

NO TIME TO LOSE: GETTING PEOPLE INTO WORK QUICKLY

“Public Employment Services need to be agile and quickly adapt ...”

OECD, May 2020

June 2020



No time to lose: Getting people into work quickly

Summary

We propose a new Into Work offer for all newly unemployed people and those facing redundancy. It will give immediate access to personalised and light-touch support so people can get back to work as quickly as possible. Without this, we are storing up problems with people likely to lose touch with the world of work the longer they remain unemployed.

Right now, unemployment is almost certainly above three million – and is likely to be the highest it has ever been, higher even than the Great Depression. There is likely to be a further spike in unemployment as the furlough scheme, covering more than 8.9 million workers, changes and unwinds by autumn 2020. This is a huge and unprecedented increase in unemployment.

We know that the longer someone is out of work, the more difficult it is for them to find work, requiring more expensive intervention.

Jobcentre Plus, rightly and successfully, focused on processing the huge rise in Universal Credit claims and is now refocusing on helping claimants find work. But we will need twice as many Work Coaches as we currently have in order to match the increase in unemployment, and that is before any further wave of unemployment as the furlough scheme is withdrawn.

We propose a £1 billion investment in Jobcentre Plus and skills and employment advice that will help get the country back to work. A new Into Work offer should be in place by August 2020 and will provide:

- **Support for everyone who needs advice to find new work:**
 - a. Everyone who is unemployed even if they are not claiming benefits
 - b. Everyone who is at risk of redundancy or furloughed and unsure of the future
 - c. Everyone who is self-employed and needs advice.
- **A universal offer of:**
 - a. an initial personal session with an employment advisor
 - b. signposting to training, specialist support, and further advisor support
 - c. access to advice and tools for jobsearch and careers guidance
- **Invest in re-training and improving skills:**
 - a. New skills to help people change careers
 - b. Re-training and upskilling to fill the new jobs that will be created
 - c. Encourage people to invest in their own learning.

Delivering this ambitious agenda will rely on sound national and local partnerships in every part of the UK. A strong national framework combined with flexibility for local partners will mean that the offer can be up and running soon – and in a way that best works for local economies.

Introduction

“Public and private employment services (PES) will play a crucial role in preventing the labour market from seizing up during the crisis and in promoting a fast recovery once confinement measures start to be lifted.”

OECD, May 2020

This paper builds on the proposals for tackling the employment challenge set out in *Help Wanted*¹. It focuses specifically on how to get those who have recently lost their job (or may soon do so) into new work as quickly as possible. It has been prepared with input from a range of expert contributors, as set out in Annex A.

Scale of the challenge

There was an unprecedented spike in unemployment following the introduction of the lockdown necessary to protect public health. As of May there were 2.8 million ‘claimant’ unemployed, and there have been over a million further individual claims for Universal Credit since then. We also know that only half of all young people who are unemployed claim benefits, meaning that unemployment is almost certainly already higher than it has ever been before – higher even than the crises of the 1980s and the Great Depression.

DWP rightly focused initially on processing these claims so that people could get the financial support they needed. It did an impressive job, redeploying 10,000 members of staff to help so that more than 90% of claims were paid on time with more than one million advance payments made.

Now the Government is turning its attention to providing active support for those who lost their jobs to find new work. This includes refocusing Work Coaches on providing support, and finding new ways to engage with claimants, including online and on the phone.

In addition to the initial surge in unemployment, there are two more challenges on the horizon. The first is that 800,000 young people are likely to enter the labour market over the summer.² A period of unemployment when young is particularly damaging to long-term pay and job prospects. We should act to prevent this by guaranteeing young people a job, apprenticeship or education, as set out in our previous paper *Help Wanted*.

The second is that a proportion of the 8.7 million workers who are furloughed are likely to lose their jobs over the next four months. From August, firms will have flexibility to furlough staff part-time which is welcome, but employers will have to start to contribute to wages. For firms still shut down or facing reduced demand, this may lead to redundancies. The scheme will be withdrawn altogether at the end of October 2020.

The number of furloughed workers is so large that even a small proportion losing their jobs would represent a further large spike in new Universal Credit claims and greater need for employment support.

The number of vacancies is at its lowest since the mid 1990s and has fallen faster than at any point since records began.³ While numbers appear to have bottomed out, some sectors that traditionally recruit to entry level roles (such as retail and hospitality) are likely to be subdued for longer, and the

¹ [Help Wanted: Getting Britain Back to Work](#), May 2020

² *Class of 2020: education leavers in the current crisis*, Resolution Foundation, 2020.

³ *Weekly vacancy analysis: vacancy trends in week ending 10 May 2020*, IES, 2020.

impacts are likely to vary across the country. But, even with reduced vacancy numbers, people do find and change jobs even in recessions.

It is essential we act to prevent those who have lost their jobs from becoming long-term unemployed. The longer someone is out of work, the more difficult it becomes for them to find work. Their skills begin to date and their health and wellbeing may be affected. The costs to the taxpayer begin to mount too.

It is better for people, businesses and the economy to get people back to work as quickly as possible. And it is possible to do this quickly by building the right support services – for people and for employers.

Understanding what works

“... the PES in each country will not only be facing a surge in the number of jobseekers but also the need to potentially reallocate many of them across occupations, sectors and regions. This requires providing them with good labour market information and support for skills development.”

OECD, May 202

The wealth of evidence from previous recessions emphasises the importance of providing rapid and high-quality support for those who find themselves unemployed so that they can maintain contact with the labour market and move back into work as quickly as possible.⁴

Systematic reviews, as well as evaluations of specific interventions in Europe and the United States, show that one-to-one advisory support increases employment entry and is inexpensive and cost effective – especially during the early phases of unemployment and when targeted at those who are more job ready⁵.

When jobsearch support was largely stopped in the 1980s recession, this led to lasting negative impacts on people and communities. Providing support and focusing it on finding work must therefore be an urgent priority. A significant increase in the support infra-structure will be needed to match the scale of the increase in claimant numbers.

We know that work search requirements for benefit claimants can have an impact on how quickly some people find employment. However, an additional and different sort of offer is needed to encourage early and effective job search and a quick return to employment – it should be voluntary, supportive and personalised. It should be light-touch for most but also a gateway to more intensive support for those that need it. The key elements of this increased support need to be:

- Regular one-to-one contact
- Action planning for finding work
- Tailored support where needed
- Regular review.

In the last recession, DWP worked with the recruitment industry to provide this support, given the huge increase in people losing their jobs.⁶ There were 350 recruitment agencies and other

⁴ Getting back to work: dealing with the labour market impacts of the Covid-19 recession, IES, 2020.

⁵ Ibid

⁶ Support for the newly unemployed and six month offer evaluations, DWP research report 691, 2010.

organisations across Great Britain ready to provide advice, all co-ordinated by Jobcentre Plus at the local level. This allowed for links with local employers and also meant unemployed professionals were referred to specialist agencies.

This proved a successful model, helping to provide additional jobsearch support quickly and in a joined-up way. Long-term unemployment rose significantly, but would likely have risen further (at substantial cost to individuals and the government) without this early support to jobseekers.

Consequently, active intervention to prevent people becoming unemployed or helping them find jobs quickly should be a core part of a plan to get Britain back to work, alongside support for young people and those already long-term unemployed.

Plan for action

“In order to fulfil these particularly challenging tasks, PES need to be agile and quickly adapt to the new situation.”

OECD, May 2020

Our aim should be that all newly unemployed people and those facing redundancy can access immediate, personalised and light-touch support to find work quickly.

There are around 11,000 Jobcentre Plus Work Coaches. To match the scale of increase in unemployment already seen would require at least 7,000 more, and that is before the likely increase in claims as the furlough scheme changes and is withdrawn. Following the 2008 recession, the Jobcentre Plus workforce was increased by 10,000 full-time equivalents.

Whilst Jobcentre Plus capacity is currently being increased, the scale of the challenge and need for urgent action means we should bring in additional support from the private and third sectors. We need the capacity and expertise that is in the private and third sectors, as well as local government.

Personalised support will also need to be delivered differently, recognising social distancing restrictions and the need for increased use of online support – again, this suggests a case for bringing in those with experience of delivering this kind of support.

An offer to those newly unemployed or at risk of losing their job

The newly unemployed will be composed of a wide range of people with very different circumstances, but with larger numbers from the lockdown sectors. Some will be highly qualified but many will have medium or low skills. Some will be claiming welfare benefits, and some may not be. Some will need to urgently replace their lost income, while others may consider investing in upskilling or want to work for themselves.

We **recommend** a clear promise of rapid, tailored help to find work for everyone who is newly unemployed, furloughed, self-employed or at risk of redundancy. This should include access to online help, support from an advisor where appropriate, and access to a range of skills training and jobsearch support.

This will be provided by a new Into Work offer composed of Jobcentre Plus, recruitment agencies, and employment services providers. Like any other new service, it should be designed with input from its future users, especially young people.

We **recommend for the newly unemployed** a £1 billion investment in Jobcentre Plus and skills and employment advice that will help get the county back to work. It is an investment needed to cope with the current surge in unemployment - in future years, it is hoped that the scale and depth of the offer will not be needed.

The new Into Work offer should be based on :

- **Support for everyone** who needs advice and support to find new work:
 - a. everyone who is unemployed even if they are not claiming benefits
 - b. everyone who is at risk of redundancy or furloughed and unsure of the future
 - c. everyone who is self-employed and needs advice
- **A universal offer of:**
 - a. an initial personal session with an employment advisor
 - b. signposting to training, specialist support, and further advisor support
 - c. access to advice and tools for jobsearch and careers guidance
- **A focus on young people, the over-50's and those who are shielding:**
 - a. for unemployed people aged under 25 advice can be offered on the range of options open to young people
 - b. older workers and those who are shielding will have support that recognises their experience and specific needs
- **Delivery must be professional, accessible, flexible and personalised:**
 - a. a new web portal where everyone can access general advice
 - b. sessions with employment advisors can be online, on the phone, or face-to-face
 - c. provide recruitment expertise for target sectors – helping lockdown sectors and those employers who are recruiting
- **Harness the expertise of recruitment agencies, employment service providers, and careers advisors:**
 - a. every local area should have a list of Into Work organisations which can offer employment advisor sessions and other support
 - b. Into Work organisations will be funded for each person they support
 - c. if necessary, fast-track procurement should be used to have the network operational by August 2020
- **Invest in re-training and improving skills:**
 - a. new skills to help people change careers
 - b. re-training and upskilling to fill the new jobs that will be created
 - c. encourage people to invest in their own learning
- **Employers need to help as well:**
 - a. provide local leadership to ensure skills and employment services are fit for purpose
 - b. informing Jobcentre Plus of planned redundancies so early support can be given
 - c. use the Into Work offer to recruit to the new jobs that will be created
- **A new offer for welfare benefit claimants:**
 - a. Into Work can be accessed on Day 1 of any benefit claim
 - b. it will be additional to interviews with Jobcentre Plus Work Coaches
 - c. participation is voluntary with no benefit sanctions
 - d. it can be a fast-track to extra support for the most disadvantaged claimants
- **A common offer from DWP and DfE:**
 - a. for welfare claimants a new joint DWP/DfE offer of financial support to re-train

- b. encourage claimants to improve their employability through short courses and industry-based training initiatives
 - c. a national effort to improve digital skills, and literacy and numeracy
- **Combining the efforts of local and national governments, private and voluntary sectors, FE and Universities:**
 - a. no one agency has the answer and all sectors have contributions to make
 - b. make sure there are local partnerships to plan the local Into Work offer
 - c. funding will be needed to kick-start local action between all sectors.

Delivering this ambitious agenda in England relies on a partnership between government, local government, LEPs, Further and Higher Education, and the private and voluntary sectors. Scotland and Wales have their own partnership arrangements and the design of employability services are mostly a devolved matter.

In Northern Ireland, the administration of benefits and employability services are the responsibility of the NI Department for Communities and, given pre-existing levels of unemployment, and Into Work offer would be particularly valuable.

There are plenty of good examples of local Jobcentres across the UK working in partnership with local authorities and other partners. These need to be encouraged and extended to all areas, and with a national partnership leading the way.

A strong national framework combined with flexibility for local partners will mean that the offer can be up and running soon – and in a way that best works for local economies. DWP can use existing funding mechanisms, such as the Flexible Support Fund and ESF, to get additional funds down to the local level quickly.

Support needs to be a clear and consistent entitlement for people everywhere. Devolved administrations and English local government will need to take a lead for their areas – co-ordinating delivery and adding to the core offer.

The need for urgent action is pressing:

- redundancy notices are likely to be issued soon for some furloughed staff ahead of the requirement for employer contributions to salaries of furloughed staff
- meanwhile, the almost three million people who have already become unemployed need rapid support to prevent them becoming long-term unemployed.

We should act swiftly and decisively.

Annex A: List of contributors

This paper has been prepared with input from a range of contributors with expertise in these areas, particularly from previous downturns:

- Stephen Evans (Learning and Work Institute)
- Tony Wilson (Institute for Employment Studies)
- Charlotte Pickles (Reform)
- Elizabeth Taylor (ERSA)
- Sam Windett (Impetus)
- Prof. Dan Finn (Learning and Work Institute Emeritus Senior Research Fellow)
- Dan Corry
- Dave Simmonds OBE (Learning and Work Institute Emeritus Senior Research Fellow)
- David Hughes (Association of Colleges)
- Jeremy Moore (Learning and Work Institute Board member and former DWP Director General)
- Pat Russell (Institute of Employability Professionals).