

Work & skills

for the long-term unemployed

November 2020

ABOUT LEARNING AND WORK INSTITUTE

Learning and Work Institute is an independent policy, research and development organisation dedicated to lifelong learning, full employment and inclusion.

We research what works, develop new ways of thinking and implement new approaches. Working with partners, we transform people's experiences of learning and employment. What we do benefits individuals, families, communities and the wider economy.

Stay informed. Be involved. Keep engaged. **Sign up to become a Learning and Work Institute supporter:** www.learningandwork.org.uk/supporters

Published by Learning and Work Institute

4th Floor, Arnhem House, 31 Waterloo Way, Leicester, LE1 6LP

Company registration no. 2603322 | Charity registration no. 1002775

www.learningandwork.org.uk @LearnWorkUK @LearnWorkCymru (Wales)

All rights reserved. No reproduction, copy or transmission of this publication may be made without the written permission of the publishers, save in accordance with the provisions of the Copyright, Designs and Patents Act 1988, or under the terms of any license permitting limited copying issued by the Copyright Licensing Agency.

Contents

Executive summary	4
It's time to act	6
What do we want to achieve?	9
Work and Skills: our three stage plan.....	12
Prevention	12
Provision	12
Perseverance	25
Planning and delivering 'Work and Skills'	27
'Work and Skills': a plan for the future	30

Executive summary

A new 'Work & Skills' initiative is needed for people who are long-term unemployed. Next year there could be between 1 to 1.6 million people who have been out of work for 12 months or more. This could be the highest since the 1980s and will have drastic implications for families and whole communities across the UK.

There needs to be a **universal offer for all long-term unemployed people** introduced in 2021. Our proposed universal offer is:

1. Personal advice and guidance on jobs, careers and skills
2. Intensive job search support from a personal advisor
3. Up to 12 months in activities that will build your employability as part of a clear plan to find a job
4. A subsidy to employers that may recruit you
5. A bonus payment for you if you get a job and stay in employment.

Our three-stage plan to implement 'Work & Skills' is based on **Prevention, Provision and Perseverance**. We need to do as much as we can to prevent long-term unemployment (especially for young people), we need high quality and personalised provision as soon as someone has been unemployed for 12 months, and for all those that are still unemployed for two years we need a new approach.

Around £2.5 billion will be needed in 2021-22 to provide the services to get long-term unemployed people back into work and boost skills. Up to 2025 a total of £5 billion will be needed under our central projection. We need to be more inclusive and offer support to those who were furloughed for months and then made unemployed; the self-employed who have little or no work; and people with health conditions and disabilities.

The successes and failures of previous programmes can help inform the design of new services. However, past evidence does not always prepare us for future challenges and the unique combination of circumstances we currently face.

Services for the long-term unemployed need to fit within the wider strategies of how we control the virus, maintain family incomes, and build the economic recovery. We should be wary of applying old solutions to new problems.

Work & Skills would start with **Jobs Careers and Advice** (JCA) whose task is to help find a job or signpost to provision to build employability and take a next step.

For those who don't find a job with JCA there would be a choice of provision which is best suited to individual circumstances:

- 1) **Skills:** a wide range of vocational courses of varying lengths should be on offer, linked to employer need and local job growth. These should be funded through either existing entitlements or Learning Accounts.
- 2) **Enterprise and self-employment:** some unemployed people want to work for themselves or start a business. The New Enterprise Allowance needs to have an improved support offer for the long-term unemployed.
- 3) **Employer recruitment subsidy:** the subsidy is to encourage employers to recruit long-term unemployed people to existing vacancies and where they are *not* temporary jobs. We propose a total of £4,000 paid in staged payments over 14 months.
- 4) **Kickstart Plus:** jobs should be funded to provide temporary community benefit jobs to those who would benefit most. Based on the same principles as Kickstart, but with a focus on jobs that deliver social value, employees will have support to find continued employment once their Kickstart Plus job ends.
- 5) **Volunteering:** a wide range of organised volunteering opportunities can be stimulated by local voluntary and community organisations. They would be funded to create opportunities where unemployed people would be introduced to new experiences, skills and networks.
- 6) **Work and Health:** some people will need specialist support to start the journey back to work, particularly those with health conditions and disabilities.

The **universal offer** should be agreed between the UK nations, but each nation should be responsible for planning and delivering the services in partnership with local government.

In England responsibility for 'Work & Skills' should be devolved to London and each of the Combined Authorities. Other areas of local government should have the chance to demonstrate readiness for devolution or co-commissioning. Outside of these areas the planning and delivery of 'Work & Skills' should be more localised than the current DWP regions. A strong partnership between Jobcentre Plus Districts and local authorities is key.

We need to make sure support services for the long-term unemployed are delivered in a way which makes sense for local conditions and local employers. **We cannot afford a one size fits all programme which does not take account of the differing needs of local people, employers, and communities.**

A new approach is also needed to help long-term unemployed people who find work to stay in employment. Currently, DWP contractors are rewarded if participants leave to a job and sustain employment – **we also need incentives for individuals and employers.**

'Work & Skills' will need to:

- Help individuals be **agile in the labour market** by an investment in hard and soft skills, alongside 'work first' jobsearch
- Employment and skills services (both public sector and providers) will **need to be adaptable and responsive** in what they deliver and how they deliver
- Recognise there is **no single silver bullet or 'programme'**, instead we need a joint effort on several fronts to cope with potentially the highest level of long-term unemployment in decades
- **Partnership and collaboration** between national and local government, and other local partners, will be critical to the effectiveness of services.
- Deliver opportunities and resources to individuals, families and communities that **have been hit the hardest by the crisis** – a poverty of ambition at this point will have consequences for many years to come.

It's time to act

In our report *'Time to Act'* we warned the number of people unemployed for over 12 months (long-term unemployed) could climb to between 1 to 1.6 million in 2021-22. This could be the highest since the 1980s and have drastic implications for families and communities.

Since *'Time to Act'* was published there has been good news and bad news for employment. The good news is that the prospect of an effective vaccine could mean a strong bounce-back for jobs later in 2021. The extension of the Coronavirus Job Retention Scheme to March 2021 will support jobs to an extent in the meantime.

The bad news is that the November lock-down will inevitably mean more job losses, and the late decision to extend the furlough scheme may have contributed to a record rise in redundancies. Strong economic growth (+15%) in the third quarter still leaves us behind the beginning of the year. Amidst this are the potential job implications of Brexit, which is still an unknown.

The Office for Budget Responsibility (OBR) is due to revise their economic estimates for the Spending Review (25th November). Learning & Work's estimates for long-term unemployment (over 12 months) are based on OBR's estimates, so we will also revise our estimates.

However, recent developments may shift the estimates of numbers towards the 'central' estimate (see Chart and Table below). There will still be a first peak of long-term unemployment in spring 2021, but the second peak is likely to be wider spread and come in spring 2022, to reflect the ending of furlough in March 2021.

Figure 1: Learning & Work Institute estimates of long-term unemployment

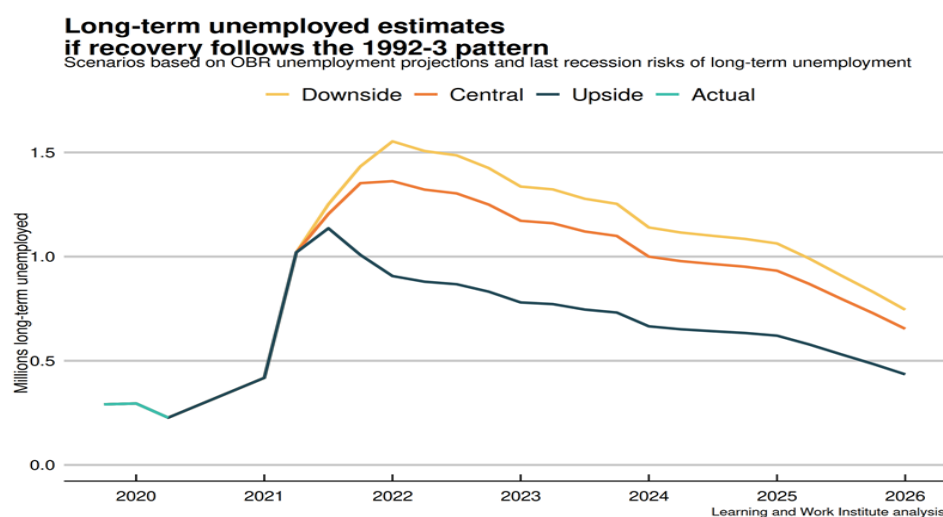


Table 1: Estimated numbers of long-term unemployed people in each year

	Upside	Central	Downside
2021-22	1,007,817	1,352,469	1,552,965
2022-23	515,430	1,029,502	1,190,668
2023-24	469,533	756,833	880,167
2024-25	464,610	652,067	777,525
2025-26	481,736	598,064	714,371

Invest in livelihoods

It is critical to plan now to deliver work and skills support to long-term unemployed people. We estimate **around £2.5 billion** will be needed in 2021-22 to provide the services to get long-term unemployed people back into work and boost skills. Up to 2025 a total of £5 billion will be needed under our central estimate.

We want to see a **universal offer to all long-term unemployed people across the UK**. This should be agreed with the devolved administrations and local government. The UK government has acknowledged the need for a new programme, and DWP are currently developing plans.

“We’re actively looking at what a version of that [the Work Programme] might be that we could put in place. That will provide that intensive support to find new opportunities for those who have been unemployed for a long time, so stay tuned.”

Rishi Sunak MP, Chancellor of the Exchequer, 2nd October

There is an opportunity to create a new, bold approach – one which will help build skills and employability, get people back into work, and help build better local economies. Looking back at the lessons from the Work Programme will help, but these are very different times and will need new solutions.

Jobcentre Plus Work Coaches

Jobcentre Plus Work Coaches are the main support for people who have been unemployed for between 12 to 24 months, supplemented by the Flexible Support Fund¹ which is a discretionary fund managed by Jobcentre Plus Districts, and local support. Once someone reaches 24 months unemployment they are mandated to attend the Work & Health Programme.

Even with the recruitment of 13,000 new Work Coaches it is very apparent that staff in Jobcentres will be under increased pressure. Pre-covid the caseload for a Work Coach was 125 people, now it is 180². Work Coaches need high quality provision they can offer people, and it needs to be personalised support so there must be a choice of provision – not a one-size fits all programme.

“Our Work Coaches take time to listen, encourage, advise, and ensure everyone has access to the best support available – helping those facing a tough time get back on their feet sooner.”

Mims Davies MP, Minister for Employment, 10th September

From the outset we should recognise that planning and delivering services to long-term unemployed people should be led by each UK nation. This is already the case in Northern Ireland and partially in Scotland. But we should go further and work towards greater devolution within England wherever possible but particularly areas where the adult education budget is already devolved, and to Wales.

Support services for long-term unemployed people should be delivered in a way which makes sense for local conditions and local employers. **We need to galvanise national and local partners to work together for a launch of new ‘Work & Skills’ offer in spring 2021.** This is a tight timetable but is possible with the right approach by the UK Government.

¹ In 2019-20 the DWP budget for the Flexible Support Fund was £40m and it was increased by £150m in the Plan for Jobs

² DWP [evidence](#) to the HoC Work & Pensions Committee, November 2020

What do we want to achieve?

As well as the *economic* costs of unemployment there is also a *high social cost to families, and to health and well-being*. We need to help people find and sustain work, but also consider building their skills, set up in business and improve their health.

The message to long-term unemployed people should be simple and unequivocal – **we will give you the opportunities to find a job, build your employability, and take the next steps in the career you want.**

By the time people have become long-term unemployed they have already searched for jobs, had many sessions with Work Coaches, and possibly been on programmes such as Job Entry Targeted Support (JETS) or Kickstart, but they still have not found and sustained employment.

So, what should our aims be for unemployed people and the economy?

First, we need to minimise the number of people becoming long-term unemployed. Over the last thirty years the ‘flow rate’ into long-term unemployment has been trending downwards because governments have invested in reforms and active labour market programmes. We want to see this downward trend continue – if it does, fewer people are scarred by long-term unemployment and the economy benefits by a more employable workforce and reduced welfare expenditure.

Second, we need a flexible personalised offer to long-term unemployed people which is effective at preventing people reaching 24 months of unemployment. There have been substantial programmes for long-term unemployed people since the 1980s, both in the UK and across the OECD. We have a good understanding of ‘what works’ in getting people with significant labour market disadvantages back into employment. The barriers and problems faced by the long-term unemployed will often mean that finding a job is not the only change needed. Many need debt and finance advice, others want to re-train and improve basic skills, and others need services such as mental health support, drugs and alcohol, and housing services. The social and economic conditions of each recession are different and we need to be flexible and innovative in our response to coronavirus-related unemployment.

Third, we should offer support to everyone who has been out of work for 12 months, irrespective of their benefit status. This should *not* just be about commissioning a ‘programme’ for people on benefits (Universal Credit, JSA, etc) who are going to hit 12 months unemployed at some point in 2021-22. It should also be about: those who were furloughed for months and then made unemployed; those

out of work and not on benefits; the self-employed who have little or no work; those who are already long-term unemployed; and people with health conditions and disabilities. We need to open up and be more inclusive and encourage more referral routes other than Jobcentre Plus Work Coaches. Everyone should benefit from the universal offer but tailored to their individual circumstances.

In *'Time to Act'* we proposed eight design principles for the 'Work & Skills' offer:

1. **A clear universal offer, easily delivered:** clarity on the support on offer, and services which can be put in place easily with the minimum of delay.
2. **A combined effort between national and local:** a collaborative approach is needed, bringing together the expertise and capacity of national government, local government and private and voluntary sectors.
3. **Personalise:** services which build on people's strengths and hopes, considering the impact the virus has had on their lives – a trusting relationship with an advisor should be at the core of the service.
4. **Choice:** a choice of pathways for individuals – flexible, responsive and personalised – by joining up other local and national resources.
5. **Contributing to recovery:** expenditure on support should be an investment towards economic recovery, especially where retraining and job creation helps the individual and the economy.
6. **Coronavirus proofed:** there will be many challenges to the traditional way of delivering programmes which we will need to rethink, this includes how local areas can respond to their local challenges.
7. **Flexibility and adaptability:** there are many uncertainties ahead and this should mean we don't tie ourselves into inflexible long-term arrangements. We need provision that is agile and can easily be scaled up or down.
8. **Prevention and sustainment:** stopping people becoming long-term unemployed and sustaining employment for those who get a job.

Delivering a new commitment to long-term unemployed people requires a **collaboration** between UK government departments, devolved administrations and local government in organising the capacity of the public, private and voluntary sectors. DWP have a long track-record of working locally through the Jobcentre Plus network, as well as commissioning large-scale national contracts. Local government also has a long track-record of providing, funding, and organising provision for unemployed people, especially critical wrap-around services. **However, government at all levels have learned this crisis presents some unique challenges in how they need to organise and collaborate.**

Lessons need to be learned when planning and delivering new services for long-term unemployed people: avoid a one-size-fits-all approach; clear standards need to be set which are achievable; harness skills and capacity at all levels; stimulate innovation to create solutions; and don't rely on just one route to delivery.

These challenges and design principles all suggest that there should be a **universal offer with clear standards** which are agreed, organised and delivered by DWP and devolved administrations along with their local government partners.

An immediate step that could be taken is to stimulate research and development in how Covid-secure and online employment services can be delivered, particularly for the most vulnerable³. **DWP are already funding innovation pilots in partnership with some Local Authorities⁴ and should consider further locally-led pilots.**

A final challenge is whether we need to value a wider set of outcomes? The vast majority of 'work first' programmes measure 'job entries' and 'sustained employment', and many have an element of 'payment by results' (PBR) where contractors are paid for delivering job outcomes. Other government programmes have valued a wider range of indicators, such as qualifications, apprenticeships, reduced offending, improved family income, and many more.

We need to encourage and enable more people to improve their skills, consider different careers, and to re-train. Improving skills (including basic skills such as literacy, numeracy and digital) will help people to maintain employment and find new jobs in the future, making it less likely they will be unemployed down the line. Additionally, this recession is causing structural changes in the economy and permanent shifts in the jobs available. We need to help people adapt to that. This investment in human capital takes longer but the return to individuals and the economy can be greater. Especially for young people with low qualifications the investment in combining training with work will pay long-term dividends.

For these reasons there needs to be a clear pathway for long-term unemployed people (of all ages) to improve their skills.

Finally, it can be argued that young people and older (over-50s) workers who become long-term unemployed should have specific and targeted programmes. Both these age groups will face some difficult and challenging labour market conditions over the coming years. However, Work & Skills is intended to be flexible and responsive to these age groups, as well as other disadvantaged groups.

³ See [ONS survey](#) of shielding by 'clinically extremely vulnerable' people, July 2020

⁴ See [DWP innovative employment schemes](#)

Work & skills: our three-stage plan

What should the universal offer consist of and how should it be delivered?

Here, we set out ideas for what services could look like, based on the above design principles, and the knowledge that we must act quickly.

Our focus is on services when people are unemployed between **12 to 24 months**, but our three-stage plan includes what happens **before 12 months** unemployment and what happens **after 24 months**, either if someone is still unemployed or in a job or training.

In other words, tackling long-term unemployment cannot be seen in isolation from other measures and interventions.

Arguably the most effective way to tackle long-term unemployment is by reducing the numbers that reach 12 months out of work – this is why **prevention should be a top priority**. However, we need to ensure that support to find work as quickly as possible also helps to break cycles of insecure employment, avoids unintended consequences, and builds long-term employability, skills and health.

Our three-stage plan covers:

Prevention (months 1 to 12): help for all to find a job or change careers; fast access to extra support for those of all ages at greatest risk of becoming long-term unemployed; a guarantee of a Kickstart job, training place or apprenticeship for young people.

Provision (months 12 to 24): a new universal offer; increased advice and guidance; a choice of pathways to achieving a positive outcome.

Perseverance (months 24 onwards): sustaining employment if successful in getting a job; continued support for those who are not successful, including a temporary job.

Prevention

Our reports *'No Time to Lose'* and *'When furlough has to stop'* set out detailed proposals on what the government could do to quickly get people back to work.⁵

The Chancellor's 'Plan for Jobs'⁶ announced in July 2020 consisted primarily of measures focused on the newly unemployed, especially young people, and included some of our main proposals. DWP launched JETS (Job Entry Targeted Support) in October 2020 aimed at UC and new JSA claimants in Great Britain who have been unemployed for three months. Northern Ireland has recently announced Work Ready, their equivalent support offer. 'Sector-based Work Academies' which provide training and work experience are also being expanded by 40,000 places.

These initiatives are welcome but there should be two further important steps:

1. A firm and unequivocal **Youth Opportunity Guarantee** for everyone aged 16 to 24
2. Additional measures for those 25 and over.

Preventing long-term unemployment for young people

The 'Plan for Jobs' set out the following provision for young people:

- Kickstart, temporary 6 month jobs for those at risk of long-term unemployment
- More money for traineeships, though these are only expected to start in February 2021
- Additional funds for the National Careers Service
- Incentives to employers to take on apprentices
- An expanded Youth Offer
- New Youth Hubs.

With effective planning between government departments and local government there should not be any barriers to the Government committing to a **Youth Opportunity Guarantee to ensure all young people are offered a job, training place or apprenticeship**. Not all unemployed young people are claiming benefits and a Youth Opportunity Guarantee should mean we have to proactively seek out young people who need support and develop new referral routes to provision.

⁵ No time to lose: getting people into work quickly, L&W et al, 2020; When furlough has to stop: next steps to avert long-term unemployment, L&W and Reform, 2020.

⁶ [Plan for Jobs](#), HMT, 8th July 2020

We should **have a clear aim that no young person becomes long-term unemployed** – this is deliverable with improved collaboration across government Departments, local government and delivery partners. The challenge is to make sure the ‘Plan for Job’ measures, and other initiatives, have enough capacity and quality to deliver for young people and are joined-up and tailored to individuals.

Clearly there is a danger that inadequate measures, resources and capacity could lead to a guarantee not working for some young people. In addition, some young people will start an opportunity but their employment and/or training may not work out for a variety of reasons. Also, a number of measures are not open to 16-17 year olds which means a particular risk of long-term unemployment for young people in this age group who are not in full-time education.

The consequence will be that some young people will become long-term unemployed and will need a renewed offer. We estimated in ‘*Time to Act*’ that between 180,000 and 290,000 young people could be long-term unemployed in 2021-22, which is between 20 to 25% of all long-term unemployment.

Preventing long-term unemployment for those aged 25+

For adults aged 25 and over, there is a more limited range of measures for the newly unemployed, and primarily relying on JETS. There is a high degree of dependency on encouraging independent jobsearch along with advice from an increased number of Jobcentre Plus Work Coaches, many of whom are still being recruited⁷.

So what more can be done to prevent long-term unemployment for adults?

First, **increase early access** to more in-depth support for those who are less likely to find work quickly. DWP has always recognised that disadvantaged groups⁸ should be referred at an early point in their claim. This approach should be expanded so that Work Coaches have more discretion to offer any claimant who they assess is at risk of long-term unemployment and could be helped by additional support.

Second, a **fast-track to new and better skills** for those with low qualifications (level 2 and below) or in need of retraining, especially those from lockdown sectors. Rapidly acquiring new skills will be critical for some workers but it can take months to acquire a new qualification that can be added to a CV. Starting as soon as possible is therefore critical for a quick return to work, and learning should be structured in a flexible way that fits around job search and can be continued in a new job.

⁷ DWP are doubling Work Coaches to 27,000 by March 2021, with 4,500 due to be in post by October 2020

⁸ The current list of early access groups for the Work & Health Programme is [here](#)

Third, **improve advice to those under threat of redundancy**. Too often advice is split between different agencies, making it confusing and complicated. This need not be the case, for example, the new [Working Wales](#) service brings advice and support together into one offer. In England, the National Careers Service should be active in offering their expanded services⁹. Redundancy support needs to be proactive and co-ordinated in their marketing to employers and those at risk of redundancy.

Fourth, increased **assessment, advice and jobsearch** for those newly unemployed people at greater risk of long-term unemployment. There should be consideration of specialist DWP Work Coaches, with reduced caseloads, to focus on those who are more likely to face significant barriers to employment. While finding work should remain the priority, the Work Coaches should take a wider view of what might work to increase employability and sustain employment.

The main criticism of these measures is the potential ‘deadweight’ involved in providing early services to those people that may *not* need it – they would find a job without any help from the state. Two important points need to be taken into account:

- 1) these measures cover the period when unemployment is increasing – some deadweight can be acceptable in these periods to ensure there is a simple universal service delivered effectively and on time;
- 2) sound advice and assessment from Work Coaches (and other advisors) will help steer people to the right level of personalised support – those with high levels of employability should not be referred to costly provision.

‘Segmenting’ newly unemployed people to signpost them to appropriate provision is increasingly used in other countries and DWP should review how profiling¹⁰ can help Work Coaches, while maintaining the primary focus on helping everyone find work as quickly as possible.

⁹ The National Careers Service is receiving £32 million funding over the next 2 years for 269,000 more people in England to receive “personalised advice on training and work”. Plan for Jobs, July 2020

¹⁰ See [Jobseeker Profiling in the UK: Developing a Better Approach](#), Miscampbell & Oakley, WPI Economics, 2018

Provision

Work & Skills

Here we set out a high-level view of what services ‘Work & Skills’ could consist of for long-term unemployed people.

Our proposals are based on the need for a strong and effective partnership between national governments and local government. This partnership could mean a range of things, from joint working through to devolved budgets. Without this partnership services will not be as effective as they could be, especially for the most vulnerable.

The Work Programme (2011-17) was the previous DWP programme for people unemployed for 12 months or more. It showed that a single programme commissioned from Whitehall and delivered by large ‘prime contractors’ could achieve high levels of job outcomes for some groups of people. However, the Work Programme was introduced in June 2011 – two years after long-term unemployment started to rise significantly. For most of the duration of the Work Programme unemployment was declining and the employment rate started to hit historic highs.

Furthermore, there were persistent concerns about the Work Programme not providing enough support to those with low levels of employability, and it worked less well for some groups such as those with health problems and disabilities.¹¹

The successes and failures of previous programmes can inform the design of new services and a sound evidence base is important. However, past evidence does not always prepare us for future challenges. Services will need to fit within the wider strategies of how we respond to the virus, maintain incomes and build the recovery. **Consequently, we should be wary of applying old solutions to new problems.**

A universal offer

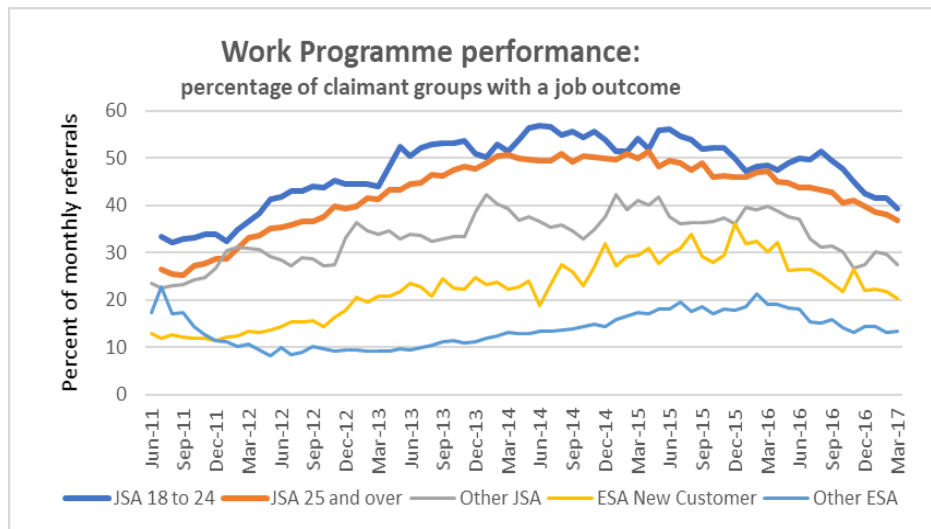
Our proposed universal offer for all long-term unemployed people is:

1. Personal advice and guidance on jobs, careers and skills
2. Intensive job search support from a personal advisor
3. Up to 12 months in activities that will build employability
4. A recruitment subsidy for employers
5. A bonus payment for those that find and stay in employment.

¹¹ For example, see [The Work Programme](#), National Audit Office, 2014; and [Creaming and Parking in Quasi-Marketised Welfare-to-Work Schemes](#), Carter and Whitworth, University of Sheffield, 2015

Box1: Main lessons from the Work Programme

The Work Programme operated from 2011 to 2017 and was a large and complex programme for 12 month+ JSA and Employment Support Allowance (ESA) claimants. Almost two million people joined the programme for a period of two years and were supported by contractors who were mostly paid by job outcomes. The final performance statistics for the whole programme have only recently been released¹.



First, performance broadly reflects the wider labour market. The programme started when the UK employment rate was 70.2% and, apart from three months in 2011, the rate climbed continuously to 74.8% in 2017. Towards the end performance dips when the number of people joining was 15% of the peak and were more disadvantaged. The Work Programme was not operating in the critical years of 2008-11 when the employment rate was declining or flat.

Second, the more disadvantaged, the lower the performance. Performance exceeded DWP expectations for the least disadvantaged, but expectations were lower for disadvantaged groups and this generally held true. The main concern was about people being 'parked' – receiving too little active support over their two years on the programme because they were less likely to achieve a job outcome. The payment by results approach did not effectively tackle this.

Third, the Work Programme was cheaper but could not provide a full service for everyone over the two years they were on the programme. It is estimated the Work Programme cost around £1,200 per person compared to £1,590 for Flexible New Deal. Over two years this represents a significant reduction in contact time and other employability support. The Work Programme also invested little in reflecting differences in local labour markets and had too little focus on wraparound services or skills improvements that could aid long-term employability.

In addition to the universal offer there should be guarantees for specific groups of people, for example:

- **Those needing skills support:** access to basic skills courses for all who need it, and free study towards a first level 3 qualification
- **People with health conditions and disabilities:** access to specialist support, including mental health services, that will help in finding work.

The 'Work & Skills' offer

The starting point is up to six-months with a **Jobs, Careers and Advice (JCA)** service for everyone becoming long-term unemployed.

If people are not successful in finding and sustaining a job, apprenticeship, or full-time education on JCA they will be offered '**Choices**' which will give a range of opportunities to build employability and find a job.

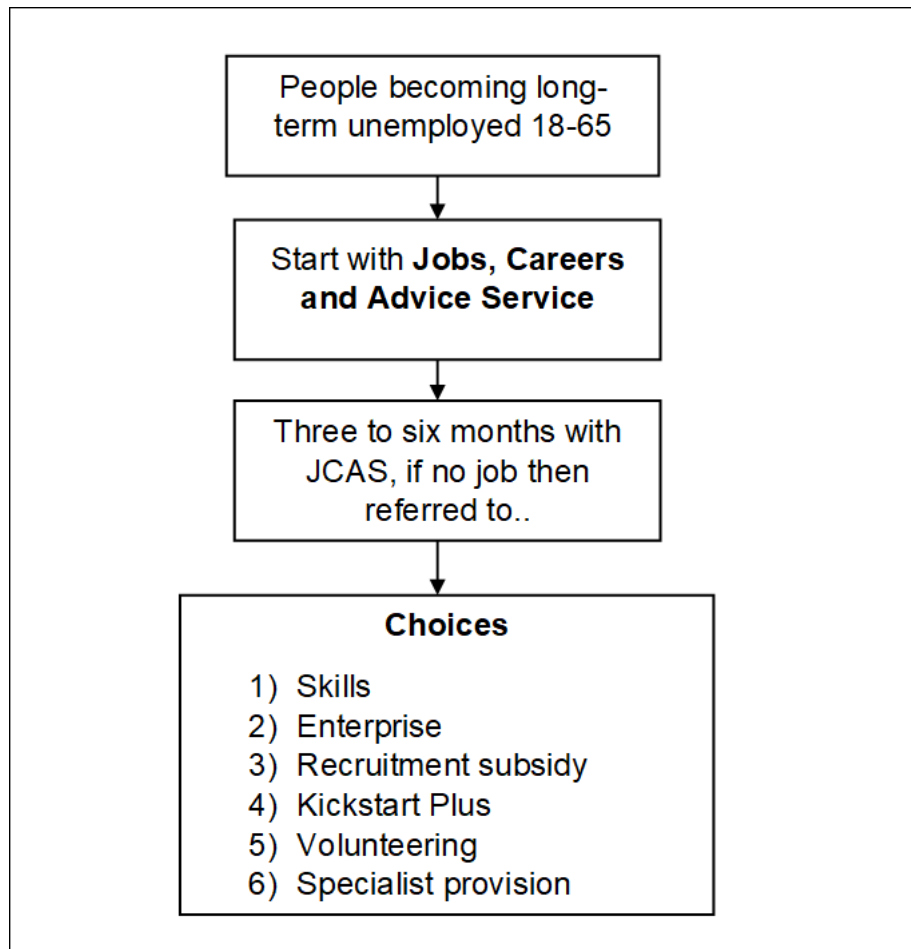
The JCA provides personalised, intensive jobsearch assistance and careers and skills guidance. The service would be similar to that provided on the Work Programme but with some important differences:

- People are with JCA for a maximum of six months, not the two years on the Work Programme, reducing the risk of 'parking' those who are less likely to get a job
- The JCA will have service standards so users know what they are entitled to receive, for example, the number of contact hours
- JCA is not just about 'job entries' and 'sustained employment' but also about successful skills outcomes and signposting to Choices.

The JCA also has similarities with the New Deal Gateway¹² and could successfully learn the operational lessons from both the Work Programme and the New Deal.

¹² For a comprehensive description and review of the New Deal for Young People, see ['The New Deal for Young People'](#), National Audit Office, 2002

Overview of 'Work & Skills'



A 'Jobs, Careers and Advice' service

The aim of JCA is two-fold. First, to provide a renewed effort in jobsearch to find a job. Second, to make an informed referral to extra support (called 'Choices') if required.

Everyone engaging with JCA will either find an unsubsidised job or they will have an offer of Choices provision to take the next steps to a job and a career.

The proposed key design features of JCA are:

- **Eligibility** – all long-term unemployed people; it should be an inclusive service, so eligibility needs to include non-claimants and UC claimants who may be economically inactive and been out of work for over 12 months;
- **What does it offer?** – an advisor who can provide personalised and intensive jobsearch assistance; career guidance; skills and employability assessments;

employability skills training and short courses; access to an equivalent of the Flexible Support Fund; signposting to Choices provision if required;

- **How long does it last?** – any long-term unemployed person can use the service for up to six months, after which if they remain unemployed they are offered Choices provision; where appropriate, JCA should also provide continued jobsearch advice when people are using Choices;
- **What service standards should be expected?** – there should be a set minimum number of hours of contact time each week with an advisor; a blended offer of online, telephone and face-to-face contact; an agreed action plan to find work; a flexible and responsive service according to local restrictions; access to the latest tools for assessments and career guidance;
- **What sort of outcomes can be expected?** – unsubsidised job outcomes; successful referrals to Choices or other provision; job outcomes and qualifications attainment from Choices.

People will need sound advice about how they can acquire new (or better) skills. So **JCA should not *just* be about finding a quick job entry – it should be balanced advice on future job and career opportunities too.**

Our expectation of JCA is that it will provide an intensive period of support and that Advisors will be able to assess who should remain with JCA for a full six months or be signposted to Choices provision after three months.

Is there the capacity to deliver this new service? We estimate around 5,000 advisors would be needed in 2021-22 declining to half that amount the following year.

Advisors with the skill sets to deliver this service already exist in many organisations:

- Jobcentre Plus Work Coaches, who support people from the start of unemployment, and where DWP is recruiting 13,500 additional Work Coaches
- Housing associations, charities and local government who already deliver a range of contracted and non-contracted employment programmes
- National Careers Service in England, which received an additional £32 million in the Plan for Jobs to provide personalised advice on training and work
- Scottish and Welsh Government services and funded programmes which employ advisors; and Northern Ireland programmes and local projects
- DWP Framework contractors and ESF providers, who employ advisors and other specialist staff
- Recruitment agencies, where there are more than 3,000 recruitment agencies.

Taken together there appears to be sufficient capacity if it is actively managed. The challenge will be to commission and co-ordinate provision so it is scaled up in time to deliver a consistent and high quality service everywhere. The service will also need to respond to the uneven pattern of demand for services as the number of long-term unemployed people rises sharply and then falls, before a potential second peak.

The role of DWP (and Scottish and Welsh Governments) will be to set standards and actively manage the service – investment in common systems, monitoring and performance improvement, and sharing best practice. In Northern Ireland, there is significant potential for a co-ordinated service between the Department for Communities, providers and the eleven local authorities.

There are options for how, and by whom, the JCA is delivered:

- **Jobcentre Plus Work Coaches:** this would involve intensifying the current arrangements for long-term unemployed people – the challenge is whether there can be enough trained Work Coaches with the experience to work with long-term unemployed people?
- **Contracted-out:** an option would be to contract the entire service through the new DWP CAEHRS Framework or by local government¹³. The timetable for commissioning would be extremely tight, but potentially feasible. However, the large contract package areas in the CAEHRS framework are likely to be a barrier to partnership working with local government and Jobcentre Plus Districts.
- **A mixed economy:** some areas could be delivered by Jobcentre Plus Districts, others by local government, and others still by contractors. This could mean it is quicker and easier to scale up and provides an opportunity to test the relative effectiveness of different types of provision.

Irrespective of how JCA is delivered, the anticipated impact is that around one in five of long-term unemployed people will find a job within the three to six months with JCA and the remainder will be signposted to Choices.

Choices

If someone is unsuccessful in finding an unsubsidised job with JCA then Choices will be provided to help get a job, increase employability and build a career. At the point people can be referred to a choice they will be unemployed for between 15 to 18 months and are likely to have significant labour market disadvantages – and this includes living in an area where unemployment is high and available vacancies low.

¹³ DWP 'Commercial Agreement for Employment and Health Related Services' (CAEHRS). Successful contractors are [here](#).

The choice of additional support needs to be broad, flexible and responsive to local employers and to the level of employer demand locally. We propose a choice of six different services:

- 1) **Skills:** a wide range of vocational courses of varying lengths should be on offer, linked to employer need and local job growth. These should be funded through either existing entitlements or Learning Accounts which give a virtual voucher for accredited training. Full-time courses of up to 12 months should be possible with trainees transferring on to a Training Allowance for the duration of the course. This choice would include access to the expanded Sector Work-based Academies. Courses can be provided by Further Education Colleges, independent training providers, and local authority adult and community education.

There should be a guarantee that everyone with low literacy, numeracy or digital skills is offered training which meets their personal objectives.

Where the Adult Education Budget is devolved to combined authorities, they will be able to prioritise skills training which will meet the needs of their local employers and increase the chances of unemployed people finding a job.

For other areas in England there will need to be good collaboration between DWP, the Department for Education and local partners to ensure an adequate supply of relevant learning, delivered in a way which is flexible and responsive to unemployed people.

The JCA would remain responsible for providing jobsearch both during the training course (if appropriate) and once the course is complete.

Our assumption is there could be the need to provide around 135,000 people (across the UK) with training courses in 2021-22.

In general, there is a similar need in the devolved administrations to improve access to training for unemployed people. Each nation has their own skills priorities and funding arrangements which should be examined to ensure long-term unemployed people can access training.

- 2) **Enterprise and self-employment:** some unemployed people want to work for themselves, or start a business, and many are successful. In this recession some will have been self-employed before losing their trade and having to claim UC. While many in this group will be encouraged to take steps back to self-employment before 12 months unemployment, there will be some

long-term unemployed people who might opt for self-employment rather than continued jobsearch.

New Enterprise Allowance (NEA) is open to all claimants and 25% of participants have a disability. The existing NEA model and NEA Mentoring Programme appear to allow people to explore self-employment and lead to the creation of new enterprises¹⁴. However, the extent of early support and ongoing advice should be reviewed to ensure it will meet the needs of long-term unemployed people.

Our assumption is there could be around 25,000 additional starters in 2021-22 and that DWP and NEA Mentoring contractors can, if required, quickly agree a new model and payments for long-term unemployed starters.

- 3) **Employer recruitment subsidy:** the subsidy is to encourage employers to recruit long-term unemployed people to existing vacancies and where they are not temporary jobs. Previous wage subsidy schemes have suffered from high levels of deadweight. The focus here on those out of work for 18 months means this will be less of a problem. It also means the subsidy can be more generous which is more likely to make a difference to employers' decisions.

We propose a total of £4,000 paid in staged payments over 14 months. To make it attractive to employers the subsidy must be simple to claim and administer. As the subsidy is targeted at real vacancies the take-up is likely to be relatively low compared to other Choices: around 110,000 subsidised jobs in 2021-22. The JCA, with the DWP Work Coach, will be responsible for sourcing vacancies, matching eligible people and processing claims.

- 4) **Kickstart Plus:** Kickstart-type jobs should be funded to provide temporary jobs to long-term unemployed adults with the lowest employability, particularly in areas with fewest vacancies. Based on the same principles as Kickstart, the focus will be solely on jobs that deliver **work of social value with direct community benefit**. They will be organised through existing Gateway organisations, with a strong emphasis on support to find an unsubsidised job.

The jobs can be with a range of employers but firmly based on community benefit to boost the recovery of local communities. There is a strong case for a national **Green Jobs** initiative where Gateways combine to meet national objectives. There could be further similar initiatives, for example, in social care and social housing.

¹⁴ See [New Enterprise Allowance Statistics](#), DWP December 2019

There is strong evidence¹⁵ that those with the least employability benefit the most from these temporary jobs, so we would anticipate that around 45,000 jobs will need to be created. The cost could be met from the existing Kickstart budget of £2.1 billion and with an extension through to December 2022.

- 5) **Volunteering:** a wide range of organised volunteering opportunities can be stimulated with the involvement of local voluntary and community organisations. They would be grant-funded to create, manage and supervise opportunities where unemployed people volunteer and are introduced to new skills and new networks of people. Volunteers would receive expenses, give a minimum time commitment to their chosen project and stay in touch with JCA to find paid employment. We anticipate 35,000 opportunities will be needed.
- 6) **Work and Health:** some people will need specialist support to start the journey back to work. This is what the Work & Health Programme and Intensive Personalised Employment Support were designed to provide, especially for those with disabilities and health conditions. The NHS has developed Individual Placement and Support (IPS), an evidence-based approach with a proven track record of supporting people with serious mental health difficulties to find employment.

Around 36% of the long-term unemployed report a work limiting health condition, but it is *not* envisaged that all are referred to Work and Health. There should be guidance, monitoring and targets to ensure that people with disabilities and health conditions are fully engaged in the other Choices.

ESF also funds projects which are often targeted at disadvantaged groups with multiple disadvantages. **This provision should continue to be funded by the UK Shared Prosperity Fund (UKSPF), with local government and LEPs guiding funding priorities in England.**

Around 55,000 started on the Work & Health Programme in 2019 and we anticipate this will need to double in 2021-22.

The six pillars, taken together, means there can be enough high quality provision up and running in sufficient time, and without the need for a complex, centralised commissioning of a large one-size-fits-all programme.

¹⁵ Evaluation of StepUp: Final Report, DWP Research Report 337, 2006

Perseverance

'Work & Skills' needs to make a lasting difference to people's lives – so encouraging *sustained* employment is important.

Sustaining employment

A new approach is needed to help long-term unemployed people who find work to stay in employment. Currently, providers are rewarded if participants find and sustain employment – **we need greater incentives for individuals and employers too.**

Some possible ways of doing this are:

- **Employer's National Insurance holiday:** for every long-term unemployed person they recruit (without a recruitment subsidy) employers could have a six-month holiday from employers' national insurance;
- **Employer recruitment subsidy:** if an employer recruits someone with a subsidy under Choices then the phased payments will ensure there is an incentive to maintain employment for more than 12 months;
- **Employee 'stay-in-work bonus':** JCA, or other Choices contractors, could be required to pay a bonus to people who sustain employment. This could be a one-off payment after six months or phased payments over a longer period.

Unemployed for over two years

Despite efforts, there will still be some people who become *very long-term unemployed* at 24 months out of work. Most programmes for unemployed people are only successful for a minority of participants, for example, over the lifetime of the Work Programme more than 60% left the programme without a job outcome.

Unsuccessful participants leaving the Work Programme were mandated to join 'Help to Work' which had a negligible impact on the number of people finding work¹⁶. Previously, unsuccessful participants were often re-cycled around the same programmes that did not work for them the first time.

With the end of the Work Programme in 2017, support for everyone between 12-24 months unemployed became the responsibility of Jobcentre Plus Work Coaches (with access to the Flexible Support Fund). Everyone remaining unemployed at 24 months are then referred to the Work & Health Programme. In 2018-19 the Work & Health Programme achieved job outcomes for 18%¹⁷ of very long-term unemployed

¹⁶ <https://www.natcen.ac.uk/media/26249/evaluation-support-very-long-term.pdf>

¹⁷ L&W analysis of DWP WHP performance statistics

participants. This compared to 22% job outcomes for people with disabilities and claiming Employment Support Allowance or UC.

In May-July 2020 there were 118,000¹⁸ people (18-64) across the UK who had been unemployed for over 24 months. Of these 46% were over 50 years of age. There were 16,000 young people (18-24) unemployed for two years and it is highly likely that most will have no experience of a full-time, remunerated job and have a diverse range of problems that will reduce their employability.

For the very long-term unemployed a new approach is needed – one based on **new intensive support and a guaranteed job offer with in-work support.**

The intensive support should include a re-assessment of people's employment prospects, goals, skills, and finances, leading to the development of a new plan to find work. This could include specialist or other support, but not simply repeating what has been tried before. **In effect this should be a support re-set undertaken by specialist Work Coaches with low caseloads.**

It should also include a guaranteed offer of a job. This would be similar to Kickstart Plus but last longer and have a strong emphasis on skills and employability development. There is robust evidence from the DWP StepUP pilot¹⁹ that adults with low motivation and employability benefited significantly from temporary employment.

Local government, working with Jobcentre Plus, should have the responsibility for delivering the job guarantee and support. It is well placed to stimulate a range of roles with local employers²⁰, and co-ordinate wrap-around support.

¹⁸ ONS Unemployment by age and duration: People (seasonally adjusted), September 2020

¹⁹ DWP evaluation of [StepUp](#) pilot

²⁰ For example, see [Solent Jobs evaluation](#), Learning and Work Institute, 2019

Planning and delivering Work & Skills

The design principles stressed the need for a strong, collaborative partnership between national and local government. A partnership that would deliver for local employers, help rebuild local economies and marshal local capacity in the most effective way.

The universal offer will set a strong but simple national framework which everyone will be working within. However, we have set out before²¹ reasons why we think labour market measures need the active involvement of local partners. There should be the maximum flexibility to allow local areas to plan and deliver 'Work & Skills' in ways best suited for their employers and for local unemployed people.

Local leadership and devolution

The full area budget for 'Work & Skills' should be devolved to each of the ten English Combined Authorities²² and London, on the condition that each is willing and their state of preparedness is sufficient to deliver 'Work & Skills' on time for their area. Other areas of local government who meet these criteria should also have the opportunity to discuss devolution or co-commissioning.

The partnership between the Jobcentre Plus District(s) and the Combined Authorities will be critical for planning and delivering services which meet the needs of local employers. Commissioning services at the local level has now been made easier with the new DWP CAEHS Framework open for use by local authorities.

At the same time, full responsibility should be devolved to Wales and Scotland, both of whom could quickly develop and expand their existing programmes and deliver the universal offer. The Northern Ireland Executive already has responsibility for employment programmes and should receive additional financial support through the Barnett formula.

In England, outside of the devolved and co-commissioning areas, DWP would be responsible for delivering 'Work & Skills'. Jobcentre Plus Districts should have an expanded role in planning provision, working together with local authority partners in their area. Joint initiatives should be further encouraged, such as co-location of Youth Hubs and one-stop centres.

²¹ For example, see [Work Local](#) L&W, 2017

²² Greater Manchester; Sheffield City Region; West Yorkshire; Liverpool City Region; Tees Valley; West Midlands; Cambridgeshire and Peterborough; West of England; North East; North of Tyne

For the commissioning of large 'national' contracts (as could be possible for Jobs, Careers, & Advice) the 'Contract Package Areas' for the CAEHRS Framework²³ will need to be used but should be sub-divided into geographical Lots which better align to functional economic areas and Jobcentre Plus Districts. English local authorities can be grouped together into about 19 Lots (excluding Combined Authorities) across the five English 'Contract Package Areas'.

In total that would give around 29 English contract areas which compares to the sixteen areas used for the Work Programme; the forty-one areas used for the Flexible New Deal; and the current twenty-eight English Jobcentre Plus Districts.

Commissioning and funding

DWP will be the commissioner for all non-devolution areas, but decisions about how to commission services should be taken by each devolved area. However, some devolution areas may choose to use the DWP Framework given the tight timetable.

The main service that has the greatest urgency, and likely to be subject to competitive tendering, is the Jobs, Careers and Advice (JCA). This can be done quickly by DWP for the non-devolved areas and DWP can facilitate devolved areas by either commissioning on their behalf, jointly commissioning, or providing technical assistance. In designing the specification for JCA it will be important that DWP, and devolved areas, build on key lessons from the design and commissioning of the Work Programme, the Work & Health Programme, and the New Deals.

Where DWP commissions contractors, there should be clear requirements and guidance for how these contractors work and liaise with local authorities. In non-devolved areas the DWP-commissioned JCA contractors should be accountable to local partnerships consisting of Jobcentre Plus District(s), local government and Local Enterprise Partnership(s). The exact nature of the partnerships will depend on existing governance in the area.

For each of the Choices there can be different arrangements according to: the nature of the service; where the funding comes from; and the need for local integration.

- **Skills:** this will probably not require significant additional commissioning. Where additional provision is needed (either from Colleges or independent providers) this can be purchased by individuals through new learner accounts, or by JCA Advisors with discretionary funds, targeted use of the remaining ESF funds, and/or increased funds for the Adult Education Budget in England.

²³ There are six areas in CAEHRS: Central England; North East England; North West England; Southern England; Home Counties; Wales.

- **Enterprise:** this could be centrally commissioned by building on the NEA Mentoring contracts and/or some areas will already have local projects which could be expanded.
- **Employer recruitment subsidy:** this should be administered by JCA with the local Jobcentre Plus District
- **Kickstart Plus:** planning the nature and scale of temporary jobs should be the joint responsibility of local government and the Jobcentre Plus District – in effect they both have a dual-key to unlocking funding. For delivery, this can be through the existing Kickstart ‘gateway organisations’, so no further commissioning will be required
- **Volunteering:** managed at local level through a ring-fenced grant to local authorities and/or the Flexible Support Fund (FSF) could be used
- **Work and Health:** expand existing Work & Health Programme contracts and locally commission remaining ESF funds and UKSPF when it is introduced.

The Flexible Support Fund could be a critical tool in the funding of some Choices at the local level. It’s role and purpose can readily be extended to make sure it is funding Choices where needed and increase local integration. Where appropriate, there could be dual-key arrangements between the local partnerships and the Jobcentre Plus District. This will ensure co-ordination, reduce duplication and help integrate provision with skills and local recovery plans.

ESF has provided an important source of funds for government and local partners to support skills and employability services, and with the UK’s exit from the EU these funds will end by 2023. The government has committed to replacing ESF with a UK Shared Prosperity Fund (UKSPF), but given few details on the size, focus and management of the UKSPF. To continue to enable local responses to our skills and employment challenges local areas must have a direct influence over UKSPF and the Fund must be open and accessible to a wide range of organisations.

‘Work & Skills’: a plan for the future

We have stressed the need for quick and timely action by government in anticipation of the rise in long-term unemployment next year. However, this needs to be balanced by a long-term view of the labour market.

In the previous two recessions it took seven or eight years for the levels of long-term unemployment to fall back to its lowest point. We don’t know yet whether it will take this long but it would be wise to plan for a protracted period of high levels of long-term unemployment. How we respond to this will have profound implications for other government policies, especially the levelling up agenda.

Before the coronavirus crisis hit there were already significant changes building up steam in the labour market. The anticipated impact of Brexit, the rise in automation, the increased use of AI, to name a few. Few industrial sectors and employers were immune to long-term changes in the type of skilled labour we will need in the future. Of course, coronavirus has dramatically sped up the shift to more remote working by office workers – with a further set of positive and negative consequences which are yet to fully be understood.

To minimise the damage caused by long-term unemployment, our ‘Work & Skills’ plan for the future will:

- Help individuals be **increasingly agile in the labour market** by an investment in hard and soft skills, not just ‘work first’ jobsearch
- Employment and skills services (both public sector and providers) will **need to be adaptable and responsive** in what they deliver and how they deliver
- Recognise there is **no single silver bullet or ‘programme’**, instead we need a joint effort on a number of fronts to cope with potentially the highest level of long-term unemployment in generations
- **Partnership and collaboration**, especially between national and local government, will be increasingly critical to the effectiveness of services, with local government taking more responsibility for labour market measures that match the needs of their local economies
- Deliver opportunities and resources to individuals, families and communities that **have been hit the hardest by the crisis** – a poverty of ambition at this point will have consequences for many years to come.