Written evidence submitted by the Employment Related Services Association (ERSA) (LDES0052)

1. The Employment Related Services Association (ERSA) is the trade membership body for the employment support sector. We represent over 300 members from the private, public and voluntary sectors, ranging from multinationals through to small specialist charities and social enterprises supporting their local communities.

2. Our members have a wealth of experience delivering nationally and locally commissioned employment support programmes. This submission is based on the perspectives of our members, drawing on evidence and reflections gained from a survey and our own research reports.

Summary

3. The devolution of employment has the opportunity to better align future programmes with local labour markets, employer demand and help boost local economic growth. It could also enable better integration with skills, health and other services to provide a more holistic offer for participants.

4. However, for this to be successful, the government must ensure that all local commissioners, particularly new MSAs and areas not currently covered by devolution arrangements, have the expertise and capability to commission high-quality employment support. There is a risk that devolution creates inequity between areas, and that areas without sufficient expertise or capability in commissioning employment support could deliver worse outcomes for residents.

5. The experiences of UK Shared Prosperity Fund and Connect to Work commissioning demonstrates the variation in commissioning capability across the UK. DWP should retain national responsibility for minimum standards, outcomes, data, evaluation and performance oversight, and continue to commission where devolved arrangements are not yet in place.

6. There are significant risks associated with the transition between existing and future programmes. The Government should manage the transition carefully. Where successor provision will not be ready before Restart referrals end, the Restart Scheme should be extended for long enough to provide a seamless transition. This would avoid the loss of experienced staff, employer relationships and established delivery capacity that the future system will need.

How can the local delivery of employment support best respond to the needs of different places and groups, including by helping to fill local skills gaps and channelling support

through institutions people trust?

7. ERSA members are based in local areas and have long-standing relationships with employers, training providers, colleges and other community organisations. They are trusted organisations within their communities and deliver holistic, high-quality employment support to people throughout the UK.

8. Local delivery of employment support can best respond to the needs of different places and groups when it is integrated with other local support services, for example debt advice, housing support, health services and transport. Where employment support is co-located with these services, a more holistic service can be provided to participants, addressing the wider barriers which can prevent people from entering and remaining in work.

9. Our members have decades of experience of engaging with communities that do not normally interact with Jobcentre Plus and the benefit system. Local employment support should therefore make use of the trusted relationships that providers and community organisations have already established.

10. Integration with other services and becoming trusted in communities takes time. Therefore, the government should commit to long-term, stable funding for employment support. We have seen that the ending of programmes and funding streams can lead to the loss of established services, relationships and expertise, leaving gaps in support for people in communities. Short-term funding also makes it more difficult for providers to retain experienced staff and build effective relationships with employers and other local services.

11. Referral routes should also be opened beyond Jobcentre Plus, to allow referrals from other routes, such as health settings, housing associations, colleges, charities and community organisations, alongside self-referral. This is particularly important for people who are economically inactive and may have no existing relationship with Jobcentre Plus. A wider range of referral routes would enable employment support to reach people earlier and through institutions they already trust.

12. Employers should be involved in the design of employment support programmes and should work with local commissioners to identify current and future skill needs. This can help create clearer pathways from employment support into the jobs that local economies need to fill.

13. As we move to a more devolved system of employment support, national government needs to ensure that all local commissioners have the expertise and capability to commission high-quality employment support that is aligned with local labour market needs, local economic ambitions and national policy objectives. This could include

establishing a national commissioning support function; providing training and development for commissioners and contract managers; and giving practical guidance on programme design, procurement and performance management.

Are there any particular areas or groups, including age groups, being ignored or disadvantaged by the main non-Jobcentre Plus employment support programmes and by the extension of devolution?

14. ERSA believes that the people most at risk of being underserved by the current employment support landscape are those who sit outside the traditional Jobcentre Plus and benefits system. This includes economically inactive people, young people who are NEET, people aged 50+, women returning to work, refugees, people with disabilities and health conditions, people with criminal justice experience and people seeking to move into self-employment.

15. Since the end of the European Social Fund (ESF), there has been a reduction in funding for employment support programmes aimed at cohorts who do not traditionally engage with the main DWP employment support programmes. ESF-funded provision played an important role in reaching people outside the mainstream benefits system. It was replaced by the UK Shared Prosperity Fund (UKSPF), which provided substantially less funding for employment support. The gap between ESF and UKSPF funding also resulted in organisations closing, experienced staff leaving the sector and established relationships with communities and employers being lost.

16. UKSPF has since been replaced by the Local Growth Fund (LGF), creating further concern for the sector. The government describe LGF as "a 10-year capital settlement from 2026-27 to 2035-36, for specific mayoral city regions in the North and Midlands".[1] Employment and employability outcomes are significantly less prominent within the LGF than they were within UKSPF, while the geographical coverage is also much narrower.

17. Two-thirds of England's population live in areas that will not receive funding through the Local Growth Fund. This includes areas such as London, Cumbria, Leicestershire and Cornwall. Research from the Industrial Communities Alliance found that the overall budget for the LGF is 75% lower than the £915 million available through UKSPF in England in 2024-25.[2] This creates a particular risk that people living outside the areas benefiting from the LGF will not have access to specialist employment support. It also sets a concerning precedent for future programmes, which may miss out populations that are not included within funding criteria or

[1] UK Shared Prosperity Fund, Question for Ministry of Housing, Communities and Local Government, UIN 66586, tabled on 10 July 2025
[2] England's New Local Growth Fund: An Assessment, Industrial Communities Alliance, November 2025

specified geographies.

18. Young people are one of the clearest examples of a group at risk of being missed. 16–18-year-olds are not eligible for current DWP programmes such as the Jobs Guarantee, which is aimed at 18–24-year-olds on Universal Credit for 18 months or more. In practice, this means that it is unlikely for anyone to eligible for support until they are 19 and a half. More broadly, only around one-quarter of young people classified as NEET are on unemployment-related benefits, meaning that a substantial proportion are not visible to the benefits system. Around half of young people who are NEET are not claiming benefits at all.[3]

19. Young people who are NEET, and particularly those who are not claiming benefits, need accessible, earlier/preventative routes into employment support through schools, colleges, youth services, local authorities, charities and other trusted community organisations.

20. Many people who could benefit from employment support are not claiming unemployment-related benefits and therefore have no regular interaction with Jobcentre Plus. This includes people who have left the labour market because of ill health, caring responsibilities or other barriers. ERSA has consistently argued for open access to employment support, regardless of whether someone is on benefits, in work or out of work.

21. There is also a risk that people with more complex barriers are underserved as provision becomes more locally commissioned. The Work and Health Programme closed for new referrals in September 2024 and was replaced by the smaller Connect to Work programme. While Connect to Work is now operational in most areas, the scale of provision remains substantially smaller than the Work and Health Programme. This reinforces the importance of ensuring that people with disabilities and health conditions can access specialist employment support.

22. Refugees are another group for whom there has been a reduction in dedicated employment support. The Refugee Employability Programme (REP) closed to new referrals in December 2024 and has not been replaced. REP provided specialist employment support to refugees, including people who may face language barriers, difficulties transferring qualifications and limited familiarity with the UK labour market.

23. There is also limited contracted provision specifically supporting people who want to move into self-employment following the end of programmes such as the New Enterprise Allowance and relevant European funding. Self-employment can provide an important route into the labour market for some people, particularly those who face

[3] There's one million NEETs in the UK. Are we doing enough? Learning and Work Institute, March 2026

barriers to conventional employment.

24. There are also significant risks associated with the transition between existing and future programmes. The Restart Scheme is due to be replaced by Future Employment Support (FES). DWP currently estimates that FES will go live in February 2028, while referrals to Restart are expected to end in summer 2027. This creates a potential gap between the end of new Restart referrals and the introduction of FES.

25. This risk could be particularly acute if FES is commissioned locally across a number of areas with different procurement and mobilisation timetables. Different start dates could result in periods in which there is no equivalent employment support available for people who become long-term unemployed. Furthermore, there is a risk that this could be further exacerbated is this timeline is further delayed while DWP establish devolution arrangements.

26. The Government should therefore manage the transition carefully. Where successor provision will not be ready before Restart referrals end, the Restart Scheme should be extended for long enough to provide a seamless transition. This would avoid the loss of experienced staff, employer relationships and established delivery capacity that the future system will need.

27. The National Audit Office has previously recommended the government should reduce the cost of scaling up and scaling down employment support and should consider whether to maintain contracted-out employment support between economic shocks to maintain a market and to enable providers to more easily scale up capacity when it is needed.[4]

28. Finally, there is a particular risk that the extension of devolution creates inequity between areas. There are already differences between areas with and without Mayoral Combined Authorities, including differences in access to devolved programmes and additional funding. As employment support is devolved further, people living in areas without established devolved structures should not be left with fewer opportunities for support.

What are the risks and opportunities of devolving more power over employment support, including in areas without elected Mayors?

29. There are significant opportunities for a devolved system of employment support to deliver better join-up at a local level. Local areas will be better placed to align employment support with their economic priorities, local labour market challenges, employer demand and the needs of their residents. This could allow employment

[4] The Restart scheme for long-term unemployed people, National Audit Office, December 2022

support to contribute more directly to local growth and economic development.

30. There is also an opportunity to join up employment, skills and health support more closely. Individuals could access different types of support within a local system, rather than being prevented from accessing one programme or funding stream because they are already enrolled on another.

31. However, there is a risk that areas without sufficient expertise or capability in commissioning employment support could deliver worse outcomes for residents. The experience of Connect to Work demonstrates the importance of local commissioning capacity. Some areas, such as West London, began referrals in May 2025, while other areas have taken considerably longer to establish their provision.

32. Additionally, there was also significant variation in the commissioning of UKSPF. As it was given to over 250 local authorities to invest in and commission services, this included devolution to local authorities with limited commissioning experience. Responding to a freedom of information request, the Department for Levelling Up, Housing and Communities (DLUHC) stated that 24 Local Authorities did not allocate any funding to People and Skills whatsoever.[5] This outlines the risks that could be created by a fully devolved system, where some areas have specialist employment support offers for citizens, and other areas have none.

33. ERSA members have also reported significant differences in the commissioning of Connect to Work between areas, including differences in commissioning models, procurement processes, evaluation criteria, pricing, timescales and approaches to market engagement. In some cases, commissioning processes have been restarted, creating uncertainty for providers and delaying the availability of support to participants. ERSA is currently undertaking research into providers' experiences of Connect to Work commissioning and will share the findings with the Committee once published.

34. National DWP contracts provide a mechanism for establishing consistent minimum standards and ensuring that employment support is available to particular groups across the country. In a fully devolved system, local priorities may vary and employment support could receive less focus in some areas than others.

35. Devolution risks fragmenting the employment support system in many ways, including diverting funding into duplicated administration, infrastructure, and bidding processes, and thus away from frontline support; losing mechanisms for sharing learning and best practice across regional boundaries; creating more complexity for employers and thus reducing their capacity/willingness to engage with employment

[5] Department for Levelling Up, Housing and Communities, Freedom of Information Act 2000 – 28860157, 25 September 2023

support providers; and losing the ability to assess effectiveness and evaluate outcomes if national datasets and performance measures are not maintained.

36. Devolution should therefore be accompanied by a strong national standards and principles. Local areas should have flexibility to determine how they meet local needs, but there should also be minimum national expectations around access, quality, specialist provision and the groups that local systems should seek to engage.

37. Long-term funding is also essential if devolution is to deliver better outcomes. Employment support requires time to build relationships with participants, employers and other local services. Short-term funding and commissioning cycles make it difficult for providers to retain experienced staff and maintain delivery capacity. They also make it harder for local commissioners to develop stable, long-term approaches to employment support. Employability has been devolved in Scotland, but due to the nature of agreements with UK Government, funding has been underpinned by annual settlements, creating uncertainty for providers and making it more difficult to develop stable infrastructure.

38. There is a particular risk that the extension of devolution creates disparities between areas with and without Mayoral Combined Authorities or other devolved structures. Areas with Mayoral Combined Authorities have already benefited from additional funding and employment support initiatives, including trailblazer funding, which have not been available on the same basis to other areas.

39. There are real opportunities for a devolved system of employment support to be successful, particularly better integration with other forms of support and stronger join-up with local economic priorities. However, it needs to be accompanied by strong national standards and principles. Local areas should have flexibility to determine how they meet local needs, but there should also be minimum expectations around access and quality, support for local commissioning capability, and oversight to ensure that devolution of employment support delivers strong results for the service user, delivery organisations, local authorities and taxpayers.

Which decisions about the design and delivery of employment support should sit nationally, and which should sit locally, and what does this mean for DWP oversight and accountability, including the setting of objectives and outcomes for local areas?

40. National government should set clear national policy objectives. This could include increasing the employment rate, closing the disability employment gap or reducing the number of young people who are NEET.

41. Local areas should have the flexibility to determine how these objectives are achieved. They should be able to design employment support interventions around their local labour market, economic priorities and population. This should include the ability to integrate employment support with local skills, health, housing and other services and to commission providers that have the expertise and relationships required locally.

42. DWP should set national minimum standards, establish clear definitions and measures for outcomes, ensure accountability for value for money, and monitor whether local areas are meeting agreed objectives. DWP should also support and challenge local areas where performance is weak.

43. For established MSAs, local commissioning should be the starting point. However, they should continue to have access to national commercial, data, evidence and quality-assurance infrastructure.

44. For newer or developing MSAs, DWP should be able to provide additional support and use its expertise in commissioning to help build local capability. Co-commissioning between DWP and newer devolved areas could provide a practical transition, combining local influence over service design and provider choice with established national commissioning expertise.

45. For areas without an MSA or equivalent devolved structure, DWP should retain responsibility for commissioning employment support where the necessary local commissioning arrangements or capability are not yet in place. This should not mean that provision is designed without local input. Local authorities and other partners should be involved in service design to ensure that provision reflects local labour market needs.

46. DWP should also provide national commissioning infrastructure which local areas can access. This could include procurement and commercial expertise, quality assurance, labour market intelligence, data, evaluation and evidence about what works.

How much flexibility do Jobcentres have to procure and deliver their own employment support, and how effectively do they take advantage of whatever flexibility they do have?

47. Jobcentre Plus Work Coaches have the dual role of checking benefits compliance to ensure people are actively job seeking and providing employment support. High caseloads and limited time can restrict the opportunity for in-depth conversations about people's circumstances and barriers to work. For some people, the Jobcentre

may also not be a trusted environment in which to discuss these barriers.

48. As Jobcentre Plus transitions to the National Jobs and Careers Service, there should be understanding that this new service should not be expected to deliver all employment support themselves. There is an important role for specialist and trusted employment support providers, particularly for people with complex barriers or those who are less likely to engage with the benefits system.

49. Currently there is some scope for Jobcentres to procure and deliver locally responsive provision through Flexible Support Fund Dynamic Purchasing System 2 (FSF DPS 2), but these are often small-scale and the details and outcomes for these interventions are hard to find.

How strong is the evidence base for how to optimise employment support outcomes, and what explains the difference between the best and worst performing areas? What can be learned from international comparators?

50. There is a strong and growing evidence base for the key features of effective employment support. These include: personalised, holistic support that is integrated with other services; trusted relationship between a participant and adviser; strong engagement with employers; and in-work support.

51. There is also evidence from previous nationally commissioned programmes that well-designed employment support can deliver significant employment and value-for-money benefits.

52. Evaluations of nationally commissioned programmes demonstrate significant returns on investment. For example:
    a. The Restart Scheme, which provides up to twelve months of personalised support, is expected to generate £2.44 in benefits for every £1 spent.[6]
    b. The Job Entry Targeted Support (JETS) scheme, which provided six months of support during the COVID-19 pandemic, was found to return between £5.93 and £6.35 over five years for every £1 spent.[7]
    c. The Work Programme, which supported nearly two million people into sustained work between 2011 and 2017, was found to return between £2.42 and £4.51 in society-wide benefits over four years for every £1 spent.[8]
    d. Work Choice, which provided specialist employment support to more than 158,000 disabled people, was found to deliver £2.98 in social benefits for

[6] The Restart scheme for long-term unemployed people, National Audit Office, December 2022
[7] JETS (Job Entry Targeted Support) Impact Evaluation, Department for Work and Pensions, February 2025
[8] The Work Programme Evaluation 2020, Evaluation Task Force, February 2022

every £1 spent.[9]

53. However, differences in performance between areas cannot be explained solely by the quality of employment support**.** Local labour market and quality of life conditions are also an important factor. Areas with high levels of poverty, economic inactivity, ill health and limited employer demand face significantly greater challenges than areas with stronger labour markets.

54. The stability of funding and commissioning arrangements is also important. Employment support depends on experienced staff, relationships with participants and employers, and established local delivery networks. Short-term funding and frequent changes in programmes can undermine these relationships and make it harder for providers to invest in their workforce and develop innovative approaches.

55. This is one reason why the transition from existing programmes needs to be carefully managed. Restart providers and their supply chains have built employer relationships and vacancy pipelines over five years of delivery. Allowing this capacity to disappear before successor provision is operational risks losing capability which will then have to be rebuilt.

August 2026

[9] Work Choice impact evaluation, Department for Work and Pensions, February 2025