

EMPLOYMENT SUPPORT FOR THE FUTURE LABOUR MARKET: FIVE KEY THEMES

ERSA MANIFESTO FOR 2024 AND BEYOND

The UK's labour market is transforming in front of us. We have an ageing population experiencing an expanding range of health problems, combined with advancements in technology and climate challenges that are already impacting ways of working.

The aftermath of the coronavirus pandemic, the ongoing cost-of-living crisis, lengthy NHS waiting lists, and cuts to public services have meant the employability sector has had to continuously adapt and innovate to deliver tailored, quality provision in a changing world. At a national and local level, members of ERSA – the Employment Related Services Association – have adapted to the turbulent economic landscape, playing a pivotal role in supporting the economic recovery from Covid-19. Providers have responded to the changing needs of employers and individuals, giving high-quality employment support, including debt and housing advice, skills training, and in-work support, to hundreds of thousands of people.

TROUBLING TIMES

Over the past two years, vacancy rates have reached unprecedented levels, with nearly one million positions still unfilled. Despite this demand for workers, many jobseekers are unable to access the support necessary to enter the labour market. With growing inactivity at both the older and younger ends of the labour supply caused by growing levels of physical illness and mental ill-health, current circumstances are unlikely to improve without proactive policy interventions, and yet:

The two largest Department for Work and Pension (DWP) programmes in England and Wales, the Work and Health Programme and Restart Scheme, are time limited and must be replaced.

Fair Start Scotland is coming to an end with no replacement national provision.

There is no longer a national advice provision for new self-employment and entrepreneurship.

The UK Shared Prosperity Fund has not delivered its people and skills strand at the level of European funding. There was a substantial timing gap in commissioning and there is no national footprint, with 24 local authorities not investing in people and skills.

These factors conspire to risk losing valuable expertise within the employability sector at a crucial time of economic and social change. Businesses in the sector have been agile to survive, but local and specialist provisions have also already been lost.

A funded employment support system, with experience and expertise is needed.

As we look towards the general election, ERSA is making a series of recommendations, underpinned by five key themes to combat the economic challenges we face and drive better outcomes for everyone. We make these recommendations to incumbent government departments, devolved commissioners, and other policy makers.

ERSA'S 2024 MANIFESTO: PRINCIPAL THEMES

1. Sustainable commissioning
2. A fairer labour market
3. Access to provision
4. Meeting the needs of employers
5. Health solutions for work

WORKING FOR BETTER WORK

1. COMMISSIONING FOR A SUSTAINED SECTOR

Currently, the employment support sector is expected to deliver short-term employability programmes often without the ability to flex contracts to meet changing labour market needs.

The National Audit Office (NAO) recommended that to reduce the cost of scaling up and scaling down employment support, contracted-out employment support programmes should be at a level that ensures there is a provider base able to scale up capacity when needed. The NAO calculated this was cheaper than investing to rebuild the sector.ⁱ

ERSA RECOMMENDS:

Commissioning long-term funding packages with multi-year deals and the flexibility to adapt and change priorities, including changing eligibility criteria. This would allow for professional workforce development while reducing repeated mobilisation costs.

Urgently commit to commissioning phase 2 of the UK Shared Prosperity Fund post-2025 and work with stakeholders to understand how to improve the fund without another cliff edge, and ensure all UK citizens can access SPF People and Skills provision.

Promote innovation for emerging technologies, embracing artificial intelligence as an enabler in employment support programmes to relieve administrative tasks for frontline advisors and improve participant choice and access to services, whilst enhancing and maintaining personalised delivery.

If the devolution of programmes is preferred by any future government, it is important that a national framework, a blueprint for commissioning, is still in place, supporting devolved commissioners to deliver best value for money and successful outcomes for participants on programmes.

Allow transparency in programmes and publish data throughout the lifespan of a programme. Impact can then be evaluated and improved on throughout delivery and inform future programme design.

Ensure there is co-design of new programmes with employers, end-users, providers, and commissioners.

2. A FAIRER LABOUR MARKET

Economic inactivity, in-work poverty, insecure employment contracts, stubbornly high levels of young people classified as 'NEET' and a wide disability employment gap, are creating a locked out labour market alongside labour market shortages.

Employment support providers are experienced and equipped to address barriers that stop people from moving into work through conversations that focus on the individual's personal circumstances.

Trusted conversations work better than tougher threats, as jobseekers have time to overcome any barriers and can be supported into a job that suits their skillset, experiences and goals.

Future commissioning must support people into good work, which ERSA defines as jobs that offer security, fair pay, fair conditions, flexibility, ongoing careers advice and opportunities for upskilling and progression.

ERSA RECOMMENDS:

Review the body of evidence around the effectiveness of supporting people into work based on tougher conditionality and threats of sanctions. Engage with providers and design employment support programmes based on genuine engagement and trust.

Strive to close the disability employment gap by addressing backlogs on schemes including Access to Work and introduce more rigorous auditing, reporting and signposting for employers pledging to the Disability Confident Scheme.

Expand mid-life MOTs so all people can review their finances, skills and health throughout their working lives.

Reform childcare so that it facilitates a route into work and covers childcare costs, expand existing eligibility so parents in training or education can access the free childcare entitlement.

Promote, strengthen and create more Good Work Charters to help avoid insecure employment contracts. Take learning from existing initiatives like the Greater Manchester Good Work Charter and London's Good Work Standard.

3. ACCESS TO PROVISION

There are millions of people ineligible for support despite employment organisations being available to help and advise them.

The Learning and Work Institute found that reaching an employment rate of 80% would boost the economy by £23 billion, improve the public finances by £8 billion, and raise household incomes by £830 per year.ⁱⁱ

In recent years, government programmes like Kickstart and the Restart Scheme have underdelivered in-terms of numbers of people starting on the programme, at a time when economic inactivity and vacancies have grown to record levels.

A recent occurrence saw a worrying number of local authorities choosing not to invest in employment and skills provision, creating a postcode lottery for support.

ERSA RECOMMENDS:

Open referral routes on new and existing employment support schemes to allow referrals from GPs, housing associations, self-referrals, and charities.

Train Jobcentre Plus staff locally on all referral routes, and a develop a diagnostic that means people are referred to the right employment and skills provision for their aspirations.

Commission a national self-employment programme to help those with entrepreneurial ambition, who want to enter self-employment or set up social enterprises.

4. MEETING THE NEEDS OF EMPLOYERS

ERSA members actively educate employers in inclusive recruitment practices and support individuals to stay in work and progress. However, there is still more to be done to join-up employment support organisations, skills providers, employers, Jobcentre Plus and individuals.

ERSA RECOMMENDS:

Involve employers in the design of programmes at a national and local level.

Offer training for employers around job design, inclusive working practices and recruitment methods to help fill vacancies with under-represented or disadvantaged candidates.

Invest in a national offer with employers to develop meaningful work experience for young people.

Allow and invest in research and pilot employability programmes to work with participants after they've entered work to ensure long-term retention and in-work progression.

5. HEALTH SOLUTIONS FOR WORK

There is a need for a national programme linking employment support, health provisions and other services, delivered at a local level but based on a national delivery and communications

framework. It should be voluntary and available to every UK citizen, with no referral requirement by Jobcentre Plus.

The latest release from the Office for National Statistics estimated that 2.8 million people, aged 16-64, are economically inactive because of long-term sickness.ⁱⁱⁱ Furthermore, over 1.35 million (53%) of those inactive because of long-term sickness reported having depression, bad nerves or anxiety.^{iv}

There is a significant increase in young people reporting a mental health condition, with the Resolution Foundation finding that people in their early 20s are more likely to be not working due to ill health than those in their early 40s.^v

The conditionality of claiming benefits and accessing employment support often dissuades people from asking for support and is locking people out of the labour market. Similarly, despite the rising number of people out of work due to long-term sickness, analysis by the Learning and Work Institute showed only one in ten out-of-work older people and disabled people receive employment support each year. Furthermore, only 1% of people economically inactive due to long-term sickness are in work six months later.^{vi}

The new provision being developed for commissioning by DWP is Universal Support. This is for a limited number of people and is based on a specific model which may not be suitable for large-scale delivery or certain groups.

ERSA RECOMMENDS:

An extension of the Work and Health Programme or an equivalent nationally commissioned day-one programme for people claiming Universal Credit with a disability or significant barriers to employment.

Accelerate the roll-out of WorkWell partnerships, to link the work and health landscape at a local level without duplicating existing support and complicating the system for service users.

Ensure occupational health services are free for Small and Medium Enterprises (SMEs) to access.

Consult with young people to continue the roll-out of DWP Youth Hubs. Make sure they are linked locally with educational institutions and have a sufficient mental health offer.

Involve local integrated care systems in the design and implementation of relevant employment support programmes. Ensure that medical professionals are aware of new and existing referral routes to local employment support services for vocational rehabilitation assessments and ongoing job retention support.

ERSA: WORKING FOR BETTER WORK

The Employment Related Services Association (ERSA) is the trade association for the employment support sector in the United Kingdom. Our membership comprises diverse organisations, including charities, local authorities, housing associations, social enterprises, funding bodies, and private sector entities.

Recognised as the voice of the employment support sector, ERSA plays a crucial role in promoting best practices, enhancing understanding of our sector's value, and fostering collaboration among our members.

We actively engage with policymakers, commissioners, and central government to shape and influence policies and programmes. As a not-for-profit organisation, ERSA receives no government funding and relies entirely on membership subscriptions, conference sponsorship and grant funding. This enables us to work independently and advocate effectively for the interests of our members.

With a membership base exceeding 300 organisations, ERSA takes immense pride in our members' commitment to offering inclusive, innovative, and inspiring employment support that puts people first. They consistently create solutions for a fairer labour market, leading to positive outcomes for individuals while securing great value for taxpayers. Through ERSA membership, organisations forge connections, sustain nationwide communities of good practice, and continually improve the support available to jobseekers.

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Employment Related
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