



WORKING FOR **THE FUTURE**

FINAL REPORT

THE COMMISSION ON THE FUTURE
OF EMPLOYMENT SUPPORT

Executive Summary



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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)