to continue to improve. We would suggest that there should be four specific priorities over the next few years, to:

- Work with local partnerships to develop tools and resources to support planning and delivery in their areas. This may require some ‘seedcorn’ funding as happened with LSIPs but could learn from the approach taken in London through the datastore and the more detailed work being taken forward in Northern Ireland to develop a new ‘Labour Market Observatory’⁵⁹.
- Join up work across government to draw together and make use of labour market data – within DWP, the Unit for Future Skills and the LMI for All programme. As now, this should focus both on how we use data and insight to inform policymaking as well as on opening up access to data for wider partners. There are particular opportunities here in using artificial intelligence – for example to analyse language used in vacancies and CVs – and work on this that can be built on both within and outside government.
- Extend the DWP Datalab service. The DWP Datalab has been a very welcome development, enabling organisations to ask DWP to conduct counterfactual impact evaluations of initiatives by drawing on administrative records in the tax and benefits system (where this is feasible to do so). However it is also has a very limited capacity. Moving forward, we think that a central function to provide specific analytical services around data matching and impact evaluation would be invaluable in assessing the effectiveness of interventions commissioned through local partnerships. We would therefore recommend focusing the work of the Datalab on doing this, while also gradually expanding its capacity as demand increases.
- Routinely publish management information on all employment support and services. Finally, we had consistent feedback that data on employment support was sporadic and patchy, and a number of people in design workshops advocated for consistent and regular reporting

56 Available at: <https://www.acf.hhs.gov/opre/about> [Accessed 15 July 2024]

57 Available at: <https://www.dol.gov/agencies/odep> [Accessed 15 July 2024]

58 See: <https://data.london.gov.uk/dataset?topics=50f66ade-4ef9-4814-b2cb-94e5b316d7f6> [Accessed 15 July 2024]

59 See: <https://www.ulster.ac.uk/news/2024/february/4.8m-funding-for-epic-futures-ni> [Accessed 15 July 2024]

across all services – national programmes, locally commissioned support and Jobcentre Plus. This could include for example the number of people enrolled and the outcomes achieved over time, with simple demographic breakdowns. We would support this in principle, in particular for the Jobs and Careers Service and major commissioned programmes, but recognise the challenges and feasibility of doing this for smaller programmes and those where data is not being collected through common systems.

10.2.4 Common standards and success measures

We have set out in Chapters 4, 6 and 7 that the new system needs to be underpinned by common standards that can apply across services and join up between national priorities and local delivery. This includes common Service Guarantees, Charters for service users (individuals and employers), consistent success measures across programmes and services, and a common approach to commissioning services and ensuring a sustainable and diverse market. In the immediate term, we would argue that the key areas of focus should be:

- The detailed (co)design of the Service Guarantees and Charters set out in Chapter 4 – in particular working with service users, delivery organisations and local and national stakeholders.
- A new ‘commissioning strategy’ for employment support. The most recent strategy was published by DWP in 2023, and while it covered the right areas (to improve outcomes, deliver value for money, support a healthy market and enable innovation and improvement) it was inevitably focused on direct commissioning by DWP⁶⁰. The new system needs to have similar commitments to a diverse, sustainable and effective market, but have the buy-in of all commissioners – DWP, local government and in wider public services.
- Consistent success measures that can be used across all employment services and programmes. This was a key area of feedback in design workshops, and in particular that these need to be common to the new Jobs and Careers Service, any national contracted provision, and services commissioned locally. We need a common language for measuring: how and when people access support, the delivery of support (both in terms of interventions/engagement but also the quality of services and satisfaction), and outcomes from support (including a common definition of a job outcome and ‘good work’).
- Common accreditation and standards for employment advisers. There is currently no single accreditation approach – with DWP using a mix of internal accreditation followed by progression to a Level 4 Certificate in ‘Managing the Delivery of Services to Customers’ (which covers operational delivery more broadly, but includes modules on coaching and the labour market); while outside of government the Institute for Employability Professionals has developed accredited training on different aspects of employment support, up to and including an Employability Practitioner Apprenticeship Standard⁶¹. Going forward, there would be significant value in government working with the IEP and wider industry on a common approach to accreditation that can then be applied across services and used to set standards and support continuous improvement.

10.2.5 A new Employment Support Quality Team

Finally, government should start to put in place the mechanisms for oversight and assessment of the quality of employment support. This should build on the internal quality assurance that DWP already conducts within Jobcentre Plus and for the management of employment programmes, while also learning from the approach that Ofsted took which looked in particular at the leadership and management, quality of support and outcomes being achieved for

⁶⁰ Available at: <https://www.gov.uk/government/publications/dwp-employment-provision-commissioning-strategy-2023> [Accessed 15 July 2024]

⁶¹ More information on the accreditation and learning developed by the IEP is available at: <https://www.myiep.uk/page/IEPLearningAcademy> [Accessed 15 July 2024]

participants.

We are not proposing a formal, independent regulator, but rather that at this stage an 'Employment Support Quality Team' should be established within DWP that could play an equivalent role and cover both the Jobs and Careers Service and support that is commissioned locally or in other settings. As part of this, the Department should also consider developing a light-touch accreditation system for organisations looking to deliver commissioned employment support, so that quality assurance scores could help inform commissioning decisions (for example along the lines of the 'star rating' systems used overseas).

10.3 Longer-term structures and reform

In our interim report, we set out that in the longer-term there may be merit in making more fundamental changes to Departmental responsibilities and the 'machinery of government' for employment policy and services. Specifically, we argued that there may be a case for:

- Reinstating 'executive agency' status for our employment service (i.e. the Jobs and Careers Service), so that it had its own chief executive and direct accountability to Ministers, and which would bring the UK back into line with most other countries; and/ or
- Separating 'employment' and 'social security' at a Departmental level – which would also open up the potential to create a Ministry of Labour with responsibility for employment regulation, workplace practice and adult skills (currently split between the Department for Business and Trade and the Department for Education).

We consulted on both of these proposals in the design phase for our work. We found broad support for the principles, but a general consensus that any changes of these nature should be longer-term considerations – as they would likely distract from rather than support the more pressing need for reform that we have set out in this report.



11: Taking forward reform



11. Taking forward reform

The fiscal and economic case for reform

We anticipate that implementing the reforms set out in this paper would require investment of around £150 million a year over this Parliament. This would be in addition to ongoing investment in around 15,000 employment and careers advisers and around £1 billion a year for commissioned employment support.

Our high-level modelling suggests that meeting these additional costs would require only marginal improvements on current performance – equivalent to just 1% more people engaging with support and 1% more achieving a positive employment outcome. Using more plausible assumptions where 5% more people access support and 3% more achieve outcomes, these reforms would save the Exchequer more than £300 million a year and benefit the economy by at least £750 million a year.

Looking further ahead, if the government can achieve the objectives set out in Chapter 3 – for a 77% employment rate and fewer people in low-paid and insecure work – then the benefits would be very significant: at least a £16 billion a year improvement in the public finances and £25 billion a year in extra growth.

The wider conditions for full employment and better work

While we believe that reform of employment support is essential for achieving the objectives set out in this report, it will not be sufficient on its own. We also need to make progress across a wider range of policy areas that can contribute to more and better work, and in particular we need to make sure that we have in place an adequate social security system; the right framework for workplace policy and practice; effective and joined up skills reforms; a national strategy to improve workforce health; access to flexible childcare for parents; and effective policies to support local economic growth.

Therefore there will need to be mechanisms in place to join up effort across these wider areas, including through the cross-government Growth Mission as well as our proposals for a national Labour Market Board to draw responsibilities together.

Implementing reforms

We believe that it is feasible to be ready to go live with the new Jobs and Careers Service, empowered Labour Market Partnerships, and guarantees of access to support from Spring 2026. To achieve this will require extensive work over the next eighteen months on detailed design, testing and learning, and managing the transition to a reformed system.

This work should include in particular a focus on co-design and development with service users, partners and staff working in employment services; testing and trialling new approaches in a small number of pathfinder areas and in Model Offices; and ensuring that there is access to specialist employment support over the transitional period – including through a reformed Universal Support programme and a successor to the UK Shared Prosperity Fund.

Taken together, the reforms that we propose in this paper would be the most significant changes to our system of employment support since the creation of the Department for Work and Pensions and Jobcentre Plus in 2001. We have set out why we believe that these reforms are necessary and urgent, but we also believe that they are achievable – in almost all cases, they build on and learn from what has been tried in the past in the UK, is happening currently in UK nations, or has worked overseas. Nonetheless, reform will take time and will need to be managed carefully, not least as it will happen alongside the continued delivery of employment support and social security for millions of people.

In this final chapter, we set out how this work can be taken forward. It starts with an assessment of the fiscal and economic case for reform, then considers the wider enablers that would need to be in place in other aspects of public policy, before concluding with a high-level roadmap for taking this forward over the current Parliament.

11.1 The fiscal and economic case for reform

11.1.1 Resourcing employment support and future reforms

The proposals that we have set out would require additional investment in the short term in four main areas: to support the rollout of a new digital employment service, implement the new Jobs and Careers Service, build capacity and capability in local partnerships, and reform the role that central government plays. Across these four areas, we would anticipate that this would require *additional* investment of around **£150 million a year** over this Parliament⁶².

In addition to this new investment, we take as our starting point that current funding for employment services and support would continue in future years broadly as now. This clearly cannot be taken for granted given wider pressures on Departmental budgets, but would mean around **15,000 employment and careers advisers** within the new Jobs and Careers Service (as set out in Chapter 6); and spending of around **£1 billion a year** for commissioned employment support.

Within this resource, the Jobs and Careers Service would need to deliver employment-related support for people who have obligations to attend meetings and/ or look for work – around 2.5 million people currently⁶³ – as well as those who access support without obligations (including in future people who are not claiming Universal Credit, as part of the new ‘Employment Advice Guarantee’).

With the reforms to conditionality set out in Chapter 8 – which would mean meeting unemployed claimants on average once a fortnight, changing requirements on those in work or with health conditions and young children, and sanctioning far fewer people – we estimate that it would require around 11,000 advisers to deliver support for those with obligations to attend meetings. We would then estimate that around 2,000 advisers would be required to deliver the Employment Advice Guarantee, and a further 2,000 would then be available to provide more specialist support for disabled people, those with health conditions, parents, young people and others who are more disadvantaged in the labour market (which is broadly in line with current resourcing for specialist work coaches).

In addition to these resources for employment and careers advisers, we estimate that around £1.0 billion per year is currently invested in employment support and assume that this level

⁶² Specifically, we are proposing annual costs of around £10-20 million per year for the new online service and £10m for Jobs and Careers Service office refurbishment (Chapter 6). In addition we would estimate additional investment of around £50m per year support the transition to the new Jobs and Careers Service (and in particular new District structures, partnership working and employer engagement); £30-40m per year for capacity and capability building (split roughly equally between investment in implementation and ‘what works’ support in DWP, and direct funding for local partnerships), and £20-30 million for wider transformation and change within DWP. As these reforms would be England-only, ‘Barnett consequential’ would then add around £20 million.

⁶³ Based on data on StatXplore (<https://stat-xplore.dwp.gov.uk/>). Currently 1.2 million people are in the ‘Searching for Work’ group and not in work, around 900 thousand in working households but earning below the threshold for conditionality, and 500 thousand are people with health conditions or parents of young children and required to attend meetings and/ or prepare for work. In addition, all of those reaching six months of unemployment are referred to the Restart Scheme, which would likely reduce the number of people being supported through the Jobs and Careers Service by between 100 and 200 thousand at any point in time.

of funding will continue in the medium term (Table 1). As we set out in Chapter 7, we would propose that over time, this funding is devolved to areas with full devolution deals, and co-commissioned in other parts of the country.

Table 1: Estimated baseline annual spending on government-funded employment programmes

Programme	Annual funding	Beneficiaries in 2025/26	Cost per participant	Scope	Notes and sources
The Restart Scheme	£380m	180,000	£2,100	People unemployed for at least six months	Unit cost is midpoint of actual unit cost to date (estimated by National Audit Office at £2,400) and unit cost of Restart when tendered (£1,800). Volumes assume same number of starts as reported for 2023.
Universal Support	£400m	100,000	£4,000	People with long-term health conditions and out of work; some access for those with other disadvantages	Based on Autumn Statement 2023 scaling up to 100,000 starts in 2025/6, and Budget 2023 assessment of £4,000 cost per participant. Forecast <i>net</i> spend is lower, as the Office for Budget Responsibility have scored savings that partially offset costs.
UK Shared Prosperity Fund (People and Skills)	£200m	N/A	N/A	Set by local areas, focus on those disadvantaged in labour market and on skills gaps	Based on published local investment plans. These commit to £275m over 2023/4 and 2024/5. However spending is significantly backloaded so we assume three quarters falls in the second year and would be starting point for subsequent years assuming UKSPF is extended.
Individual Placement and Support in Primary Care	£60m	25,000	£2,500	Out of work with mental health conditions, some access for those in work	Based on Autumn Statement 2023 announcement of support for 100,000 people over four years. Unit costs are estimates using IPS Grow ready reckoner.
Flexible Support Fund	£40m	N/A	N/A	Budgets held for local commissioning within Jobcentre Plus	Based on FOI response in 2022, for spending 2017/18-2019/20. Funding post-pandemic has been higher, but we assume that future spending reverts to pre-Covid levels.
Total	£1,080m				

Source: IES analysis, full detail of sources in Table.

11.1.2 Reaching a positive return on investment

Reforming and improving our system of employment support can have a positive impact in two ways: by bringing more people into employment support, and/ or by increasing the effectiveness of that support (in terms of the positive outcomes achieved). Those positive impacts can be felt in the economy through higher output and therefore economic growth; on the public finances through higher tax income and lower benefit spending ('fiscal impacts'); and for individuals and society as a whole – from the benefits of improved wellbeing, higher living standards, lower inequality and so on.

For these purposes, we have focused on the economic and fiscal impacts, and specifically only on the economic impacts of higher spending in the economy and the fiscal impacts of higher tax revenues and lower benefit receipt. Therefore these are likely to be under-estimates, as we know that higher employment and earnings also leads to positive impacts on health and health services, the criminal justice system and other areas⁶⁴.

In Table 2 below, we have set out a high-level assessment of the additional impact that would be required – in terms of more people accessing support (engagement) and improved outcomes from support (effectiveness) – in order to cover annual costs of reform of around £150 million. We have done this using a simplified cost-benefit model, which estimates the impacts of more people in work and higher household incomes on the economy, tax revenues and social security spending.

Our starting point is that currently (the baseline position), around 2.85 million people a year receive employment-related support either through Jobcentre Plus or commissioned services – based on the analysis set out earlier in this Chapter – and we have assumed that on average around 30% of those achieve a positive outcome (the actual figures will be much higher than this for shorter-term unemployed people and lower than this for people who are more disadvantaged in the labour market). We also assume that of these 30 outcomes per 100 beneficiaries, around 5 would be 'additional' – i.e. a result of the support received. Again this is a very simplified assumption, but a range of evaluations suggest that this is a reasonable estimate⁶⁵.

We then assume that those who engage with support are on Universal Credit, that they receive on average £6,000 per year, and that half receive a 'work allowance'; and that for those who enter work they do so at either 30 or 16 hours per week and £12.50 per hour, while for those already in work who progress they see their earnings increase by 10%. All of these are likely to be conservative assumptions.

As the table below shows, using these fairly simplified assumptions, in a steady state reformed system we would only need to see an increase of 1% in the number of people engaging with employment support and an increase in the effectiveness of that support of 1 percentage point (i.e. from 30 to 31% achieving an employment outcome) in order for the reforms to cover the £150 million additional investment assumed for each year. The wider economic impact would also be significant, adding around a quarter of a billion pounds each year to the economy.

64 See for example HMT (2014) *Supporting public service transformation: cost benefit analysis guidance for local partnerships*, HM Treasury, Public Service Transformation Network and New Economy, April 2014

65 Estimates of impacts vary widely, but across published evaluations of major DWP programmes in the last decade (Work Programme, Work and Health Programme, work experience, Future Jobs Fund, Health Led Employment Trials) additional impacts on the likelihood of being in employment have been in a range of 3-10 percentage points.

Table 2: Estimated impacts required from employment reform to break even in fiscal terms

Baseline:	
Number of people accessing employment support each year	2,850,000
<i>Of whom out of work</i>	1,950,000
<i>Of whom in work</i>	900,000
Proportion moving into sustained employment or higher pay	30%
Number moving into sustained employment or higher pay	585,000
At 1 percent increase in engagement:	
Additional people accessing employment support each year	28,500
Number moving into employment/ higher pay (assuming 30%)	8,550
Assumed proportion achieving outcome if no support	25%
Additional outcomes from higher engagement	1,425
At 1 percentage point increase in performance:	
Additional outcomes from those previously supported	28,500
Additional outcomes from those newly engaged	285
Total additional outcomes from engagement and performance	30,210
Fiscal impact of 30,210 additional outcomes (annual)	£159,600,000
<i>Higher tax revenues</i>	£67,300,000
<i>Lower Universal Credit spending</i>	£92,000,000
Economic impact of additional outcomes (annual)	£244,000,000
Fiscal impact per additional outcome	£5,300
Economic impact per additional outcome	£8,100

Source: IES analysis. Assumes 75% of beneficiaries are on Universal Credit with average awards of £6k, of whom half receive a work allowance; those entering work do so for either 30 or 16 hours per week at £12.50 an hour; and those who progress in work see a 10% increase in earnings.

In reality, we would expect the impacts from successful reform to be far greater than this. For example if just 5% more people engaged with support as a result of these reforms – so around 100,000 more people each year – and an extra three people in every hundred achieved an outcome, then the fiscal impact would be around £500 million a year – or £350 million a year net of additional costs – and the economic impact would be over £750 million a year. This is set out in Table 3.

Table 3: Estimated economic and fiscal impacts if reforms lead to 3% increase in engagement with support and 2 percentage point increase in performance

Baseline:	
Number of people accessing employment support each year	2,850,000
<i>Of whom out of work</i>	1,950,000
<i>Of whom in work</i>	900,000
Proportion moving into sustained employment or higher pay	30%
Number moving into sustained employment or higher pay	585,000
At 5 percent increase in engagement:	
Additional people accessing employment support each year	142,500
Number moving into employment/ higher pay (assuming 30%)	42,750
Assumed proportion achieving outcome if no support	25%
Additional outcomes from higher engagement	7,125
At 3 percentage point increase in performance:	
Additional outcomes from those previously supported	85,500
Additional outcomes from those newly engaged	4,275
Total additional outcomes from engagement and performance	96,900
Fiscal impact of 96,900 additional outcomes (annual)	
	£494,000,000
<i>Higher tax revenues</i>	£208,400,000
<i>Lower Universal Credit spending</i>	£286,000,000
Economic impact of additional outcomes (annual)	
	£757,000,000
Fiscal impact per additional outcome	£5,100
Economic impact per additional outcome	£7,800

Source: IES analysis. Assumptions set out in Table 2 above.

11.1.3 The invest-to-save case for longer-term investment in support

In any plausible scenario, then, successful reforms to increase access to employment support and to improve the effectiveness of support will lead to significant positive fiscal and economic impacts – of at least £300 million a year net benefit to the Exchequer and at least £750 million a year benefit for the economy.

In the longer term though, this also illustrates the potential size of the impact if over the next Parliament the government could achieve the objectives that we set out in Chapter 3 – i.e. to achieve an employment rate of around 77%, to reduce by a million the number of people in insecure work or working poverty, and in so doing to reduce the ‘gaps’ in opportunity for those who are most disadvantaged in the labour market. Using the same modelling approach, achieving these objectives would lead to a positive fiscal return of at least **£16.0 billion a year** and an impact on economic growth of at least **£24.5 billion**.

This shows the significant contribution that helping more people into better work can play in supporting higher economic growth and more sustainable public finances. However, it would not be achieved solely through the reforms to employment support that we are proposing, and we set out in the next section the role that wider policies and reforms would need to play.

Nonetheless, it is likely that even with these wider reforms, realising benefits of the scale set out above would require investing significantly more in employment support in the future than we have done in the recent past (notwithstanding one-off measures during the pandemic). This therefore reiterates the need to go further and faster in building the evidence base on what works and then using that to make the case for new investment (building on our proposals in Chapter 10 around testing and trialling).

11.2 Creating the wider conditions for full employment and better work

We believe that reforming our approach to employment support is essential if we want to achieve the ambitions set out in this report. However, it is not sufficient on its own: we will need to make progress in a number of different areas in order to support higher participation in work, make work better and more secure, and address the inequalities that many people face in the labour market.

Our design work and consultations over the last year identified six priority areas as follows:

- Critically, we heard from many stakeholders and service users that the **low levels of social security benefits** and gaps in the safety net made it harder for many people with low incomes to engage with support. At the same time, there is also some evidence that our very low levels of benefit may be affecting dynamism in the labour market – leading to people in work being more reluctant to risk moving jobs in case things do not work out⁶⁶. The government has committed to reviewing Universal Credit and also announced a major review of child poverty, and in our view both must look to address these issues: to ensure that our social security system can provide a meaningful minimum income, recognise the extra costs that many disabled people face, and provide a level of insurance for people who leave work.

“We struggle on a weekly basis and having to go to food banks to just to survive.”

Focus group participant, out of work and not looking for work

- Secondly, a common recurring theme in our consultations and evidence gathering has been the need to do far more to **improve workplace practice and make work better**. The government’s New Deal for Working People is welcome and will help make work more rewarding, secure and therefore more attractive for many of those out of work or at risk of leaving work. However, it needs to be complemented by a more systematic approach to working with employers and social partners to create the conditions for good work (including around flexibility, autonomy, support and control at work) that can then enable more people who are disadvantaged in the labour market to thrive at work – in particular disabled people and those with health conditions. National government, regulators, business groups, social partners and public and private sector services all need to play a role in this; and as we set out in Chapters 6 and 7 this should also include a far more coherent approach between our employment services and wider support for employers.
- The government’s **skills reforms** will also be critical to supporting full employment and better work. Improving access to, investment in, and the relevance and use of skills is a key driver of higher productivity in work, but will also be central to meeting future skills needs as demand continues to change. We have set out the importance of joining up employment and skills support, but within the skills system (and the new Skills England) this will need to be supported by a clear strategy for improving essential skills, as well as mechanisms to ensure that adult skills funding can actively promote models that enable employers and training providers to develop sector-based training pathways for people in low incomes (as have worked effectively in the United States over recent years⁶⁷).

66 Brewer, M. and Murphy, L. (2023) *From safety net to springboard: Designing an unemployment insurance scheme to protect living standards and boost economic dynamism*, Economy 2030 Inquiry, September 2023

67 Wilson, T. and Mason, D. (2024) *Supporting ‘good work’ in active labour market policies: Rapid review of what has worked in the United Kingdom, United States and Australia*, Institute for Employment Studies Report 605, March 2024

- Fourthly, we need a **national strategy for workforce health**. We need to better join up between health and social care and employment support, but the broader context to this is a significant deterioration in population health that has accelerated since the pandemic. This itself is holding back growth and contributing to higher worklessness and lower productivity in work. The Health Foundation have set out that the number of people aged 20–69 years with major illnesses rose from 2.4 million to 3 million during the 2010s and will increase further to 3.5 million by the end of this decade⁶⁸; while the Office for Budget Responsibility have estimated that worsening health since the pandemic has led to direct fiscal costs of nearly £16 billion a year⁶⁹. We need a comprehensive, whole-of-government strategy to try to address this and improve population health, and we look forward in particular to the outcomes from the Health Foundation’s Commission on Healthier Working Lives which is exploring how this could be taken forward⁷⁰.
- We also heard from a number of workshop participants and in focus groups that the **affordability and flexibility of childcare** continues to act as a significant barrier for many parents of younger children wanting to return to work or find better work. The previous government’s significant expansion of free childcare is welcome, meaning that by the end of 2025 parents should have access to 30 hours of free care for any child under five years old. However there are two significant challenges: first that the market may not create sufficient capacity (meaning people cannot access care or cannot easily change arrangements if their circumstances change) and secondly that the 30 hours will not be flexible enough to accommodate people’s working patterns. Related to this, access to preschool and afterschool childcare (‘wraparound’ care) remains patchy and again can act as a barrier to the labour market. The new government has promised to go further, most notably to expand access to school-based nursery provision, but it is likely that more will need to be done particularly around improving access to more flexible and responsive care.

Finally, the new government’s focus on **local economic growth** is welcome, but more detail is still needed on the framework for Local Growth Plans, what structural funding will be available (to replace the UK Shared Prosperity Fund, Levelling Up Fund and so on) and the extent to which deals will explicitly focus on improving employment outcomes. In the short run, the Labour Market Partnerships proposed in this report would help to drive a focus on raising employment, making work better and narrowing gaps between groups and areas – including by joining up better between employment, skills, structural funding and wider local services. In the longer term however, it may be appropriate to fully subsume these within wider devolution deals and governance structures.

Our proposed national Labour Market Board will draw together these different responsibilities and provide a means to join up effort across these policy areas. However it will also need to be underpinned by shared commitments at Ministerial level, ideally by placing employment at the heart of how the government takes forward its Growth Mission.

11.3 Next steps for implementation

Figure 14 sets out an indicative timeline for taking forward the reforms set out in this paper. We have structured this around three areas of work which are taken in turn below: design and development, testing and learning, and making the transition. We believe that it is feasible (and necessary) to take forward the bulk of this work over the next eighteen months (from October 2024 to March 2026), to be ready to go live in full with the new Jobs and Careers Service and empowered Labour Market Partnerships in Spring 2026.

68 Watt, T., Raymond, A., Racht-Jacquet, L., Head, A., Kyridemos, C., Kelly, E. and Charlesworth, A. (2023) *Health in 2040: projected patterns of illness in England*; REAL Centre Insight Report, The Health Foundation

69 OBR (2023) *Fiscal Risks and Sustainability*, Office for Budget Responsibility, CP 870, July 2023

70 See: <https://www.health.org.uk/commission-for-healthier-working-lives> [Accessed 15 July 2024]

This timeline also means that the three phases of work would not be a linear process. We propose in particular early testing and learning of new ways of working (to prepare both for the Jobs and Careers Service and Labour Market Partnerships); and there are immediate decisions that need to be made on commissioned and contracted programmes that will support the transition to a new and reformed system. So in Figure 14 we set the work out in three phases over the next eighteen months.

11.3.1 Design and development

We set out four immediate priorities for detailed design and development work over the next six months, to:

- Use the White Paper process to consult on plans for reform, but also to gather wider evidence. This should include drawing on the expertise of the government's new Labour Market Advisory Board as well as international evidence and practices. As a first step, the government should explore the scope to rejoin the European Public Employment Services Network to support greater learning and knowledge exchange with overseas partners.
- Undertake co-design and development work with service users, employers, wider government, and employment services staff and unions. In our Commission work, co-design with people out of work and in low-paid work has been invaluable, and reiterated the importance of drawing on experience of people with experience of using services and particularly those who are more disadvantaged in the labour market.
- Start to develop the framework for objectives, governance and success measures that would be used in future labour market strategies and plans, and which would support future devolution and joined up working.
- Scope and design the new digital service. Again this will need to draw on input and co-design from wider stakeholders and potential users, but in particular can draw on the digital expertise within DWP and wider government (including the new central digital function being developed within the Department for Science, Innovation and Technology).

Following this initial phase, there will need to be further and more detailed design work later in 2025, particularly working with local partners on Labour Market Plans and Partnerships, and with those who deliver services on the new Jobs and Careers Service and future commissioning arrangements.

11.3.2 Testing and learning

Alongside this design work, we would argue that the government can and should move quickly to start to test and trial approaches both to delivering a new employment service, and to devolving and joining up better within places. This would learn from the approach taken in the late 1990s in advance of Jobcentre Plus rollout (the 'ONE Service pilots') as well as the agile introduction of Universal Credit. Importantly though, we can build on existing structures to do this, including a number of 'Model Offices' within Jobcentre Plus which have been used to test and trial new approaches (with a particular focus on improving support for disabled people over recent years).

Alongside this, we would propose engaging with a small number of areas (we would suggest no more than three or four in the first phase) to start to test approaches to longer term integration and devolution – including co-location within local services, developing the governance and partnerships to support integrated delivery, developing a single employer service, and (in areas without full devolution) testing how co-commissioning could work in future. Again, there is a lot that we can build on already to do this quickly, in particular but not only in Combined Authorities and the devolved nations, as well as learning from previous 'test and learn' approaches like the City Strategy Pathfinders in the mid-late 2000s.

This work could then be extended during 2025, working with more areas and starting to share

and use the learning from pathfinder areas and model offices. Alongside this, the government should also aim to start testing a prototype new digital service from mid-late 2025 if possible.

11.3.3 Making the transition

Commissioned employment support

In the short term, there are a number of immediate decisions that the government will need to take in order to ensure that there are no gaps in the availability of employment support for disadvantaged groups over the next two years, and that decisions made now can go with the grain of longer-term priorities. We would argue that there are four areas that need to be addressed:

- First, most importantly, we need to ensure continued support for disabled people and those with health conditions, as referrals to the Work and Health Programme are ending now and the replacement programme (Universal Support) is significantly delayed. The choices here are not straightforward, but we would argue that if possible the government should:
 - » Extend the Work and Health Programme to take referrals until late 2025; and
 - » Devolve funding for a (reformed) Universal Support programme to Combined Authorities, London, Scotland and Wales, and be pragmatic around whether funding is devolved, retained or co-commissioned in other areas.
- Secondly, we can use the Restart Scheme – which is now supporting people who have been claimant unemployed for at least six months and will take referrals until June 2026 – to help lay the groundwork for the future. This could include improving reporting lines and partnership working with local areas; improving integration with careers, skills and local services; and potentially extending access to wider disadvantaged groups who are actively seeking work or are in low paid/ insecure work and want to progress.
- Thirdly, decisions need to be made urgently on the successor to the UK Shared Prosperity Fund. We heard from many stakeholders involved in local partnerships or the delivery of services that staff were already leaving services due to contracts ending in 2025, and providers would be starting to wind up services from this autumn. This needs to be resolved at the Budget in October, needs to protect current funding as a minimum, and needs to cover the next three years.
- Finally, national and local government will need to work together to ensure that there is sufficient support available for go-live from Spring 2026, and can deliver the ‘Employment Support Guarantee’ in the period before new services rollout through the Labour Market Partnerships. In practice, this would mean making arrangements in the first half of 2025 either to extend and adapt existing provision (Restart and Universal Support) and/ or commissioning additional support to bridge the period from Spring 2026 to mid 2027.

Organisational change management

A further key priority will be to start the change management process that will need to support people working in Jobcentre Plus and the National Careers Service to make the transition to a new system with a different focus and new ways of working. There was common feedback in design workshops (including from service users) that the reforms being proposed would be a significant change from the status quo for people working in Jobcentre Plus and DWP, with often some scepticism about the likelihood of being able to successfully implement these changes at pace and at scale.

We believe that the direction of reforms set out in this paper would be welcomed by staff, many of whom already deliver high-quality employment support and have spoken informally about wanting to focus less on compliance and more on support. Nonetheless this will be a significant change programme, and will need to include working with staff and unions on developing new organisational structures, building capability and capacity, and supporting the development

of new ways of working (with implications for management, operational delivery and success measures).

Alongside and as part of this, the Department will also need to integrate and onboard responsibilities for adult careers services that currently sit with the Department for Education. In the short term this would mean the transfer of existing National Careers Service contracts, and we would suggest that as these expire the government should consider bringing these staff and services fully within the new Jobs and Careers Service.

Supporting and managing implementation

Finally, as part of the transition work the government should move quickly to start to put in place the new Implementation Unit and capacity building programme, What Works Office, and Employment Support Quality Team; and work with the wider employment services industry on developing a common framework for professional standards – all of which are set out in Chapter 10.

As we describe in that Chapter, in the short term this could be done through redeploying expertise within the Department and commissioning external provision to support this. Looking ahead though, government will need to make decisions on the longer-term structures and reforms to provide oversight, support and continuous improvement in a reformed system.

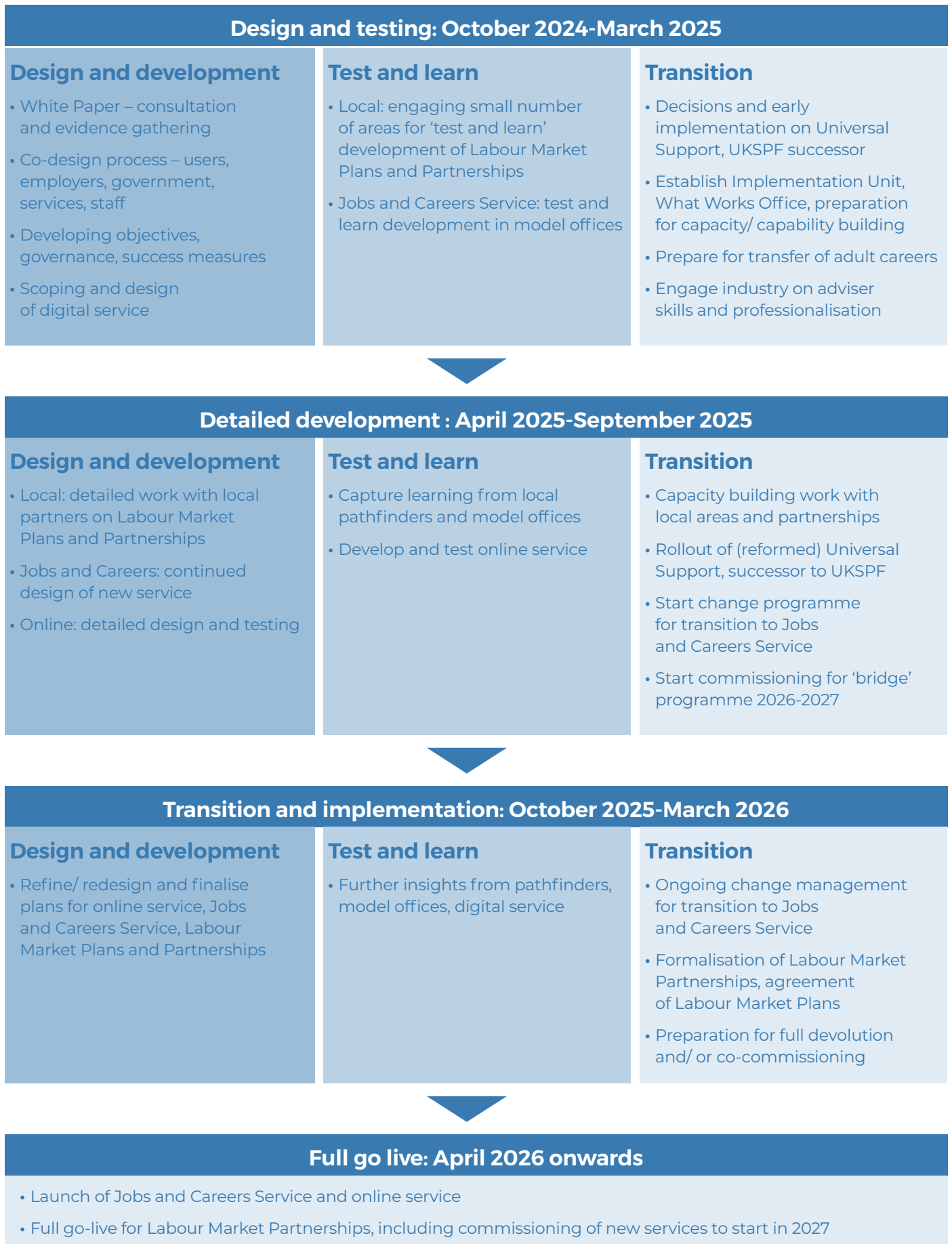
11.3.4 Full go-live from Spring 2026

Following these stages of work, we believe that we can be ready to start to fully roll out a reformed system from Spring 2026. This would mean that from this point:

- Employment and careers support would be integrated within a single network of Jobs and Careers Services;
- Labour Market Partnerships would be fully in place, ready to agree new Labour Market Plans and able to start commissioning services to meet those plans;
- The new online service would be fully in place (and continuing to develop); and
- Both the new Advice Guarantee and Support Guarantee would be in place and be able to be met through Jobs and Careers Services and commissioned support (including the support set out earlier in this section that would bridge to new commissioned services from 2027).

Clearly, this is an ambitious timetable but we believe it is an achievable one, and it is necessary given the urgency and scale of the challenges that we are facing.

Figure 14: High level timeline towards implementation of employment support reforms



12. Conclusion

Employment services have existed for longer than nearly any other public service in this country. Since the establishment of the first labour exchanges in 1910, the story of the UK's approach to employment support has been one both of continuity but also periodic, far-reaching change: the introduction of social insurance, the mobilisation of the Second World War, the post-war welfare state, the creation of a modern employment service from 1970, and the establishment of Jobcentre Plus in 2001. When this Commission was set up in late 2022, we believed that we had reached a point where fundamental change was again needed, and our evidence gathering, consultation and design work over the last two years has demonstrated to us that reform is not just necessary but urgent.

The proposals that we have set out in this report would represent the most significant reforms to our approach to employment support since the creation of Jobcentre Plus in 2001. However, while these would be far-reaching changes, in many respects they will be building on significant foundations – of programmes and policies that have worked well; of capacity and capability within employment support and wider public, private and voluntary services; of local devolution, innovation and integration within England and across the UK nations; and on a wealth of evidence and good practices from other countries and systems. We believe that these are evidence led and achievable reforms, that will help drive faster economic growth, stronger public finances and a fairer and more inclusive labour market. We hope that these are proposals that can command support and that the government will be able to adopt, and we look forward to working with the government to take them forward.