



# Working for the Future: Commission on the Future of Employment Support



**Tony Wilson, Institute for Employment Studies**

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“What then are the objects of organising the labour market? What good purpose can be served by any or the most complete system of Labour Exchanges?”

“In reply to that question it may be observed in the first place, and as following directly from what has gone before, that all the general probabilities are in favour of the usefulness and need of such a system. The spread of information is a matter that cries out for organised rather than for individual action. The need for markets and the wastefulness of not having them are recognised in every other branch of economic life. The point for comment is not that Labour Exchanges should be advocated now but that they should never have been seriously tried in this business country before.”

*Unemployment: A Problem of Industry*, William Beveridge, 1909

# About the Commission

- Established to develop evidence-led proposals for reform of our system of employment support and services
- Defining employment support as **public or publicly-funded services** that:
  - Help people who want to move into work, stay in work or progress in work to do so
  - Help employers to find, recruit and retain the right people for their jobs
- Will include looking at:
  - How support is organised at a UK level, within UK nations and locally
  - Role and function of Jobcentre Plus and of wider contracted or commissioned support
  - How employment is supported in wider public services like education, skills and health
- Commission will run for around eighteen months, hosted by IES with funding and support from abrdn Financial Fairness Trust

# Commissioners

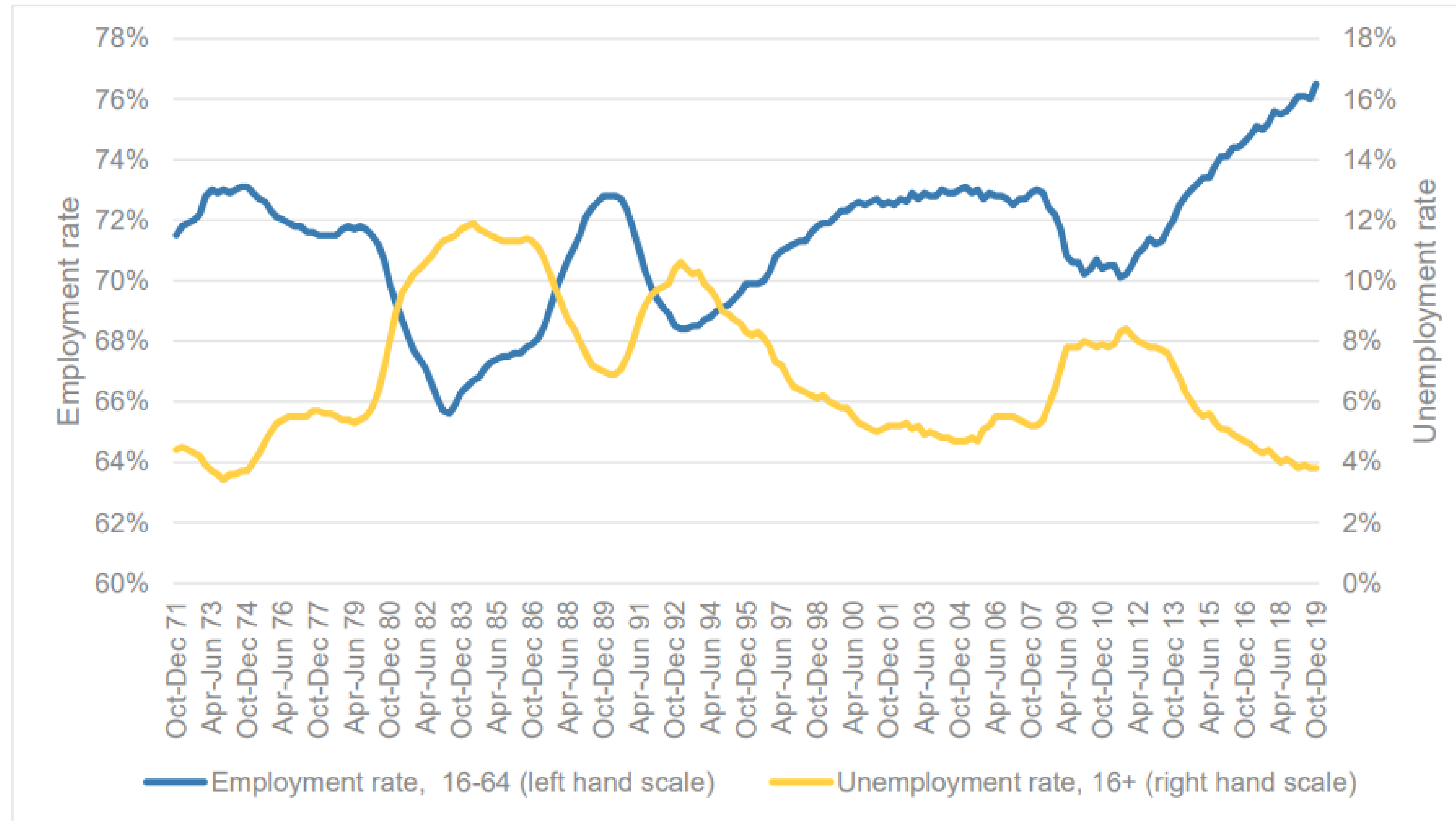
## Ten commissioners from across employment support, public services, business and civil society

- Ashwin Kumar – Professor of Social Policy; Manchester Metropolitan University
- Carmen Watson – Chairperson, Pertemps Network Group
- Fran Beasley – former Chief Executive, London Borough of Hillingdon
- Karen Brookes – Director of People and Infrastructure, Sir Robert McAlpine
- Kate Bell – Head of Rights, International, Social and Economics; Trades Union Congress
- Kayley Hignell – Head of Policy (Families, Welfare and Work); Citizens Advice
- Liz Sayce – Visiting Fellow, London School of Economics and Political Science
- Michael Sheen – actor and producer
- Mubin Haq – Chief Executive; abrdn Financial Fairness Trust
- Neil Carberry – Chief Executive; Recruitment and Employment Confederation

# Context

## The UK jobs and unemployment miracle

**Figure 2.1 Employment and unemployment, 1971-**

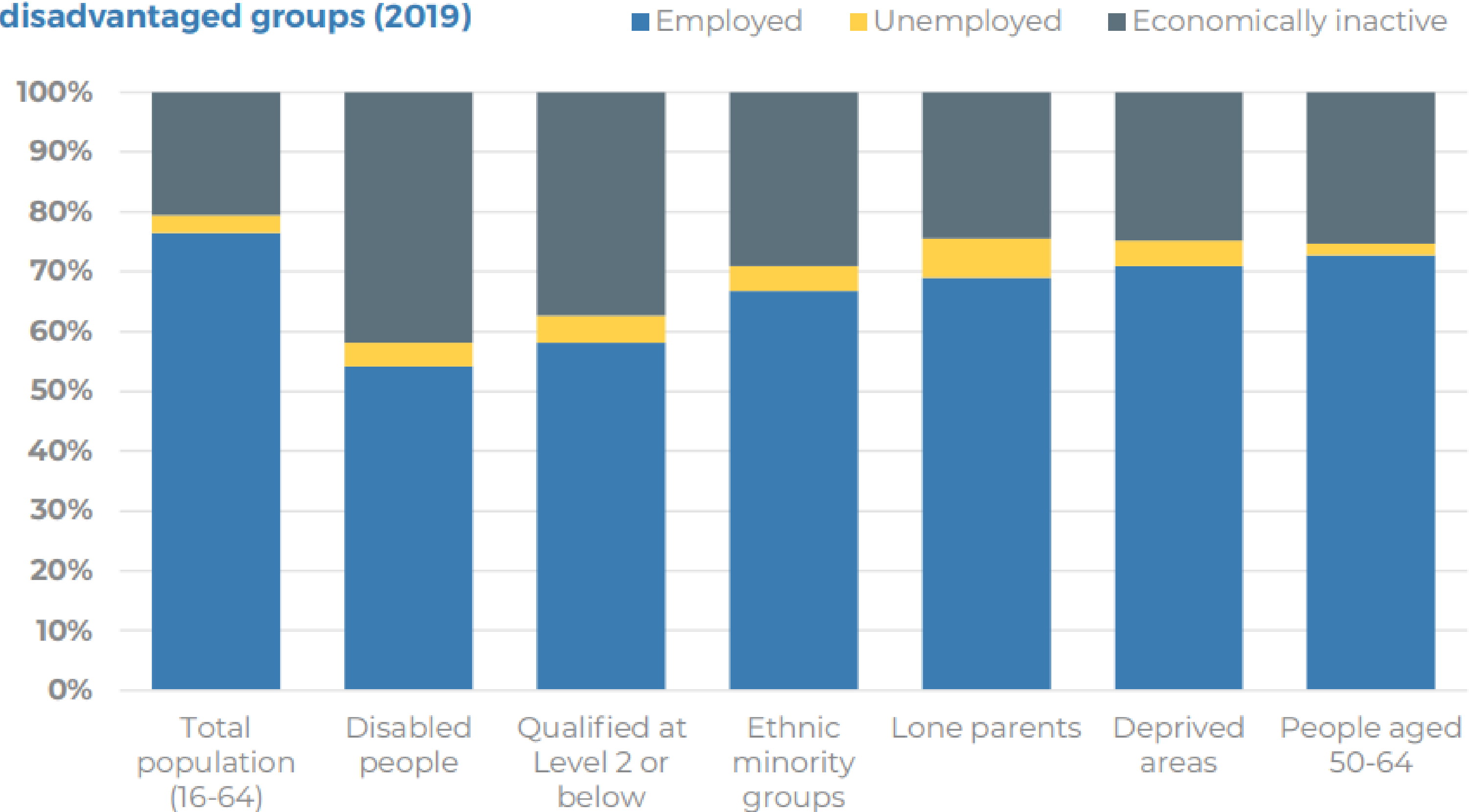


Source: Labour Force Survey (LFS)



# But disguised significant disadvantages

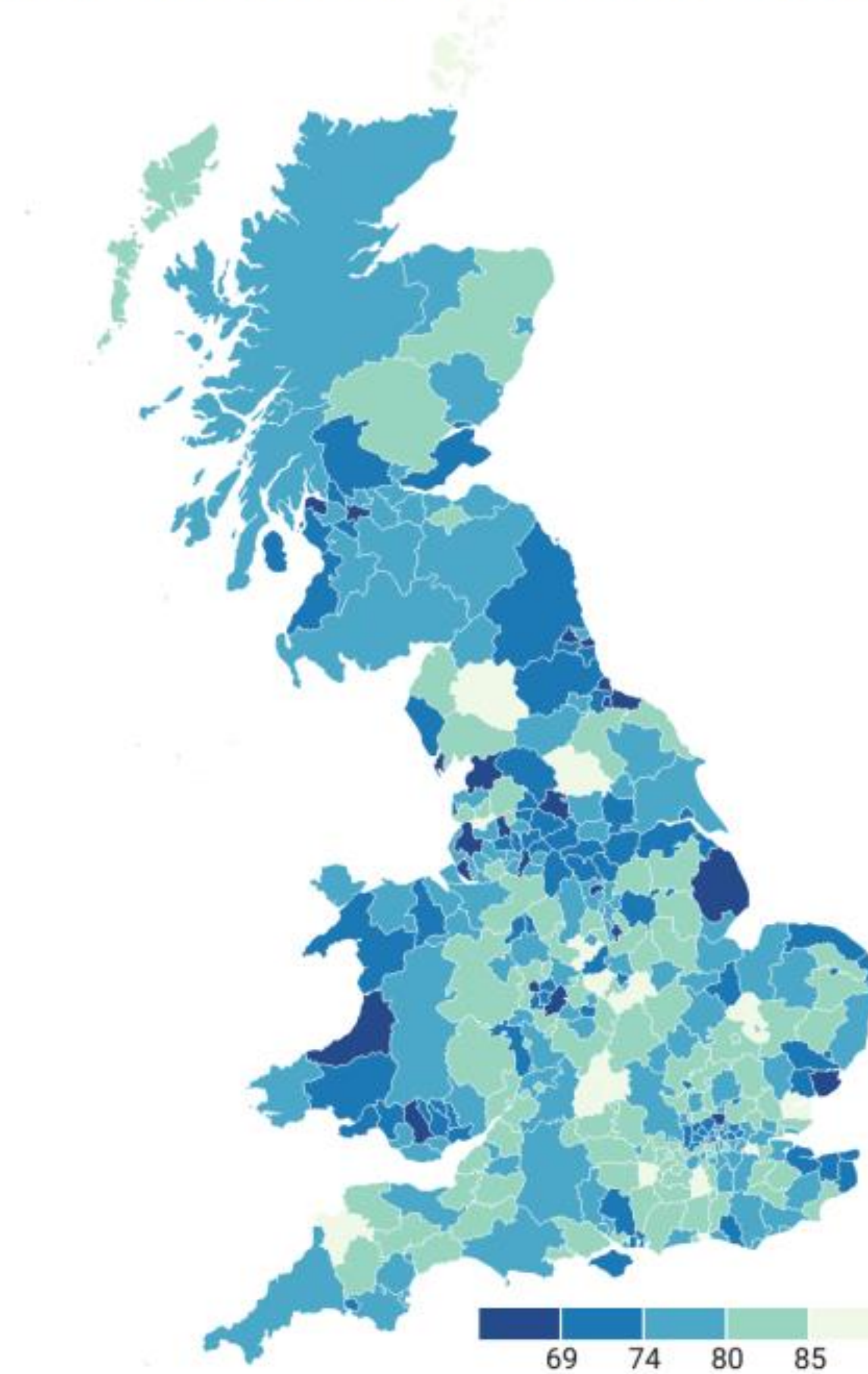
**Figure 2.1: Employment, unemployment and economic inactivity for selected disadvantaged groups (2019)**



Source: IES analysis of LFS, Annual Population Survey (APS) and Index of Multiple Deprivation (IMD).  
All gaps use LFS Oct-Dec 2019, except for 'most deprived areas' which uses APS data for Jan-Dec 2019.  
Deprived areas are defined as the bottom quintile of local authorities on IMD income deprivation measure

Figure 2.4: Employment rates by local authority district, Great Britain (2019)

# And wide disparities between places



Source: Annual Population Survey. Data for Northern Ireland local authorities not currently available. Map data © Crown copyright and database right 2021. Created with [Datavrapper](#).

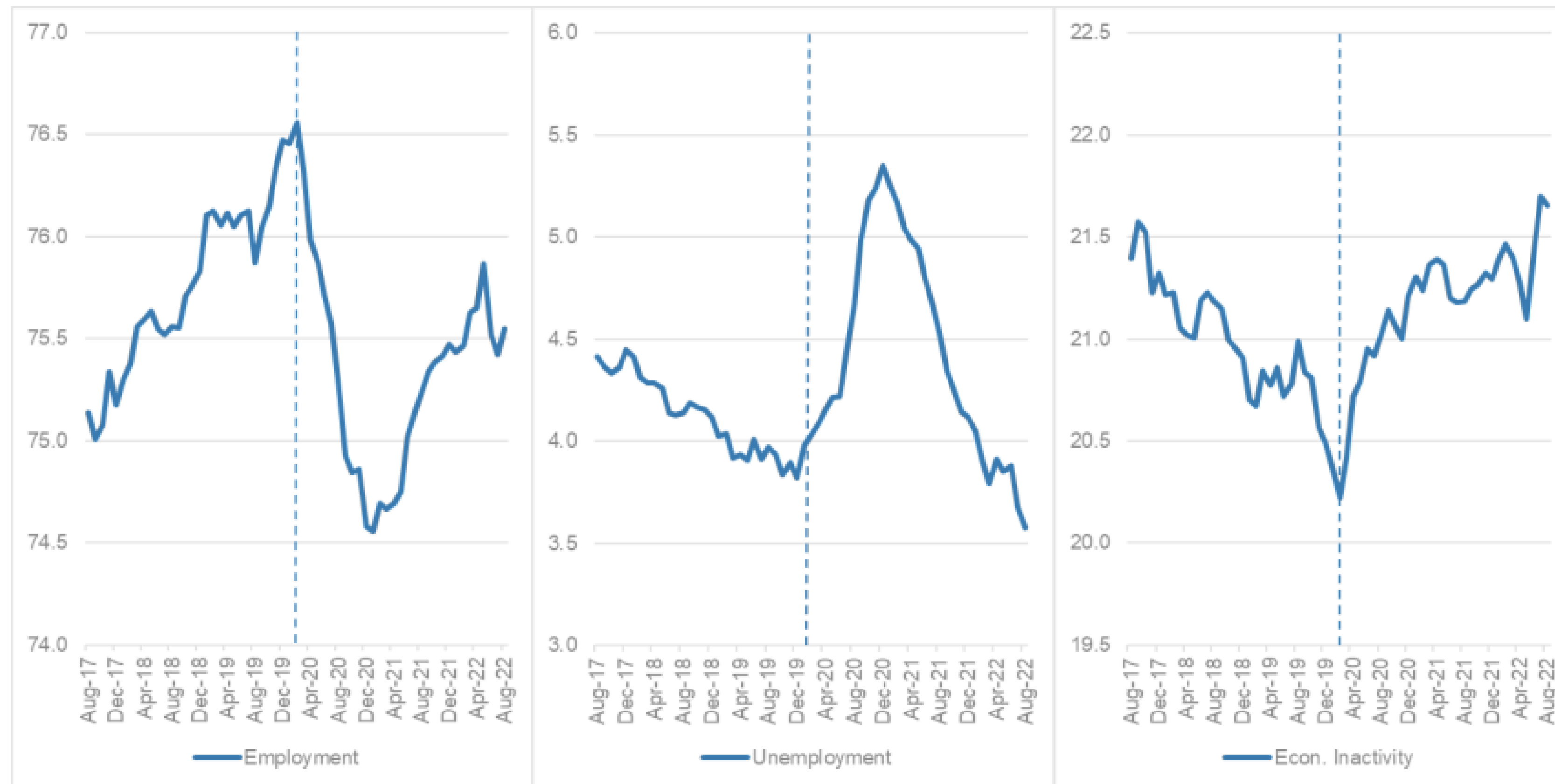
# With a range of further challenges

- Declines in access to training
  - And often focused on health and safety, induction
- Productivity – especially compared to the US, France and Germany
  - With incredibly weak productivity growth over last decade
- Persistence of low pay
- Rising poverty among those in work – now around nine million people
  - Especially linked to caring, low hours, low pay and welfare reforms



# The recovery from pandemic has been weak

**Figure 2.11: Employment, unemployment and economic inactivity rates (16-64)**



*Source: Labour Force Survey. Quarterly estimates, month indicates last month of reference quarter.*

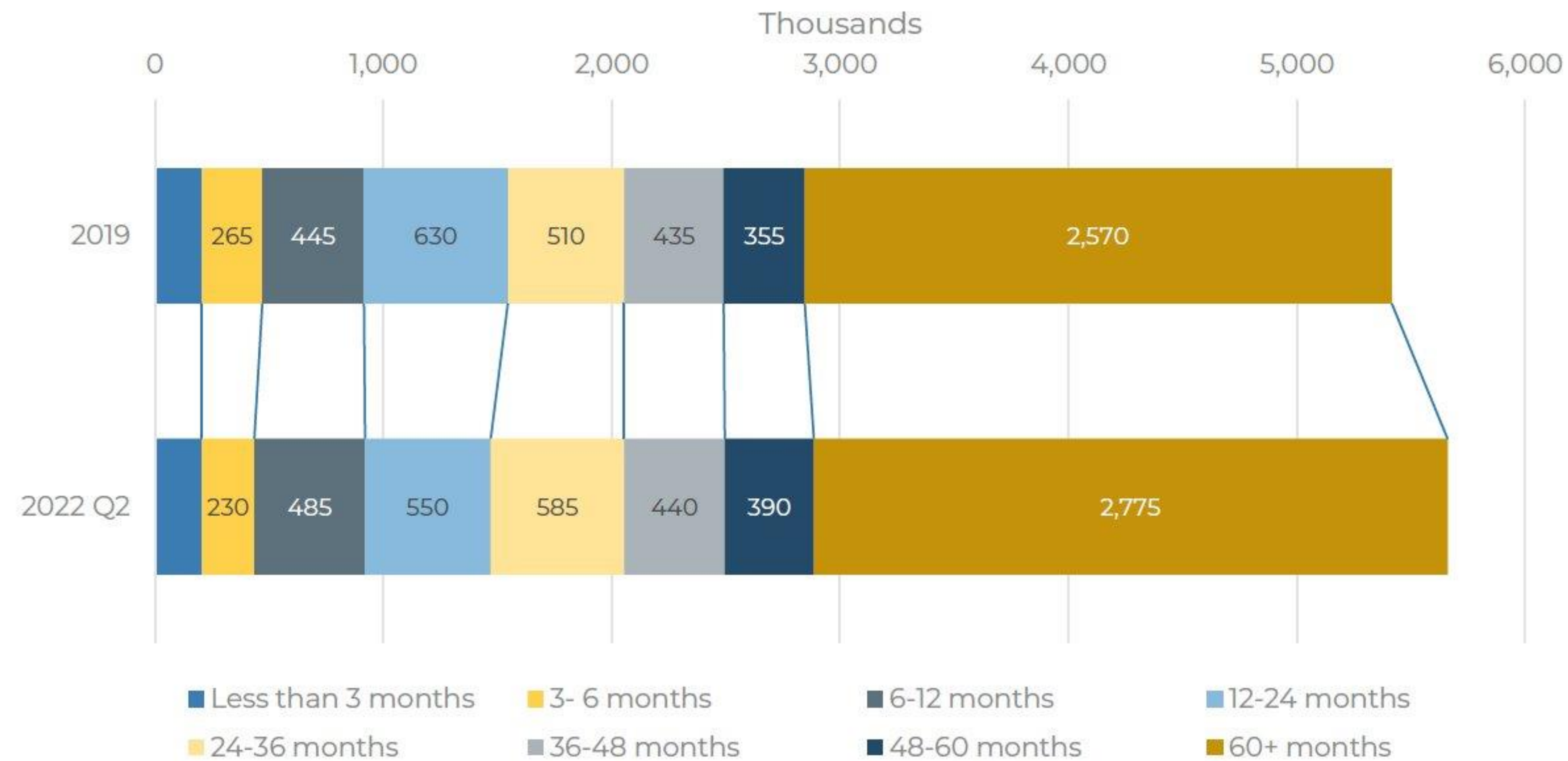
# Where have all the workers gone?

- Key drivers related to older people, ill health, students and migration
- Can also think about this in terms of flows – *into* and *out of* work
- Most focus (as always) has been on people flowing *out* – especially retirement...
- But bigger impacts are from lower flows *into work* – due to:
  - Ill health – people staying out of work longer
  - Studies – young people leaving education later
  - Migration – fewer people coming from overseas to fill jobs



# We can see this most clearly in durations since last worked...

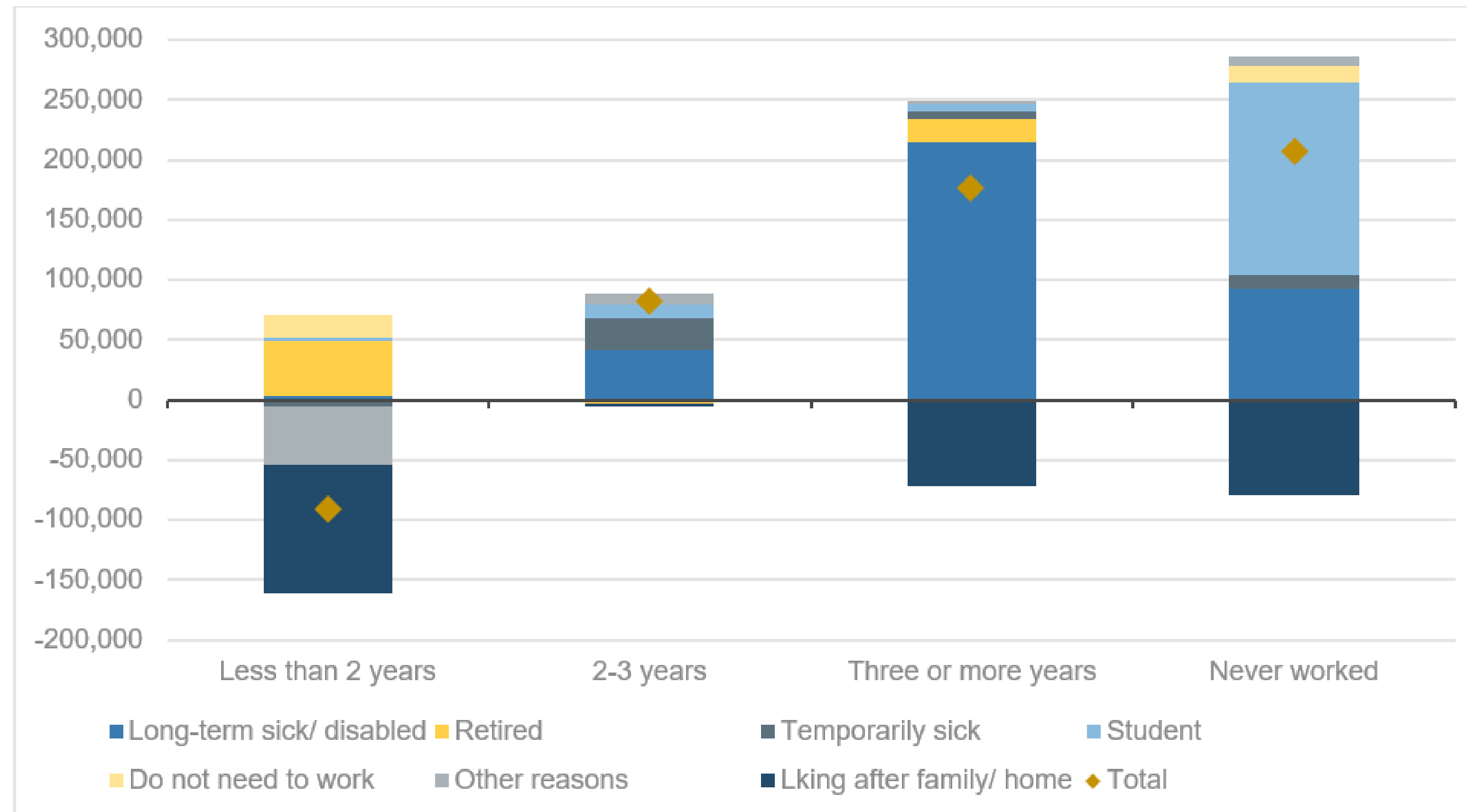
Figure 2.2: Economic inactivity by detailed duration (excluding those that have never worked), 2019 and 2022



Source: IES analysis of Labour Force Survey. Excludes those economically inactive who stated that they have never worked (predominantly young people in full-time education).

# ... And in reasons for economic inactivity (including here those who've never worked)

**Change in economic inactivity by duration and reason given, 2019 to Q2 2022**



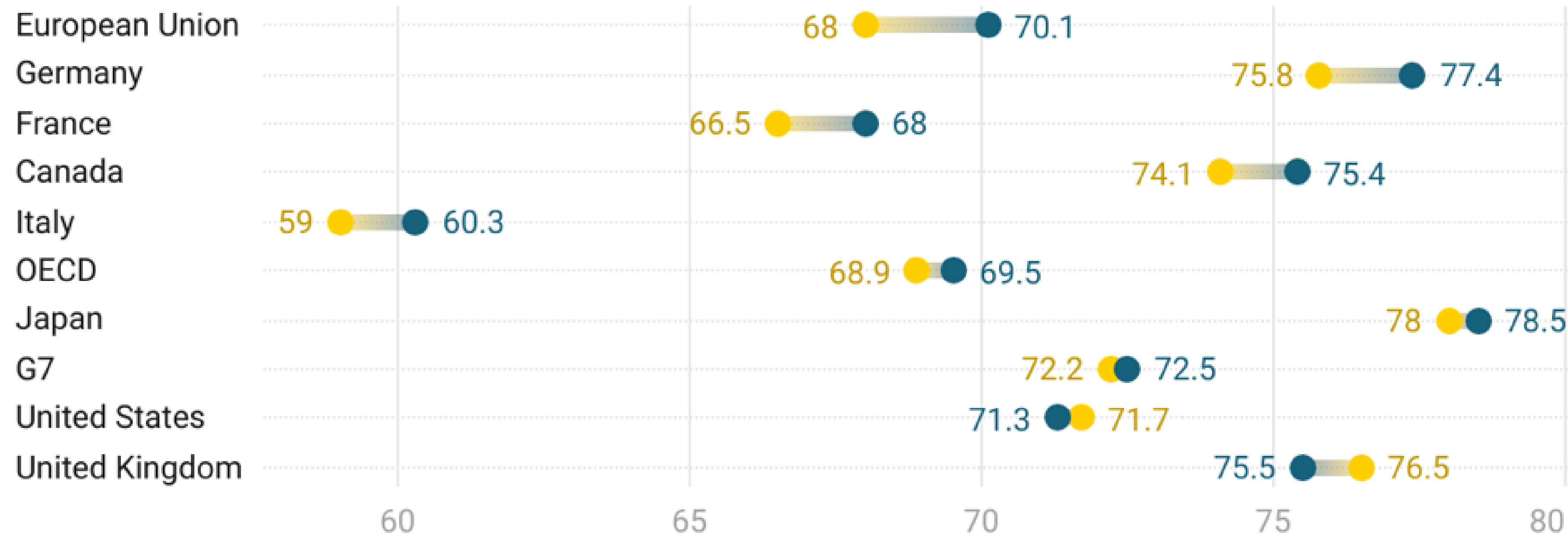
Source: IES analysis of Labour Force Survey. Data is for any reason given by respondents, not just the main reason, so total changes in reasons will be greater than changes in number of people.



# This really isn't happening in other countries

## Worst recovery in G7, among the worst in the entire (developed) world

Employment rates (15-64) in Q4 2019 (yellow) and Q2 2022 (blue)



Created with Datawrapper

Source: OECD Stat

# Employment support is a key part of the answer

- Helping people who are out of work and would like to work
- Supporting retention and progression for those in work
- Working better with employers to recruit and retain
- Effective partnerships locally, with wider services, within industries

Figure 3.1: Five key functions of employment support and services

For people	For employers	With partners
<ul style="list-style-type: none"><li>• <b>Job preparation, matching and brokerage support</b> for the unemployed</li><li>• <b>Specialist support for those further from work</b>, including those who may be economically inactive (often delivered by grant-funded or contracted partners)</li><li>• <b>Administration of social security benefits</b> for those of working age</li></ul>	<ul style="list-style-type: none"><li>• <b>Employer-facing support and services</b> to fill vacancies, broker people into jobs and (in some cases) provide support and advice for those in work</li></ul>	<ul style="list-style-type: none"><li>• <b>Co-ordination and collaboration</b> – within places, with wider public services and with industry or employer bodies</li></ul>



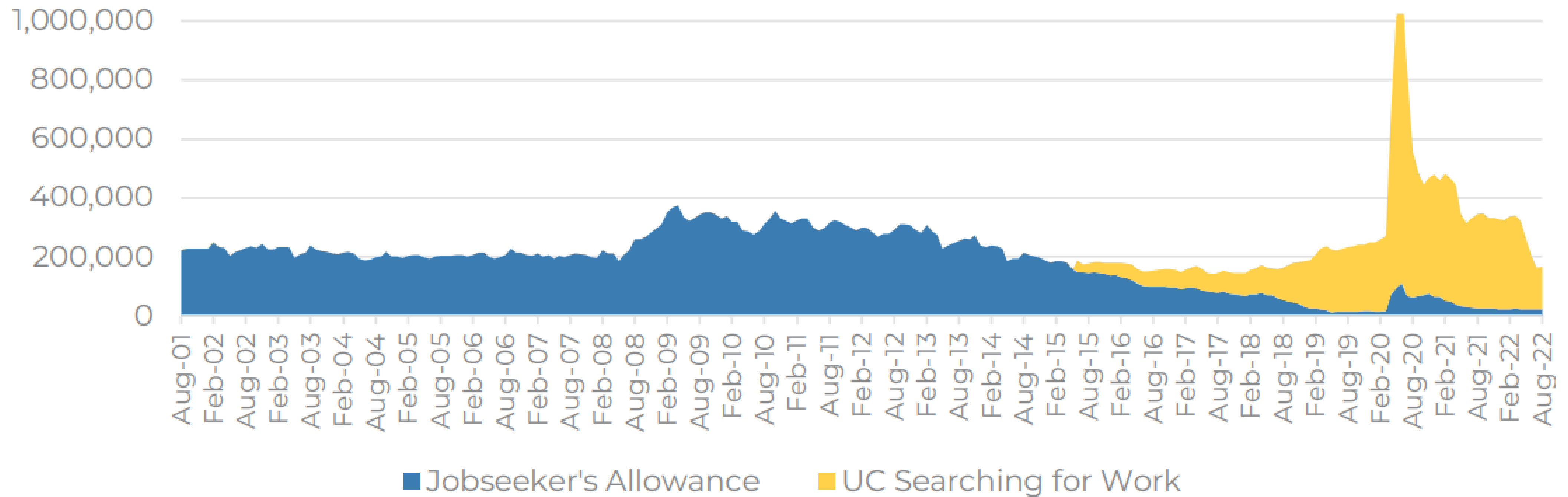
# In the UK, delivered across a range of services ies institute for employment studies

- The public employment service – Jobcentre Plus in Great Britain, and Jobs and Benefits Offices in Northern Ireland – tend to focus on delivering services for those on Universal Credit and closer to work
- Programmes contracted-out or grant funded by national governments, often in the private and voluntary sectors and supporting people further from work (but often still on benefits)
- Employment support commissioned or delivered through other public services – e.g. local government, colleges and training providers, careers services, health services and social landlords (and often funded via the European Social Fund).
- Pre-pandemic, £1.5-2.0 billion a year – falling over last decade
- Patchy, fragmented, complex – particularly with loss of ESF

# Jobcentre Plus supports a lot of people

## At least two million newly unemployed each year

**Figure 3.2: Number of people becoming 'claimant unemployed' each month, 2001-22**



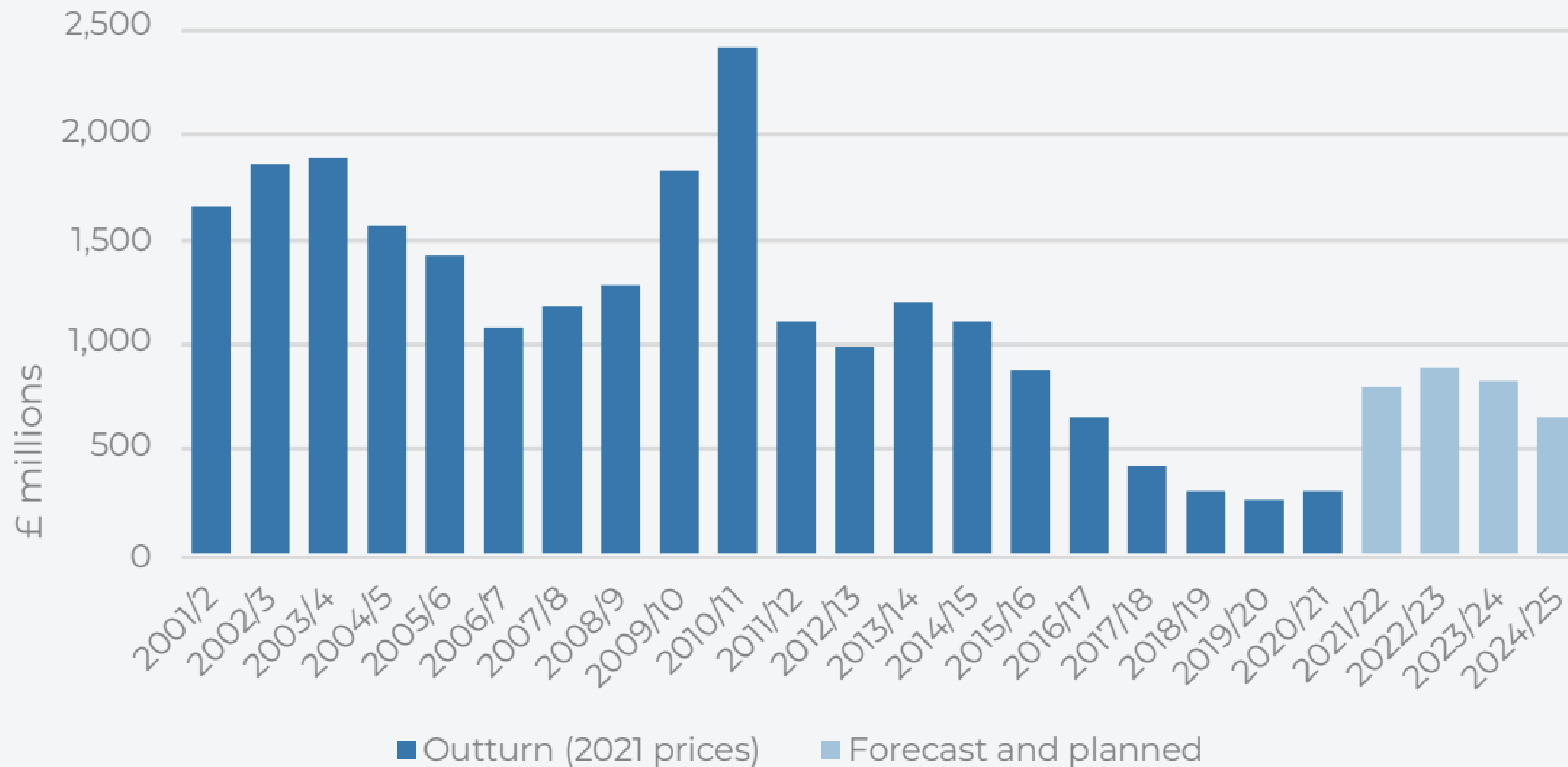
Source: NOMIS and StatXplore. Jobseeker's Allowance data from NOMIS JSA Flows dataset. UC Searching for Work estimate is proxied from Alternative Claimant Count estimates of number of out-of-work claimants in that group joining the claimant count each month. Rolling three-month averages are used.



# Contracted provision ran down...

... and then scaled up

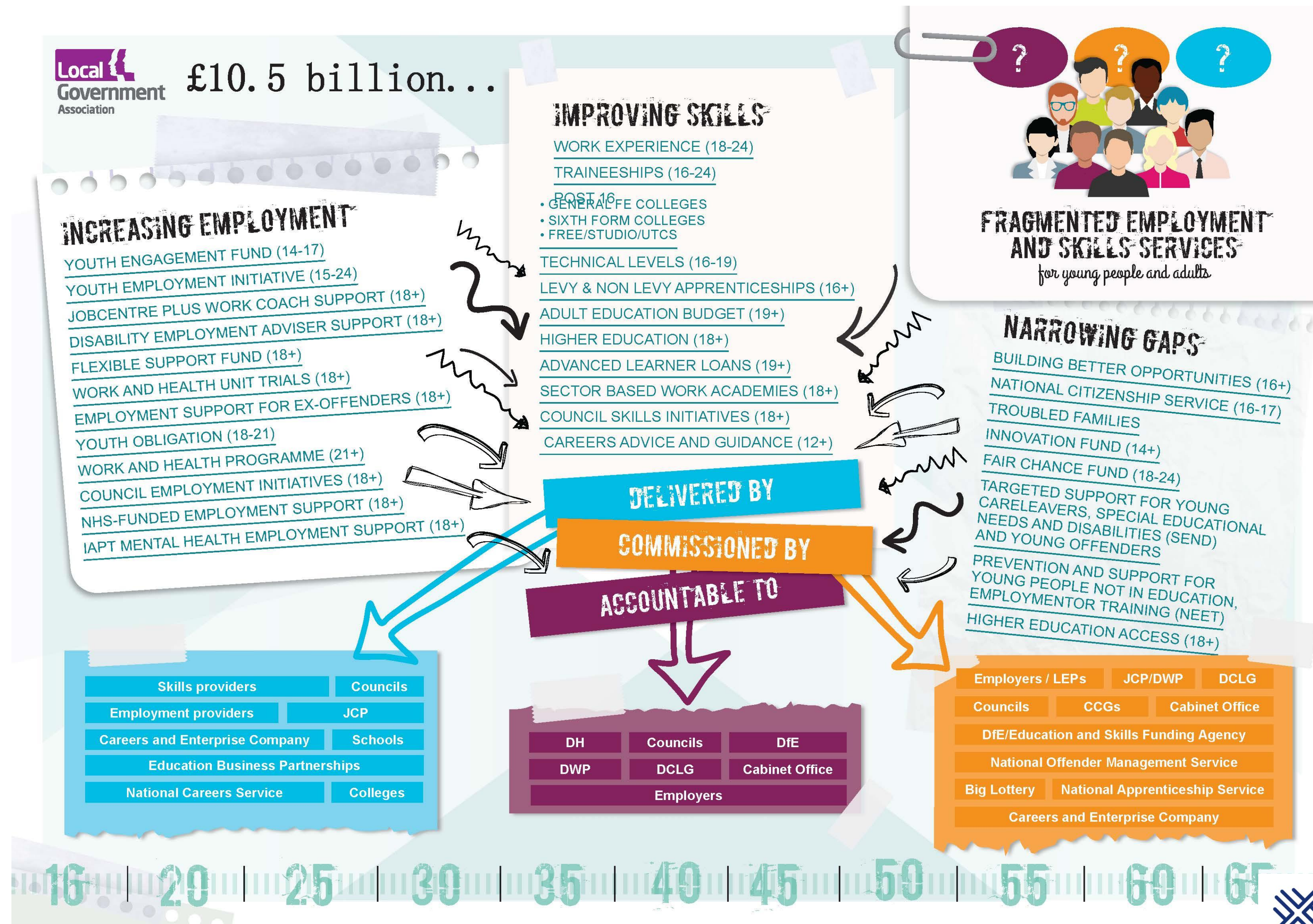
Figure 3.3: DWP spend on contracted-out employment programmes, 2001/2-2024/5 (£m)



Source: DWP annual reports and accounts. Data to 2020/21 is shown in 2021 prices



# But it's complicated





# And crises make it worse

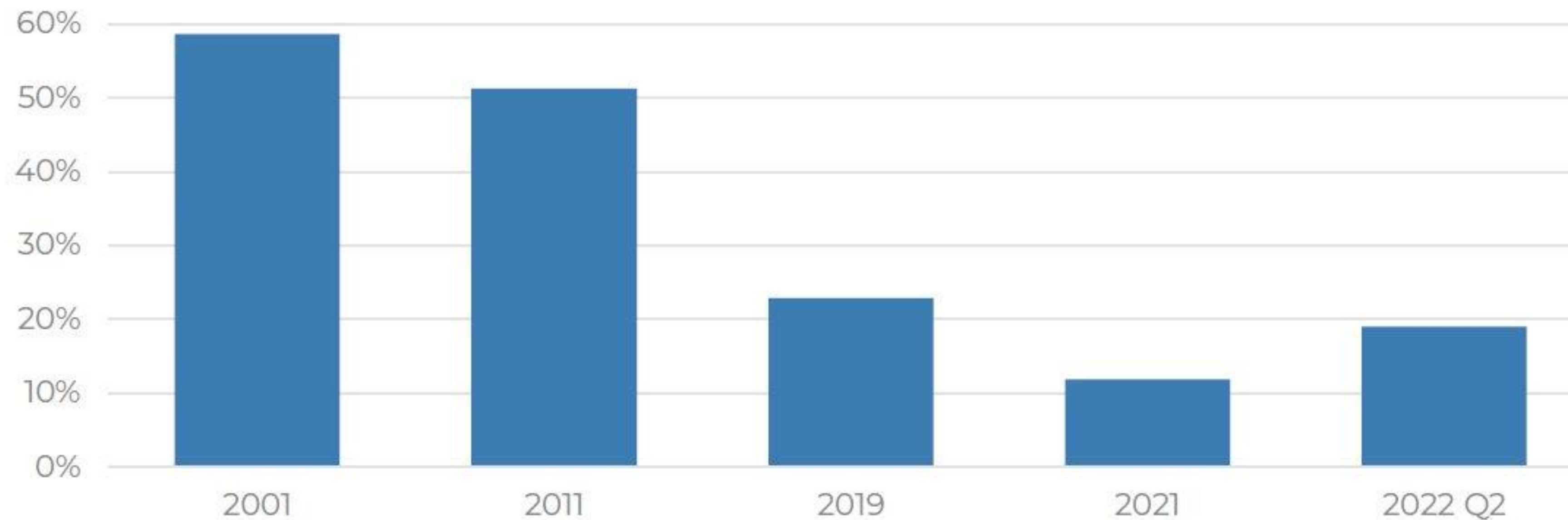
- Doubling of JCP Work Coaches
- Apprenticeships levy flexibilities
- Kickstart
- Restart
- Traineeships expansion
- Job Retention Scheme
- Opportunity Guarantee
- Job Entry Targeted Support
- Increased funding for careers services
- Job Support Scheme
- Increased Flexible Support Fund money
- Sector Based Work Academy expansion
- Lifetime Skills Guarantee
- Apprenticeship hiring subsidy
- Find a Job/ Job Help service
- Shared Prosperity Fund
- Digital Bootcamps



# Not enough people are accessing support

- Looking at JCP use specifically, just one in five of the unemployed now use it to look from work – down from half a decade ago
- (And virtually none of the ‘economically inactive’ are supported via JCP)

Figure 3.4: Proportion of unemployed who reported visiting Jobcentre Plus to look for work

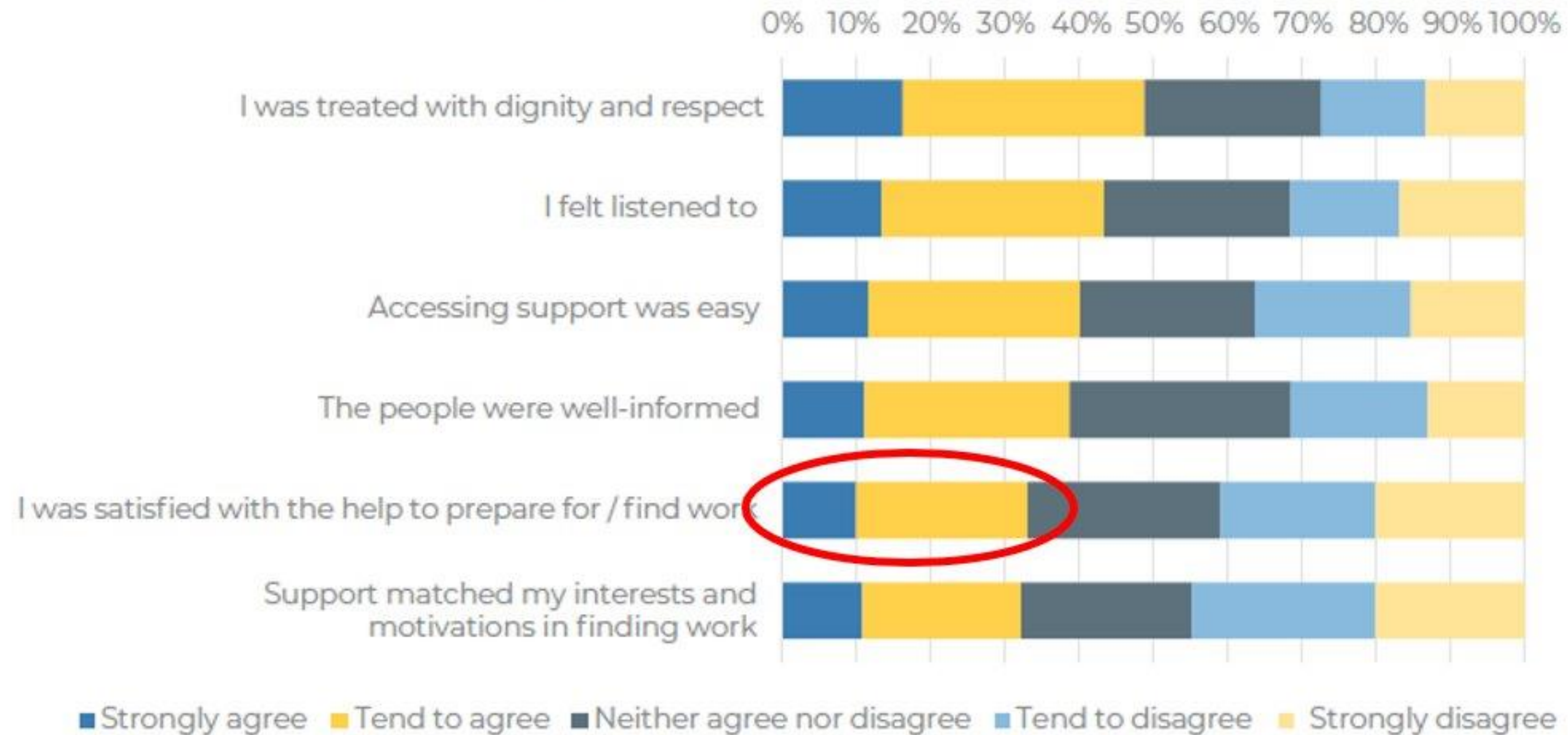


Source: IES analysis of Labour Force Survey

# Those that do use JCP have mixed views

Generally positive about how they're treated, but just one third find the support helpful in preparing for or finding work

Figure 3.7: Views of Jobcentre Plus support among users, looked for work since 2020



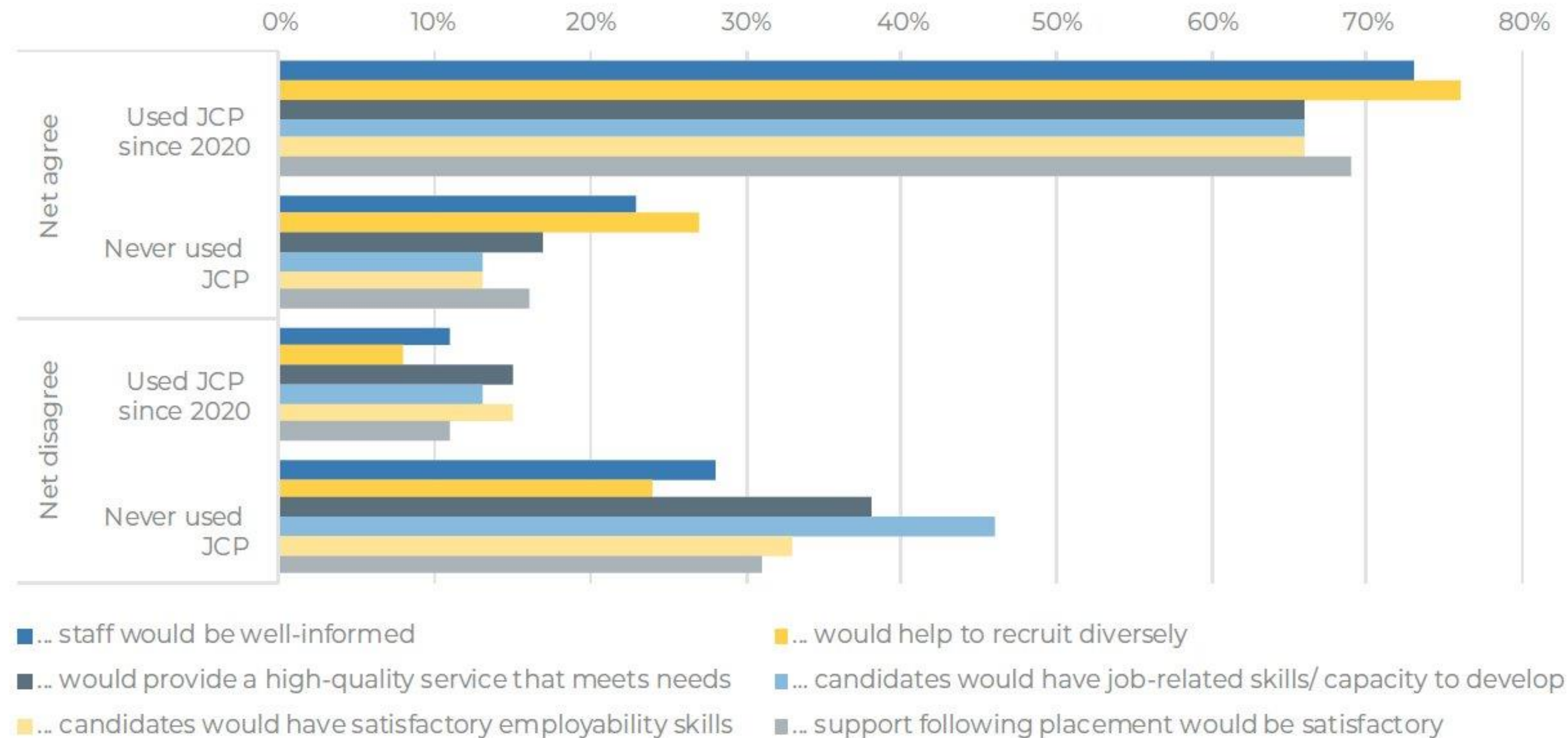
Source: YouGov polling for Commission on the Future of Employment Support, 23-27 September 2022. Excludes those who answered Don't Know. Base: 547 respondents.



# Among employers, just one in six use JCP...

## But those that use it are very positive, while those that don't aren't

Figure 3.12: Extent to which employers agreed or disagreed – those that have used Jobcentre Plus since 2020 compared with those that have not



Source: YouGov polling for Commission on the Future of Employment Support, 22-29 September 2022. Base: 99 respondents JCP, 304 respondents not used JCP.



# We can and must do better

- Closing half the difference to the best in Europe on our employment gaps for disabled people and older people would mean
  - More than a million more in work
  - Employment rate above 80%
- We can learn from other countries, from the UK nations, and from our own past
- And the future will bring opportunities as much as challenges – higher skilled work, technological change, net zero and hybrid

# Call for Evidence – we want to hear from you!

- Available at [www.bit.ly/call-for-evidence](http://www.bit.ly/call-for-evidence) and via [www.bit.ly/employment-commission](http://www.bit.ly/employment-commission)
- Closes 30 January 2023. Questions in four areas – how support/ services:
  - Can work better for individuals, and particularly for those more disadvantaged in the labour market;
  - Can meet the needs of employers, both to fill their jobs and support good work;
  - Is organised and governed, including the role of the UK, devolved and local government and how services join up and work together locally; and
  - Can meet the needs of our future economy and society – supporting growth, economic change, an ageing population and the transition to net zero.

# Next stages

- Call for Evidence through to 30 January 2023
- Followed by evidence sessions, roundtables and workshops/ 'town hall' events in the spring
- Interim report early summer 2023
- Options development, co-design and appraisal through to late 2023
- Aiming to have detailed, costed, evidence-led and consensus-based proposals in early 2024





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