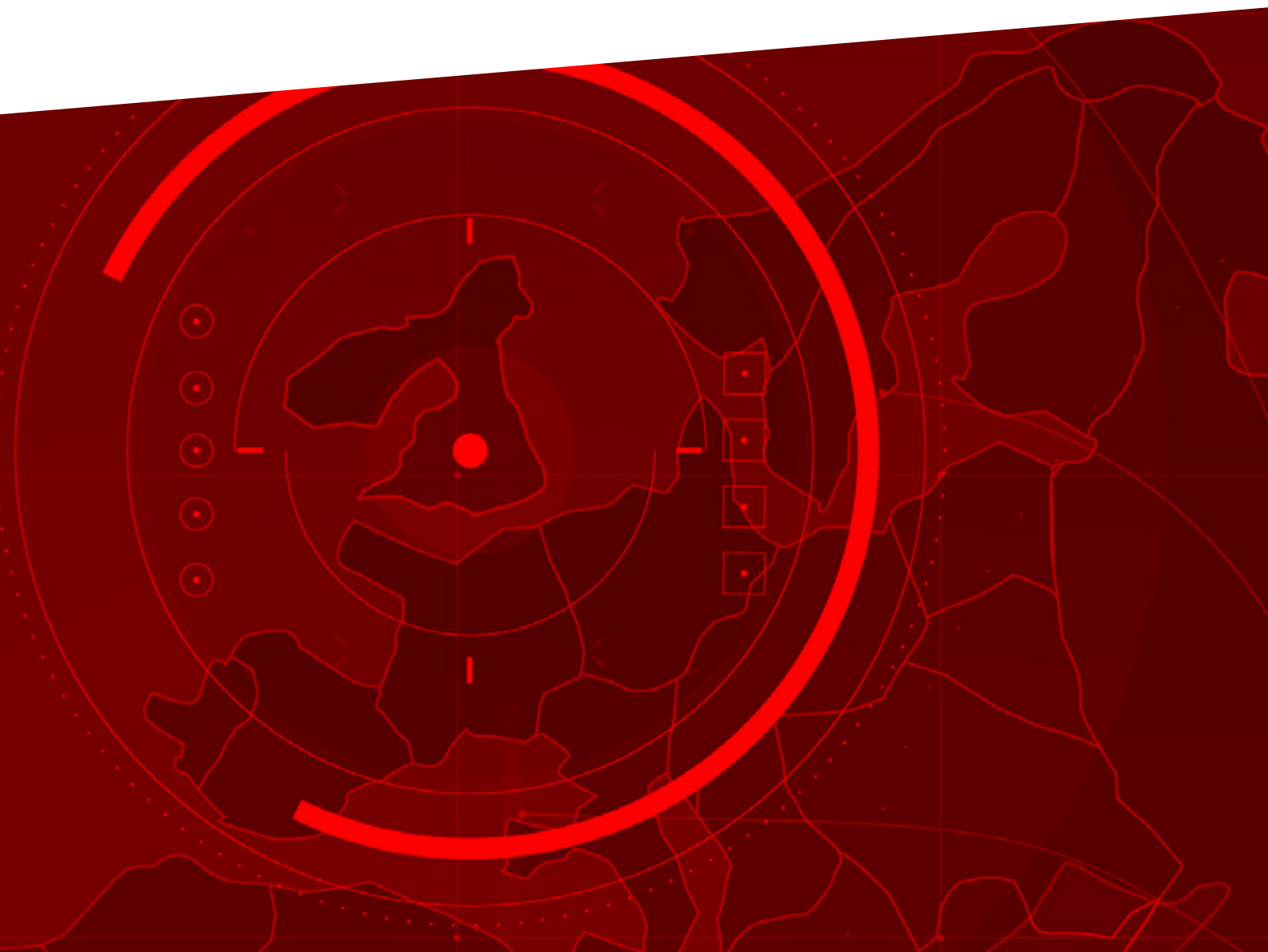


Employment Response to Coronavirus

A Flexible Employment Programme
for England & Wales

(delivered regionally)



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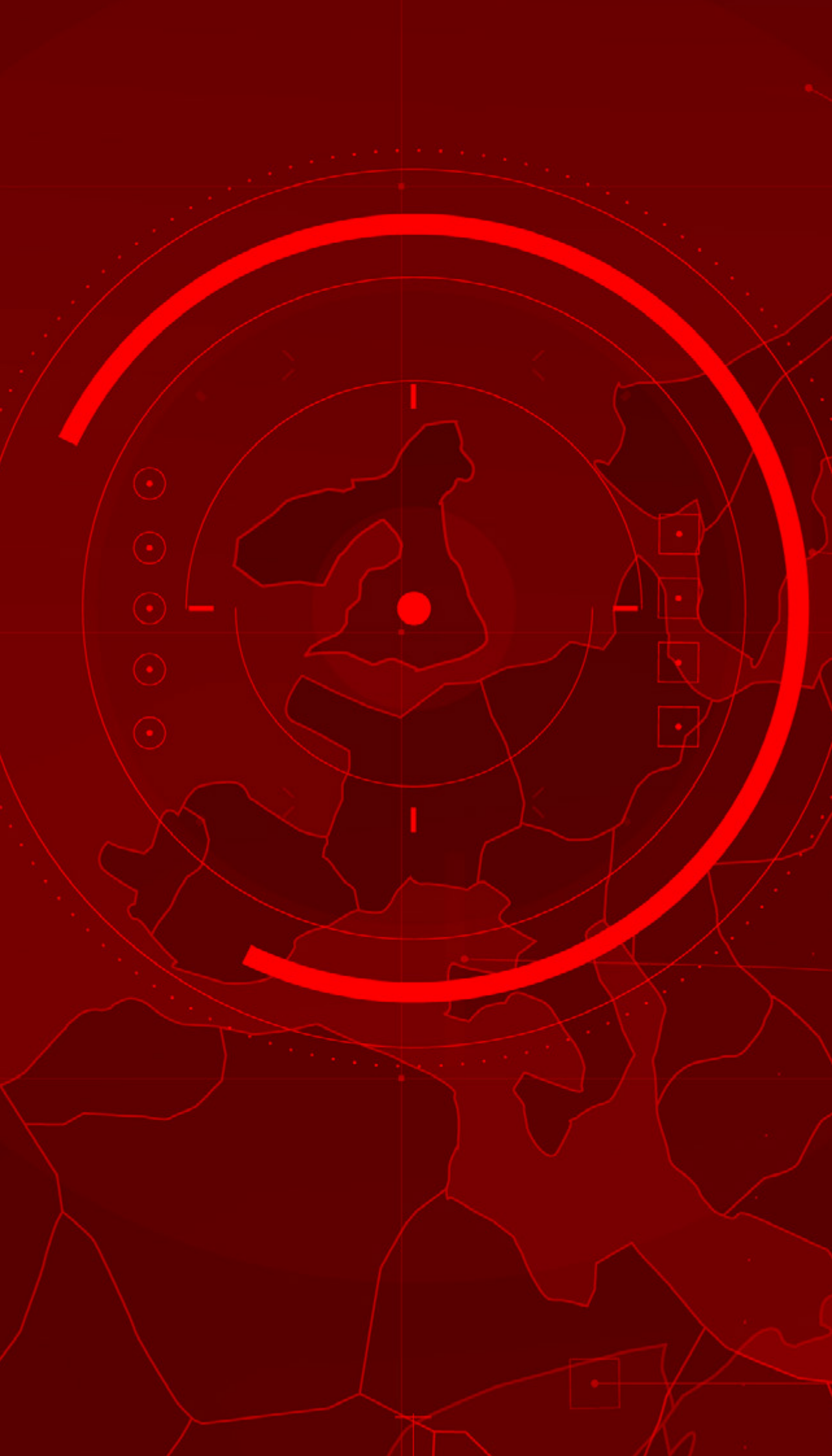
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The Purpose of this Report

This independent report has been shaped over a 12 week period within the fast moving COVID-19 crisis.

It has been produced in good faith, 100% using time that has been voluntarily given. It has been informed by ideas and a range of feedback from over 150 contributors from across the employment and skills sectors, who are leaders and former leaders from: UK Government Departments including Treasury, DWP and Department for Education (DfE); Devolved National Governments; the People's Powerhouse; Combined Authorities; Local Enterprise Partnerships (LEPs); Local Authorities; Sector bodies; Think tanks, Consultancies; Awarding Bodies; Research agencies; several of the current DWP Prime Contractors; several National Charities, and; a range of Employment and Skills Providers.

It is intended, with goodwill, to stimulate thinking at a critical time for decision making, and to help government to respond decisively to an unemployment 'avalanche' caused by COVID-19.

It recommends how strong principles and best practice can be applied to address unemployment, skills deficits and productivity challenges.

It is principally written for: The Prime Minister; Chancellor; Ministers; Members of Select Committees; National, Devolved and Local Politicians and Civil Servants; Commissioners, and; Policy Makers, out of a vision, and a passion to improve how our country works.

Kirsty McHugh, Chief Executive of the Mayor's Fund for London, and former Chief Executive of the Employment Related Services Association (ERSA) endorses this report, saying:

"This is an opportunity to reset the employment and skills scene long term, as well as deal with forthcoming labour market impacts. Previous thinking within government that a better alignment of financial incentives alone (though UC) is enough to support people back into the labour market and keep them there is now shown to be fundamentally flawed. We haven't solved the scourge of unemployment, let alone long term joblessness. We need long term investment in the employment and skills sectors."

Acknowledgements

Thank you, for encouragement and wise advice to **Elizabeth Taylor** (Employment Related Services Association [ERSA]).

Thank you, for academic input, to: **Professor Ewart Keep** (University of Oxford (SKOPE)); **Dr Jo Ingold** (University of Leeds); **Professor Paul Gregg** (Bath University), **Professor Andy Westwood** (University of Manchester), and; **Professor Dan Finn** (Portsmouth University).

Thank you, to **Pat Russell** and **Scott Parkin** for the excellent work that the Institute for Employability Professionals (IEP) carries out, and for great counsel.

Thank you, for valuable input, to: **Kirsty McHugh** (Chief Executive of the Mayor's Fund for London); **Teresa Scott OBE** (Roebuck Global Resourcing); **Kevin Browne** (Optimise Now); **Dave Simmonds OBE** (Emeritus Learning and Work Institute); **Richard Johnson** (World Bank); **Tracy Fishwick OBE** (Transform Lives); **Fran Parry** (Bright Sparks Consultancy); **Tony Wilson** (Institute for Employment Studies); **Stephen Evans** (Learning and Work Institute); **Neil Carberry** (Recruitment and Employment Confederation); **Jane Mansour** (Buying Quality Performance); **Deven Ghelani** (Policy in Practice); **Rhodri Thomas** (Reed in Partnership); **Patrick Hughes** (Salient Works); **Kim Chaplain** (Centre for Ageing Better); **Jacque Smallwood** (Aroha Consultancy); **Steven Mitchell** (SkillsTrainingUK); **Doug Monro** (Adzuna); **Kate Still** (Prince's Trust Scotland); **Sean Williams** (Corndel); **Dominic Gill** (Intequal); **Jim Carley** (Carley Consult); **Stuart Pyle** (Straplan); **Stewart Holdsworth** (Seetec Pluss); **Mat Ainsworth** (Greater Manchester Combined Authority); **Santino Fragola** (Richmond

and Wandsworth Councils); **Colin Geering** (The Growth Company); **Atif Shafique** (Greater London Authority [GLA]); **Rashik Parmar** (West Yorkshire Combined Authority); **Karin Connell** (Manchester City Council); **John Perrin** (Blue Apple Training); **Michelle Burton** (West Yorkshire Employment and Skills Board); **Phill Yates** (Nottingham City Council); **Colm Croskery** (Serco Employment Skills and Enterprise); **Dr Michelle Lawty-Jones** (Lancashire Skills Hub); **Professor Roy Sainsbury** (University of York); **Ayden Sims** (Maximus/Remploy); **David Marsh** (Babington); **Kenny Boyle** and **Kevin Rodger** (PeoplePlus); **Jill Whittaker** and **Robert Bird** (Hit Training); **Emma Cook** (Cognisoft); **Tom Stannard** and **Josie Scholey** (Wakefield Council); **David Umpleby** (Capita); **Anneke Ridder** (Consultant); **James Clarke-Allen** (Consultant); **Mike Hawking** (Joseph Rowntree Foundation); **George Selmer** (George Selmer & Co); **David Hawley** (People Focused Business Services); **Andrew Gunter-Smith** (SeeAbility); **Richard Brookes** (SETAS); **John Green** (FE Consultancy); **Susanna Lawson** (One File); **Tom Richmond** (EDSK); **Paul De Pellette** (Triage Central); **Jeffrey Greenidge** (Groundwork Wales); **Andy Milton** (Rostrum Consulting); **Chris Price** (Pecan); **Christopher Knee** (WESC Foundation, Exeter); **Debbie Allingham** (Laurea); **Chris Peel** (The Training Room); **Richard Alberg** (Aptem Employ); **Sam Everard** (Samee); **Kevin Moore** (BDLD Ltd); **Tony Carr** (4Front Partners); **Pat Roach** (Roach Associates); **Alex Lockey** (Bolt Training); **Ron Cosens** (Cosens Consult); **Sarah Clamp** (Square Peg); **David Kersey** (Coventry City Council); **Alex Stephany** and **Seb Barker** (Beam); **Eve Waite** (Sheffield City Council); **Paul Cosens** (Cosens Consultancy); **Sam Siswick** (Jobskilla); **Christine Brown** (Future Excel); **Chris Blackwell**

(Purpose Led Performance); **Gareth Fallows** (Acorn Training); and **Stewart Segal** (Youth Employment UK) .

Thank you, for insights and/or inspiration, to: **Charlotte Pickles** (Reform); **David Gallagher** (NCFE); **Liz Armstrong** (West Midlands Combined Authority); **Chris Harrison** (Seetec Pluss); **Rebecca Keating** and **Nick Read** (Salvation Army); **Chris Luck CB, MBE** (Shaw Trust); **John Yarham** (The Careers and Enterprise Company); **Mark Dawe** (Association for Employment and Learning Providers); **Dr Susan Pember** (HOLEX); **Michelle Cuomo Boorer** (Greater London Authority); **Julie Haigh** and **Sonia Midgely** (West Yorkshire Combined Authority); **Dr Christopher Rauh** (University of Cambridge); **Daniel Burke** (PwC Strategy); **Helen Barnard** (Joseph Rowntree Foundation); **Mike Gore** (Blue Apple Training); **Nancy Doyle** (Genius Within CIC); **Steve Lawrence** (EEVT Ltd); **Gareth Matthews** (ITEC Ltd); **Caroline Masundire** (Rocket Science); **Rob Colville** (Centre for Policy Studies); **Anna Dent** (ABD Consultancy); **Faye Thomas** (Prevista); **Ian Peacock** (Employment and Skills Solutions);

Andre Burwood (London Chamber of Commerce and Industry); **Heather Spurr** (London Councils); **Carl Smith** (Solvo Vir Ltd); **Victoria Benson** (Gingerbread); **Alistair Davey** (Welsh Government); **Efa Gough** (Central London Forward); **Sam Windett** (Impetus); **Gemma Gathercole** (Coventry and Warwickshire LEP); **Jim Jessop** (Brent Council); **Polly Persechino** (South London Partnership); **Angela McKeever** (Ealing Council); **Iona McArdle** (Waltham Forest Council); **Jacqueline Faulkner** (Lambeth Council); **James Smith** (Tees, Esk and Wear Valleys NHS Trust); **Brenda McLeish** and **Judith Allen** (Learning Curve); **Simon Parkinson** (WEA); **Melissa Tranfield** (IG); **Anna Ambrose** (London Progression Collaboration); **Joshua Pritchard** (CBI); **Aelswith Frayne** (Tower Hamlets Council); **Colette Gray** (City of York Council); **Craig Skinner** (Leeds City Council); **Helen Richardson** (Work Pays); **James Hart** (The Education and Skills Consultancy); **Sarah Middleton** (Black Country Consortium); **Mark Stamper** (North of Tyne Combined Authority); **Alex Lockey** (Bolt Training); **Vanda De Freitas** (Blackpool Council).

Thank you, to further sector experts, for replies received after the deadline and for any comments 'off the record'.

Thank you, to **Cristina Rodriguez**, for the desktop publishing.

Thank you, especially, to my family, for putting up with 'losing me' for a while to this work, during the lockdown period.

Mark Cosens FIEP (Cosens Consult), *author*.



01

Executive Summary

Even before the COVID-19 crisis, JCP and the outsourced employment sector lacked enough funding and capacity to help short term and longer term jobseekers to enter and sustain employment. By way of illustration, in 2009 there were close to 95,000 JCP and outsourced Employability Practitioners providing expert, personalised support for vulnerable and disadvantaged jobseekers. In May 2020 there are closer to 25,000.

Like front line public sector workers, Employability Practitioners provide an under-appreciated service. They help unemployed and economically inactive people to resolve every kind of employment barrier. They: pick people up; build their confidence; address a multitude of employment barriers; improve employability; help families; strengthen communities; match labour supply with employer demand, and; much more.

As a result of COVID-19 hundreds of thousands of people who never claimed benefits will claim Universal Credit (UC) and turn to employment and skills services. JCP, Local Authority and outsourced Employability staff will need to help people who haven't encountered these services before. Adjusted approaches and resources are therefore needed to support overwhelming numbers, and a range of new jobseekers. Furthermore, disadvantaged and vulnerable people will be most severely affected and different cohorts of jobseekers will need different intensities and diverse types of tailored,

effective employment and skills support and training. It is important that everyone can access the right type of support for them.

JCP has battled to process unprecedented numbers of new UC claims. Work Coaches have started to help some jobseekers and their roles should be supported and strengthened. Plus, DWP's short term capacity building in existing employment programmes goes some way to address the needs of jobseekers with disabilities, health conditions and specialists needs. Furthermore, innovative partnerships with outsourced recruitment and employer-facing organisations are important, to help jobseekers closest to the labour market to re-engage quickly. However, the scale of the unemployment challenge will require JCP to work more fully with outsourced partners in the public, private and third sectors. Effective consolidation and coordination of existing and planned programmes needs to be well planned and well delivered at national, regional and local levels. Otherwise, there is a danger of fragmenting an already fragmented system even further.

Therefore, a new, Flexible Employment Programme is needed that is designed to deliver hundreds of thousands of sustained job outcomes over the coming 2–3 years. A tender competition could be launched before October 2020 through the DWP 'Umbrella' Framework. The new programme would start in early 2021. It would apply lessons learnt

EXECUTIVE SUMMARY

from prior programmes and drive and accompany systemic change, with the goal of preventing massive long term unemployment from taking hold.

Capacity building existing DWP Suppliers is a start, but doesn't go far enough to address the scale of the unemployment crisis. Also, investment ought to be subject to fair, open and transparent commissioning and procurement rules, and funding should not be dissipated across a plethora of marginal employment responses. A sufficient Employment Response is needed that is: centrally commissioned and co-commissioned with devolved regions; regionally delivered with JCP support; accountable for its performance, financial impact, quality of delivery, and social value; manageable and subject to the most effective continuous improvement methodologies; coordinated across government and partner stakeholders, and; designed to deliver a significant return on investment.

The alternative is that grave social and economic consequences arise, where large numbers of people disconnect from the labour market for extended periods. The financial cost of millions of benefits claims will accompany substantial indirect costs

related to impacted health and increased crime. This is before considering unquantifiable human costs associated with suicide, domestic violence, child poverty, generational unemployment, homelessness, broken families and unfulfilled work potential. The possibility of future social unrest is also not to be discounted, and unless we act early, and decisively, there will be crushing losses to the exchequer from reduced tax revenues.

The Employment and Skills sector(s) are prepared to counter the potentially deep, far reaching and harmful effects of COVID-19. Introducing a well-designed Employment Programme would apply knowledge gained by commissioning large programmes over decades. A wealth of evidence exists with government, and organisations such as the Institute for Employment Studies (IES), to prove that the right type and scale of employment support delivers significant value for money. A new, large-scale Programme will succeed best if launched as a driver of consolidated structural reform. More and stronger coordination between government departments will be needed, so that the employment and skills eco-system becomes more data and technology enabled and labour market responsive.

02

Main Recommendations

With the right reforms, funding models and co-ordinated actions, employment and skills providers are competent and agile enough to rise to the challenges that the country faces, relating to: huge unemployment; labour market disfunction, and; productivity shortfalls.

There is tremendous goodwill in the country to help. We shouldn't miss the prospect of bringing together significant private and third sector investment, to strengthen government investment, to recover from COVID-19.

Therefore, this advice to government is to:

- ▶ **Liberate and support JCP** to focus on processing benefits claims efficiently.
- ▶ **Empower and help JCP, Local Authorities and LEPs** to quickly connect jobseekers with the right type and intensity of intelligently marshalled (outsourced) employment, skills and related support.
- ▶ **'Invest to save'**; by commissioning a mainstream Employment Programme. Underpinned by a viable payment model the spend per person (based on previous comparable programmes) could range from £1000 - £4000; initially totalling up to £2.4 billion over 3 years. This would come close to DWP spend on employment support during the last economic and unemployment crisis of 2007-8. We may need more than this. An important principle would be that individual jobseeker spend is correlated closely to individual need. Best practice, presented in the full report below, suggests how to achieve this efficiently and effectively. In addition, by implementing systemic recommendations, further funding can be leveraged from co-funding stakeholders, to deliver more impact.
- ▶ **Support the recruitment and training of tens of thousands of Employability Professionals** to add expertise and urgently needed capacity to JCP and the employment and skills provider base.
- ▶ **Design a 60/40 Payment by Results (PbR) financial model** to commission the new Programme; 60% PbR/ 40% service fee, to ensure commercial viability, while ensuring provider accountability and value for taxpayers' money. In order to drive the right behaviours and produce results, payments to providers should include: a contract set-up payment; regular service fees; payments for 4 weeks, 16 weeks and 26 weeks sustained job outcomes, and; payments for specified outcomes

 MAIN RECOMMENDATIONS

including skills and qualification outcomes (including during the in-work period of support).

- ▶ **Empower DWP and DfE to combine to create individual Employment, Skills and Health Accounts/Budgets.** This is a powerful model to personalise and pay for individual's training and support services, to address barriers to their sustainable employment. DWP can design the new Programme to operate with personal Accounts/Budgets as the operational mechanism at their centre.
- ▶ **Enable DWP to expand the paused DWP Employability and Health Related Services Umbrella Agreement (EHR SUA).** DWP should be allowed to work with DfE to include 'Skills' in the expanded Umbrella Agreement. Then to accelerate and commission the new Programme before October 2020, within the expanded Umbrella Agreement.

Combining these measures will strengthen, consolidate and speed the Employment Response, which can be delivered by a range of sizes and types of providers. Then, to create the right conditions for the new Programme to succeed, we also recommend that government:

- ▶ **Take this unique opportunity caused by the nationwide COVID-19 crisis to solve long time structural problems;** by reforming Information, Advice and Guidance (IAG), Skills, and Employment services, in line with expert recommendations cited in this plan and bibliography.
- ▶ **Re-establish a newly designed 'Large Organisations Unit'** within JCP, to consolidate and coordinate employer engagement with larger employers. This would be integrated with key, Sector-specific plans, and linked to regional industrial strategies and local labour market mechanisms.
- ▶ **Authorise DWP and DfE to align their objectives,** to launch the new Programme in line with an accelerated roll out of the aligned National Retraining Scheme, and then the National Skills Fund (involving the Department for Business, Energy and Industrial Strategy [BEIS]).
- ▶ **Allow DWP to accelerate winding up JCP Flexible Support Fund (FSF),** stop the already paused JCP DPS for the Provision of Work Focused Activities, and redirect this funding to the new Programme.

 MAIN RECOMMENDATIONS

- ▶ **Direct DWP to: design the new Programme** to evolve to integrate additional UK Shared Prosperity Funding (UKSPF), and; have tenders evaluated by regional and devolved government panels.
- ▶ **Wind down the National Careers Service** and integrate its funding into a reformed employment and skills system that is fit to succeed in the revised economy.
- ▶ **Authorise DWP to fully fund the cost of mandatory training and licences to practice for job-seekers.** Discretionary funding would be applied for by Employability Professionals, then approved and drawn down according to protocols agreed with JCP (using the individual Account/Budget recommended above).
- ▶ **Allow both JCP and employment and skills providers to claim an Apprenticeship/wage subsidy** (funded by DWP and DfE), to pay for recruitment and training of Employability Professionals. Plus, wage subsidize a capped quantity of Apprenticeships in defined sectors that are crucial to the economic recovery, and allow JCP and providers to include this as part of their employer offer for those sectors. This will: target employment and skills support effectively; 'sell' Apprenticeships into where they are actually needed; reduce unemployment, and; increase productivity.
- ▶ **Launch a cross-departmental, nationwide media campaign to engage employers,** with a focus on Apprenticeships for younger people (under 25) and other types of work with training for people over 25 years old. This would apply to all employment and skills programmes and be backed up with a 'no wrong door' policy for employers to access employment and skills services.

These recommendations come at a crucial time for our country's recovery from COVID-19. We encourage further exploration of the evidence for their need, and of their rationale, in the full report below.



03

Full Report

3.01 We need a new, well designed Employment Programme

A mainstream employment programme is needed early enough to prevent huge numbers of jobseekers from becoming long term unemployed. The employment and skills system also needs to be reformed in order to better address demand.

The priority groups for the new programme would include jobseekers who have been claiming UC for over 6 months and who experience one or more of the following labour market disadvantages: low or no skills; female workers; no or poor work history; lone parents; from ethnic minority backgrounds; age disadvantaged; need retraining for another sector; suffer mild health (including mental health) conditions, and; never unemployed before the crisis. Young people aged between 18-24 could be referred to the programme after 3 months of claiming benefits.

Coordinating with other employment and skills provision the new Programme could engage and support 18-24 year olds in need of tailored support and informed access to Apprenticeships. By targeting providers to progress young people into Apprenticeships a number of aligned government objectives can be realised. This might be driven by incentivised, government supported employer engagement to encourage large employers to use their Apprenticeship Levy to take on young people.

While the government has already pursued short term options for funnelling relief funding into existing Prime Contractors delivering Work and Health Programme and other DWP programmes (to build capacity), there are reasons why this approach should have its limitations: First, funding should be subject to open and transparent commissioning practices and procurement rules; Second, the narrow and contracted nature of the provider base makes it unwise to restrict funding to just a few incumbent providers, and; Third, the unprecedented scale of new jobseekers arriving over a short period of time would have been a challenge for the provider base even when it was 70,000+ Employability Practitioners strong, but now it is much smaller.

Delivering high quality employment support at scale has been achieved before. The UK has even been recognised internationally for successful commissioning of large-scale DWP programmes. Decades of this type of commissioning has helped millions of jobseekers to enter and sustain employment. This is extensively evidenced to have saved UK taxpayers hundreds of millions of £s in reduced welfare benefits payments.

WE NEED A NEW, WELL DESIGNED
EMPLOYMENT PROGRAMME

Just a few examples of successful programmes include:

- ▶ **Employment Zones;**
- ▶ **Community Work Programmes;**
- ▶ **Job Interview Guarantee Schemes;**
- ▶ **Skills for Jobs Fund Manager Models;**
- ▶ **Restart Programmes;**
- ▶ **New Deal Programmes;**
- ▶ **Pathways to Work;**
- ▶ **JCP Support Contracts;**
- ▶ **JCP Programme Centres;**
- ▶ **MyGo (Ipswich);**
- ▶ **Response to Redundancy;**
- ▶ **Future Jobs Fund;**
- ▶ **Flexible New Deal;**
- ▶ **Routes Into Work**
- ▶ **Work Programme;**
- ▶ **Specialist Employment Service, and;**
- ▶ **Work and Health Programme.**

An Invitation to Tender (ITT) for a DWP Employability and Health Related Services Umbrella Agreement (EHRSUA) was due to launch just prior to the crisis. A post-Brexit contingency programme may also have been developed. The new Programme can take successful principles from previous programmes, and apply them to an evolved, post-Brexit contingency programme. The new Programme would launch through the 'Umbrella Framework', using accelerated commissioning if necessary.

Due to the speed and scale of the unemployment challenge, the new Programme should supersede JCP 'Localised Programmes'. For example, there is little evidence of impact of JCP Flexible Support Fund (FSF), operated via a dysfunctional Dynamic Purchasing System [DPS]). If this is scrapped, then its budget can be transferred to the new Programme. There is a paused consultation, with implications for FSF after October 2020. DWP would do well to bring its expected conclusion forward. More attention could also then be paid to coordinating with local authority commissioned, specialist and ESF programmes at the local level. Further efficiencies might also be gained by stopping the paused DPS for Provision of Work Focused Activities, and this funding being redirected to the more expansive new Programme.

The new Programme might be launched to complement an accelerated roll out of the aligned (already announced) National Retraining Scheme (and National Skills Fund), as skilled interventions are needed quickly.

 WE NEED A NEW, WELL DESIGNED
EMPLOYMENT PROGRAMME

Giving evidence to the DWP Select Committee on May 20th 2020, Matthew Percival, Director for People and Skills at the CBI, reported that even before the crisis the CBI estimated that 1/6 of the UK workforce would need to undergo retraining before 2030.

It is also timely and opportune for a review of National Careers Service infrastructure to be undertaken, and potentially for its funding to be integrated more effectively into a revised employment and skills system that is fit to succeed in a revised economy.

The new Programme needs to coordinate with Local Industrial Strategies. Vacancy falls have exceeded 50% in a month for 10 local areas, with the largest regional falls in Scotland (49%) and London (44%) ⁽¹⁾ so there are differing levels of impact across the UK that a Flexible Employment Response would respond to.

Housing Associations, Local Authorities and localised charities have a role in delivering ad hoc employability support to disadvantaged jobseekers. However, employability is often (although not always) a second or third component to advisor remits. Also, there has already been a £750 million government support package for charities, a £200 million National Lottery Community Fund for small charities and a £150 million fund from the Department for Media, Sport and Culture (drawn from dormant bank and building society accounts)

to help charities to address youth unemployment. The challenge remains however, that many charity staff are also furloughed, and many may not return to work.

In addition, achieving large numbers of sustained employment outcomes, via employer-connected routeways, may prove difficult for this provider base to manage (and account for to DWP). Therefore, funnelling DWP employment funding into potentially complicated, localised eco-systems might be a quick way to dissipate it, when we need impact that is measurable (and at scale).

A new Programme can drive a powerful response across England and Wales, where incentivised partnerships with local and third sector providers, are formalised as requirements in the tender specifications and contract terms. But this must be commissioned and managed well to avoid complicating provision locally and to avoid duplicating funds and services.

The paused Universal Credit Transition Fund (UCTF) could also be integrated into the new Programme. Service specifications would ensure that at least part of the new Programme's funding is contracted to smaller employment and skills providers. This would strengthen the under-capacity UC related support system and contribute to the DWP pledge to contract 20% of provision with smaller and third sector providers.


(1) Pages 2,5, Real-time vacancy analysis: Early findings on changes in vacancy levels by local area and job type, IES Briefing, Institute for Employment Studies (IES) and the Joseph Rowntree Foundation (JRF), Tony Wilson, Dafni Papoutsaki, James Cockett and Matthew Williams, 20 April 2020.

3.02 Background

As well as mortality and health consequences, we are seeing a devastating impact of COVID-19 on the labour market and broader economy. This is the first recession, since the second world war, to simultaneously artificially impact both labour market supply and demand.

The IES estimates: “unemployment has already risen to at least 2.5 million, or around 7.5% of the workforce. This will be a far quicker rise than in any of the last three recessions, and higher already than the highest point it reached in the last recession” ⁽²⁾. It is still rising. According to the LWI: “The drop in employment so far is likely to have wiped out 5 years of employment gains” ⁽³⁾.

Despite this, key sectors can drive the economic recovery. Bold, coordinated action is therefore needed to identify and work with priority and growth industries, so that large numbers of jobseekers can be supported into employment that is: better quality; higher wage; higher skilled; more environmentally friendly, and; widely more digitally based.

A photograph of a hand holding a white chalk, writing the word 'unemployed' on a green chalkboard. The word is written in white chalk and is crossed out with a large white 'X' drawn over it. The hand is positioned at the bottom left of the word, and the chalk is held in a way that suggests it has just finished writing or is about to finish.

(2) Page 5, Getting Back to Work: Dealing with the labour market impacts of the Covid-19 recession, Institute for Employment Studies, April 8 2020.

(3) Page 8, Coronavirus and the Labour Market: Impacts and Challenges, Learning and Work Institute, April 2020.

3.03 What does this mean for employment services?

Known as ‘welfare to work’, then ‘into work’, then ‘employment’ services, for decades the UK has led the world in providing expert help for unemployed and economically inactive people. In 2009, around 71,000 outsourced Employability Professionals supported unemployed and economically inactive people towards and into employment. But today, down-sizing has left the figure closer to 15,000.

Compounding this shortage, the current number of JCP Work Coaches is approximately 11,000, which represents a fall by almost 1/3 since 2010 ⁽⁴⁾. This trend now needs to be dramatically reversed.

In addition, to deal with the immediate crisis, many JCP Work Coaches have been transferred to urgent UC claims processing, affecting numbers of ‘people to help people’ within JCP.

We therefore need to help JCP. Employment support capacity for new claimants was already under pressure. In February 2020, a Salvation Army officer said:

*“Being on UC is hard.
The support that was promised
for people just isn’t there.”* ⁽⁵⁾

While situations differ across the country, it may also take some time for many JCP Work Coaches to get back to providing employment support.

Furthermore, following recent capital estate restructuring JCP no longer has comprehensive coverage of the country through physical Jobcentres. This also has implications for how jobseekers (and employers) engage with JCP services.

When long term unemployment increased after the Global Financial Crisis of 2008, the government then had Flexible New Deal and Work Programme networks of employment support providers to work with. But now, undersupply of employment support services against huge demand, leaves us urgently asking for the best of well-designed, outsourced employment programmes, and the subsequent recruitment and training of large numbers of Employment Professionals.

In particular, it would be tragic to see the disability employment gap widen. We should not forget the goal to move 1 million more disabled people into sustainable, meaningful employment. With concurrent strengthening of disability and specialist programmes, the new, Flexible Employment Programme will help to avoid displacement of provision for disabled people. With the right capacity in place, non-disabled and disabled jobseekers will access the right support for them.

(4) Page 55, Doing more of what it takes, Next steps in the economic response to coronavirus, Resolution Foundation, April 17 2020.

(5) Page 2, Understanding benefits and Mental Health: A national rethink on how government supports vulnerable people moving onto UC, Salvation Army, February 2020.

3.04 What's the DWP response?

These observations and recommendations are not intended to criticize DWP, JCP or any civil servants. JCP and Local Authority staff serve vulnerable benefits claimants under difficult circumstances, made dramatically worse by the impact of COVID-19.

Understandably, huge operational pressure has caused DWP to concentrate on staff recruitment, redeployment, and overtime to meet demand to process avalanching UC claims. Temporary workers have rapidly been made permanent and over 10,000 new staff are being recruited. However, training takes time and many existing DWP staff have been moved into UC related operational work; jobcentre staff refocused on service centre work; and head office buildings have been closed. In addition, policies are being changed quickly, for example, dropping conditionality interviews. It may even be exigent to extend this policy until the weight of numbers of new claimants starts to subside to a more manageable level.

UC however, is more than a benefit. It should also serve as a 'gateway' to employment support. But even before the crisis, Salvation Army research identified that vulnerable people, especially people with mental health barriers, are not getting personal, employment, financial and digital sup-

port. Survey respondents spoke about "rushed appointments, with a focus entirely on signing their Claimant Commitment, and not enough time spent on individual need." ⁽⁶⁾.

Disadvantaged jobseekers especially need help with: UC claims; registering on the 'Find a Job' digital service; personalised employment support; addressing employment barriers, and; obtaining skills and specialist support services.

Even with small Job Clubs operating in some places, the huge increase in support capacity that is now needed cannot be met by JCP alone (or even working with Local Authorities). More partnerships between central and local government and with outsourced organisations are urgently needed.

To organise this effectively, local JCP Supply Chain Managers might be created. They would ensure that the principles of the Merlin Standard are adhered to by employment providers in their areas. This could be achieved at Local Authority level, with Managers reporting to a sub-regional JCP Supply Chain Manager at LEP level, who would sit on their corresponding (LEP) Employment and Skills Board.

(6) Page 5, Understanding benefits and Mental Health: A national rethink on how government supports vulnerable people moving onto UC, Salvation Army, February 2020

There is some specialist provision in place, for example, Specialist Employment Support. However, this also doesn't go far enough, and many more places are now needed, on both specialist and mainstream employment support.

JCP processes and procedures also need to be simplified. The sheer numbers of new UC claimants seeking help will require swift turnaround and referral into appropriate employment support. JCP will need to 'fast track' many jobseekers to the right level of outsourced support and to access live vacancies presented by employers to the provider base.

In the immediate term, JCP staff have dealt valiantly with the challenge. According to a social media communication from the Director General for Work and Health Services:

“Work Coaches are making thousands of Customer Care calls every day. We are contacting our customers and helping them to access jobs and training opportunities, to develop new skills and start new careers wherever we can”⁽⁷⁾

DWP has been right to look to its own capacity first, then to existing suppliers.

Next, the Recruitment and Employment sector might be well placed to help government to deal with the immediate unemployment problem. Giving evidence to the DWP Select Committee on May 20th 2020, Matthew Percival, Director for People and Skills at the Confederation for British Industry (CBI), reported that, before the COVID19 crisis, “over £5.5 billion was being spent on work placement services”. The Recruitment Sector can utilise online and phone methods to deal with large volumes of short term jobseekers. However, even this will only partly stem the tide of unemployment, and will not be the right approach in 6-12 months' time, to support people who become longer term unemployed.

(7) John-Paul Marks, Linked IN post, May 23rd 2020. <https://www.linkedin.com/in/john-paul-marks-ba862548/detail/recent-activity/>

3.05 Structural changes to the labour market and economy

While the effects of COVID-19 are still working through the economy, it is clear that permanent, structural changes are underway. For example, it is reasonable to expect that parts of the retail and hospitality industries will be smaller, while digital, online retail and logistics will grow.

In terms of employment demand, the IES found that vacancies have already fallen by more than 60% in sales, administration, public relations, consulting, HR and recruitment, energy and charity work. And, by volume, the largest falls have been in IT (down 44,000), sales (43,000), accounting and finance (37,000) and engineering (35,000). Combined, these 4 job types account for nearly half (44%) the fall in vacancies ⁽⁸⁾.

In forming an appropriate employment response we should consider which sectors might come out of lockdown first. For example, essential construction, and those which will take longer e.g. arts and culture. An employment response must support employers to take on people and train them for the future. Increasing flexibility in the labour market also needs to be accounted for, with better ways to support employers to take on part time workers.

Over 25% of employees work part time (7 million in total). More than 5% are temporary workers (1.4 million) and 15% are self-employed (over 4 million) with self-employment becoming important for workers aged 50+ ⁽⁹⁾. In addition, many move in and out of work as part of the 'gig economy'.

If we are to work in a COVID-19 impacted, modern labour market, we need to learn from what worked in previous employment programmes.

We will also need to understand unemployment data better, and ensure that it is collected and analysed to learn the extent to which job losses have disproportionately affected specific groups of disadvantaged jobseekers, such as the disabled and people from BAME backgrounds.

In addition, if we are to achieve sustained employment outcomes and stronger productivity through in-work progressions, then we must support jobseekers into work and provide in-work support for extended periods (potentially up to 3 years). Only the outsourced employment/ skills provider base is equipped to deliver this type of service at scale.

(8) Page 5, Real-time vacancy analysis: Early findings on changes in vacancy levels by local area and job type, Institute for Employment Studies, 20 April 2020.

(9) Page 4, Making a Success of the National Skills Fund: Adult Training and Retraining for All in the 2020s, NCFE, March 2020.

3.06 JCP and Employer Engagement

A significant challenge is that JCP no longer operates large scale employer engagement and account management functions as it did in the late 1990s and early 2000s. This is not a criticism, but a description of a service gap, affecting jobseekers who need help that involves employer coordination for their transition into work (as well as with in-work support to sustain their employment outcomes). There will now be very large numbers of this type of jobseeker.

Employment Specialists estimate that only 20% of vacancies in the UK Labour Market are advertised via JCP, and that around 70% of vacancies are found in the 'hidden jobs market'. The current lack of co-ordination of employer engagement also affects the labour market in another way: When there are multiple recruitment, employment and skills providers in a locality, all contacting the same employers repeatedly, it can be counterproductive to engaging them. Providers are often then prevented from securing repeat employment (and training) opportunities for their jobseekers, or from developing fuller, longer term partnerships.

However, some employer-integrated types of employment and skills provision, enhanced with technological innovation, can solve a good part of the problem. Examples of innovative solutions include: fast mobilisation of recruitment sector models (including online); using proven Labour Market Data solutions supplied by outsourced specialists e.g. EMSI and Adzuna; aggregating and digitising access to opportunities in particular sectors online (like the London 'Proud to Care' portal); switching employment and training services online (exemplified by Learning Curve); the 'Keep Britain Working' employer campaign led by

Reed in Employment; and; outsourced, employer account management schemes like the Intelligent Routeway Framework (IRF), being run by Staffline and PeoplePlus.

JCP Sector Based Work Academies (SBWAs) are an unevenly established, but particularly useful model. They work well locally to address mismatches between employer demand and labour supply. Where jobcentres can optimise SBWAs they should do so, but this will also only go a small way, in some localities, to addressing the scale of the problem.

Training Agency models might also be explored again, by consulting representative bodies and stakeholders such as: Recruitment and Employment Confederation (REC); Confederation of British Industry (CBI); Chambers of Commerce, Federation of Small Businesses (FSB); Sector Bodies and Trade Associations such as Construction Industry Training Board (CITB) and potentially some Trade Unions, for example the Trade Union Congress led National Retraining Partnership.

Fundamentally, labour market big data and intelligence needs to be accessed like never before, and this could eventually be achieved more systematically, via a newly catalysed market, created to serve restructured Employment, Health and Skills Eco-systems across the UK. Some potential stakeholders for advising on this type of aligned, systemic action, might include: the Office for National Statistics (ONS); Labour Market Intelligence for All (DfE); Adzuna; Public.io; Recruitment Agencies, and; EMSI.

3.07 Consolidated and Regional Employer Engagement

Systemically, employer engagement needs to be more efficient and effective. The labour market would benefit from a Central Employer Engagement and Account Management Solution.

Previously, a Large Organisations Unit (LOU) worked within DWP alongside the New Deal employment programmes. Something similar would help to coordinate the scale of employer activity required now. A possible model suggested by Kevin Browne (an organiser of the original LOU), would be:

- ▶ Utilise dedicated budgets and authorities, managed on clear Return on Investment (ROI) metrics;
- ▶ Empower with flexibility to direct and flex regional funding solutions;
- ▶ Have open and flexible eligibility rules, designed to maximise employer engagement and employment outcomes;
- ▶ Broker broader solutions for large employers, to speed up the process of recruiting and training. Large employers would supply large volumes of vacancies and Apprenticeship opportunities. Ideally some would 'guarantee' jobs (when job-seekers meet the required standards);

Establish some, targeted Sector Boards to create Sector Plans (for priority and growth sectors for the next 12-18 months). Supported by dedicated resource, they would meet monthly and have an employment placement target for each Sector. This would not preclude strategic activity to respond to factors transcending Sectors, such as: behavioural changes of consumers, workers and businesses; mandated constraints (venue/capacity) and new preferences such as working from home;

- ▶ Allow local JCP, LEPs, FE Colleges, Local Authorities and Employment and Skills providers (whatever provision they are delivering) to have managed access to the Central Solution, tailored and co-funded regionally to consolidate and coordinate employer engagement at the right level;
- ▶ Deploy expert DWP Employer Account Managers. They would work closely with LEPs, Local Authorities; Employment and Skills 'Hubs'; employment and skills providers; and all industrial stakeholder and intermediary organisations. They would work in each LEP area and need to access the latest labour market data to enable them to design, co-ordinate, deliver and quality-assure solutions and optimise the demand and supply relationship;

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- ▶ Tailor Sector solutions to meet regional needs, by Employer Account Managers coordinating monthly with named LEP contacts, who represent their Employment and Skills Boards. Expertise on LEP boards would also come from employment and skills providers and sector/industry bodies such as: Recruitment and Employment Confederation; Chambers of Commerce; Federation of Small Business; Construction Industry Training Board; National Care Association; British Retail Consortium; Trade Unions, so solutions fit local industrial priorities and employer needs;
- ▶ Use Virtual Assessment Centres to validate large volumes of jobseekers who would be receiving support and training to meet the required employment standards for specific Sectors (standards would need to be agreed by the Sector lead bodies);
- ▶ Provide a central, agile, Digital Platform, to coordinate and manage demand and supply activity. This would need to interface with the 'Find a Job' service and employer technologies.

Digital systems provide one of the key levers to 'square the circle' between limited human resources and the huge system capacity needed.

According to Doug Monro, founder of Adzuna, two particular digital systems might be central: 1. A labour market data portal, for statistics on vacancies, employers hiring, skills needed and where, and; 2. A single database of jobs for digital job-search and applications.

There are also potentially retraining and career pathing tools that could be enhanced using digital tools and data. However, many disadvantaged jobseekers will need assistance and computer access to engage with digital tools. Therefore, for people who don't engage digitally, we need to find multiple and widespread ways to become educators and persuaders, creating a picture of what a new world could look like, so that we become more knowledgeable about their situation, increasingly empathetic and able to remove fear, while creating aspirations to become digitally connected. Using lockdown period case studies might help. Another idea is that technology partnerships be introduced, with some big tech companies bringing corporate responsibility to the task of digital inclusion.

3.08 Local Authorities

To deal with the crisis, Local Authority employment support staff are also “being redeployed to other parts of the council i.e. care, NHS shielding calls, and management of UC claims”⁽¹⁰⁾. For example, Havering Council (in May 2020) has only one person providing employment support for only one day per week. Although in Sheffield, the employment and skills team has been able to continue to function.

Many council officials say that online services and ‘socially distant’ solutions are being sought, but mainly through numerous, dispersed third sector providers. Also there is the challenge that many charity staff are also unavailable to help because they have been furloughed.

Another challenge is that not all Local Authorities have the technology and equipment to operate online. In addition, vulnerable service users are often not able to use or access a computer or smartphone and may not have the data on their phone to operate video call appointments.

In addition, according to Karin Connell of Manchester City Council: “one of the biggest challenges will be to rebuild trust in public services with people who have felt doubly impacted and excluded by the overnight transition to digital services”.

In Scotland, local government intelligence shows a significant increase in applications to the Scottish Welfare Fund, and that employers were not utilising the government’s Employer Retention scheme as expected and instead laying staff off. They also stated the self-employed were now claiming UC or turning to alternative occupations such as super-market work⁽¹¹⁾.

In England, employment officers at Local Authorities are saying: “there is a gaping employment support hole” (Waltham Forest); “there is displacement of opportunities now for the most disadvantaged, hardest to reach groups” (Lambeth); “we’re having to go to trusts for grants and to charities for services” (Wandsworth), and; “we are anticipating further unemployment spikes in June, July and August” (Brent)⁽¹²⁾.

Atif Shafique at the GLA shared his view that: “It is critical to develop a comprehensive long term back to work programme, and equally important to have stop-gap support in place. As the Job Retention Scheme tapers out and unemployment rises rapidly in the next few months, it would be inappropriate for current schemes such as the Work and Health Programme to absorb new job seekers. Extra capacity and services need to be added as soon as possible, and devolved authorities can have an important role to play”.

(10) Covid, Coffee and Catch up, Rocket Science, April 22 2020.

(11) Employability Scotland, COVID-19 Response Operational Group Minutes, April 1 2020, http://www.employabilityinscotland.com/media/1232326/for_publication_-_meeting_1_minutes_-_01-04-2020.pdf

(12) Covid, Coffee and Catch up, Rocket Science, April 22 2020.

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In addition, Local Authority employment provision varies considerably. For example, Nottingham City Council runs a local employment 'Hub' linking with skills and housing services. But even where there are 'Hubs' there are overwhelming challenges. Nottingham Hub manager, Phill Yates, highlighted heavy dependence on retail and hospitality (seriously impacted by the lockdown). As well as unemployed workers coming onto benefits, many employed individuals in these and other hard hit sectors may want to change career or find themselves on reduced hours and lower pay. The right employment support is therefore needed to transfer these individuals to more secure and growing sectors such as the green economy. This requires pre-employment support, retraining and extended in-work support (with employer involvement to sustain outcomes).

Employer responsive, 'end-to-end' employment routeways will require more outsourced employment and skills providers to deliver them, in partnership with the council and JCP. For example, where there are existing 'Hubs', employability experts with IAG qualifications could receive jobseekers directly referred by JCP. The Hub could work with existing Council and new Employability Professionals (on the new Programme) according

to individual progression needs, especially informing them about realistic and employer-led skills courses. This would help to prevent jobseekers from just accessing courses with providers that have no interest in progressing the jobseeker to employment or further education.

Excellent council led initiatives are underway in many places. For example, the 'Keep London Learning' portal connecting learners with courses, but we still need more comprehensive employment support across the country. The Job Shop in Coventry is an exceptional example of Local Authority led provision working in partnership with DWP, National Careers Service (Prospects) and local private/third sectors to deliver a cohesive joint pathway. However, a large Flexible Programme can be targeted to fill and join up the gaps in services.

Employability and job brokerage services should be at the core of the new Programme, which must work with other services locally. Prospective Prime Contractors should be required to demonstrate in their tenders how they will collaborate with councils and JCP in each locality.

3.09 Local Employment Partnerships (LEPs)

Most of England's 38 LEPs have Employment and Skills Boards that meet quarterly. We recommend that each has a named contact to coordinate with the new Employment Programme. Also, the added employment and skills funding might be made available with the condition that there is at least some degree of standardisation and simplification of local Employment and Skills ecosystems, in order to fit the new Programme within them. Special consideration will be needed for devolved commissioning environments and where 'Hubs' exist.

LEPs are important, employer-led stakeholders that work with JCP and sometimes develop localised programmes, working groups and initiatives. For example West Yorkshire LEP: has adapted an ESF funded Employment Hub to provide free employment brokerage to new jobseekers and businesses affected by COVID-19; supports training to increase Digital Skills, and; commissioned the ReBoot skills programme to retrain local people affected by automation and adapted it to train furloughed and redundant workers (due to COVID-19).

LEPs have also responded swiftly to COVID-19 by providing information and guidance for businesses and employers. For example, around business interruption loan schemes and employee furloughing. They are also surveying local businesses to understand and monitor impact.

The new Programme should therefore require Prime Contractors (along with JCP Employer Engagement and Supply Chain Managers) to participate in Employment and Skills Boards in their

LEP areas and to consult closely with a named LEP lead, in order to: engage important, leading local employers; coordinate best use of labour market intelligence; share economic and demographic data; work with local industrial strategies, and; align (not duplicate) services.

A degree of open Programme design, with a phased implementation timetable, would allow later integration of the new Programme into simplified, localised skills and employment eco-systems. This might also be boosted by adding UK Shared Prosperity Funds (UKSPF) (replacing a range of European Funds) and integrating (devolved and non-devolved) AEB provision. In this way a nationwide 'levelling up' of disadvantaged areas can be supported with localised tailoring.

There are successful precedents for evolving and phasing a central employment programme into a localised version. Early co-commissioned phases of the Working Well Programme (DWP and Greater Manchester Combined Authority [GMCA]) led to a localised programme in years 2 and 3. This evolved further into the 'Greater Manchester version' of Work and Health Programme, delivered by InWork GM, a partnership between Ingeus, Growth Company, Pathways CIC and Pluss. Eve Waite, Head of Employment and Skills at Sheffield City Council says that "the GMCA experience (and to a lesser extent that of London) provides a model of earned autonomy and cross sector partnership that could be worked up into a template and applied across the country where there is local capability and capacity."

3.10 The unemployment avalanche

According to IES, there were 3.1 million people already out of work and who wanted to work when the crisis struck. Now, hundreds of thousands more people who were ‘close to the jobs market’ and ‘work ready’ under normal conditions will face long term unemployment unless trained and assisted into new sectors. Because of the sheer scale and speed of this crisis IES predicts that “it is highly unlikely that we will see a steep recovery in employment or unemployment in the near future, and we expect that it will take years rather than months for the labour market to fully recover. In the meantime, we will see the significant negative impacts of high unemployment and lower incomes”⁽¹³⁾.

The make-up of the burgeoning unemployment base needs careful consideration. Job losses will disproportionately affect young people, female workers (especially lone parents), and the lowest paid, with these groups more likely to work in sectors that have shut down or with reduced activity. They are also less likely to be able to work from home and will be especially vulnerable to becoming unemployed for the longer term.

Many socially disadvantaged, health impaired and older people don’t have access to one to one support, or the internet, or a computer, or struggle to use them well enough to make UC claims and participate in employment and skills provision.

All jobseekers will need an initial interview with a JCP Work Coach or outsourced Employability Professional, which requires at least 45 minutes. Currently JCP is not able to dedicate even a fraction of that time to each person (due to the numbers).

Jobseekers also need a proper assessment of their support needs to gain their buy-in and to action plan their journey towards and into sustainable employment. Again, the capacity isn’t there to provide this and expertise is required at scale.

To ensure jobseekers receive the right type and intensity of support, effective ‘triaging’ will be needed, with individuals requiring distinct and flexed approaches, including varying frequencies of ongoing one-to-one and group support (including using modified ‘socially distant’ methods).

There will be:

1. **‘Legacy’ jobseekers with disabilities and health conditions**, best assisted by Work and Health Programme and Individual Placement and Employment Support. We recommend programme continuation and some added capacity. However, it is important that specialist programmes don’t become swamped with large numbers of onboarding jobseekers who don’t have disabilities or health conditions. This would be detrimental to existing participants and to new jobseekers.

(13) Page 6, IES Report: Getting Back to Work, Dealing with the labour market impacts of the Covid-19 recession, Institute for Employment Studies (IES), Report 547, Tony Wilson, James Cockett, Dafni Papoutsaki and Helena Takala, 8 April 2020.

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2. **Temporarily displaced jobseekers made unemployed by COVID-19 but who will return to work unaided relatively quickly.** How quickly depends largely on the recovery of employer demand for these workers. Nonetheless “employment support is going to have to change to accommodate people who are new to engaging with the employment and welfare system” ⁽¹⁴⁾. Online tools will serve many in these groups well, and help triage them in order to a) prevent them from flooding the more in-depth services and resources that other groups will need and b) keep the overall cost of ‘lighter touch’ initiatives and programmes down, as well as being easier to access in a world of social distancing.
3. **People who were employed in sectors with depressed demand for labour due to COVID-19,** such as travel, who will need swift initial assessment and confidence building, as well as re-training, support with employer-led job search, and job brokerage. Many will have former colleagues who were ‘furloughed’ while they lost their jobs. They will need help to deal with these difficult circumstances and to learn how to talk about themselves with employers. More developed digital systems that improve access to labour market intelligence and employers will help this group.
4. **People with marketable skills, who were previously employed in sectors that significantly shrunk due to COVID-19.** This group will require more intensive assistance in their job search, as well as rapid retraining. There is an opportunity now to upskill many lower skilled jobseekers to Levels 2, 3 and above, and to support them into higher skilled roles in high demand. For example in digital/tech, or food distribution. Reform is needed to bring employment and skills provision together into integrated routeways leading to sustainable employment in high demand sectors. More sophisticated digital systems are needed to address this need at scale.
5. **People made unemployed by COVID-19 in the hardest hit sectors.** Including, in the gig economy. Many will need to reskill/retrain to return to work, probably over a longer term. Therefore, the system will need to ensure that skills training undertaken is linked to real employment opportunities and not training for training’s sake. Hospitality, low level retail, seasonal agriculture and care sectors are some examples of where longer term labour market challenges may lie, as a result of changes affected by COVID-19, Brexit and other factors.

Unemployment may also come in several waves, with peaks of redundancies among furloughed workers in July, followed by a second wave over the next 4-6 months, as businesses rationalise and recover in the revised economy.

(14) Covid, Coffee and Catch up, Rocket Science, April 22 2020.

3.11 The Employment Programme

The new Programme must be UC Centred. This can be reflected strongly in the specification; requiring outsourced providers to interface with JCP services, in order to manage close coordination of UC related services with additional employability provision.

It is important that the new Programme is positioned to not 'compete' with, or duplicate, Work and Health Programme, or other health-focused provision underway through the Work and Health Unit e.g. The Challenge Fund. These programmes serve disadvantaged jobseekers with disabilities and health conditions who will already find themselves displaced by employers in the labour market. They must not also have their employment support displaced through large volumes of regular jobseekers flooding into their programmes. Furthermore, Teresa Scott OBE believes that: "specialist programmes, which rely heavily on a highly personalised service, using techniques such as Job-carving, are not the right approach for a large scale Employment Programme. The volumes of jobseekers would make this impossible to deliver in the same way as, for example, Individual Placement and Employment Support."

Employer engagement will be critical to the success of the new Programme. We have to take the demand side of the labour market as seriously as the supply side. Dr Jo Ingold's research on employer engagement (for DWP) has identified 3 important considerations when commissioning a new Programme:

1. **Qualitatively evaluate tenders**, on how employer engagement is proposed (beyond just numbers). LEP representatives might be included on tender evaluation panels to scrutinise employer responsiveness.
2. **Build employer engagement** into financial incentives and performance measures for providers. Also, define minimum service standards
3. **Incentivise collaboration** (co-opetition) in commissioning, so that all providers subscribe to best practice in employer engagement and relationship management.

3.12 The Programme's main features

The aim of the new Programme would be to help jobseekers to achieve sustainable employment. It's clear purpose can be reflected in clear service specifications. There are some main service components that are needed to form 'end-to-end' routeways that lead into real employment opportunities, including:

- ▶ **Introductory interviews** (online, by phone or face to face);
- ▶ **Initial assessments** (face to face, with social distancing);
- ▶ **Individual action plans** (co-developed with an Employability Professional and supported throughout the jobseeker journey, using online, phone (SMS), email and face to face coordinating methods);
- ▶ **Individual service Accounts/Budgets** (capped funds applied for by the Employability Professional in consultation with the jobseeker, to pay for specific, approved training, work clothes, travel, and other employment related costs);
- ▶ **One to one and group coaching sessions** to lift confidence and motivation levels, and address employability skills (a blend of online, phone and face to face methods with social distancing);
- ▶ **Effective IAG that is bespoke to local labour markets** (online, phone and face to face);
- ▶ **Signposting to employer and sector led skills training** (complementary to the Programme, delivered online, by phone and face to face);
- ▶ **Signposting into complementary, holistic services** (face to face);
- ▶ **Assisted job-search and job-brokerage** (online, phone and face to face);
- ▶ **Employer advocacy for jobseekers;**
- ▶ **Access to a Large Organisations Unit** for vacancies with nationwide and regional employers;
- ▶ **Access to regular and wage subsidised Apprenticeships** (online, by phone and face to face), and;
- ▶ **In work support** (online, by phone (including SMS), email and face to face).

Each jobseeker could be trained and supported to use technology and digital tools to self-manage their individual Action Plan. Some proven examples include: Aptem Employ (formerly My Work Search); YETI (Cognisoft); Beam.org; One File, and; other tailored web and smartphone based solutions.

While detailed specifications for the new Programme would be determined by DWP, and the right delivery models selected in a fair and transparent tendering process, some central design features could be:

► **Personalisation**

Prospective providers would demonstrate expertise in service 'Personalisation' and 'Flexibility' in their tenders.

Taking best practice from previous programmes (and avoiding the flaws), the new services might be commissioned using a 'grey box' approach. While the new Programme ought to be based on outcomes (rather than outputs or time spent), providers are likely to perform best when given discretion to propose their own operational approaches and apply contextual best practice. Notwithstanding, we would advise some 'Minimum Service Standards'. For example, Employability Professionals working to defined maximum caseload numbers and a minimum frequency of contact with jobseekers. Best practice guidelines might also be defined in tender specifications, and monitored as part of contract management, including responsible supply chain management and employer engagement practices.

Careful consideration might also be given to whether the new Programme is voluntary or mandatory participation. There are pros and cons to each approach. On balance, we believe that a voluntary Programme is preferable, in order to gain jobseekers' trust, buy-in and motivation.

A 'no wrong door' policy (including taking self-referrals) would also be very helpful, to engage all people who need employment help. Coventry is just one example of a Local Authority area that has operated this approach. In this way, jobseekers access the support they need at whatever point they enter the system. This reduces stress, optimises jobseeker engagement and is especially helpful for: young people (33% of whom who are not in education, employment or training are not even registered with JCP, and don't engage with employment support); economically inactive jobseekers (many of whom want to work), and; workers in low paid, instable jobs.

► **Individual Service Account/Budget**

At the heart of our recommended approach, is a critical need to tailor services, to address individual barriers to sustained employment. We believe that now is the time to integrate all of the service elements that have so often been disjointed (or even lacking).

We therefore recommend coordinating services around the individual, by introducing a personal (employment, skills and health) service account. This would be a capped, individualised budget, made available to each jobseeker, and managed in consultation with their Employability Professional. Having identified particular skills, health, equipment, travel, childcare or other holistic needs the Employability Professional would simultaneously source and apply for permission to purchase pre-approved services. This would link primarily into skills training (funded separately) and third sector provision (funded through the

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EHR SUA Second Tier and Prime Providers' ad hoc purchases).

A similar approach was critical to Kennedy Scott's celebrated Circle of Support model, and is also integral to Beam's multiple award winning model.

The Circle of Support, acclaimed by JCP and DWP, assembles wide support into an individual's needs-based engagement mechanism. This includes a dedicated Employability Professional, JCP Work Coaches, social services, housing, mental health support practitioners, debt management, substance and alcohol abuse and the individual's family members if requested. The integrated, collaborative delivery model is similar to the Working Well model used in Greater Manchester. This also helps to build resilience for the future. Teresa Scott OBE, founder of Kennedy Scott said: "Over the last 20 years of running a wide portfolio of employment and vocational skills programmes, I have seen first-hand how integration within a customised and tailored intensive pathway, delivered by Employment Providers, is the key to success. Whether it be to address specialist employability needs, re-skilling, or sector based pre-employment, the person benefits hugely from closing the loop around them. Providing a complete wrap-around service, personalised by an Employability Professional, which simultaneously addresses every individual barrier to work or skills need, drives both momentum and purpose within their job-search. This circle of support ultimately delivers a better service to the individual, along with value for money and job sustainability for the government".

► Digital, Phone and Online Support Methods

More digital and phone-based models need to be procured and built into the system, to enable the 'new normal' to function better than before.

Much greater demand for digital communications in everyday life and working practices will follow the lockdown. Including, in employment services and skills training. Using digital and phone methods to deliver employment support cannot provide a complete substitute for face-to-face support, but the scale of jobseeker numbers will otherwise overwhelm capacity, especially in the early stages.

In addition, remote support is helpful to serve rurally based jobseekers, or people who experience transport challenges, including some jobseekers with particular mental health conditions. For example agoraphobia, or depression.

However, as mentioned above, digital platforming would need to be mitigated by providing personalised help for disadvantaged jobseekers who don't know how to use a computer or have access to one.

We therefore recommend exploration of innovative technological examples, where service efficiency has been achieved, such as: E'Circle, a digital platform underpinning the Circle of Support model (above). It contains a directory of all local support services (including free and paid for training), with a capped 'virtual wallet' for anything the Employability Professional and jobseeker think would support progression into sustainable employment, and; Jobskilla, which quickly matches jobseekers with their choice of

employer routeway, using a digital platform to optimise efficiency.

► Self-employment support

Enterprise support is also important to include in the employment support offer. Jobseekers might be signposted to the New Enterprise Allowance with some preparatory support to access it. Entrepreneurs receiving government relief, or signed on to UC, will need to be supported after the lockdown with their transition back into solvency. It is especially advisable to support an enterprise culture during the dynamic adjustments to the labour market following COVID-19. We may even need to use NIC breaks and other financial measures to incentivise and accelerate start-ups and small business growth, connecting entrepreneurs with IAG about this and self-employment support, as a speciality within part of the new programme.

► Tailored Support for older (50+) jobseekers

Prior to COVID-19 30% of the workforce was 50+. It will not be easy for older people to adjust and/or retrain to find new work in the revised economy.

Previous employment programmes have struggled to perform as strongly as they should for this cohort. The DWP's New Deal 50+ programme evaluation recommended that Employability Practitioners/ Work Coaches should be a similar age to the cohort. Given the demographics involved, and the acute shortage of Work Coaches and Employability Practitioners we need to recruit a substantial number of mature coaches, some of whom may come from the ranks of the

unemployed. Current work is already underway between The Centre for Ageing Better and Greater Manchester Combined Authority, which might be consulted in this respect. ERSA, LWI, IES and IEP are also working on analysis of best practice for older jobseekers.

► Innovation

The tender for the new Programme might require a question response on the theme of innovation, scoring highly where innovation applies relevant technology. Engagement with experts such as Public.io to evaluate technical proposals is recommended.

Innovation around part time work, blended with part time training, will also be needed, to meet the needs of post COVID-19 labour market realities.

► In-work Support

The new Programme can build on the successes and lessons learned from prior, large scale employment programmes, which delivered not just pre employment support, but also transitional (into work) and in-work support. Programmes such as Flexible New Deal are strong precedents for this approach to achieving sustainable employment. Employer advocacy, assistance with Access to Work and occupational health services, are some vital, optional elements to in-work support.

In addition, it is important to remember that UC should have been rolled-out by 2024, when a third of all UC claimants will be in-work. Therefore, an empowering policy change that would

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help with this evolution, would be to enable adults claiming UC to retrain without loss of benefits. For example, this could be delivered through coordination with the National Skills Fund or AEB.

Some important further features of the new Programme might include:

► Mid-long term Programme

The new Programme should start in January 2021 and run for 3 years, with an option to extend it for 2 to 3 further (rolling) years. Extension and integration with other funds at years 2 and 3 would be an option and subject to consultation with devolved nations and authorities at the appropriate level.

While we need to plan, commission and start the new Programme before long term unemployment threatens millions of claimants, it can also be designed to integrate strategically over time with other provision such as: Work and Health Programme (including devolved versions); Challenge Fund; further programmes commissioned through the EHRSUA, and; other DWP, ESF, UK-SPF, and; JCP provision.

► Universal scope, but with devolved/regional integration

The new Flexible Programme would be delivered at scale, but adaptive to devolved and regional contexts, working well with national governments, combined authorities and LEPs.

In England, 5 regional lots are already planned for the DWP EHRSUA:

Central England (LOT 1)

North East England (LOT 2)

North West England (LOT 3)

Southern England (LOT 4)

Home Counties (LOT 5)

To reduce commercial risk to DWP and tailor the new Programme to particular labour markets and demographics we recommend that these contract areas be divided into their respective sub regions. Contracts for the new Programme would then be commissioned on that basis. Sub regions would be drawn according to compelling governance and industrial strategy criterion, taking LEP boundaries and economic clusters into consideration. Approximately 20 Contract Package Areas (CPAs) would be the result, with 2 Prime Contractors leading supply chains for each CPA.

Consultations with devolved authorities would need to confirm that devolved nations, and regions such as London and Greater Manchester are not exceptions i.e. there should be one DWP commissioning round and the new Employment Programme would be additional to existing devolved provision, which is currently minimal in historic terms and in relation to the scale of the crisis. However, adding central funding would need to be co-designed, co-evaluated and co-implemented with devolved regional authorities.

The new programme would not be imposed on them.

The Welsh Government has the Welsh Work and Health Programme, and, along with The National Training Federation for Wales, would be the lead stakeholder in tailoring the new Flexible Employment Programme to the Welsh context.

Scotland's devolution status is respected and it would be for Scotland to continue to drive its own employment response. There are the No-one Left behind, Community Job Scotland and Fair Start programmes in place, with stakeholders including: Inspiring Scotland, to inform top level provider perspective, and; the Scottish Council for Voluntary Organisations, to ensure traction with localised support networks.

For Northern Ireland, around a dozen employment and skills programmes are in place. The new programme would therefore not apply to Northern Ireland.

Westminster political and departmental stakeholders would need to be fully consulted, to develop a longer term plan to iteratively integrate the new Programme into all devolved Employment, Health and Skills ecosystems. A Taskforce is already established, and should involve ERSA, AELP, AoC and other key stakeholders in the new Programme, to work closely with government representatives of: Cabinet Office, DWP, DfE, DH, Treasury, DCLG and BEIS.

► Partnership Model

Two Prime Contractors per sub-regional Lot would develop a comprehensive supply chain and approve and manage ad hoc local purchases of services, to meet specific jobseeker and employer needs in their area(s). They would have to comply with the DWP Merlin Standard and present a workable partnership, comprising as a minimum:

- Prime Contractors as Strategic and Managing Agents, and Contract Holders with DWP;
- First Tier Providers; around 4 providers per Prime Contractor (around 8 per CPA) capable of delivering employment (including mainstream job brokerage) services to 10,000 to 12,000 jobseekers per year. One of these First Tier providers might also be the delivery arm of the Prime Contractor. The other First Tier providers would need to represent a range of types and sizes of providers from the public, private and third sector. They would need to demonstrate competence to work with local stakeholders and meet local service needs.
- Second Tier Providers; delivering skills training and holistic support services, purchased by the Prime Contractor, in consultation with its First Tier providers. Accountable provider management of spend on these services would be through individual service Accounts/ Budgets. However, first, DWP would contract directly with local, smaller and third sector providers through the EHRSUA, paying them a small service fee. The Prime Contractors would then be accountable for deploying their additional,

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dedicated fund, for their supply chain providers (Prime and First Tier), to purchase ad hoc services according to jobseeker needs from the approved Second Tier providers. This would solve previous design flaws that resulted in no traction of Second Tier providers with mainstream programmes such as the Work Programme. It would also make Prime Contractor spend responsive to individuals' needs, while remaining accountable to DWP. This would need to have contractual flexibilities and contingencies in place, to respond to local provider dynamics. It would also be monitored locally, by JCP Supply Chain Managers. The paused Universal Credit Transition Fund (£10 million) could be dedicated to this, in a way that fulfils its original purpose.

► **Responsible Market Stewardship**

Over recent years, around 3/4s of the outsourced provider base has been rationalised out of the employment sector. Surviving providers are commercially challenged. They have endured years of difficult trading conditions and now have the devastating effects of COVID-19 to deal with. Face to face training has had to pause, significant operational remodelling has been needed and there are heavy negative financial impacts. Providers would therefore need sufficient front-loading of a programme set-up fee, and regular service fees, to enable investment. A significant flaw in the Work Programme was its excessively demanding payment model. That it delivered the highest level of sustained job outcomes at around half of the investment cost of

its predecessor programme is testament to the capability of the sector, but its payment model prevented Employability Professionals from more fully building on the success of Flexible New Deal and other, previous PbR programmes. The outcomes payment model would also need to attract investment and be realistic to operate.

It would be a tragic government failure to allow the provider base to completely collapse, leading to even more unemployment. We ought to regard the employment sector as a strategic sector (like the FE sector), which is critical to addressing avalanching unemployment and driving the economic recovery.

► **Demonstrable Savings**

There is an opportunity now, to reinstate the lost advantages of linking contractual performance to welfare benefits savings. This means funding the new Programme through realistic and viable Payment By Results (PbR) models. However, lessons would need to be learned from past programmes. Performance and payment modelling would have to be transparent and fair. It is right that providers should only be paid when they deliver defined employment outcomes. Furthermore, the balance of service payments to outcome payments would need to be weighted more evenly than programmes like the Work Programme, to avoid jobseeker 'creaming and parking'. Close to a 60/40 payment model would therefore: ensure provider accountability and value for money on the one hand, and; prevent commercial non-viability associated with a heavy PbR model on the other.

► **UKSPF and ESF**

As ESF funding winds down, integration of UKSPF can occur in a managed development of the new Programme. Bringing in additional UKSPF after 18-24 months will enable Devolved Authorities and LEPs to plan and inform how best to transition from ESF provision and enable them to localise how UKSPF is deployed. It will be important to avoid service hiatuses across the country. Instead, we will need development and targeting of the new Programme to be effective,

in conjunction with local industrial strategies, and developed in response to the revised economy. An important benefit of this approach will be to 'level up' areas of higher unemployment in the country (as disappearing ESF funding is currently targeted to do). Another recommendation is that any unspent ESF funding is allocated before it is lost, to align with local priorities. For example, a retraining programme for older workers.



3.13 Integration of Employment and Skills

Due to COVID-19 we need a new, universal, Employment and Skills Ecosystem, drawing on more outsourced investment and capacity.

Providers are prepared to deliver best practice in connecting jobseekers with: Employment with training; Jobs; Apprenticeships; Part Time work; Functional Skills; Digital Skills; English for Speakers of Other Languages (ESOL) courses; the National Retraining Scheme; mandatory training; licences to practice; expanded and devolved AEB provision, and; the National Skills Fund.

Skills provision can now be made accessible via a new, integrated (employment and skills) Programme, but funded separately by the DfE and devolved authorities. Providers would draw on existing and expanded AEB, and the National Skills Fund. In this way, we could bring together providers from the employment and skills sectors, to bridge the current breach in the system.

There are currently 12,700 active qualifications applicable to employer-identified labour market needs. Systemic barriers to unemployed people accessing this training can now be addressed. For example, gaining a driving licence (one of the most common employment barriers), or a Microsoft IT User Certificate, or gaining a CSCS card to be able to work in construction.

The 'inner cog' and operational mechanism for coordinating this funding would work best by designing the new Programme around the individual. An individual services Account/Budget would allow the right training to be purchased at the right time in the jobseeker/learner journey, to meet individu-

al progression, upskilling and/or retraining needs. The new Programme would fully fund these costs.

The new Programme can be designed so that skills provision is formally 'integrated' into the jobseeker journey. However, as AEB is delivered through Guided Learning Hours (GLH), some courses can take many weeks to complete. But just 1 to 6 weeks of skills training is usually optimal for jobseekers. Therefore take up of units and awards might be encouraged to: keep jobseekers engaged; meet employer demand, and; add in-built relevance to the delivery model.

Since COVID-19 started, there has been a huge fall in Apprenticeships take up (estimates reach as much as 80%). Many employers are not recruiting, or are making Apprentices redundant because business has stopped. Many do not realise that they are eligible for provider relief (or may be unwilling to pay the 20% difference) or that their Apprentices can continue learning online. To address this, Apprenticeship Levy funds might be deployed in a more targeted way. The new Programme can actually create new Apprenticeships, as well as target Apprenticeship outcomes. Proven Employability Apprenticeships Standards (from Levels 2 – 5 and approved by the IEP) could be incentivised for providers to deliver to their own staff. This would contribute to wide-scale in-work progression within the sector and raise delivery standards. DWP might even require a defined proportion of provider staff to take them. For example, 10% of staff.

Government also has an opportunity to restructure and re-promote Apprenticeships. An age limit of 25 might be phased in, so that the real purpose of Apprenticeships is re-established. This would occur with the complementary roll out of the National Retraining Scheme, which would be clearly targeted to help adults who are 25+.

A crowning reform to Apprenticeships might then be to fund a Young Persons Apprenticeship Programme that specifically targets Levy and potentially also some Wage Subsidy (at raised Apprenticeship Minimum Rates) to recruit young people and train them in high priority and growth sectors. These would be sectors defined by LEPs as essential to the local economic recovery. Examples of strategically critical sectors include:

- ▶ **Employment and skills**, to address the unemployment and productivity challenges;
- ▶ **Digital for IT Users**, to support getting the economy (and society) back up and running;
- ▶ **Health and social care** (including NHS), to mitigate lower migrant worker recruitment post Brexit and meet urgent workforce and skills needs;
- ▶ **Digital Tech**, such as cloud deployment and support, AI, software development, cyber etc. to transform the economy;

- ▶ **Construction**, to rebuild the country;
- ▶ **Food distribution**, where there is strong and growing demand;
- ▶ **Future technologies**, such as ‘Internet of Things’ for logistics, and;
- ▶ **Green technologies** (such as for industrial decarbonization, energy efficiency in construction, and electric cars and batteries for vehicles).

The new Programme can drive a once-in-a-generation opportunity to properly coordinate effective employment services with relevant skills provision. This can also produce significant economies of scale for government and deliver value for money, by empowering the realisation of long elusive, tailored, localised solutions, which connect local labour market supply and demand. Since the Leitch Review of Skills many Secretaries of State and Ministers have publicly stated their ambitions to achieve this, but until now, no one has had such a clear opportunity to act.

3.14 A 2020 Vision of the future of employment services

There are likely to be 3 general phases in the coming months:

- ▶ First, the one we are in, **where hundreds of thousands, even millions of people find themselves in a welfare system they never expected to be part of.** JCP and existing partners are helping them as best as can be expected;
- ▶ Second, **where unemployment stabilises at a level that we haven't experienced for a long time and huge numbers of people** (especially younger people and vulnerable cohorts) face longer term unemployment. Further JCP partnerships and initiatives, for example with the recruitment sector can continue to help with the scale of the problem, and;
- ▶ Third, **where the revised economy is recovering, albeit with uneven labour market demand.** Retraining and new skills will be needed to fill vacancies, and for people to progress in them. A Flexible Employment Programme needs to be planned now and commissioned within 3 months to be ready to prevent large scale long term unemployment taking hold.

JCP Work Coaches are overrun, there are fewer Jobcentres with limited vacancies advertised and JCP doesn't have enough employer management capacity. Therefore, 10,000 more JCP Work Coaches are needed and a new Programme through which we can recruit and upskill at least 40,000 more outsourced Employability Practitioners.

Systemic reforms are also needed and a new Programme can carry them into effect. To deal with the COVID-19 crisis and its impact on the labour market we need the employment and skills system to function well together, in particular:

A Flexible Employment Programme; for unemployed and economically inactive jobseekers coming onto the system at scale. Providing the right type of employer-connected pre-employment support, better IAG, into-work and in-work support. End-to-end jobseeker routeways lead towards and into sustainable employment and in-work progression.

The Work and Health Programme; for unemployed and economically inactive disabled jobseekers and those with health conditions. Focused on this cohort and not deluged with mis-referred 'mainstream' jobseekers.

Apprenticeships; Funded by the Apprenticeships Levy, Employer Accounts Non-Levy funds, and some targeted (wage) subsidies. But reform is needed to refocus Apprenticeships to train younger people (up to 25). In 2019 only 9% of Apprenticeship starts in England were for people over 45. It is time to more strongly define and position this provision. Plus, NICs don't apply to under 25s, helping employer with engagement. Also, along with DfE flexibilities already allowed for: distance learning; 'off work learning', and; End Point Assessment, some 'chunking' of delivery i.e. reducing length and intensifying delivery, might also better meet many employer's needs and increase take up.

AEB Provision; National and devolved programmes, providing employer and sector routes into employment and better employment. More work is needed to disaggregate and engage SME and micro employers. There also needs to be more flexibility in funding units and shorter courses for the unemployed, because full qualifications and longer courses don't work for many individuals and employers. Government can now create cross-referral mechanisms between DWP employment providers and AEB providers. Many providers will be both.

Some empowering policies would include: "extending entitlement to free training for a first full Level 2 and first full Level 3 from 19-23 year olds to adults aged 24+; removing the requirement of cash-based co-funding for all AEB provision; and; facilitating systemic co-ordination of AEB and JCP provision."⁽¹⁵⁾

National Retraining Scheme; Allocating vital skills funding to retrain laid off workers. The National Retraining Scheme is still needed to continue to emphasise sectors where automation has an impact, such as advanced manufacturing.

National Skills Fund; Funded skills training that offers employers an alternative to Apprenticeships. Flexible hours and 'Night School' models of delivery could be optimised to maximise jobseeker access to training. This fund would be best po-

sitioned to emphasise Levels 3-5. A Training Levy is an option to fund part of this i.e. employers that choose not to train Apprentices should be able to use their Training Levy for bespoke and accredited in-work vocational training for employees who are over 25. This would enable employees to take modules to adapt to changing technology and working methods, boosting productivity while moving towards full qualifications if appropriate.

Functional Skills; We already had 9 million adults with low literacy, or numeracy and even more with low digital skills or a Level 2 qualification. This is important because low skills are a significant barrier to finding work, adapting to changes in the workplace, or changing careers. Everything we do should reduce barriers and encourage jobseekers and low skilled workers to access this training. Gareth Fallows of Acorn Training observes that "*issues around functional skills will require a much more concerted effort, particularly to adapt to a 'new world' culture and work environment. In the days of New Deal, the basic skills programmes were particularly effective and sufficiently intensive.*"

JCP Work coaches are at the front line of an unemployment avalanche Reinforcement and confirmation of their role is needed. Additional Local Employer Engagement and Supply Chain Managers are needed to better coordinate services with partners. At the moment there are too many 'moving parts'. As well as carrying out recommenda-

(15) Page 22, COVID-19 and Post-16 Education Planning for a very different September, NCFE and Campaign for Lifelong learning, Susan Pember Mark Corney, April 2020.

tions to commission the best Flexible Employment Programme yet, systemic reform will be needed: to simplify, digitize and provide the right types of support for diverse jobseekers at different stages in their journey to sustainable employment. As we all work together to address unemployment,

JCP can also be at the heart of a positive cultural change, re-emphasising the value of local partnership working, and improving the effectiveness of the employment and skills eco-system.



04

Conclusion

If we keep doing the same things, we will keep getting the same results. If we keep doing the same things in a crisis, we will get even worse results.

Employment and skills funding should be consolidated, integrated and their impact strengthened. We must not dissipate funds in a plethora of only marginally effective, insufficiently accountable localised initiatives.

To achieve the staggering numbers of sustainable job outcomes that our people and current and future economy need, will require bold and coordinated action.

The productivity challenge that we faced prior to the crisis will only be exacerbated by this unemployment crisis.

Hundreds of thousands of former health care workers rallied to re-join the NHS in the front line medical fight against COVID-19. Now, a rallying of Employability Professionals can be marshalled. Employability Professionals help to change lives every day, we now need tens of thousands more.

A **new Flexible Employment Programme** must be fit to:

- ▶ **Confront the mid to long term unemployment crisis;**
- ▶ **Revive the depleted (internationally recognised) employment sector;**
- ▶ **Rescue the longer term employment prospects of hundreds of thousands of jobseekers;**
- ▶ **Fill tens of thousands of vacancies to revive the wider economy;**

In response to the government's immediate policy response to the crisis, the OBR justified the scale of investment measures deployed: "The immediate cost of government actions may be high, but we can be confident that the cost of inaction would ultimately have been much higher" (April 14th 2020). The same principle applies again now. Through the Coronavirus Job Retention Scheme around £80 billion will have been invested in supporting wages⁽¹⁶⁾. Investing even just a fraction of this amount, in a well-designed Flexible Employment Programme, delivered regionally, will ensure this investment is not wasted in the medium to longer term.

(16) Page 3, Help Wanted: Getting Britain Back to Work, Learning and Work Institute (LWI), May 2020

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Employment Response to Coronavirus

A Flexible Employment Programme
for England & Wales
(delivered regionally)



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