



# Contents

About the Centre for Social Justice	2
Director's preface	3
Members of the CSJ Working Group	6
Special thanks	10
Chairman's foreword	13
Breakthrough Britain 2015	15
Executive summary	17
<b>Introduction</b>	<b>35</b>
<b>1 Education for employment</b>	<b>43</b>
Intensive support for the most at risk young people	44
Quality careers advice	49
Meaningful work experience	55
<b>2 The 'Gateway'</b>	<b>59</b>
A co-ordinated Youth Offer to tackle youth unemployment	59
<b>3 Removing barriers</b>	<b>65</b>
Reform of Jobcentre Plus	65
Refining the Work Programme	71
Improving mobility in housing	74
<b>4 Purposeful progress</b>	<b>81</b>
Sustaining and progressing in work	85
<b>Conclusion</b>	<b>91</b>

# About the Centre for Social Justice

The Centre for Social Justice (CSJ) aims to put social justice at the heart of British politics. Our policy development is rooted in the wisdom of those working to tackle Britain's deepest social problems and the experience of those whose lives have been affected by poverty. Our Working Groups are non-partisan, comprising prominent academics, practitioners and policy makers who have expertise in the relevant fields. We consult nationally and internationally, especially with charities and social enterprises, who are the champions of the welfare society.

In addition to policy development, the CSJ has built an alliance of poverty fighting organisations that reverse social breakdown and transform communities. We believe that the surest way the Government can reverse social breakdown and poverty is to enable such individuals, communities and voluntary groups to help themselves.

The CSJ was founded by Iain Duncan Smith in 2004, as the fulfilment of a promise made to Janice Dobbie, whose son had recently died from a drug overdose just after he was released from prison.

Director: Christian Guy

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# Director's preface

Before the 2010 General Election the Centre for Social Justice (CSJ) published three significant reports which paved the way for important systemic welfare reform. In *Breakdown Britain*, *Breakthrough Britain* and *Dynamic Benefits* we made the case for changes to the way our country supported people on the journey from welfare to work, and we began a process of designing Universal Credit – a landmark reform to simplify the system and target the perversely high marginal tax rates which trapped people out of work and in poverty.

These reports established some first principles by which our welfare system should operate: care for those who cannot work but greater ambition for those who can; a more realistic welfare system to mirror the world of work and decision-making as far as is possible; welfare as a journey not a destination; and an end to the State's monopoly on back-to-work support.

Crucial to today's policy debate, the CSJ also revealed that a period of economic boom had failed to improve the lives of many of the poorest people in our country. Despite 63 consecutive quarters of economic growth: more than four million people of working age were on-out of-work benefits; almost two million children were growing up in workless households; the number of households in which nobody had ever worked nearly doubled between 1997 and 2008; the working-age benefits bill increased by 40 per cent in real terms (during the economic boom under the previous government); and a significant number of jobs created in the British economy went to immigrants because employers were unable to find British workers with the right skills.

These inconvenient truths remain of tremendous relevance for those planning for office in 2015. What they prove is that politicians cannot assume a rising tide will lift all boats. Recent history has shown that economic growth doesn't necessarily trickle down to our poorest communities or reduce the nation's welfare bill. These difficult, often entrenched social problems, don't vanish simply because GDP growth is positive rather than negative.

Undoubtedly progress has been made under the Coalition. Serious reform, based on the key principles noted above and designed to confront some of these hard social realities, is underway. None of it is perfect and inevitably some mistakes have been made, but even Opposition MPs recognise that an important welfare revolution has begun. These key reforms must be protected.

But we must also understand that welfare reform and confronting the waste of worklessness was never a one term mission for a Government. Because of the depth of the inter-generational social challenges, and the wider economic context, those who enter office next year will inherit quite a to-do list.

As well as needing to complete the implementation of Universal Credit by 2017/18, manage an improving Work Programme and see through disability reforms, for the first time a Government will be required to operate within an overall welfare limit. The new AME cap will mean an even greater level of political and public scrutiny is applied to social security spending. This must focus policy makers on reducing the demand for welfare, especially in terms of how we can deal with the low pay and high cost housing which fuels much state subsidisation of our 'working poor', rather than reducing spend by slicing away at individual programmes and entitlements.

Added to the pressure of operating under a welfare cap, independent analysis suggests further public expenditure savings will be required in the early years of the next Parliament in order to reduce the deficit. Conservatives have hinted that this may mean many more billions of pounds slashed from the social security bill. The working-age population is likely to bear the brunt of that once again, even if certain pensioner benefits do end up on the table.

During the next Parliament the debate about child poverty will also intensify, as the sitting Government races towards the 2020 deadline, and, as we argue in this new paper, much more attention should turn to slashing our stubbornly high young unemployment levels.

In that regard as we publish this report we call for an incoming Government to declare reducing youth unemployment its 'moral mission'. As New Labour made clear its early commitment to ending child poverty within a generation (regardless of how narrow and counter-productive the agenda eventually became) and as the present Government declared deficit reduction as its unifying national duty in office, we call on political leaders to make a meaningful pledge for young people.

Our hope is that this report might inspire such action and inform those who hope to be in Government next year. Within these pages we attempt to articulate a new Youth Offer to reduce the number of young people who are not in employment, education or training (NEET). From primary school to adulthood, we propose restless intervention to give young people who might be at risk of unemployment every single opportunity they need to avoid it. From career coaching to online portals, from work experience to a Community Wage, this would be a four-stage system intent on removing people's barriers to success.

We have been inspired by pockets of excellence we have discovered around the country and the common sense principles many have argued for previously. If implemented in full, this package of reforms would mean we work with every young person vulnerable to worklessness to prevent it, and we ensure those in the grip of youth unemployment are permanently engaged with services.

It is only right that with such renewed commitment from the State, young people and their families demonstrate desire too. This would be a highly ambitious system in which everybody is expected to do something – young people who refused to take full responsibility can no longer expect open-ended support. The welfare system is a two-way process – help from the State must be matched by commitment from the individuals we are seeking to support. That is only fair.

We also propose important reform of Jobcentre Plus, to improve the welfare to work journey for job seekers. Considerable improvements have been made within Jobcentre Plus under the Coalition of late, but plenty more could be set to build on the work revolution underway. We look to Australia for inspiration and call for greater competition in the back-to-work market. The report also makes recommendations which would focus minds on increasing progression in work. Whilst many accept that they have to start somewhere in the jobs market, which might be lower paid entry level work, they should not end up stuck there. The world of work has to reward people's efforts and ambitions.

In publishing this report I would like to thank Baroness Debbie Stedman-Scott OBE for her leadership during our review and for the wider work she has pioneered to give young people a better chance in life. She has been supported tirelessly by her dedicated working group and by the report's author Tom Wardle at the CSJ. They have met countless people who have given evidence, hosted visits and offered feedback on the emerging ideas – we are grateful to them all. My thanks also to Alex Burghart, the CSJ's Policy Director, and the wider team.

We all hope this report might spark a deeper determination to act for young people, for the families who still need help and for our society at large. This is the necessary next stage if welfare reform is to leave a lasting legacy of life change.

**Christian Guy**

Director, The Centre for Social Justice

# Members of the CSJ Working Group



**The Baroness Stedman-Scott OBE, DL (Chairman)**  
Chief Executive, Tomorrow's People

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Debbie is Chief Executive of Tomorrow's People, a national employment charity that works in some of the UK's most deprived communities. She has been with Tomorrow's People since it was founded in 1984 and has imbued the charity with her enthusiasm and 'nothing is impossible' attitude.

Debbie is a leading thinker in the Welfare to Work sector and her advice is sought by many think-tanks and advisory boards. She was Deputy Chair of the Social Justice Policy Group, during which time they published the hugely influential *Breakdown Britain* and *Breakthrough Britain* documents.

Debbie is a founder member of the Employment Related Services Association and its first Chair. She has a number of external positions including Trustee of New Philanthropy Capital and member of the CBI's Employment Advisory Group.

She was appointed Deputy Lieutenant of East Sussex in 2007 and awarded an OBE in 2008 for services to the unemployed. In July 2010, Debbie was ennobled and took her seat in the House of Lords as The Baroness Stedman-Scott of Rolvenden.



**Tom Wardle, Researcher, Centre for Social Justice (Author)**

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Tom is a Researcher at the Centre for Social Justice. He leads the CSJ's research on welfare reform and child poverty. He has authored, researched and contributed to several CSJ reports including *Signed On, Written Off: an inquiry into welfare dependency in Britain*, *Turning the Tide: Social justice in five seaside towns* and *Rethinking Child Poverty*. He was educated at the University of Manchester, where he received a Bachelors degree in Politics and International Relations and a Masters degree in Poverty and Development.



**Chris Arthur, Operations Director, ManpowerGroup**

Chris has worked at ManpowerGroup for over twenty years, working up from Branch Consultant to being a part of the Senior Management Team as Director of ManpowerGroup Solutions.

Chris has worked with a wide number of private and public sector clients during his career. In his time at ManpowerGroup, Chris has been instrumental in developing a number of major on-site client contracts and has been at the forefront of developing industry-leading innovative workforce management solutions for a number of global organisations. He is passionate about making business easier for clients and in the opportunities that work can provide for everyone.



**Nicholas Boys Smith, Founding Director of Create Streets  
and former Advisor to Peter Lilley MP**

Nicholas is the founding Director of Create Streets, a social enterprise encouraging the creation of more urban homes in conventional, terraced streets rather than complex multi-storey buildings. Nicholas was previously Managing Director of Lloyds Banking Group's International Wealth business. He started his career in the financial services practice at McKinsey & Co in London, Paris and Beijing.

He is the author of a wide range of studies and pamphlets mainly on social and economic policy. Several of these have materially impacted government policy – most notably *Reforming Welfare* (2006).

Nicholas has also worked as an advisor and speech writer for a range of front bench politicians mainly on the benefit system and was appointed by George Osborne as Secretary of the Tax Reform Commission under the chairmanship of Lord Forsyth. Nicholas is a trustee of the Swan Housing Foundation and a consultant director of Reform.

Nicholas has a double first and an MPhil with distinction in history from Cambridge University and has recently been invited to become an Academician of the Academy of Urbanism.



**Deven Ghelani, Director, Policy in Practice**

Deven is the Director of Policy in Practice, an independent organisation founded to support the implementation of policy.

Deven led the CSJ's work on economic dependency for three years and has written extensively on welfare policy, government spending and employment. His publications include *Outcome-based Government*, a guide to maximising returns from public spending and *Creating*

*Opportunity, Rewarding Ambition*, an analysis of entry level employment, with recommendations to improve employment opportunities for long-term job seekers.

He was a consultant at KPMG prior to taking strategy-focussed roles at a venture capital backed start-up and leading law firm before conducting independent research on welfare policy that led to his role at the CSJ. He has also worked on voluntary initiatives in the UK, Japan and East Africa.



**Mike Hughes, Founder and Chief Executive, Twenty Twenty**

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Mike is the Founder and Chief Executive of Twenty Twenty, a charity based in the Midlands helping disadvantaged and disengaged young people to believe in themselves, achieve in education, and find employment. Prior to that Mike was in Church ministry, and had a particular focus on launching and supporting charities and community projects in the UK and overseas.



**Maeve McGoldrick, Director of Policy and Communications,  
Employment Related Services Association**

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Maeve joined ERSA, the sector body for organisations that support people into employment, as the Director of Policy and Communications in January 2014. Previously she spent almost six years at an east London charity, Community Links, where she was responsible for the policy, public affairs and campaigns activity which centred around work, welfare and poverty.

Before that Maeve worked for an international grassroots anti-poverty organisation, ATD Fourth World. Starting as a family support worker she went on to lead the Working Neighbourhoods Team project and the Government Relations programme for the UK and Europe. Maeve has held other campaign and communication roles with the British Youth Council and Rethink, the mental health charity. In 2010 she was the UK ambassador for the EU year against poverty and currently sits on a number of influential committees and advisory groups related to welfare and unemployment.



**Fran Parry, Director, Centre for Economic and Social Inclusion**

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Fran is Director at the Centre for Economic and Social Inclusion, a leading research organisation specialising in employability, skills and social justice. She has worked operationally and strategically in senior roles across the private and voluntary sector.

Fran is a past Chair of ERSAs, the trade association of the Employability sector, leading it through a significant period of sector growth in delivery. Subsequently she sat on the Merlin Standard Advisory Board, supporting provider adherence to the DWP Code of Practice.

Fran led on the conception of a body of work around the professionalisation of the Employability sector, culminating in an accreditation framework for operational and management staff and the creation of the Institute of Employability Professionals of which she is currently the interim Chair.

Fran is particularly interested in youth engagement and directs the Youth Employment Convention, an annual opportunity for sector professionals, young people and employers to share best practice around employment and skills delivery to young people.



**Charmaine Young CBE, Chief Executive, Berkeley Foundation**

Charmaine trained in Building Construction and has worked in Housing Regeneration for over 40 years. She worked in Local Government for 16 years, initially for Birmingham City Council and then for Sheffield City Council where she was Assistant Director of Housing. Since then she has worked in the private sector for Wimpey and Lovell Partnerships. In 1999 she was appointed as Regeneration Director for St George, London's leading mixed-use and residential developer, the first property developer to have been granted The Queen's Award for Enterprise: Sustainability Award in 2002.

Charmaine is a Fellow of the Institute of Directors and the Royal Society of Arts. In 2003, she was appointed a CBE by Her Majesty The Queen for service to Urban Regeneration and subsequently included in Who's Who. In September 2010 Charmaine became a Main Board Director of St George Plc. In February 2013 Charmaine became the Chief Executive of the Berkeley Foundation.



**Corin Taylor, Head of Communications Research and Planning,  
Centrica Energy (currently on secondment)**

Corin is responsible for carrying out quantitative and qualitative research to inform Centrica Energy's communications, and is currently on secondment to an industry trade body. Prior to joining Centrica Energy, Corin was a Senior Economic Adviser at the Institute of Directors, where he wrote and commissioned a number of pieces on energy, infrastructure and economic policy.

He was previously a member of the Social Return on Investment Working Group and Economic Dependency Working Group at the Centre for Social Justice, Secretary to the Public Sector Pensions Commission and Political Secretary to the Tax Reform Commission.

Prior to joining the Institute of Directors, he worked as Research Director at the TaxPayers' Alliance and Economics Research Officer at the Reform think-tank. He has also written for Lloyds TSB and a number of think-tanks on a freelance basis, including Policy Exchange, Civitas and the Centre for Policy Studies.



**Steph Taylor, Head of Talent Match London, London Youth**

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Steph is Head of Talent Match London, a pan-London, youth-led partnership approach to long-term youth unemployment designed by employers and the voluntary sector. Its focus is on enabling young people who face the biggest barriers to have more and better opportunities to get into sustainable careers.

Steph is a qualified guidance professional and specialises in working with young people who need personalised mentoring to decide on their career path and get back into education or employment. In 2004 she received a national award for 'Outstanding New Careers Adviser'. She has since developed and managed alternative learning and outreach education and careers programmes for 13-25 year olds, and worked as a consultant on the 2009-10 DCSF pathfinder into Career-Related Learning at primary age. Previously the Assistant Director for Education at Catch22, Steph managed national operational teams delivering alternative education and employability contracts and led on innovation, research and standards.

# Special thanks

The Centre for Social Justice (CSJ) would like to thank the many people and organisations who kindly gave their time to contribute evidence during the course of this review. Our thanks go to the Working Group for their time and expertise. Particular thanks to The Baroness Stedman-Scott OBE, DL, the group's Chair; for her incredible leadership and commitment to the review. Special thanks also go to Alex Burghart, CSJ Director of Policy, for his invaluable help and guidance.

We would also like to thank Anne Linsey, Jeremy Hay Campbell, London Youth, Mark Fisher, Professor Mike Brewer and Stephen Brien.

We are extremely grateful to Berkeley Foundation, ManpowerGroup UK, Post Office and Sweeep Kukusakoski for supporting this project.

## Berkeley Foundation



Tackling unemployment, particularly among young people, is at the heart of our work. Clear evidence and fresh ideas are a pivotal part of the solution, and the CSJ bring both in abundance.

## ManpowerGroup UK



ManpowerGroup™ (NYSE: MAN) is the world leader in innovative workforce solutions that ensure the talent sustainability of the world's workforce for the good of companies, communities, countries, and individuals themselves.

Specialising in solutions that help organizations achieve business agility and workforce flexibility, ManpowerGroup leverages its 65 years of world of work expertise to create the work models, design the people practices and access the talent sources its clients need for the future. From staffing, recruitment, workforce consulting, outsourcing and career management to assessment, training and development, ManpowerGroup delivers the talent to drive the innovation and productivity of organisations in a world where talentism is the dominant economic system.

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See how ManpowerGroup UK makes powering the world of work humanly possible at [www.manpowergroup.co.uk](http://www.manpowergroup.co.uk).

#### Post Office



The Post Office is a commercial business with a public purpose. Our 11,500 branches sit at the heart of communities across the UK offering a wide range of mails, financial, government and telecoms services. The Post Office is focussed on growing as a business and modernising its network, complemented by a growing digital presence.

#### Sweep Kuusakoski



# Chairman's foreword

Worklessness is truly devastating for the people and communities that experience it. Particular damage is done to young people. From my 30 years at Tomorrow's People, I have seen first-hand the poverty of aspiration and poverty of determination experienced by some of our young people in local communities. I have seen all too clearly the impact that being jobless can have, but I have also seen what young people can achieve when the right agencies with the right skills, talent, time and care, come together with business and government. There is nothing more inspiring than seeing young lives turned around to become the engaged, committed and contributing members of the community that most of them want to be.

The recent fall in unemployment should be welcomed but we must not allow ourselves to become complacent. Behind the increasingly positive national figures lie neighbourhoods across the UK where stubbornly complex disadvantage remain a depressing norm. Previous economic booms have brought prosperity for the majority, but too many places and people have been left behind. As the economy starts to recover again, we cannot turn our backs. What young people need most urgently is help to prepare them for the world of work and ensure that they make a good transition from education.

Our interim report *Signed On, Written Off* was published in 2013 and charted the extent of the problem in detail. This report turns the focus to solutions. We commend the Government for taking the initiative to reform a broken welfare system, but now call on whoever is next in Downing Street to go further.

We outline a plan to tackle worklessness and give particular attention to young people. Our desire is for a system that does not wait until young people actually becomes unemployed before offering them assistance. Instead, getting decent work should be seen as a journey. For some, that journey will be a long and complicated one that will require quality and consistent support every step along the way.

Tackling worklessness and welfare dependency has to be the priority for the next government. That is why, as part of this report, we have issued an urgent call to action for any political party preparing for office. We challenge them to commit to eliminating long-term youth unemployment as part of a wider mission for full employment. We set out in the report what steps should be taken to make this a reality.

This project has been capably supported from the start by an expert Working Group. We have met regularly since 2012 to take evidence to guide and inform our thinking. The breadth of evidence from our public hearings has been striking; including academics, politicians, grassroots charities, employers, trade bodies, housing associations and young people themselves. We also issued a call for written evidence and received scores of valuable responses. Our full-time researcher Tom Wardle has made it his mission to visit as many places across the UK to get a solid understanding of the problems and how we might address them. These trips have enabled us to harness the wisdom of some of the most inspiring people who are tackling social breakdown today. Even in the most deprived parts of the country, these people prove that poverty can be defeated.

I would like to extend my thanks to the Working Group for their contribution to the project. I am also very grateful to the many people and organisations who gave evidence to our team. This has deeply enriched the process and enabled us to produce a piece of work which offers people trapped out of work or on low pay the chance of a better future. Most of all I want to thank Tom Wardle for his unstinting commitment to the project, without which we would not have the quality of document we have today.

Finally, we must stand by any pledges we make. Young people know it's not what we say, it's what we do, and it's not what we promise, it's what we deliver.

**The Baroness Stedman Scott OBE, DL**

Chair of the Economic Dependency and Worklessness Working Group

# Breakthrough Britain 2015

The Centre for Social Justice shone a light on the shocking levels of deprivation that blight communities across the UK in 2007 in our report *Breakthrough Britain*. The project transformed the British political landscape, reinvigorated a tired debate on how to tackle poverty and was hailed as a definitive research paper on social problems in modern Britain.

This unprecedented diagnosis of deprivation led us to identify five interlinked 'pathways to poverty'. These were:

- Family breakdown;
- Economic dependency and worklessness;
- Educational failure;
- Drug and alcohol addiction; and
- Serious personal debt.

Alongside this, we made recommendations about unlocking the potential of the voluntary sector to reverse social breakdown.

These reports revealed how, despite the longest period of continuous economic growth in modern history – more than 60 quarters – and unparalleled levels of government spending, a large proportion of British society remained cut off from the mainstream. We argued that what was trapping people was not necessarily the economy but their exposure to long-term worklessness, family breakdown, poor education, addiction and serious debt, and that too often government intervention was focussed on trying to alleviate the symptoms of poverty, rather than these causes.

Seven years on, the UK is in a radically different political and economic position – but the need to give a voice to the most disadvantaged people could not be greater. For this reason we have spent the past two years researching *Breakthrough Britain 2015* – a fresh assessment of how the five pathways are continuing to hold people, families and communities back.

Following on from our six 'state of the nation' reports last year, over the coming months we will publish recommendations to all political parties, again showing how people can be

helped back to work, families kept together, educational achievement improved, addiction and personal debt relieved. The work will amount to an exciting and radical programme for any Government in 2015.

These six policy reports are the culmination of an extraordinary process. Our team has travelled tens of thousands of miles around the country, visiting our most deprived communities – from Rhyl to Ramsgate, from Margate to parts of Manchester, from Great Yarmouth to Glasgow – to discover first-hand what is fuelling poverty. We have carried out extensive public polling, conducted several thousand meetings with charities, frontline workers and policy experts, and heard from huge numbers of people struggling to get their lives back on track. For further inspiration we have looked abroad, taking evidence from successful projects around the world including those in Australia, the Netherlands, various parts of the USA, Ireland, and Singapore.

As well as our own committed staff, the CSJ has recruited well-known specialists in each of the six areas to be on working groups who have met regularly to take evidence from those who understand the problems best. These dedicated individuals have used their extensive knowledge and contacts to ensure our research is relevant, focussed and influential.

Throughout this process we have constantly been given heart by the remarkable work people are doing to help rebuild the lives of those who have become trapped in poverty. The practical solutions presented in these reports are grounded in their experiences and they are a call to politicians to ensure that the next government continues the fight against poverty by tackling it at its roots.

# Executive summary

In 2007, in our groundbreaking report *Breakthrough Britain*, the Centre for Social Justice (CSJ) identified that our benefit system was broken. Although it alleviated some financial hardship, it did so at a high social and economic price. It rarely secured long-term social progress for many who relied upon it. We showed how high benefit withdrawal rates trapped millions in economic dependency and worklessness, sometimes over several generations.<sup>1</sup>

We argued in our *Dynamic Benefits* report in 2009 that it was essential that the benefit system be fundamentally redesigned to boost employment and earnings over the long term, and to enable people to move out of poverty.<sup>2</sup>

The Coalition Government has embarked upon the most ambitious and wide-ranging programme of welfare reform for generations. There have been three key aspects to this:

- **Overhaul of the welfare system** – at the heart of this is Universal Credit, which was developed by the CSJ.<sup>3</sup> This is designed to simplify the benefit system and smooth the transition into work so that claimants hold on to more of their benefits as they work more, thus making work ‘pay’. Once fully implemented, it will ensure that the welfare system itself is far less of a barrier to work;
- **Comprehensive back-to-work support which breaks the state monopoly of delivery** – the Work Programme, for example, introduces competition by rewarding a range of different providers for offering more personalised support to those furthest from the labour market. It is already taking steps to remove barriers – such as low skills or a lack of experience – that keep people out of work;
- **Entitlement and expectation** – there has been a transformation of who is now expected to look for work and what looking for work should actually entail. For example, thousands of individuals claiming incapacity benefits have been reassessed for Employment and Support Allowance, the new disability benefit. The introduction of Help to Work (an initiative offering intensive support to the very long-term unemployed) is underpinned by the mantra of ‘being in work to find work’.

This report considers what incremental next steps can be taken to build on these achievements and support the principles underpinning them. In doing so, we have asked how

<sup>1</sup> Centre for Social Justice, *Breakthrough Britain: Economic dependency and worklessness*, London: Centre for Social Justice, 2007

<sup>2</sup> Centre for Social Justice, *Dynamic Benefits: Towards welfare that works*, London: Centre for Social Justice, 2009

<sup>3</sup> Ibid

the system can better learn from the challenges people face when trying to find work, how it can do more to help them overcome those challenges, and how it can help to prevent those challenges from arising in the first place.

We argue that this system should represent a coherent offer of support across the life-cycle of an individual's journey. Initiatives should be designed in the context of the steps that people are taking to sustained employment.

It is particularly important that this more refined system better helps the most disadvantaged young people. Not only is there a long-term, structural problem with youth unemployment which has remained far too high even during times of economic prosperity, but it is also the case that early episodes of unemployment can have life-long effects on wages and mental health.<sup>4</sup>

Building on our 2013 interim 'state of the nation' report, *Signed On, Written Off*, we set out ways of tackling youth unemployment, with a particular focus on the most disadvantaged.<sup>5</sup>

Learning from the best innovation, we also outline a series of recommendations designed to remove barriers to employment and support unemployed adults back into work by offering them timely support which is tailored to their needs. For individuals who are least likely to sustain work and who are not fulfilling their potential, we outline how they can be helped to maintain employment and progress in the labour market.

#### *Signed On, Written Off: An inquiry into welfare dependency in Britain (2013)*<sup>6</sup>

- **Welfare spending has risen significantly since the creation of the modern welfare state** – government originally spent just £11 billion a year in real terms in 1948 on welfare, equivalent to four per cent of GDP. It now spends more than £200 billion a year, equivalent to 13 per cent of GDP;<sup>7</sup>
- **The recent recession was not the primary cause of the UK's high economic dependency and worklessness** – the number of working-age people dependent on at least one out-of-work benefit has hovered between four and five million for more than 15 years, including during periods of economic prosperity;<sup>8</sup>
- **Out-of-work dependency is alarmingly entrenched in some UK neighbourhoods** – there are a minority of neighbourhoods in the UK where the majority of working-age people are claiming out-of-work benefits. It is as high as 65 per cent in one neighbourhood in Rhyll, Denbighshire;<sup>9</sup>
- **Intergenerational worklessness does exist** – 96 per cent of our Alliance of poverty-fighting charities surveyed say they observe it through their work;<sup>10</sup>
- **Youth unemployment is a serious cause for concern** – it is primarily a structural issue that has remained a significant problem, almost regardless of economic circumstances. For example, the latest figures

4 Office for National Statistics, 'Labour Market Statistics, May 2014', May 2014 [accessed via: <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcn%3A77-307262> (23.05.14)]; Impetus-Private Equity Foundation, *Make NEETs history in 2014*, London: Impetus-Private Equity Foundation, 2014; The ACEVO Commission on Youth Unemployment, *Youth unemployment: the crisis we cannot afford*, London: Association of Chief Executives of Voluntary Organisations, 2012

5 Centre for Social Justice, *Signed On, Written Off: An inquiry into welfare dependency in Britain*, London: Centre for Social Justice, 2013

6 Ibid

7 Institute for Fiscal Studies, 'A Survey of the UK Benefit System', November 2012 [accessed via: <http://www.ifs.org.uk/bns/bn13.pdf> (23.05.14)] and Office for Budget Responsibility, *Economic and fiscal outlook*, London: Office for Budget Responsibility, 2014

8 Office for National Statistics 'Nomis' [accessed via: [www.nomisweb.co.uk](http://www.nomisweb.co.uk) (28.05.14)]

9 Ibid

10 Centre for Social Justice, *Signed On, Written Off: an inquiry into welfare dependency in Britain*, London: Centre for Social Justice, 2013

show that 507,000 economically active young people are not in employment, education or training.<sup>11</sup> A decade ago, even during an economic boom, 340,000 young people were in this position;<sup>12</sup>

- **In-work dependency is a major issue too** – around 4.3 million working families were receiving one or more of Working Tax Credit, Child Tax Credit, Council Tax Benefit and Housing Benefit in 2012.<sup>13</sup> At one stage under the previous Government, nine out of ten families with children were eligible for some form of welfare support.<sup>14</sup>

## The case for action

The economic crisis has forced politicians to make difficult spending decisions across almost all areas of public expenditure. With around one in every three pounds spent by Government allocated to social security, the welfare budget has been no exception.<sup>15</sup> The working-age welfare budget has borne a significant burden of the Coalition's deficit reduction plan.

Because of this, the politics of welfare reform have dominated this Parliament and most likely will dominate the next. Of particular note has been the recent introduction, backed by all three main parties, of an overall cap on the amount the UK spends on welfare each year. Welfare spending, excluding the state pension and some unemployment benefits, will be capped in 2015 at £119.5 billion. The value of the cap will rise every year in line with inflation.<sup>16</sup>

This cap for the first time places a formal requirement on government to pursue a more preventative, longer-term strategy to tackle the root causes of economic dependency and worklessness. This is because if they fail to control welfare spending, cuts will need to be made elsewhere to stay within the overall limit, or a vote will be required in the House of Commons to secure a mandate to increase welfare spending.

This new political and economic context means an incoming government will have to apply just as much focus to reforming welfare. This is one reason why the reforms we argue for here should be considered by any party planning for office in 2015.

Yet this report's starting point is not about saving money – crucial as that is. Our focus is to propose future measures that will change lives and fight disadvantage, which in turn will reduce the related expenditure burdens. We particularly urge politicians to turn their focus to reducing youth unemployment.

<sup>11</sup> See page 20 for further detail on this

<sup>12</sup> Office for National Statistics, 'Young People not in Education, Employment or Training (NEETs), May 2014', May 2014 [accessed via: <http://www.ons.gov.uk/ons/rel/lms/young-people-not-in-education--employment-or-training--neets-/may-2014/index.html> (23.05.14)]

<sup>13</sup> New Policy Institute, *Working Families Receiving Benefits*, New Policy Institute, 2013

<sup>14</sup> DirectGov, 'Benefits and help for parents going back to work' [accessed via: [http://webarchive.nationalarchives.gov.uk/20090215180949/direct.gov.uk/en/parents/childcare/dg\\_4016029](http://webarchive.nationalarchives.gov.uk/20090215180949/direct.gov.uk/en/parents/childcare/dg_4016029) (23.05.14)]

<sup>15</sup> David Cameron, Welfare speech, 25 June 2012 [accessed via: <https://www.gov.uk/government/speeches/welfare-speech> (11.06.14)]

<sup>16</sup> HM Treasury, *Budget 2014*, London: HM Treasury, 2014

## The scale of the problem

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The latest figures show that there are 975,000 young people (aged between 16 and 24) in the UK who are not in education, employment or training (NEET).<sup>17</sup> This is a welcome decrease of 118,000 since last year, but the level remains far too high. To put this in context, a decade ago (during the economic boom) there were still 835,000 young people in this position.<sup>18</sup> There has been relatively static progress on this issue for too many years.

This headline 'almost a million' figure is frequently cited by those commenting on youth worklessness. However it is important to note that only about half (507,000) of these young people defined as NEET are actually looking for and available for work, and therefore classified as unemployed. The remaining 468,000 are either not looking for work and/or not able to start work, and therefore classified as economically inactive.<sup>19</sup> Two of the biggest single reasons for this inactivity are caring responsibilities or sickness.<sup>20</sup> This crucial distinction between whether a young person is unemployed or economically inactive is not always made by commentators. It should be a point of clarity for the policy debate.

The primary focus of this report is on the former group – young people classified as unemployed. The CSJ is also seriously committed to the latter group, which includes young people with, for example, long-term mental health problems and care-leavers, but has explored these issues elsewhere.<sup>21</sup>

The scale of the challenge to tackle economic dependency and worklessness in the wider adult population is also significant. For example, while the number of people over 24 who have been unemployed for over a year has started to fall, it is still more than 566,000, and whilst the proportion of households in which no-one is in work (excluding pensioners) has reached the lowest level on record, it still amounts to about one in six.<sup>22</sup> Similarly the number of people dependent on out-of-work benefits rose slightly during the recent recession, but has hovered between four and five million for more than 15 years, even in times of economic prosperity.<sup>23</sup>

These national figures also mask intense problems in particular neighbourhoods where the level of welfare dependency is far higher. Our analysis in *Signed On, Written Off* revealed examples of areas where the majority of working-age adults are claiming out-of-work benefits.<sup>24</sup> In one neighbourhood in Rhyl, Denbighshire, it is as high as 65 per cent. These are acute social challenges which must be addressed.

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17 Office for National Statistics, 'Young People not in Education, Employment or Training (NEETs), May 2014', May 2014 [accessed via: <http://www.ons.gov.uk/ons/rel/lms/young-people-not-in-education--employment-or-training--neets-/may-2014/index.html>] (23.05.14)]

18 Ibid

19 Ibid

20 Office for National Statistics, 'Economic Inactivity' [accessed via: <http://www.ons.gov.uk/ons/taxonomy/?nsl=Economic+Inactivity>] (11.06.14)]

21 Centre for Social Justice, *Survival of the fittest? – Improving life chances for care leavers*, London: Centre for Social Justice, 2014 and Centre for Social Justice, *Completing the Revolution: Transforming Mental Health and Tackling Poverty*, London: Centre for Social Justice, 2011

22 Office for National Statistics, 'Unemployment by Duration' [accessed via: <http://www.ons.gov.uk/ons/taxonomy/index.html?nsl=Unemployment+by+Duration#tab-data-tables>] (28.05.14)] and Office for National Statistics, 'Working and workless households, 4th Quarter 2004 to 2013' [accessed via: <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tc%3A77-354520>] (28.05.14)]

23 Office for National Statistics 'Nomis' [accessed via: [www.nomisweb.co.uk](http://www.nomisweb.co.uk)] (28.05.14)]

24 Centre for Social Justice, *Signed On, Written Off: An inquiry into welfare dependency in Britain*, London: Centre for Social Justice, 2013

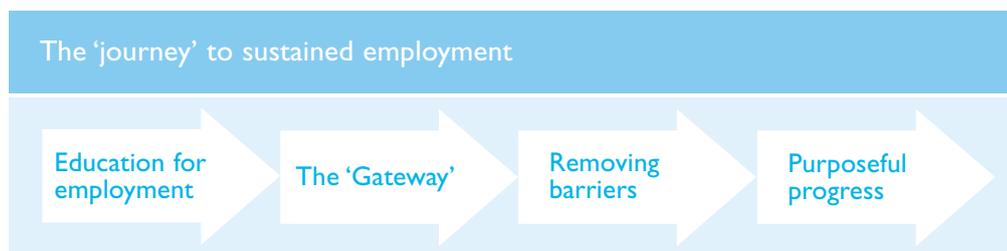
As the economy begins to recover and job creation takes root, now is the time to press on with further refinements to the new welfare landscape. Crucially, politicians must ensure that, as economic circumstances improve, we do not leave vulnerable people behind.

## Objectives for change: improving the ‘journey’ to employment

In order to minimise the number of people who become unemployed and long-term unemployed, it is vital they can access appropriate support from their community, the voluntary sector and the state at every stage of their employment journey from childhood to adulthood. This report stresses the importance of early interventions which identify individuals most in need and offer them support in a timely fashion. **Crucially, we should not wait until a young person with a high likelihood of becoming long-term unemployed actually finds themselves out of work before offering them help.**

We describe a four-stage journey:

- **Stage 1: Education for employment** – this stage begins when a young person is in primary and secondary education and focusses on ensuring that they are properly prepared for work;
- **Stage 2: The ‘Gateway’** – this takes place at the transition point where a young person leaves the education system and is looking for work;
- **Stage 3: Removing barriers** – this stage explores the barriers that disadvantaged individuals can face when looking to get back into work;
- **Stage 4: Purposeful progress** – when an individual has secured a job, they may need to access additional support to fulfil their potential. This means help with sustaining employment and boosting skills, hours and earnings to progress in the labour market.



Our research has revealed areas at every stage of this journey which require improvement in order to make it more likely to be successful. We build on existing trials underway to design a system of support to reconfigure the offer to those who are at risk of unemployment or who are already unemployed.

### Stage 1: Education for employment

Many young people who are most at risk of becoming unemployed later in life do not receive the intensive support and coaching they need to overcome their barriers to work.

In our 2013 report into educational failure, *Requires Improvement*, we showed that despite significant progress in recent years for the majority of pupils, too many are leaving the

education system without the basic qualifications they need.<sup>25</sup> Similarly, we noted in *Signed On, Written Off* that a large number are leaving without the right careers advice, work experience and support to get a job.<sup>26</sup> This advice and experience is often poor quality, too narrow and most employers have little confidence in it.

- 46 per cent of small businesses do not believe that schools and colleges prepare young people to a sufficient standard<sup>27</sup>
- Only four per cent of businesses are confident that careers advice is good enough<sup>28</sup>
- 55 per cent of businesses are not satisfied that enough young people leave school with work experience<sup>29</sup>

## Stage 2: The 'Gateway'

For young people, our research has found that the transition from education into work, particularly for those opting for a non-university pathway, can be complex, confusing and fractured. Many do not understand the full range of options available to them and so do not end up fulfilling their potential.

## Stage 3: Removing barriers

The majority (almost 90 per cent) of Jobseeker's Allowance (JSA) claimants are off benefit within 12 months of starting their claim.<sup>30</sup> Such individuals are normally keen to find work and often require little or no support from Jobcentre Plus (JCP). However, some individuals have more significant barriers – such as inadequate skills, a lack of experience, an addiction, or being trapped in social housing in an area of low employment. Some continue to 'churn' in and out of the system. We have heard that JCP does not always identify their barriers to work in an accurate or timely way. They sometimes remain unrevealed until a claimant begins the Work Programme up to 12 months later. This lack of assessment means that the type and intensity of employment which follows is not always appropriate.

- Of those ending their claim for JSA each month, around 40 per cent will reclaim benefit within six months and 60 per cent will reclaim within two years<sup>31</sup>
- Only around 35 per cent of working-age social tenants in England are in full-time employment and only a few thousand move home each year for job-related reasons while remaining as social tenants<sup>32</sup>

25 Centre for Social Justice, *Requires Improvement: The causes of educational failure*, London: Centre for Social Justice, 2013

26 Centre for Social Justice, *Signed On, Written Off: An inquiry into welfare dependency in Britain*, London: Centre for Social Justice, 2013

27 Federation of Small Businesses, 'Press release: Apprentices are inspiring', April 2014 [accessed via: <http://www.fsb.org.uk/data/news.asp?loc=151&rec=8585> (23.05.14)]

28 Confederation of British Industry, *Learning to grow: what employers need from education and skills*, London: Confederation of British Industry, 2012

29 Confederation of British Industry, *Changing the pace: CBI/Pearson education and skills survey 2013*, London: Confederation of British Industry, 2013

30 House of Commons Work and Pensions Committee, 'The role of Jobcentre Plus in the reformed welfare system', Second Report of Session 2013–14 [accessed via: <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmworpen/479/479.pdf> (03.06.14)]

31 Public Accounts Committee, 'Responding to change in Jobcentres', 5th report of session' 13 May 2013 [accessed via: <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmpublicacc/136/13605.htm> (31.05.14)]

32 Department for Communities and Local Government, *English Housing Survey Headline Report 2011–12*, London: Department for Communities and Local Government, 2012

## Stage 4: Purposeful progress

Many people find it difficult to sustain a job for a significant period of time, let alone progress in work. Instead, they find themselves stuck on a low wage or cycling in and out of employment. Within this group, there are some individuals who are not currently working full-time and fulfilling their potential, and need to be supported to do so.

There are a whole range of underlying causes explaining this problem, such as the state of the UK labour market, poor skills and qualifications, inadequate back-to-work support, insufficient access to education and training opportunities, the benefit system. We make recommendations which would boost people's prospects of progress.

### Our plan for reform

STAGE	Education for employment	The 'Gateway'	Removing barriers	Purposeful progress
PRINCIPLE	Young people should be prepared for work from primary school onwards	Young people should be given clear routes from education to employment that embed the principle of being 'in work to find work'	Adults at risk of becoming long-term unemployed should be identified as early as possible and given specialist support to help them into work	People at risk of being stuck on low pay and not fulfilling their potential should be given support to increase their hours or advance their careers
POLICY	<ul style="list-style-type: none"> <li>■ Intensive coaching for young people most at risk of unemployment to help them with careers advice, work experience, acquiring additional skills etc.</li> <li>■ Improved careers advice and work experience for all, including taster sessions in primary schools, face-to-face careers advice and a new role for Local Enterprise Partnerships (LEPs) to co-ordinate efforts between businesses, schools and charities</li> </ul>	<ul style="list-style-type: none"> <li>■ A co-ordinated Youth Offer for young people leaving compulsory education:               <ul style="list-style-type: none"> <li>■ Young people to apply for jobs, apprenticeships etc. through a UCAS-style website</li> <li>■ Anyone unsuccessful to be placed either on intensive job search and those with greater needs placed on a Community Wage with a specialist provider</li> </ul> </li> <li>■ Access to financial support through the welfare system to be dependent on engagement with this process</li> </ul>	<ul style="list-style-type: none"> <li>■ A major reform of Jobcentre Plus bringing in new back-to-work providers and measuring them on their ability to get people into work and keep them there</li> <li>■ A new system of assessment to help identify people at risk of long-term unemployment sooner</li> <li>■ In the short-term, a refining of the Work Programme to improve targeted support to the most vulnerable</li> <li>■ Improving mobility in housing to support those who want to relocate for a job</li> </ul>	<ul style="list-style-type: none"> <li>■ Progression planning at JCP</li> <li>■ Pilot Sustainment and Progression coaches for those most at risk of not progressing in work</li> <li>■ Meaningful training for those who lack basic skills</li> <li>■ A lower Universal Credit taper rate and higher work allowances to improve work incentives</li> </ul>

## Stage 1: Education for employment

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Without proper preparation for the world of work, young people can struggle to secure sustainable employment. Preparation should therefore be highly effective and start much earlier.<sup>33</sup> The Department for Work and Pensions (DWP) has introduced an Innovation Fund, which is designed to test new social investment and delivery models to support disadvantaged young people. This section builds on this to make early intervention work for those young people most at risk of becoming unemployed.

### Intensive coaching for young people most at risk

Our research shows that there is a group of young people who, because of their circumstances, are statistically far more at risk of becoming unemployed. Such risk factors include low academic attainment, poor attendance at school, teenage pregnancy, a family history of worklessness, poor mental or physical health, an addiction and time spent in care.<sup>34</sup> To ensure that this group is appropriately supported, we propose:

- Identifying those young people (at age 14) at highest risk of becoming unemployed using an accurate risk assessment tool;
- Using highly-trained coaches to give them personalised and consistent coaching and mentoring to overcome the specific issues which increase their likelihood of becoming unemployed. This can include support with GCSE choices, careers advice, contacts with local services and businesses, and help with personal issues which may be affecting their studies.

Such an approach has already been proven to be highly effective. The ThinkForward initiative running in Tower Hamlets, Islington and Hackney has been very successful in reducing levels of youth unemployment.<sup>35</sup> The pilot has been independently evaluated by the University of Warwick.<sup>36</sup> It found that: young people welcomed the regular and sustained contact from their coach; coaches helped them make decisions about their post-16 options; many young people felt they would have been 'kicked out' of school without their coach's help; and the vast majority of young people progressed into employment, education or training. ThinkForward's data shows that:<sup>37</sup>

- In 2010, following the pilot, the overall NEET rate for the pilot schools fell that year from 6.6 per cent to 0.8 per cent;
- Over the same period, the ten schools in Tower Hamlets where the pilot was not running saw very little change, with the NEET rate only falling by half a per cent from 7.75 to 7.25 per cent.

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33 We will also be considering aspects of this stage in our forthcoming *Breakthrough Britain 2015* report on education

34 Audit Commission, *Against the odds: Re-engaging young people in education, employment or training*, London: Audit Commission, 2010 and New Philanthropy Capital, *Getting back on track: Helping young people not in education, employment or training in England*, London: New Philanthropy Capital, 2009

35 See: [www.thinkforward.org.uk](http://www.thinkforward.org.uk)

36 Maguire, S and White, C, *Final Report to the London Borough of Tower Hamlets. Evaluation of School to Work Transition Initiative*, Coventry: University of Warwick, 2012

37 ThinkForward, *ThinkForward Annual Review 2013*, London: ThinkForward 2014 and Internal ThinkForward data

- More recently, in 2013, ThinkForward data shows that 95 per cent of young people (who were all identified as being high-risk of becoming unemployed when they left school) were supported by ThinkForward coaches made a successful transition into post-16 education, employment or training.

## Effective careers advice for young people

If implemented across the UK, the initiative outlined above should ensure that those who need careers advice most receive it from their own highly-trained coach from a young age. But all young people can benefit from good careers advice.

- **Inspirational careers ‘taster’ sessions in every primary school** – these sessions should be delivered by local employers and be embedded in the curriculum. Such an approach builds on the success of the Department for Education’s Key Stage Two career-related learning pilot which demonstrated increased pupil awareness of future options and reduced pupil gender stereotyping of specific careers.<sup>38</sup>
- **Face-to-face careers advice in all secondary schools and colleges** – we have been told that there is no substitute for proper face-to-face careers advice, particularly for disadvantaged young people whose parents may not be providing it. We recommend that every secondary school and college should make provision for this and that it should be delivered to every pupil by independent and qualified careers professionals with an awareness of the local jobs market. Advice must provide high-quality information about the full range of post-16 options available to that young person.

## High-quality work experience placements for young people

Evidence shows that meaningful work experience can be an effective way of preparing young people for the workplace and improving their future employment and pay prospects.<sup>39</sup>

- **Local Enterprise Partnerships (LEPs) should introduce Work Experience Champions** – LEPs are uniquely placed, both in terms of their geographical location and local labour market knowledge, to play a greater part in tackling youth unemployment. We recommend that the Secretary of State for Business, Innovation and Skills requires that every LEP recruit Work Experience Champions. This important new role would involve co-ordinating work experience efforts between schools, employers and the voluntary sector; and finding innovative ways of promoting the business case for work experience to employers. Work Experience Champions would have a particular remit to help young people on Free School Meals to access high quality work experience placements. There should also be a responsibility to set out what the future skill needs are likely to be in that area and disseminate this to schools, colleges and other relevant organisations.

38 Department for Education, *Key stage 2 career-related learning pathfinder evaluation*, London: Department for Education, 2011

39 Education and Employers Taskforce, *It's who you meet: why employer contacts at school make a difference to the employment prospects of young adults*, London: Education and Employers Taskforce, 2012

## Stage 2: The 'Gateway'

Every young person leaving the education system who is capable of work should be able to make a successful transition into employment.

### A co-ordinated Youth Offer to tackle youth unemployment

For too many young people, the transition from education to work is complex and fractured. We propose that a co-ordinated Youth Offer should replace the existing out-of-work benefit system for the majority of 18–24-year-olds who leave the education system and are looking and available for work. This is designed to support them on their journey from education to employment and would be the main gateway to welfare support.

#### The Youth Offer

- Application
- Assessment
- Intensive job search or Community Wage

**Application:** young people not applying for Higher Education through UCAS would be expected to apply for education, training or work opportunities during their final year of compulsory education. This should be done through a new UCAS-style online portal where all relevant opportunities are posted and applied for. Available options would include:

- Education (e.g. Further Education);
- Education/training that is job-focussed (e.g. traineeship with an apprenticeship to follow; apprenticeship with an expected job offer; internship);
- A job.

**Assessment:** if unsuccessful in their applications, individuals would be expected to attend a meeting with a JCP adviser where their likelihood of gaining employment and their support needs would be properly assessed.

**Intensive job search or Community Wage:** following this, a decision would be made about which of the following two routes is most appropriate for that young person:

- **Intensive job search:** young people identified as relatively work-ready would begin intensive job searching. There would be a waiting period of four weeks when no benefits can be claimed. This sends a clear message that individuals are not automatically entitled to benefits and this initial period should be spent looking for work, rather than looking to make a claim.<sup>40</sup> After this time they would be eligible for a Young Person's Payment, at the equivalent value of their Universal Credit support, and only available by engaging with intensive job search. The

<sup>40</sup> There would be a minority of exceptions, such as a young person leaving care. There is evidence that a short waiting period can reduce welfare dependency. Bolhaar J et al, 'Effectiveness of different welfare to work methods, evidence from a field experiment' [accessed via: [http://www.iza.org/conference\\_files/PolicyEval\\_2013/ketel\\_n9082.pdf](http://www.iza.org/conference_files/PolicyEval_2013/ketel_n9082.pdf) (24.05.14)]

conditions would be agreed with their JCP adviser. This period of job search would last up to three months. If a young person is unsuccessful in securing a job after this time, they would be expected to engage with the Community Wage scheme below.

- **Community Wage:** If a young person is assessed by JCP as requiring more intensive support before being ready for the job market, or they complete their intensive job search programme, they would be expected to engage with a new Community Wage scheme. This scheme would place a young person with an organisation that would work with them full-time for 35 hours a week. Organisations who could participate would include social enterprises, charities and private providers of employment support. Young people would be expected to engage with activities that are conducive to helping them find employment, such as basic skills training, community work and supported job search.

Young people would not receive out-of-work benefits but instead receive a wage of the same value as their entitlement to Universal Credit support. This would be paid to the organisation employing the young person by government and then passed on to the young person as a Community Wage. Receipt of this wage would be conditional on satisfactory engagement with their designated programme of activities. Participants of the Community Wage scheme could also receive a travel allowance to assist with the cost of getting to work every day.

The scheme would operate on a payment-by-results basis relative to the young person's need. There would be a small up-front attachment fee to participating organisations, but the majority of funding should be made to providers once a successful job outcome and job sustainment has been achieved. There would be progress payments available to providers to recognise 'distance-travelled' achievements such as starting an apprenticeship.

*'This proposed new system from the CSJ would be an invaluable tool to Recycling Lives to help us to assist an increased number of young people in hard-to-reach environments with backgrounds of worklessness. We've already got countless examples of young people coming from challenging environments that have participated with Recycling Lives and signed off benefits in preference for working in partnership with us and our corporate partners to gain the necessary work ethics that will help them ultimately hold down full-time employment.'*<sup>41</sup>

**Steve Jackson OBE, Founder and CEO, Recycling Lives, a Lancashire-based charity which 'sustains charity through metal and waste recycling'**

*'From our experience at Twenty Twenty, we see a number of young people leaving school/college who require a significant level of support to address their barriers to work before they are likely to secure any form of employment. We believe that a Community Wage scheme, as suggested by the CSJ, would enable us to work intensively and effectively with these young people, particularly by giving them the experience of working life and basic skills training. This will prepare them for sustainable work and should prevent them falling into the benefit system. The language of 'wages' rather than 'benefits' is also important, as it reframes how young people should think about their future. If you want to earn money, it should come from an employer as a wage, not the state as a benefit.'*<sup>42</sup>

**Andy Cook, Operations Director, Twenty Twenty, a Leicestershire-based charity specialising in helping young people who struggle to thrive in mainstream education**

41 In evidence to the CSJ

42 Ibid

In terms of costs, the Youth Offer is designed to save government money over the medium term as more young people are supported to find sustainable work and so do not have to claim out-of-work benefits. We envisage the main costs of this Youth Offer being the initial start-up expenditure associated with creating the UCAS-style website and the attachment and outcome payments to providers. There would be a degree of savings to be made through the introduction of a waiting period of four weeks, which would delay entitlement to financial support, or reduce its need should potential claimants be successful in finding employment during that period. The CSJ plans to undertake additional work to cost this Youth Offer in due course.

## Stage 3: Removing barriers

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### A radical new vision for the future of JCP

At the heart of any successful welfare system should be well-functioning back-to-work support. As part of our research process, we have visited a number of JCP sites across the UK, including Wood Green, Blaenau Gwent, Hammersmith and Norwich, and spoken to many service users and charities working with service users.

Through this we have found that, in several ways, significant progress has been made since 2010: benefit delays are down;<sup>43</sup> Universal Credit has begun its national roll-out; a new Claimant Commitment has been introduced; there is an improved role for advisers as 'job coaches'; a new Help to Work initiative for the very long-term unemployed is now in operation; a Universal Jobmatch system has been created which brings job opportunities together into one place; and there are some impressive examples of local innovation at JCP sites. For example, the Intensive Activity Programme (IAP) at Hammersmith JCP offers claimants four in-depth face-to-face interviews with their work coach within the first two weeks of their Universal Credit claim.<sup>44</sup>

These are important reforms which are supporting more people to find work. We encourage the Government to explore further ways of improving back-to-work support for adults over 24 who are too old for the Youth Offer. This support should ensure that individuals are properly assessed and receive appropriate and effective help.

### Short-term reform

We recognise that while Universal Credit is being rolled out across the UK, large-scale reform to back-to-work support could be counter-productive and destabilising. In the short-term, we suggest the Government explores ways of transforming JCP performance measures to drive better results for those who are out of work.

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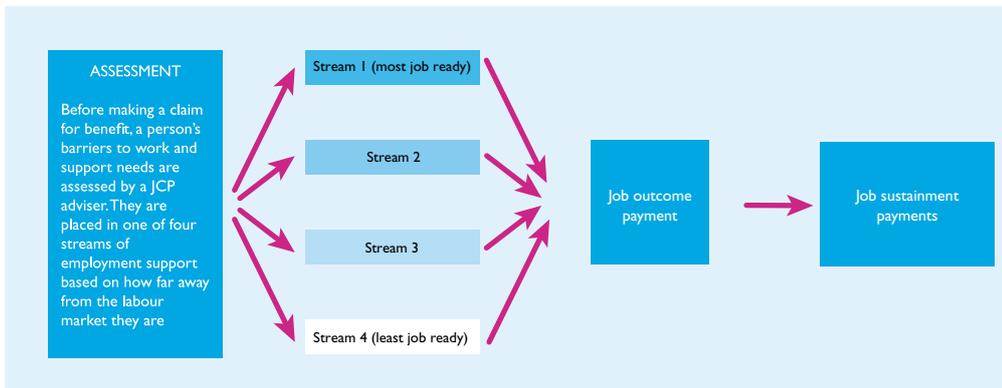
<sup>43</sup> Department for Work and Pensions, Departmental Management Information systems (unpublished data)

<sup>44</sup> HM Government, 'Universal Credit expands to London' [accessed via: <https://www.gov.uk/government/news/universal-credit-expands-to-london> (24.05.14)]

- **A new performance measure** – the government should replace the current performance measure of JCP 'off-flow' from benefit – which simply gauges whether people have stopped claiming benefits – with a new measure of how many people have actually moved into work and stayed there.

## Longer-term reform

- **Proper assessment of barriers to work** – to identify the full range of barriers to work that an unemployed individual faces and to give them the right support, it is vital that JCP develops a more sophisticated and robust assessment tool. Claimants should be assessed by advisers using this tool at the very start of their claim for benefit. This should follow the principles of the Job Seeker Classification Instrument (JSCI) used in Australia. Claimants should then be allocated to one of four streams of employment support depending on their needs and then directed towards specialist providers (see below).
- **Introduce new back-to-work providers** – JCP should no longer have a monopoly on providing employment support to claimants. Instead, the Government should allow effective providers from the voluntary, private and public sectors to compete to deliver this support. These providers should be rewarded on a payment-by-results basis as claimants start and sustain work. The value of payments should be linked to the stream a claimant has been assigned to (i.e. higher payments for providers working successfully with those with highest barriers).



## Refining the Work Programme to support the long-term unemployed

The Work Programme is the Government's main welfare-to-work scheme designed to offer personalised support for those furthest from the labour market, delivered by the private, public and voluntary sectors, and rewarded on the basis of results rather than delivery.

In the long-term, as already described, support for the most disadvantaged jobseekers should be integrated into our new vision of back-to-work support. However in the short-term, the second round of commissioning for the Work Programme which starts in 2015 provides an important opportunity to make necessary incremental refinements to maximise the number of participants who find sustainable work.<sup>45</sup>

<sup>45</sup> Department for Work and Pensions, 'Work Programme Official Statistics to Dec 2013', 20 March 2014 [accessed via: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/312630/work-programme-statistical-summary-march-2014.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/312630/work-programme-statistical-summary-march-2014.pdf) (24.05.14)]

- **Better assessment and categorisation of participants' needs** – we recommend that entrants to the Work Programme (currently categorised on the basis of the benefits they are receiving) should instead be assessed and categorised according to their specific barriers to work. There should be higher outcome payments for providers working successfully with participants with the most significant barriers to work;
- **Up-front payments for the most disadvantaged** – it is right that the bulk of payments to Work Programme providers should come once they have actually placed someone in employment and supported them to remain there. But without any payment at the very start of the process, providers can be disincentivised from working with those with the most significant barriers to work because of the higher costs involved. Once the payment categories have been reformed as above, an initial up-front payment for those with the highest barriers to work should be re-introduced. This can be done at no additional cost by reducing the overall value of the sustainment payments. In return for this, government should expect to see the performance of providers increase.
- **Progress payments for the most disadvantaged** – currently there is little recognition for providers who have supported those with the highest barriers to move a long way from the labour market much closer. Not recognising these 'distance travelled' achievements can actually work as a disincentive for small, specialist providers who have an impressive track record of effectively working with such groups but lack the working capital to do so.<sup>46</sup> We suggest that, for participants with the highest barriers to work, the Government introduces progress payments to providers, such as placing someone in part-time work. Again, this would not require additional funding but rather better-phased funding.

## Improving mobility in housing

The CSJ has repeatedly heard that social housing can be a significant barrier to employment. Individuals living in social housing in England are more likely to live in financial poverty and less likely to be in employment than home-owners or those living in the private rented sector.<sup>47</sup> They are also much less mobile – only a few thousand social tenants each year move for job-related reasons while remaining as social tenants.<sup>48</sup> The CSJ will set out its detailed thinking on housing next year, however we wish to make the following interim recommendations.

- **The Government should pilot a relocation scheme to support mobility** – government should pilot a scheme to help with the cost of moving home for work (e.g. hiring a removal van). This scheme would apply to any jobseeker who has been out of work and claiming Housing Benefit for 12 months or more and has received a concrete job offer which would require them to commute further than what is currently expected under existing regulations (90 minutes each way).<sup>49</sup> We recommend that such individuals should be prioritised for a Discretionary Housing Payment from their local authority (these payments are for those

46 Centre for Social Justice, *Something's Got to Give: The state of Britain's voluntary and community sector*, London: Centre for Social Justice, 2013

47 Department for Communities and Local Government, *English Housing Survey Headline Report 2012–13*, London: Department for Communities and Local Government, 2014

48 Centre for Analysis of Social Exclusion, *Ends and means: The future roles of social housing in England*, London: Centre for Analysis of Social Exclusion, 2007

49 The Jobseeker's Allowance Regulations 2013 [accessed via: <http://www.legislation.gov.uk/ukdsi/2013/9780111531921/04.06.14>]

currently claiming Housing Benefit and requiring more help with housing costs).<sup>50</sup> This scheme should be piloted in areas of high unemployment. To be clear, this is about supporting people to meet their ambition of moving, rather than forcing anyone to do so.

- **Social landlords should make the best use of the Government's mutual exchange swap scheme** – many social landlords are already signed up to one of the numerous mutual exchange schemes available.<sup>51</sup> We recommend, for simplicity, that in order to become or remain a registered social landlord, all such landlords – including local authorities with housing stock and housing associations – should sign up to the Government HomeSwap Direct mutual exchange scheme. Greater use of a single scheme will maximise the options available to tenants. Social landlords should then actively promote this scheme and, where appropriate, assist tenants with their application.
- **Tenants looking to transfer for work should be given greater priority for social housing** – existing tenants in social housing can find it difficult to move because they are competing against others with a higher need. Building on the Chancellor's announcement in the Autumn Statement, we recommend that local authorities (through their allocation schemes) should reward those who have taken the initiative to find work elsewhere in order to get a foothold in the jobs market.

## Stage 4: Purposeful progress

Securing a job is a vital step for every person on their journey to sustained employment. For some people, to fulfil their potential they will need additional help to make sure that they remain in work and move beyond entry-level employment.

This issue is particularly important given the new landscape under Universal Credit, the largest and most ambitious reform to the welfare system for generations. For the first time, many working claimants will be expected to take steps to meet a new higher conditionality earnings threshold of up to 35 hours a week at the relevant National Minimum Wage.

The DWP also issued a 'call for ideas' to explore what interventions will be most effective in improving sustainability of employment and earnings progression. Following this it has trialled a number of approaches to build a stronger evidence base of what works before moving to a national roll-out of any policies.<sup>52</sup>

- **Ensure in-work claimants plan their progression journey with JCP** – when a claimant moves into work but is still earning below their Universal Credit in-work conditionality threshold, we recommend they create a Progression Plan. This can be done when the claimant meets with their JCP adviser to update their Claimant Commitment. This plan should outline the practical and measurable steps a claimant will take to boost their

50 Department for Work and Pensions, 'Housing Benefit Claimant Factsheet: Claiming Discretionary Housing Payments' [accessed via: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/269539/housing-benefit-factsheet-3-discretionary-housing-payments.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/269539/housing-benefit-factsheet-3-discretionary-housing-payments.pdf) (03.06.14)]

51 A mutual exchange scheme allows a tenant in social housing to swap their property with another tenant in social housing

52 Department for Work and Pensions, 'Extending labour market interventions to in-work claimants – call for Ideas' [accessed via: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/221421/extending-labour-market-interventions.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/221421/extending-labour-market-interventions.pdf) (09.06.14)]

earnings and to progress in the labour market. For example, allocating a defined number of hours per week to explore new part-time work opportunities, or to engage with a training course to raise their level of skills.

- **Individuals with poor basic skills should be eligible for appropriate training** – Skills Conditionality means a JCP adviser can now refer JSA and ESA claimants (in the work-related activity group) to basic skills training with potential benefit sanctions for non-participation.<sup>53</sup> We recommend an in-depth basic skills assessment be carried out by JCP to ensure the training they receive is relevant. This should take place when an individual first makes a claim as part of the broader assessment process recommended above (see Removing barriers section above).
- **JCP should be held accountable for sustainment** – Work Programme providers are, rightly, already measured on the length of time they are able to keep their participants in work. As suggested above, we recommend that accountability for JCP should follow a similar principle.
- **The Government should introduce a pilot scheme which places Sustainment and Progression Coaches with people who would benefit most** – the Government should devise a robust assessment tool which gauges a person's suitability for a Sustainment and Progression Coach. A Coach would work with a person to ensure they sustain their employment and, if appropriate, take steps to plan their progression in the labour market. We recommend the Government develops a payment-by-results model whereby the bulk of the payment is awarded to the provider of Coaches once they have successfully supported a person to sustain employment. A proportion of this payment should be awarded to the person receiving coaching to spend on something which could further boost their ability to sustain and progress. This could be additional training or childcare, for example.
- **Lower the Universal Credit taper rate and increase the work allowance so that individuals can hold on to more of their income as they work more** – making work pay and enabling individuals to keep more of their earnings is a key way of incentivising individuals to boost their hours and earnings. Universal Credit is withdrawn against earned income at a rate of 65 per cent. However, when originally proposed in our *Dynamic Benefits* report, we recommended that this taper rate should be set at 55 per cent.<sup>54</sup> We suggest that, when the financial situation allows, an incoming government in 2015 should explore ways of reducing the taper rate to 55 per cent in order to further improve work incentives. It should also look at increasing the value of the work allowance that claimants currently receive to improve the returns from entering and progressing in work.

## Conclusion

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Under the Coalition Government, there has been a promising determination to reform the welfare system. These reforms – central to which are the Universal Credit and the Work Programme – are welcome and long-overdue.

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<sup>53</sup> Department for Work and Pensions, *The Jobseeker's Allowance Skills Conditionality Pilot*, London: Department for Work and Pensions, 2011

<sup>54</sup> Centre for Social Justice, *Dynamic Benefits: towards welfare that works*, London: Centre for Social Justice, 2009

Yet with more than half a million young people looking and able to start work but not currently in education, employment or training, youth unemployment must be a key priority for any incoming government in 2015.<sup>55</sup>

Crucially, this is not a priority that should solely rest with any one Department. The DWP clearly has a central role to play, but, too often, tackling youth unemployment has been a problem for which it has been left to 'pick up the pieces'. Addressing this issue effectively requires every Department with a stake in the life chances of the next generation to re-double their efforts and commit resources to seeing a drastic fall in the number of jobless youths.

Importantly, we need a co-ordinated and joined-up approach with clear lines of accountability for every Department. For instance, it is not currently evident who has responsibility for young people making their transition into work once they have left the education system.

We acknowledge that the Coalition Government has made a number of bold policy commitments since it assumed office. It pledged in 2010 to significantly reduce the structural deficit, and the Education Secretary more recently committed to abolishing illiteracy and innumeracy.<sup>56</sup> The previous Labour Government made a commitment to eliminate child poverty by 2020. Although it resulted in poor public policy, the boldness of the commitment was commendable.

The Chancellor has now committed the Conservative Party to 'fight for full employment'.<sup>57</sup> He did not define full employment but said that his intention was to have the highest employment rate in the G7. Many economists define full employment as the 'non-accelerating inflation rate of unemployment' (NAIRU) which is the level of unemployment which does not fuel a rise in inflation.<sup>58</sup> Whilst reducing unemployment to zero is neither feasible nor desirable, the next government should commit itself to completely eradicate long-term unemployment, the pernicious effects of which the CSJ has long highlighted.

As part of a campaign for full employment, political parties should also commit themselves to bringing youth unemployment down to a rate similar to that of the whole population.

We recognise that there is always some natural 'churn' in the labour market. But, as the economy starts to recover and more jobs are created, now is the time to confront this problem that has remained stubbornly entrenched, almost regardless of economic circumstances. We must see swift, co-ordinated and bold action from the political classes.

The recommendations in this report set out how an incoming government should build on the principles of welfare reform which Universal Credit and the Work Programme engender. It is vital that we continue to develop a system that starts by putting people

55 Office for National Statistics, 'Young People not in Education, Employment or Training (NEETs), May 2014', May 2014 [accessed via: <http://www.ons.gov.uk/ons/rel/lms/young-people-not-in-education--employment-or-training--neets/may-2014/index.html> (23.05.14)]

56 HM Government, *The Coalition: our programme for government*, London: HM Government, 2010 and Speech by Secretary of State for Education, Rt. Hon Michael Gove MP, 'An education system which works for every child', 1 April 2014

57 BBC, 'George Osborne commits to "fight for full employment"', 1 April 2014

58 Stockhammer; E, 'Is the NAIRU theory a monetarist, new Keynesian, post-Keynesian or a Marxist theory?', *Metroeconomica*, 2008, 59(3): 479-510

first. Central to this should be a system that can help identify the barriers to work that the most disadvantaged people face, help overcome them, and help prevent them arising for the next generation. Reforming welfare in this way not only saves money, but it can transform lives.

In this report, we ask:

- How the welfare system can identify a young person's future risk of unemployment from a much earlier age and offer effective support to those least likely to find a job to prevent their issues becoming more entrenched;
- How young people not opting for university can be given a clear route from education into work and can access effective support to ensure a successful transition;
- How back-to-work support can be reformed so that adults at risk of long-term unemployment have their barriers properly understood and that support from the most appropriate provider follows as soon as possible;
- How the housing system can be reformed to improve mobility and enable individuals who want to relocate for employment reasons to do so;
- How those individuals currently in work but not fulfilling their potential can be supported to sustain employment and boost their hours so as to progress in the labour market.

Answering these questions will help to ensure that the welfare system does even more to help people to realise their potential and avoid the damaging consequences of long-term worklessness.

# Introduction

## Breakthrough Britain 2015

The Centre for Social Justice (CSJ) shone a light on the shocking levels of deprivation that blight communities in our series of *Breakthrough Britain* reports in 2007.<sup>59</sup> This project transformed the British political landscape, it reinvigorated a tired debate about how to tackle poverty and was hailed as a definitive research paper on the social problems in modern Britain.

Almost seven years on, the country is in a very different political and economic position. But the need to give a voice to the most disadvantaged people could not be greater. Our new *Breakthrough Britain 2015* reports revisit the five 'pathways to poverty' – family breakdown, economic dependency and worklessness, educational failure, addiction to drugs and alcohol, and serious personal debt – as well as the voluntary sector and the role it can play in tackling poverty.

The findings and recommendations in this report and the rest of the *Breakthrough Britain 2015* series have emerged primarily from travelling the UK, visiting some of the most disadvantaged communities and taking evidence from those working for community projects on the ground who have been most effective at tackling poverty and social breakdown.

## Why tackling economic dependency matters

The CSJ has long been concerned about the scale of economic dependency and worklessness in the UK. This is because work remains the best route out of poverty. We know this because:

- Children in households where two adults are in full-time work only have a one per cent chance of being in financial poverty compared with more than a 64 per cent chance for children in two-parent households where no adult works;<sup>60</sup>
- If the head of a household is employed, this raises the chance of leaving financial poverty in that household by around 40 per cent and reduces the chance of re-entering financial poverty by around 50 per cent.<sup>61</sup>

59 Centre for Social Justice, *Breakthrough Britain*, London: Centre for Social Justice, 2007

60 HM Government, *State of the nation report: poverty, worklessness and welfare dependency in the UK*, London: HM Government, 2010

61 HM Government, *An evidence review of the drivers of child poverty for families in poverty now and for poor children growing up to be poor adults*, London: HM Government, 2014 (all other things being equal)

Whilst some claim that work is not always a route out of poverty, it is still the best and most reliable route that there is. Many people need more hours and better pay, but the alternative – a life on benefits – offers no such prospects. It is only by entering work, finding hours and progressively better employment that people can work their way out of poverty.

The evidence is clear that being unemployed and dependent on the welfare state for a significant period of time can have damaging and lasting implications. For example, there are considerable 'wage scars' associated with young people not being in employment, education or training (on average up to £50,000 in earnings is lost over a working life compared to those who do not find themselves out of employment, education or training).<sup>62</sup> Their mental and physical health can be negatively affected.<sup>63</sup>

There is also a new political implication associated with economic dependency and worklessness. In March 2014, MPs from all political parties backed plans to introduce an overall cap on the amount the UK spends on welfare each year. Welfare spending, excluding the state pension and some unemployment benefits, will be capped in 2015 at £119.5 billion. The value of the cap will rise every year in line with inflation.<sup>64</sup>

This cap for the first time places a formal requirement on government to pursue a more preventative, longer-term strategy to tackle the root causes of economic dependency and worklessness. This is because if they fail to control welfare spending, cuts will need to be made elsewhere to stay within the overall limit, or a vote will be required in the House of Commons to secure a mandate to increase welfare spending.

## 'State of the nation'

In May 2013 we published *Signed On, Written Off* which laid bare the nature and scale of the employment, worklessness and welfare dependency challenges gripping Britain.<sup>65</sup> It also revealed how people have been trapped in poverty and low income for decades. To summarise, the main findings were:

- **Welfare spending has risen significantly since the creation of the modern welfare state** – government originally spent just £11 billion a year in real terms in 1948 on welfare, equivalent to four per cent of GDP. It now spends more than £200 billion a year, equivalent to 13 per cent of GDP;<sup>66</sup>

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62 Impetus-Private Equity Foundation, *Make NEETs history in 2014*, London: Impetus-PEF, 2014

63 The ACEVO Commission on Youth Unemployment, *Youth unemployment: the crisis we cannot afford*, London: Association of Chief Executives of Voluntary Organisations, 2012

64 HM Treasury, *Budget 2014*, London: HM Treasury, 2014

65 Centre for Social Justice, *Signed On, Written Off: an inquiry into welfare dependency in Britain*, London: Centre for Social Justice, 2013

66 Institute for Fiscal Studies, 'A Survey of the UK Benefit System', November 2012 [accessed via: <http://www.ifs.org.uk/bns/bn13.pdf> (23.05.14)] and Office for Budget Responsibility, *Economic and fiscal outlook*, London: Office for Budget Responsibility, 2014

- **The recent recession was not the primary cause of the UK's high economic dependency and worklessness** – the number of working-age people dependent on at least one out-of-work benefit has hovered between four and five million for more than 15 years, including during periods of economic prosperity;<sup>67</sup>
- **Out-of-work dependency is alarmingly entrenched in some UK neighbourhoods** – there are a minority of neighbourhoods in the UK where the majority of working-age people are claiming out-of-work benefits. It is as high as 65 per cent in one neighbourhood in Rhyl, Denbighshire;<sup>68</sup>
- **Intergenerational worklessness does exist** – 96 per cent of our Alliance of poverty-fighting charities surveyed say they observe it through their work;<sup>69</sup>
- **Youth unemployment is a serious cause for concern** – it is primarily a structural issue that has remained a significant problem, almost regardless of economic circumstances. For example, the latest figures show that 507,000 economically active young people are not in employment, education or training. A decade ago, even during an economic boom, 340,000 young people were in this position;<sup>70</sup>
- **In-work dependency is a major issue too** – around 4.3 million working families were receiving one or more of Working Tax Credit, Child Tax Credit, Council Tax Benefit and Housing Benefit in 2012.<sup>71</sup> At one stage under the previous Government, nine out of ten families with children were eligible for some form of welfare support.<sup>72</sup>

## A new context

In 2007, in our groundbreaking report, *Breakthrough Britain*, the Centre for Social Justice identified that our benefit system was broken. Although it alleviated some financial hardship, it did so at a high social and economic price. In particular it rarely secured long term social progress for many who relied upon it. We showed how high benefit withdrawal rates trapped millions in economic dependency and worklessness, sometimes over several generations.<sup>73</sup>

We argued in our *Dynamic Benefits* report in 2009 that it was essential that the benefit system be fundamentally redesigned to boost employment and earnings over the long term, and to enable people to move out of poverty.<sup>74</sup>

The Coalition Government has embarked upon the most ambitious and wide-ranging programme of welfare reform for generations. There have been three key aspects to this:

67 Office for National Statistics 'Nomis' [accessed via: [www.nomisweb.co.uk](http://www.nomisweb.co.uk) (28.05.14)]

68 Ibid

69 Centre for Social Justice, *Signed On, Written Off: an inquiry into welfare dependency in Britain*, London: Centre for Social Justice, 2013

70 Office for National Statistics, 'Young People not in Education, Employment or Training (NEETs), May 2014', May 2014 [accessed via: <http://www.ons.gov.uk/ons/rel/lms/young-people-not-in-education--employment-or-training--neets-/may-2014/index.html> (23.05.14)]

71 New Policy Institute, *Working Families Receiving Benefits*, New Policy Institute, 2013

72 DirectGov, 'Benefits and help for parents going back to work' [accessed via: [http://webarchive.nationalarchives.gov.uk/20090215180949/direct.gov.uk/en/parents/childcare/dg\\_4016029](http://webarchive.nationalarchives.gov.uk/20090215180949/direct.gov.uk/en/parents/childcare/dg_4016029) (23.05.14)]

73 Centre for Social Justice, *Breakthrough Britain: Economic dependency and worklessness*, London: Centre for Social Justice, 2007

74 Centre for Social Justice, *Dynamic Benefits: Towards welfare that works*, London: Centre for Social Justice, 2009

- **Overhaul of the welfare system** – at the heart of this is Universal Credit, which was developed by the CSJ.<sup>75</sup> This is designed to simplify the benefit system and smooth the transition into work so that claimants hold on to more of their benefits as they work more, thus making work 'pay'. Once fully implemented, it will ensure that the welfare system itself is far less of a barrier to work;
- **Comprehensive back-to-work support which breaks the state monopoly of delivery** – the Work Programme, for example, introduces competition by rewarding a range of different providers for offering more personalised support to those furthest from the labour market. It is already taking steps to remove barriers – such as low skills or a lack of experience – that keep people out of work;
- **Entitlement and expectation** – there has been a transformation of who is now expected to look for work and what looking for work should actually entail. For example, thousands of individuals claiming incapacity benefits have been reassessed for Employment and Support Allowance, the new disability benefit. The introduction of Help to Work (an initiative offering intensive support to the very long-term unemployed) is underpinned by the mantra of 'being in work to find work'.

These game-changing policy ideas are creating a radically new context within which the UK's welfare system now operates. What is starting to emerge – and what must be further developed – is a 'learning system' within the welfare system.

Building on these achievements, this report considers how the system can better learn from the challenges people face when trying to find work, how it can do more to help them overcome those challenges, and how it can help to prevent those challenges from arising in the first place. We explore this in the context of welfare reform, rather than looking at, for example, how more jobs can be created in the economy.

We argue that this system should represent a coherent offer of support across the life-cycle of an individual's journey. Initiatives should be designed in the context of the steps that people are taking to sustained employment.

It is particularly important that this more refined system better helps the most disadvantaged young people. This is because there is a long-term, structural problem with youth unemployment which has been far too high even during times of economic prosperity.<sup>76</sup> Research also shows that an extended period out of work while young can have particularly long lasting effects through lower future wages, a higher chance of unemployment and negative effects on well-being.<sup>77</sup> We passionately believe that government has an economic and moral imperative to back and invest in the future of the next generation.

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<sup>75</sup> Ibid

<sup>76</sup> Office for National Statistics, 'Labour Market Statistics, May 2014', May 2014 [accessed via: <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tc%3A77-307262> (23.05.14)]

<sup>77</sup> Department for Business, Innovation and Skills, *Government evidence on EU action to tackle youth unemployment*, London: Department for Business, Innovation and Skills, 2013

## The scale of the challenge

The latest figures show that there are 975,000 young people (aged between 16 and 24) in the UK who are not in education, employment or training (NEET).<sup>78</sup> This is a welcome decrease of 118,000 since last year, but the level remains far too high.

This headline 'almost a million' figure is frequently cited by those commentating on youth worklessness. However it is important to note that only about half (507,000) of these young people defined as NEET are actually looking for and available for work, and therefore classified as unemployed. The remaining 468,000 are not in employment and either not looking for work and/or not able to start work, and therefore classified as economically inactive.<sup>79</sup> Two of the biggest single reasons for this inactivity are caring responsibilities or sickness.<sup>80</sup> This crucial distinction between whether a young person is unemployed or economically inactive is not always made by commentators. It should be a point of clarity for the policy debate.

This report is primarily focussed on the former group – young people classified as unemployed. However, the CSJ is also seriously committed to the latter group, which includes young people with, for example, long-term mental health problems and care-leavers whose concerns we explore elsewhere.<sup>81</sup>

The scale of the challenge to tackle economic dependency and worklessness in the wider adult population is also significant. For example, while the number of people over 24 who have been unemployed for over a year has started to fall, it is still more than 566,000, and whilst the proportion of households in which no-one is in work (excluding pensioners) has reached the lowest level on record, it still amounts to about one in six.<sup>82</sup> Similarly the number of people dependent on out-of-work benefits rose slightly during the recent recession, but has hovered between four and five million for more than 15 years, even in times of economic prosperity.<sup>83</sup>

These national figures also mask intense problems in particular neighbourhoods where the level of welfare dependency is far higher. Our analysis in *Signed On, Written Off* revealed examples of areas where the majority of working-age adults are claiming out-of-work benefits.<sup>84</sup> In one neighbourhood in Rhyl, Denbighshire, it is as high as 65 per cent. These are acute social challenges which must be addressed.

78 Office for National Statistics, 'Young People not in Education, Employment or Training (NEETs), May 2014', May 2014 [accessed via: <http://www.ons.gov.uk/ons/rel/lms/young-people-not-in-education--employment-or-training--neets/may-2014/index.html> (23.05.14)]

79 Ibid

80 Office for National Statistics, 'Economic Inactivity' [accessed via: <http://www.ons.gov.uk/ons/taxonomy/?nsl=Economic+Inactivity> (11.06.14)]

81 Centre for Social Justice, *Survival of the fittest? – Improving life chances for care leavers*, London: Centre for Social Justice, 2014 and Centre for Social Justice, *Completing the Revolution: Transforming Mental Health and Tackling Poverty*, London: Centre for Social Justice, 2011

82 Office for National Statistics, 'Unemployment by Duration' [accessed via: <http://www.ons.gov.uk/ons/taxonomy/index.html?nsl=Unemployment+by+Duration#tab-data-tables> (28.05.14)] and Office for National Statistics, 'Working and workless households, 4th Quarter 2004 to 2013' [accessed via: <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcn%3A77-354520> (28.05.14)]

83 Office for National Statistics 'Nomis' [accessed via: [www.nomisweb.co.uk](http://www.nomisweb.co.uk) (28.05.14)]

84 Centre for Social Justice, *Signed On, Written Off: An inquiry into welfare dependency in Britain*, London: Centre for Social Justice, 2013

As the economy begins to recover and job creation takes root, now is the time to press on with further refinements to the new welfare landscape. Crucially, we must ensure that as economic circumstances improve, we do not leave vulnerable people behind.

We set out a number of ways of tackling youth unemployment with a particular focus on the most disadvantaged. We also outline a series of recommendations designed to remove barriers to employment and support unemployed adults back into work by offering them timely support which is tailored to their needs. For individuals least likely to sustain work and not fulfilling their potential, we outline how they can be helped to maintain employment and progress in the labour market.

It is important that the welfare system becomes even better at identifying and removing the specific barriers people face to employment and, just as importantly, becomes more effective at preventing those barriers from arising in the first place.

In this report we have highlighted a number of vital ways in which the processes of identifying, responding to, and preventing need can be improved:

- **School**

Identifying those young people most likely to become unemployed and giving them intensive support and assistance whilst they are still at school so as to improve their chances of finding work when they leave;

- **Transition**

Offering better services for school-leavers to help them find work more quickly and speedily identifying those who are struggling to do so and offering them specialist support;

- **Back-to-work support**

Improving assessment of jobseekers' needs so that the most vulnerable can be swiftly offered specialist help from a range of providers;

- **Progression in work**

Providing services which help those at risk of not fulfilling their potential to sustain employment and progress in the labour market.

This represents the next phase in building a welfare system which can truly learn and adapt to the needs of people struggling to find work. The system should develop initiatives which offer support at different stages across the life-cycle of an individual's journey to employment.

As greater evidence is compiled it will be possible for the welfare system to do more to inform the work of schools, colleges of Further Education, pre-school settings, family support and even maternity services in helping to ensure that, in the future, more and more people are fit for employment and fewer and fewer people have to suffer from economic dependency and worklessness.

## Our challenge to an incoming government in 2015

With more than half a million young people looking and able to start work but not currently in employment, education or training, youth unemployment must be a key priority for any incoming government in 2015.<sup>85</sup> Crucially, this is not a priority that should solely rest with any one Department. The DWP clearly has a central role to play, but, too often, tackling youth unemployment has been a problem for which DWP has been left to 'pick up the pieces'. Addressing this issue effectively requires every Department with a stake in the life chances of the next generation to re-double their efforts and commit resources to seeing a drastic fall in the number of jobless youths.

We need a co-ordinated and joined-up approach with clear lines of accountability for every Department. For instance, it is not currently evident who has responsibility for young people making their transition into work once they have left the education system.

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As part of a campaign for full employment, political parties should also commit themselves to bringing youth unemployment down to a rate similar to that of the whole population.

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85 Office for National Statistics, 'Young People not in Education, Employment or Training (NEETs), May 2014', May 2014 [accessed via: <http://www.ons.gov.uk/ons/rel/lms/young-people-not-in-education--employment-or-training--neets-/may-2014/index.html> (23.05.14)]

86 HM Government, *The Coalition: our programme for government*, London: HM Government, 2010 and Speech by Secretary of State for Education, Rt. Hon Michael Gove MP, 'An education system which works for every child', 1 April 2014

87 BBC, 'George Osborne commits to 'fight for full employment'', 1 April 2014

88 Stockhammer; E, 'Is the NAIRU theory a monetarist, new Keynesian, post-Keynesian or a Marxist theory?', *Metroeconomica*, 2008, 59(3): 479-510



# chapter one

# Education for employment

## Introduction

Young people should begin to think about and prepare for their future when they are in the education system. This is partly about acquiring formal knowledge. We strongly support the Education Secretary's bold ambition to 'eliminate illiteracy and innumeracy in Britain'.<sup>89</sup> As the CSJ highlighted in its 2013 report on education, *Requires Improvement*, despite significant progress in recent years for the majority of pupils, too many are still leaving school without even basic qualifications.<sup>90</sup>

The education system should also help young people to acquire the right skills, work experience, labour market knowledge and support to make informed choices about their future and to secure meaningful employment. However, as noted in *Signed On, Written Off*, too many are leaving school or college without this, and thus finding themselves unemployed.<sup>91</sup>

There should be a particular focus on those young people most at risk of becoming and staying unemployed. Crucially, support to these young people must begin before they reach the potential crisis point of unemployment.

This Chapter outlines how a national programme of mentoring for disadvantaged young people can be introduced to help them make a successful transition into employment and work intensively with them to overcome their barriers.

We also set out how every young person can receive high-quality careers advice and work experience to help them make informed choices about their future and to prevent them from slipping into being at high risk of unemployment.

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89 Speech by Secretary of State for Education, Rt. Hon Michael Gove MP, 'An education system which works for every child', 1 April 2014

90 Centre for Social Justice, *Requires Improvement: The causes of educational failure*, London: Centre for Social Justice, 2013

91 Centre for Social Justice, *Signed On, Written Off: An inquiry into welfare dependency in Britain*, London: Centre for Social Justice, 2013

## Intensive support for the most at risk young people

### The importance of intensive support

Coaching and mentoring have become increasingly popular ways of engaging young people to improve their life chances, particularly within the voluntary sector. Not all mentoring is good, but over the course of this review, we visited a range of initiatives around the UK that demonstrated how effective mentoring can reduce the likelihood that a young person ends up unemployed. Examples include charities from our Alliance of poverty-fighting organisations such as Enthusiasm Trust in Derby and the Spear Project run by Resurgo in Hammersmith.<sup>92</sup>

#### Mentoring – examples of the evidence base

The value of mentoring in delivering successful social outcomes for young people is currently under-researched. Below are two studies which demonstrate its effectiveness.

- A meta-analysis of 73 independent evaluations of mentoring programmes directed towards young people supported the effectiveness of mentoring for improving outcomes across behavioural, social, emotional and academic domains of young people's development.<sup>93</sup>
- Public/Private Ventures conducted a major study of 959 ten–16-year-olds who applied to *Big Brother*, *Big Sister* programmes, the oldest and best-known mentoring programme in the United States. The results showed that participants were 46 per cent less likely than the control group to initiate drug use during the study period, almost one-third less likely to hit someone, 'skipped' half as many days of school, and the quality of relationships with parents was better.<sup>94</sup>

One of the most significant findings of the Social Exclusion Unit's report into young people with complex needs was that:

*'Support, advice and guidance are vital to an effective transition. Most young people will receive this from parents and peers, but some – those most disadvantaged – will not be able to access such support. For such people, the trusted adult – be it a mentor, personal adviser or lead professional – will be crucial.'*<sup>95</sup>

For young people most at risk of becoming unemployed, such support is therefore especially important. As the Mentoring and Befriending Foundation notes:

*'Young people at risk of becoming NEET are more likely to academically underachieve and be excluded from the education system. They are also more likely than their peers to be held back by a lack of numeracy and literacy, substance misuse, behavioural problems or a criminal record. Typically they are amongst the most vulnerable young people and include young people in care and those without a stable family background. Vulnerable*

92 See: [www.enthusiasm.org.uk](http://www.enthusiasm.org.uk) and [www.spearcourse.org](http://www.spearcourse.org)

93 DuBois, D et al, 'How Effective Are Mentoring Programs for Youth? A Systematic Assessment of the Evidence', *Psychological Science in the Public Interest*, 2011, 12(2): 57–91

94 Public/Private Ventures, *Making a Difference: an Impact Study of Big Brothers Big Sisters*, Philadelphia: Public/Private Ventures, 2000

95 Social Exclusion Unit, *Transitions: young adults with complex needs*, London: Social Exclusion Unit, 2005

young people who receive mentoring support at an early stage are more likely to have better school attendance, achievement and behaviours towards education, will become more engaged with school and therefore reduce the risk of exclusion, show an increase in self-confidence and self-esteem and generally become more engaged with school – often a first step towards improvement in academic achievement'.<sup>96</sup>

*'One-to-one support for young people in danger of becoming NEET has proved extremely positive in Tower Hamlets. ThinkForward is an organisation that has worked with young people in sustained relationships over two and three-year periods, leading to much higher engagement in education as well as ensuring that once the transition to employment or training from school is made, those young people do not slip through the system. They receive support until their transition is secure and sustained. In this way, the young people who are supported learn valuable life skills about how to find and sustain work which both motivates them and ensures they are economically independent.'*<sup>97</sup>

**Dr Vanessa Ogden, Head teacher, Mulberry School for Girls**

*'Mentoring is about a personal relationship where one person inspires, challenges and directs another. What young people need is someone who believes in them. It's what we need as humans – some get it in a family context but others get it from outside. From my personal experience of over 20 years at Enthusiasm Trust in Derby, I believe that mentoring is of massive value and is the number one factor that brings about positive change.'*<sup>98</sup>

**Joseph Russo, Chief Executive, Enthusiasm Trust**

*'Mentoring is really powerful. We need more mentors in school to break down the barriers whereby young people think school and work are unconnected.'*<sup>99</sup>

**John d'Abbro, Head teacher, New Rush Hall School**

There are a number of commonly accepted 'risk factors' which can identify these young people at an early age. For example:

- Low skills or qualifications;
- Disrupted family environment;
- Low parental income;
- Teenage pregnancy;
- Addiction to drugs and/or alcohol;
- Growing up in care;
- Special educational needs.<sup>100</sup>

Effective early intervention to support this group has been shown to considerably reduce their chances of becoming unemployed. We believe there is a crucial intervention which would transform the life chances of thousands of young people who are statistically most at risk

96 Memorandum submitted by the Mentoring and Befriending Foundation to the Children, Schools and Families Committee, December 2009 [accessed via: <http://www.publications.parliament.uk/pa/cm200910/cmselect/cmchilsch/memo/youngpeo/me30.htm> (23.05.14)]

97 In evidence to the CSJ

98 Ibid

99 Ibid

100 Audit Commission, *Against the odds: Re-engaging young people in education, employment or training*, London, Audit Commission, 2010 and New Philanthropy Capital, *Getting back on track: Helping young people not in education, employment or training in England*, London: New Philanthropy Capital, 2009

of ending up unemployed. This builds on a small-scale initiative already taking place through the DWP's Innovation Fund, which was launched in 2012 to test new social investment and delivery models to support disadvantaged young people.

We therefore propose the national roll-out of an initiative, starting with the most disadvantaged areas of the UK, which:

- Identifies young people at highest risk of becoming unemployed at 14 using a robust assessment tool (following the principles in the case study below);
- Uses highly-trained coaches to give those young people support to overcome the specific issues which increase their likelihood of becoming unemployed, including GCSE choices, careers advice, contacts with local services and businesses, and help with personal issues which may be affecting their studies.

This approach has been proven to be highly effective. One outstanding example we visited is the ThinkForward initiative running in Tower Hamlets, Islington and Hackney and supported by the DWP Innovation Fund. The pilot has been independently evaluated by the University of Warwick.<sup>101</sup> It found that: young people welcomed the regular and sustained contact from their coach; coaches helped them make decisions about their post-16 options; many young people felt they would have been 'kicked out' of school without their coach's help; and the vast majority of young people progressed into employment, education or training. ThinkForward's data shows that:<sup>102</sup>

- In 2010, following the pilot, the overall NEET rate for the pilot schools fell that year from 6.6 per cent to 0.8 per cent;
- Over the same period, the ten schools in Tower Hamlets where the pilot was not running saw very little change, with the NEET rate only falling by half a per cent from 7.75 to 7.25 per cent.
- More recently, in 2013, ThinkForward data shows that 95 per cent of young people (who were all identified as being high-risk of becoming unemployed when they left school) were supported by ThinkForward coaches made a successful transition into post-16 education, employment or training.

### Case study: ThinkForward, London<sup>103</sup>

Since 2010, the ThinkForward initiative has provided in-school 'super coaches' to struggling students aged between 14 and 19. These highly-trained coaches offer stable one-to-one support through challenges at home and school. They provide each pupil with their own action plan and help them to access other local initiatives, as well as workplace mentors, providing introductions to business networks and work opportunities.

101 Maguire, S and White, C, *Final Report to the London Borough of Tower Hamlets. Evaluation of School to Work Transition Initiative*, Coventry: University of Warwick, 2012

102 ThinkForward, *ThinkForward Annual Review 2013*, London: ThinkForward 2014 and Internal ThinkForward data

103 See [www.think-forward.org.uk](http://www.think-forward.org.uk)



- **It provides a single point of contact with an experienced and trusted 'super coach'.** Using a number of risk factors they identify and work with young people most at risk of not making a successful transition into work. They help young people explore their future career goals and provide one-to-one coaching that inspires them to succeed.
- **It starts young and provides long-term support.** From the age of 14, young people get support when they are making decisions about their GCSEs, information about the types of jobs in their local area and guidance on the skills, experience and qualifications required for entry into these jobs. Coaches stick with young people for the long term, providing up to five years of sustained support. This continuity of support helps young people not only get a job or college course but to stay with it.
- **It is connective and not duplicative.** Young people are helped to make full use of the relevant existing services in their community. The coaches also match and prepare young people for external initiatives and, where there are gaps, create tailored opportunities with partner employers.
- **It brings young people into contact with employers.** This is by providing access to activities as simple as visiting a workplace or having a local business leader speak at a school through to more involved activities, like having a dedicated mentor or completing a work experience placement.

#### Risk of NEET Indicator (RONI)

The factors that ThinkForward consider when predicting which young people in a school will end up NEET are:

- Key Stage 2 English Level (Year 6)
- Key Stage 2 Maths Level (Year 6)
- Key Stage 3 Average Score
- Mean Cognitive Ability score
- Reading Age
- Key Stage 3 Summer English Level (Year 9)
- Key Stage 3 Summer Maths Level (Year 9)
- Attendance (per cent) (Year 9)
- Unauthorised Absences (# in Year 9)
- Behaviour Incidents/score (Year 9)
- Exclusions (# in Year 9)
- Special Educational Needs Status
- Child Assessment Framework

ThinkForward now works with over a thousand young people on their journey from school to work.

#### Impact

Below are two quotes from young people who have used ThinkForward to demonstrate how it has been successful at keeping them 'on track'.

*'I have friends as well that are a year above me, two years above me that they're not doing nothing because they never got the help that we did. So like they're just out in the streets doing nothing.'*

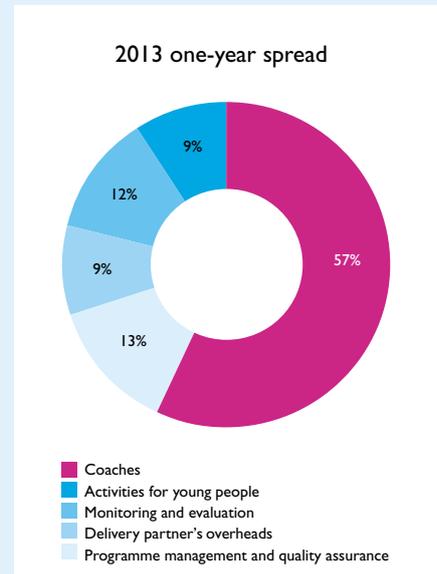
Post-16 young person

*'I think I wouldn't make it a long time if it wasn't for (name of coach), I don't think I would have even have got to year 11. I'd have been kicked out ages ago.'*

Year 11 student

### Funding

For every young person who goes on to become NEET, an average of £56,000 is lost to the public purse by the time they reach retirement age.<sup>104</sup> The cost of the ThinkForward programme is less than £1,250 per young person per year.<sup>105</sup> ThinkForward is funded by a Social Impact Bond, the first to be up and running in support of young people who are NEET or at risk of becoming NEET. It provides an innovative way to bring together investors, charities and government to build further capacity in the social sector. Commissioned by the Department for Work and Pensions' Innovation Fund and backed by Impetus-PEF and Big Society Capital, the Social Impact Bond will last for three years until 2015. The programme has also received funding from a variety of high-profile donors.<sup>106</sup>



### Case study: Adam, ThinkForward participant

When Adam was 14, he became involved in a local gang: starting fights, mugging younger children and occasionally assisting in dealing drugs. That is when ThinkForward coach Darrin got involved.

'Darrin explained what could happen to me. He had a friend, just like me, doing every crime I'd been doing. He had no life at all – couldn't get a job. I didn't want to be like him by the time I was 25,' said Adam.

'It's about building up their confidence,' says Darrin. 'Building up their self-esteem, encouraging them to have a bit of self-worth and giving them an opportunity to shine and letting them see they've got a talent somewhere.'

With the support of ThinkForward, Adam was able to leave the gang and improve his behaviour and school work. He is now confident that his security lies in the prospect of a stable job and is looking forward to earning a wage so that he can help his mum.

Building on the success of the DWP Innovation Fund and the ThinkForward initiative, **we urge the Government to go further by rolling out a national programme of high-quality coaching to young people most at risk of becoming unemployed.** Starting in the most deprived areas of the country, such a programme has the potential to identify and help large numbers of potentially vulnerable young people before they become unemployed and dramatically improve their life chances.

<sup>104</sup> Audit Commission, *Against the Odds*, London: Audit Commission, 2010

<sup>105</sup> ThinkForward, *ThinkForward Annual Review 2013*, London: ThinkForward, 2014

<sup>106</sup> Further information on the ThinkForward Social Impact Bond can be found in 'Delivering ThinkForward: ThinkForward in Action' [accessed via: [http://support.jdc.org/site/DocServer/DC\\_handout\\_\\_Private\\_Equity\\_Foundation.pptx](http://support.jdc.org/site/DocServer/DC_handout__Private_Equity_Foundation.pptx) (12.06.14)]

This is an 'invest to save' approach. In other words, investing in at risk young people will save considerable expenditure on unemployed individuals in years to come. The success of the Social Impact Bond used to fund ThinkForward creates a model for how government can use payment-by-results to leverage private and philanthropic funding. In our discussions with those responsible for establishing ThinkForward we have heard that the strength of the social investment market should make it possible to raise finance in this way for a gradual roll out to other areas where young people are particularly at risk of long-term employment.

## Quality careers advice

### The importance of careers advice

Ensuring that every young person receives high quality careers advice at times that are useful and relevant to them is a key way of reducing worklessness.

Establishing a direct and causal link between effective careers advice at school or college and successful employment outcomes later in life is complex. However, there is evidence from around the world to demonstrate that careers advice does actually make a difference.

#### Careers advice and employment outcomes<sup>107</sup>

- Careers education, information, advice and guidance interventions can 'make a difference in terms of 'soft' outcomes such as increased self-confidence and enhanced decision-making skills that can be seen as precursors or proxy indicators that make a significant contribution to longer-term socio-economic outcomes'.<sup>108</sup>
- A major Swiss study examined the impact of career guidance over a one-year period. The results indicated a continual decrease in career indecision in the long term and stabilisation in individuals' satisfaction with life.<sup>109</sup>
- An American study found that career interventions are effective in enhancing career decidedness, satisfaction with work, and confidence about decision-making skills.<sup>110</sup>

There are a number of reasons why careers advice is arguably more important than ever. First, the notion of a 'job for life' is disappearing. The average individual can now expect to work in 12 or more different jobs.<sup>111</sup> Without careers advice, it can also be difficult to know what types of jobs are likely to be created in the future. Many young people focus on skills that are poorly matched to demand from employers. In evidence to the CSJ, Anthony Mann, Director of Research and Policy at the Education and Employers Taskforce told us:

<sup>107</sup> Evidence base compiled with the assistance of Dr Deirdre Hughes, Director, DMH and Associates Ltd

<sup>108</sup> Hughes, D and Gratton, G, *Literature review of research on the impact of careers and guidance-related interventions*, Berkshire: CfBT Education Trust, 2009

<sup>109</sup> Perdrix, S et al, 'Effectiveness of career counselling: a one-year follow-up', *Journal of Vocational Behavior*, 80(2), 2012, 565–578

<sup>110</sup> Whiston, S and Blustein, D, 'The Impact of Career Interventions: Preparing our Citizens for 21st Century Jobs', 2013 [accessed via: [http://www.ncda.org/aww/NCDA/asset\\_manager/get\\_file/63826?ver=167](http://www.ncda.org/aww/NCDA/asset_manager/get_file/63826?ver=167) (24.05.14)]

<sup>111</sup> National Careers Council, *An Aspirational Nation: Creating a culture change in careers provision*, London: National Careers Council, 2013



*'There is a mismatch between the career aspirations of young people and the reality of the jobs market. A comparison of the career aspirations of 11,000 teenagers against the projected distribution of the 13.5 million new and replacement jobs predicted to emerge in our economy over the next decade has shown the two have nothing in common.'*<sup>112</sup>

Equally, despite extremely high levels of youth unemployment, many employers say they have difficulty recruiting staff with the skills they need. When recruiting young people, 61 per cent of small business employers are not confident they will find a candidate with the right skills.<sup>113</sup> Careers advice can be a crucial way of explaining to young people about skill gaps in the labour market and the qualifications they might need to secure employment. In evidence to the CSJ, Kate Shoemith, Director of Policy at the Recruitment and Employment Confederation (REC) told us:

*'REC members tell us that employers are keen to give young people a chance but due to a lack of support, some young people simply do not have the tools and skills they need to get a job. Private sector recruiters are working doubly hard to prepare young people for work and in many cases are filling in the void left by the careers service by offering advice and guidance on CV writing and interview techniques.'*

Effective careers advice has the potential to transform the life chances of young people. However, 34 per cent of 14 to 18-year-olds have not had careers advice from parents or family members.<sup>114</sup> For them, and particularly for young people whose parents have little or no work history, proper careers advice in a school or college setting can be essential.

In evidence to the CSJ, Mike Hughes, Founder and Chief Executive of charity Twenty Twenty told us:

<sup>112</sup> See: Mann, A et al, *Nothing in Common: the career aspirations of young Britons mapped against projected labour market demand (2010–2020)*, London: Education and Employers Taskforce, UK Commission for Employment and Skills and b-live, 2013

<sup>113</sup> Federation of Small Businesses, *Reform of GCSEs – what small businesses want*, London: Federation of Small Businesses, 2013

<sup>114</sup> City and Guilds, *Ways into Work: Views of children and young people on education and employment*, London: City and Guilds, 2012

*'Careers education, whether good or bad, begins at home. We see this all too clearly in many of the young people we work with, who come to us with a desperately limited understanding of potential careers they could choose, and no experience of the workplace whatsoever. Often, they will be from socially disadvantaged families that lack the knowledge and resources to support any kind of career planning, and won't be part of any beneficial informal networks through which they can source work experience opportunities or develop labour market insight. The saying 'it's who you know, not what you know' rings true.'*

### Case study: James, Spear course participant<sup>115</sup>

James, age 21, did not grow up in a stable home environment. His dad was violent, unemployed, a frequent drug user and always playing his DJ decks late into the night, leaving James sleep deprived and unable to concentrate at college. His mum left him and his little sister at a very young age because of the abuse she suffered from his dad. This made James feel like he had no family role models to look up to. He didn't believe he could follow a normal career route and would probably end up like his dad. He was eventually made homeless and had to drop out of college. Because of his situation, he has found trying to find out about the world of work from his parents extremely tough. He has very little contact with his dad and doesn't feel he can take advice from his mum after everything that has happened. He wishes he had been able to do work experience when younger but this was made almost impossible because of his lack of family connections.

## The current policy landscape

Two key changes that the Coalition Government has made to careers advice are the transfer of the statutory duty to secure careers advice to schools and the creation of the National Careers Service.

1. **Transfer of statutory duty** – The Education Act 2011 introduced a statutory duty on schools in England to secure access to independent, impartial careers guidance for their pupils in years nine to 11.<sup>116</sup> In September 2013, this requirement was extended to students in Year eight and to those aged 16 to 18 in schools, Further Education colleges and sixth form colleges. Previously the responsibility for careers guidance rested with local authorities and was usually delivered through the Connexions service. The Government has devolved this responsibility without devolving any additional resources.<sup>117</sup>
2. **Creation of the National Careers Service** – The National Careers Service supports people aged 13 and over in England to get the advice they need for future skills, careers, work and life choices. Its website provides a comprehensive range of online tools and resources. This includes details on over 130 industry areas, 800 job profiles, a course finder, CV builder and skills assessment tools. There is a telephone helpline and web chat service staffed by careers advisers, and area contractors provide face-to-face interviews and support for adults aged 19 and over from specialist careers guidance advisers at a wide range of community locations, including Jobcentre Plus (JCP) and prisons. Young people aged 18 may use this service if they receive out-of-work benefits.<sup>118</sup>

<sup>115</sup> In evidence to the CSJ

<sup>116</sup> Education Act 2011

<sup>117</sup> Education Committee, 'Seventh Report, Careers guidance for young people: The impact of the new duty on schools', 2013 [accessed via: <http://www.publications.parliament.uk/pa/cm201213/cmselect/cmeduc/632/63202.htm> (24.05.14)]

<sup>118</sup> Written submission to the CSJ by the National Careers Service

## Objectives for change

Our proposal to pair highly-trained coaches with the most at risk young people is a critical way of improving the quality of careers advice that the most disadvantaged receive. However, all young people, regardless of background, can benefit from careers advice. We set out below our objectives for change which should provide more 'light-touch' but effective support for all young people.

### *Advice should be face-to-face*

We have been told about the value of face-to-face careers guidance, particularly for more disadvantaged young people whose parents may not be providing it. The National Careers Service has identified a number of 'priority groups' which it believes require additional support, including face-to-face advice. These are: people with skills below Level Two; people aged 18–24 who are not in employment, education or training; those facing redundancy; people on out-of-work benefits or who are distant from the labour market; those with learning difficulties or disabilities; and offenders.<sup>119</sup> However, beyond this, young people are not necessarily entitled to any face-to-face support either through the National Careers Service or at school/college.

The Association of School and College Leaders (ASCL) surveyed its members and found that while 42 per cent were still making face-to-face guidance from a qualified professional available to any student in need of it, 30 per cent were extremely concerned about their capacity to meet the new requirements.<sup>120</sup> While technology brings many benefits in the form of access to online advice, it is no substitute for people interacting directly with employers or having face-to-face careers advice. Malcolm Trobe, deputy general secretary of the ASCL said that:

*'It's a big ask to pick up the phone to a stranger and say that you don't know what you want to do with your life... In a face-to-face conversation with someone you know and trust, it's much easier to draw things out, to explore different career paths and to see how it's possible to channel your interests and skills into a job.'*<sup>121</sup>

### *Advice should be high quality*

The CSJ supports the transfer of duty for securing independent careers advice to schools. The transfer reflects the fact that schools should know their pupils best and should be well-placed to tailor provision in an appropriate way and offer local innovation.

There is significant concern, however, that for many young people, the quality of careers advice being delivered in schools is not good enough. An Ofsted review of careers advice found that only one in five schools were effective in ensuring that all its students in years nine, ten and 11 were receiving the level of information, advice and guidance they needed to support decision-making. Only just over a third of the individual careers guidance interviews observed by inspectors were conducted well enough.<sup>122</sup>

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<sup>119</sup> Ibid

<sup>120</sup> Written evidence submitted by the Association of School and College Leaders to the Education Committee, October 2012 [accessed via: <http://www.publications.parliament.uk/pa/cm201213/cmselect/cmeduc/632/632we17.htm> (24.05.14)]

<sup>121</sup> BBC, 'Teenagers need 'face-to-face' careers advice', 5 June 2013

<sup>122</sup> Ofsted, *Going in the right direction?: Careers guidance in schools from September 2012*, Manchester: Ofsted, 2013

In evidence to the CSJ, Prospects, a leading education, employment and training services company told us that:

*'Too often advice is delivered in an unstructured and somewhat piecemeal manner. It is far more common to find schools with no real cross-curricular approach to careers and employability education, and with no real strategy for related skills development. There is widespread misunderstanding of how schools and colleges should meet any responsibilities in relation to careers education, advice and guidance, and what good practice looks like.'*

One particular issue raised to us is that schools themselves are continuing to deliver advice, despite the statutory duty on them to secure it from independent and impartial careers professionals. Some schools are offering advice which is too narrow and does not offer quality information on the full range of post-16 options available to young people.<sup>123</sup> It has been suggested that this is partly a consequence of wanting to retain pupils for their own sixth form so they receive funding for them.

'Colleges still find it difficult to get schools to allow them access to all their pupils to tell them about their options. Schools often 'cherry-pick' the students they will allow colleges to speak to – usually those considered 'less academic' – or do not allow pupils time away from school to attend college open days.'<sup>124</sup>

Association of Colleges

Young people themselves are concerned that they are not receiving helpful advice. One study found that 93 per cent felt they were not provided with all the information they needed to make informed choices on their future career.<sup>125</sup>

'We know careers advice is on life support in many areas, as schools struggle with the new statutory duty.'<sup>126</sup>

John Cridland, Director-General, Confederation of British Industry

### *Restore employers' faith in careers advice*

Most employers do not have confidence in the careers advice that young people receive. In a recent CBI and Pearson survey, 72 per cent of employers polled said careers advice for young people is not good enough.<sup>127</sup>

123 Association of Colleges, *Why Careers Guidance: Guaranteed is crucial*, London: Association of Colleges, 2014

124 Ibid

125 Confederation of British Industry, 'Press release: 93% of young people are not getting the careers information they need – CBI', 21 November 2013 [accessed via: <http://www.cbi.org.uk/media-centre/press-releases/2013/11/93-of-young-people-are-not-getting-the-careers-information-they-need-cbi> (24.05.14)]

126 BBC, 'CBI chief warns over poor careers advice', 19 June 2013

127 Confederation of British Industry and Pearson, *Changing the pace: CBI / Pearson education and skills survey 2013*, London: Confederation of British Industry, 2013

## Policy recommendations

For the most at risk young people, we have recommended a programme of intensive mentoring, part of which can include careers advice. This one-to-one support can be very important for young people who are struggling to understand where they want to go next in life. However, all young people need careers advice, so we set out below how we can ensure that this starts earlier, with the engagement of employers, and advice that is delivered face-to-face.

### *Careers 'taster' sessions in every primary school*

It is almost never too early for young people to be inspired in an appropriate way to start thinking about their future education, training opportunities and careers. We recommend that every primary school invites at least one local employer to give a 'taste' of the world of work and of their organisation in particular. This should take place in the latter years of primary education, either in a school setting or at the organisation itself. These sessions should be embedded in the curriculum and broaden young people's understanding of the types of jobs available.

'When growing up from primary school, we should get little tasters of the things that are out there to do. That's when our minds are dreaming and really active ... it doesn't matter if you change your mind as you've got time to try something else.'<sup>128</sup>

Young person

Such an approach builds on the success of the Department for Education's Key Stage Two career-related learning pilot which demonstrated increased pupil awareness of future options and reduced pupil gender stereotyping of specific careers.<sup>129</sup>

### Case study: Newall Green Primary School, Manchester<sup>130</sup>

Newall Green is a primary school in Wythenshawe – an area of Manchester with a high unemployment rate. The school is keen to get their pupils thinking about their future career options in an inspiring way. To do this, they invited Manchester Airport to visit the school for a 'World of Work' day. Manchester Airport is keen to build local skills and raise awareness so that it is able to recruit from the local area. On the day, the school became an airport as teams of staff from airport-based employers held fun interactive sessions in class. The day broadened horizons and gave pupils the opportunity to talk to a variety of professionals about the range of careers options at Manchester Airport. As well as this, the school invites professionals to come and talk to the children about their career journey. They also support pupils to create their own short and long term plans in order to achieve their future career, setting out what early steps they might need to consider. Headteacher Sarah Rudd said that 'Aspirations for some people in our area are low and there aren't many role models for them. This is about planting seeds early to make children want to carry on in education and take up all the opportunities offered to them. By talking to them about their careers, they understand that they will have to work hard and even go to university to get some of the jobs they want.'

<sup>128</sup> City and Guilds, *Ways into Work: views of children and young people on education and employment*, London: City and Guilds, 2012

<sup>129</sup> Department for Education, *Key stage 2 career-related learning pathfinder evaluation*, London: Department for Education, 2011

<sup>130</sup> In evidence to the CSJ

### *Face-to-face careers advice for all young people*

In light of the transfer of the statutory duty on schools in England to secure access to independent, impartial careers guidance for their pupils, we recommend that every school should ensure that this advice is delivered *face-to-face*. Age 13 to 14 is a crucial time for young people as they are making important decisions about their GCSE options. By this time, we expect young people to have received appropriate guidance. Additional guidance should follow throughout their secondary education. Sessions should be needs-led, rather than simply taking place at a time that is convenient to the school. This practice should not only take place in schools, but in other education providers such as colleges and alternative provision.

It is important that, alongside these measures, Ofsted holds schools and colleges to account for securing high-quality careers advice for all their pupils. We welcome the determination of the Chief Inspector of Schools Sir Michael Wilshaw to give greater priority to careers advice as part of the inspections process.<sup>131</sup> Inspectors should ensure they are making proper use of new destinations data in order to form their judgement.

## Meaningful work experience

### The importance of work experience

Despite persistently high levels of youth unemployment, businesses comment that some young people are not sufficiently work-ready for the jobs available. The main skill issues that small employers are concerned about are their general attitude to work (48 per cent), literacy (41 per cent), communication skills (40 per cent) and customer services (37 per cent).<sup>132</sup>

The majority of the above is concerned with 'soft skills' and one of the ways of developing these is through experience of the work place. This can also give individuals a better understanding of what it is like to have a job and help them to decide whether a certain career is right (or wrong) for them. This is particularly important for young people growing up in disadvantaged circumstances who can find it harder to access work experience opportunities.

In evidence to the CSJ, Jackie Nunns, CEO of Kids' City, a London-based charity established to advance the education of school-age children, told us:

*'Young people can't get jobs and that's because they can't prove that they are work-ready, and it's a vicious cycle.'*

Research also shows that young adults who have experienced four or more contacts with an employer (e.g. work experience) are five times less likely to be NEET and earn, on average, 16 per cent more than peers who recalled no such activities.<sup>133</sup>

<sup>131</sup> Times Educational Supplement, 'We will make careers advice a priority, Wilshaw says', 22 February 2013

<sup>132</sup> Federation of Small Businesses, *Reform of GCSEs – what small businesses want*, London: Federation of Small Businesses, 2013

<sup>133</sup> Education and Employers Taskforce, *It's who you meet: why employer contacts at school make a difference to the employment prospects of young adults*, London: Education and Employers Taskforce, 2012

However, only around 25 per cent of businesses provided work experience to young people in education in 2013.<sup>134</sup> The main reasons employers gave for not offering placements were:

- No suitable roles (37 per cent);
- No one has approached them (20 per cent);
- They do not have the time or resources (16 per cent).<sup>135</sup>

We believe that in many instances the last two barriers can be overcome by better liaison between schools and businesses.

## Objectives for change

### *Work experience should be high quality*

There are a number of excellent examples of employers who have developed exciting and meaningful work experience schemes in partnership with schools and colleges for young people. One notable example we visited was the Barclays LifeSkills initiative.<sup>136</sup> Another is Inspiring the Future, which is a free service matching employee volunteers with a range of careers-related activities requested by state schools and education centres.<sup>137</sup> There has also been a welcome attempt to improve the quality of work experience for employers and young people. For instance, the Chartered Institute of Personnel and Development has developed its own best practice guide and there is a National Work Experience Quality Standard, run by Fair Train.<sup>138, 139</sup>

However, not all work experience activity is high quality. In its 2013 report, the Social Mobility and Child Poverty Commission noted that:

*'Businesses engaging with schools via careers talks or providing work experience can help to level the playing field on aspiration and expectation. But activity is too often poorly coordinated and too sporadic to maximise impact.'*<sup>140</sup>

A survey of over 1,000 young people by YouGov found that:

- Only 64 per cent had been given some responsibility during their placement;
- Only 59 per cent were given feedback on their work or progress;
- 21 per cent said their host employer was not prepared for the placement.<sup>141</sup>

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<sup>134</sup> UK Commission for Employment and Skills, *Scaling the youth employment challenge*, London: UK Commission for Employment and Skills, 2013

<sup>135</sup> Ibid

<sup>136</sup> See: [www.barclayslifeskills.com](http://www.barclayslifeskills.com)

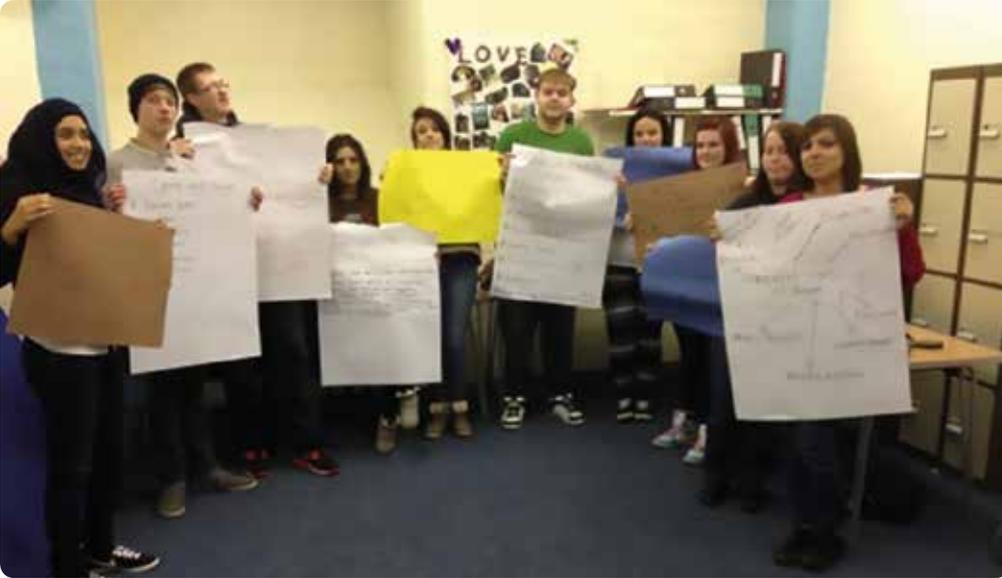
<sup>137</sup> See: [www.inspiringthefuture.org](http://www.inspiringthefuture.org)

<sup>138</sup> Chartered Institute of Personnel and Development, *Work experience placements that work*, London: Chartered Institute of Personnel and Development, 2012

<sup>139</sup> See: [www.fairtrain.org](http://www.fairtrain.org)

<sup>140</sup> Social Mobility and Child Poverty Commission, *State of the Nation 2013: social mobility and child poverty in Great Britain*, London: Social Mobility and Child Poverty Commission, 2013

<sup>141</sup> Education and Employers Taskforce, *Work experience: impact and delivery – insights from the evidence*, London: Education and Employers Taskforce, 2012



In evidence to the CSJ, Stephen Gardner, CEO of Fair Train, told us:

*'Too little work experience actually provides the experience that young people need. The choice of placement is often limited as only around a quarter of employers offer any type of experience and too often the employer cannot provide experience in the job role that the young person hopes that it can. Even when correctly matched young people often spend too much time "watching not doing" or performing purely administrative functions. The notion of setting and reviewing targets for work experience placements is not well embedded. Unfortunately many young people often leave an employer without a full statement of what they have actually achieved or a "route map" for gaining a job in their chosen career.'*

'Work experience was terrible in year ten. If you don't find your own it was terrible.'<sup>142</sup>

Young person, aged 16–18

*There should be improved access for disadvantaged young people*

In many cases, young people do not do any work experience at all. More than half (55 per cent) of employers think not enough young people leave school with work experience.<sup>143</sup> Even when young people do, the nature of that activity is too often shaped by that individual's family background. For example, half of all work placements are found by young people themselves or by their families using largely existing social networks.<sup>144</sup> This puts young people who grow up in a family which lacks an employment history or useful connections at a disadvantage.

<sup>142</sup> City and Guilds, *Ways into Work: views of children and young people on education and employment*, London: City and Guilds, 2012

<sup>143</sup> Confederation of British Industry and Pearson, *Changing the Pace: CBI Pearson Education and Skills Survey 2013*, London: Confederation of British Industry, 2013

<sup>144</sup> Education and Employers Taskforce, *Work Experience: impact and delivery – insights from the evidence*, London: Education and Employers Taskforce, 2012

## Policy recommendation

*Local Enterprise Partnerships (LEPs) should introduce Work Experience Champions*

LEPs are uniquely placed, both in terms of their geographical location and local labour market knowledge, to play a greater part in tackling youth unemployment. We recommend that the Secretary of State for Business, Innovation and Skills requires that every LEP recruit Work Experience Champions. This important new role would involve co-ordinating work experience efforts between schools, employers and the voluntary sector, and finding innovative ways of promoting the business case for work experience to employers. LEP Work Experience Champions would have a particular remit to help young people on Free School Meals to access high quality work experience placements. There should also be a responsibility to set out what the future skill needs are likely to be in that area and disseminate this to schools, colleges and other relevant organisations.

### Chapter 1: Summary of recommendations

This Chapter has argued that the welfare system should seek to identify young people at risk of long-term unemployment whilst they are at school and help them overcome the potential barriers to work before they arise and become entrenched. To do this we have made the following recommendations:

- A national mentoring scheme which identifies young people at highest risk of becoming unemployed at 14 and uses highly-trained coaches to give support to overcome the specific issues which increase their likelihood of becoming unemployed
- Primary schools should organise careers 'taster' sessions with local employers
- All young people should receive face-to-face careers advice from a qualified and independent careers professional
- Local Enterprise Partnerships (LEPs) should employ Work Experience Champions

# chapter two

## The 'Gateway'

### Introduction

An effective welfare system is one which can identify risk and offer appropriate and specialist support in a timely fashion, based on need. This is true not only for young people who are moving into work for the first time, but for adults who are long-term unemployed or who have lost their job after many years in the labour market.

This Chapter sets out how we can start to build this more refined system. For young people, the transition from school to work, particularly for those with low skills, can be complex and fractured. To rectify this, we outline a co-ordinated Youth Offer, designed to ensure that young people capable of work receive the high quality structure and support they need to transition into work as quickly and successfully as possible.

### A co-ordinated Youth Offer to tackle youth unemployment

The scale and nature of the UK's youth unemployment problem has been outlined in the earlier sections of this report. Yet the current system does not do enough to support individuals to make positive choices about their future. It needs to be far more ambitious for young people.

We recommend a system which supports young people to make a successful transition from education to work and attempts to prevent anyone from 'falling through the net'. We propose that a Youth Offer be created to replace the existing system for the majority of 18–24-year-olds who do not go to university to support them on their journey from education to employment. This system would be the new gateway to welfare support and receiving any support would be conditional on positive engagement with the system.

There will be a minority of young people for whom participation in this system would not be necessary. This includes full-time carers, young mothers and those unable to work because of disability or illness. These groups will continue to be properly supported in the existing way and their circumstances will continue to be regularly assessed. There will also be young people

who have already secured a job, further study or similar, and so will not need to participate. If, however, they become unemployed or drop out of study and wish to be financially supported through the welfare system, then they will be expected to engage. Gap year students would be required to apply afterwards in order to receive any support.

### The Youth Offer

- Application
- Assessment
- Intensive job search or Community Wage

**Application:** young people not applying for Higher Education through UCAS would be expected to apply for education, training or work opportunities during their final year of compulsory education. This means a young person would be able to access support with their application in a school or college setting.

The application would be made through a new UCAS-style online portal where all relevant opportunities are posted and applied for. Available options would include:

- Education (e.g. Further Education);
- Education/training that is job-focussed (e.g. traineeship with an apprenticeship to follow; apprenticeship with an expected job offer; internship);
- A job.

#### Focus Group: young people from London Youth<sup>145</sup>

The group generally felt that they would not know who to ask or where to look to find information on accessing vocational training opportunities. They said there was no central place where you could explore which qualifications you needed, and which providers offered them. One young person said that when searching online for these sorts of opportunities, she often found confusing or contradictory information on what qualifications she needed.

#### Focus Group: young people from Spear course (delivered by Resurgo)<sup>146</sup>

James said 'It really is confusing. There's so many jobs and different opportunities out there, but you don't know where to look or even where to start. In the end loads of young people just end up doing something really basic to fund bills but if you made it easier and simpler then people could apply for things they actually want to do.'

**Assessment:** if unsuccessful in their applications, individuals would be expected to attend a meeting with a JCP adviser where their likelihood of gaining employment and their support needs would be properly assessed.

**Intensive job search or Community Wage:** following this, a decision would be made about which of the following two routes is most appropriate for that young person:

<sup>145</sup> In evidence to the CSJ

<sup>146</sup> Ibid



- Intensive job search:** Young people identified as relatively work-ready would begin intensive job searching. There would be a waiting period of four weeks when no benefits can be claimed. This sends a clear message that individuals are not automatically entitled to benefits and this initial period should be spent looking for work, rather than looking to make a claim.<sup>147</sup> After this time they would be eligible for a Young Person's Payment, at the equivalent value of their Universal Credit support, and only available by engaging with intensive job search. The conditions would be agreed with their JCP adviser. This period of job search would last for three months. If a young person is unsuccessful in securing a job after this time, they would be expected to engage with the Community Wage scheme below.

### Effectiveness of a waiting period

In the Netherlands, individuals that are assessed as able to find employment within six months are assigned to a caseworker, either immediately or after a waiting period of up to four weeks in which the individual has to look for employment by themselves. The idea behind the waiting period is that it sends a clear signal to the applicant that receiving welfare comes with the obligation to actively search for employment.

A major study found that clients of caseworkers who are instructed to apply a waiting period to every client without major financial problems were 17 per cent less likely to receive welfare after three months than clients of caseworkers who were instructed to never apply a waiting period. The waiting period does not only increase the speed with which clients exit welfare, it even leads to exit of clients that would otherwise have received welfare benefits for at least six months.<sup>148</sup>

<sup>147</sup> There would be a minority of exceptions, such as a young person leaving care. There is evidence that a short waiting period can reduce welfare dependency

<sup>148</sup> Bolhaar, J et al, 'Effectiveness of different welfare to work methods, evidence from a field experiment' [accessed via: [http://www.iza.org/conference\\_files/PolicyEval\\_2013/ketel\\_n9082.pdf](http://www.iza.org/conference_files/PolicyEval_2013/ketel_n9082.pdf) (24.05.14)]

- **Community Wage:** If a young person is assessed as requiring more intensive support before being ready for the job market, they would be expected to engage with a new Community Wage scheme. This scheme would place a young person with an organisation that would work with them full time for 35 hours a week. Organisations who could participate would include social enterprises, charities and private providers of employment support. Young people would be expected to engage with activities that are conducive to helping them find employment, such as basic skills training, community work and supported job search.

Young people would not receive out-of-work benefits but instead receive a wage of the same value as their entitlement to Universal Credit support. This would be paid to the organisation employing the young person by government and then passed on to the young person. Receipt of this wage would be conditional on satisfactory engagement with their designated programme of activities. (Participants of the Community Wage could also receive a travel allowance to assist with the cost of getting to work every day.)

The scheme would operate on a payment-by-results basis relative to the young person's need. There would be a small up-front attachment fee to participating organisations, but the majority of funding should be made to providers once a successful job outcome and job sustainment has been achieved. There would be progress payments available to providers to recognise 'distance-travelled' achievements such as a young person starting an apprenticeship.

*'This proposed new system from the CSJ would be an invaluable tool to Recycling Lives to help us to assist an increased number of young people in hard-to-reach environments with backgrounds of worklessness. We've already got countless examples of young people coming from challenging environments that have participated with Recycling Lives and signed off benefits in preference for working in partnership with us and our corporate partners to gain the necessary work ethics that will help them ultimately hold down full-time employment.'*<sup>149</sup>

**Steve Jackson OBE, Founder and CEO, Recycling Lives, a Lancashire-based charity which 'sustains charity through metal and waste recycling'**

*'From our experience at Twenty Twenty, we see a number of young people leaving school/college who require a significant level of support to address their barriers to work before they are likely to secure any form of employment. We believe that a Community Wage scheme, as suggested by the CSJ, would enable us to work intensively and effectively with these young people, particularly by giving them the experience of working life and basic skills training. This will prepare them for sustainable work and should prevent them falling into the benefit system. The language of 'wages' rather than 'benefits' is also important, as it reframes how young people should think about their future. If you want to earn money, it should come from an employer as a wage, not the state as a benefit.'*<sup>150</sup>

**Andy Cook, Operations Director, Twenty Twenty, a Leicestershire-based charity specialising in helping young people who struggle to thrive in mainstream education**

149 In evidence to the CSJ

150 Ibid



In terms of costs, the Youth Offer is designed to save government money over the medium term as more young people are supported to find sustainable work and so do not have to claim out-of-work benefits. We envisage the main costs of this Youth Offer being the initial start-up expenditure associated with creating the UCAS-style website and the attachment and outcome payments to providers. There would be a degree of savings to be made through the introduction of a waiting period of four weeks, which would delay entitlement to financial support, or reduce its need should potential claimants be successful in finding work during that period. The CSJ plans to undertake additional work to cost this Offer in due course.

**Focus Group: young people and youth workers from London Youth<sup>151</sup>**

*'The approach seems to offer a more personalised support programme for young people out of work which is a really important aspect to us'.*

*'I like the idea of it being about community'.*

**Focus Group: young people from Spear course (delivered by Resurgo)<sup>152</sup>**

*'Everyone should be able to do community work. So many people I know lack confidence. This could help. It's important that people are doing something and that they get stuff out of it'.*

## Conclusion

The Youth Offer set out in this Chapter has the potential to create new pathways and new expectations for young people leaving school and entering the jobs market. By helping and requiring young people to search for employment before leaving school, the welfare system

<sup>151</sup> Ibid

<sup>152</sup> Ibid

can help smooth the transition between education and work. By swiftly assessing the needs of those who do not find work and offering intensive assistance through Community Wage placements to those most at risk of long-term unemployment, all young people will be given the support they need to be in work to find work.

## Chapter 2: Summary of recommendations

A co-ordinated Youth Offer to replace the existing out-of-work benefit system for the majority of young people not opting for university.

- A new UCAS-style application system which young people should use in their final year of compulsory education.
- In-depth assessment of needs by JCP advisers for young people not successful in their application
- Community Wage scheme for those with the highest barriers to work to give young people the tools they need to find sustainable work.

# chapter three

## Removing barriers

For those too old for the Youth Offer, we set out a new vision for the future of back-to-work support. At the heart of this is a reformed JCP system that accurately assesses the barriers to work an individual faces at the start of their claim and swiftly offers employment support from the most appropriate provider. We also explore how, in the short term, the Work Programme can be developed to support the long-term unemployed most effectively.

One of the key barriers to employment highlighted to us during the course of the review was the lack of mobility in housing, particularly for social tenants. The CSJ will set out its detailed thinking on housing next year, but this Chapter also introduces some interim ideas on how individuals who want to move to different parts of the country for work, particularly those in the social rented sector, can be supported better to do so.

### Reform of JCP

Central to any successful system of employment support should be an effective jobcentre. As part of our research process, we have visited a number of JCP sites across the UK, including Wood Green, Blaenau Gwent, Hammersmith and Norwich, and spoken to many service users and charities working with service users. Through this we have found that, in several ways, significant progress has been made since 2010. For example:

- **Benefit delays are down** – the time taken to pay an individual's benefit claim has significantly reduced over the last four years. 94 per cent of JSA claims and 88 per cent of ESA claims are processed within ten days, compared to 86 per cent and 73 per cent respectively in 2009/10;<sup>153</sup>
- **Universal Credit roll-out** – the most ambitious and important reform to the welfare system in generations has begun its roll-out across the country;
- **Claimant Commitment introduced** – a key feature of Universal Credit is the Claimant Commitment which replaces the Jobseeker's Agreement and has now been rolled out to every JCP in the UK. The document is shaped by the claimant and adviser and tailored to

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<sup>153</sup> Department for Work and Pensions, Departmental Management Information systems (unpublished data)

their individual situation (e.g. family commitments, health conditions, potential for future earnings). It outlines what job-seeking actions an unemployed claimant must carry out in order to receive their Universal Credit payment. If a claimant is already working, it may set out what responsibilities they have to find better paid work or work additional hours. A claimant's Universal Credit payment can be cut if they do not meet their pre-agreed responsibilities;<sup>154</sup>

- **Work coaches introduced** – Universal Credit claimants will experience a different type of relationship with their adviser, rebranded as 'work coaches'. In particular, there is a greater focus on mentoring and employment coaching to help claimants fulfil their Claimant Commitment;<sup>155</sup>
- **Help to Work introduced** – Help to Work is a new scheme designed to help the very long-term unemployed find work. Claimants can be expected to attend JCP every day, receive intensive JCP support and/or participate in a community work placement;<sup>156</sup>
- **Universal Jobmatch introduced** – Universal Jobmatch is a free website launched in 2012 for all jobseekers which automatically matches individuals to jobs based on their skills and CV. Claimants can now be required to look for work using Universal Jobmatch or risk losing their benefit;<sup>157</sup>
- **Innovation at individual JCP sites** – one notable example we visited was the Intensive Activity Programme (IAP) at Hammersmith JCP. As part of their package of Universal Credit support, claimants receive four face-to-face interviews with their work coach within the first two weeks of their Universal Credit claim. The first interview lasts 90 minutes.<sup>158</sup> There was genuine enthusiasm and support for this new approach amongst claimants and JCP staff. One frontline adviser commented to us:

*'I think IAP is fantastic. It gives me a structure to follow with coaching conversations flowing naturally, and it really gets the claimants engaged as it shows we are genuinely interested in them and giving them our time. Claimants finish IAP having developed a smart job-focussed CV with the ability to tailor the specifics; proven and relevant references; and a realistic approach to getting work.'*

These are important reforms that are supporting more people to find employment. Building on our *Up to the Job?* report, we suggest the Government explores further ways of improving the JCP offer to claimants.<sup>159</sup> We acknowledge that while Universal Credit is being rolled out across the UK, large-scale reform to back-to-work support could be counter-productive and destabilising. Yet in the meantime, we suggest Government explores ways of transforming JCP performance measures to drive better results for those who are out of work.

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154 HM Government, 'Simplifying the welfare system and making sure work pays: Introducing the Jobseeker's Allowance Claimant Commitment' [accessed via: <https://www.gov.uk/government/policies/simplifying-the-welfare-system-and-making-sure-work-pays/supporting-pages/introducing-the-jobseekers-allowance-claimant-commitment> (24.05.14)]

155 HM Government, 'Universal Credit and your Claimant Commitment', October 2013 [accessed via: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/254541/uc-and-your-claimant-commitment.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/254541/uc-and-your-claimant-commitment.pdf) (24.05.14)]

156 HM Government, 'Help to Work: nationwide drive to help the long-term unemployed into work' [accessed via: <https://www.gov.uk/government/news/help-to-work-nationwide-drive-to-help-the-long-term-unemployed-into-work> (24.05.14)]

157 HM Government, 'Jobseekers required to use Universal Jobmatch' [accessed via: <https://www.gov.uk/government/news/jobseekers-required-to-use-universal-jobmatch> (24.05.14)]

158 HM Government, 'Universal Credit expands to London' [accessed via: <https://www.gov.uk/government/news/universal-credit-expands-to-london> (24.05.14)]

159 Centre for Social Justice, *Up to the Job? How reforming Jobcentre Plus will tackle worklessness*, London: Centre for Social Justice, 2013

## Short-term reform

### *A new performance measure*

The current performance measure, off-flow from benefit, is geared towards ending an individual's claim on benefits, rather than helping them improve their skills or find sustainable work. It fails to capture whether someone simply ends their current claim and starts claiming another benefit, stops receiving benefits altogether, or whether they move into work. It also provides no information on whether someone remains in employment or not, unlike the performance measures of the Work Programme. In 40 per cent of cases the reason for off-flow is not recorded.<sup>160</sup>

We have argued before that a new metric should be introduced which measures the performance of the JCP network on how many people have actually moved into work and stayed there.<sup>161</sup> Whilst concerns have been raised over the administrative burden associated with tracking job outcomes, this process should be made far easier with the introduction of Real Time Information on earnings as part of Universal Credit.<sup>162</sup>

## Longer-term reform

### *Proper assessment of barriers to work*

Being able to accurately diagnose the needs of claimants is critical to ensuring that they receive employment support which is appropriately tailored and effective. Yet the current assessment approach used by JCP is limited to a narrow range of factors such as basic personal characteristics (e.g. age, gender), claim history and information about income. By itself this information is too simplistic to make a detailed assessment of a claimant's personal circumstances and barriers to work.<sup>163</sup> As a consequence, it is far harder for appropriate support to follow.

JCP therefore needs to make a more effective assessment of support needs. We have studied a number of different models from around the world in order to learn from best practice. Our recommendation is that such an assessment should follow the principles of the Job Seeker Classification Instrument (JSCI) used in Australia. This approach is acknowledged as a factor contributing to Australia's successful system of employment provision.

In evidence to the CSJ, Sally Sinclair, CEO of the National Employment Services Association in Australia, told us:

*'The Job Seeker Classification Instrument is an important classification tool that identifies the relative disadvantage of jobseekers so that they can receive the appropriate service level. While the tool itself is valuable, it is vitally important that*

<sup>160</sup> National Audit Office, *Responding to change in jobcentres*, London: National Audit Office, 2013

<sup>161</sup> Centre for Social Justice, *Up to the Job? How reforming Jobcentre Plus will tackle worklessness*, London: Centre for Social Justice, 2013

<sup>162</sup> Work and Pensions Committee, *The role of Jobcentre Plus in the reformed welfare system, Second Report of Session 2013–14*, London: Work and Pensions Committee, 2014

<sup>163</sup> Ibid

*the assessment process is implemented effectively. Important success factors include input from providers, sufficient time to collect evidence and conduct assessments, and alignment of assessment outcomes to individual jobseeker needs.'*

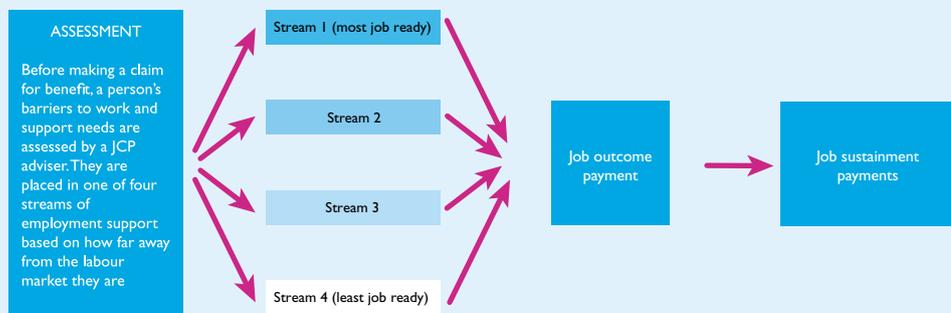
### Case study: The Australian model – Job Seeker Classification Instrument

The JSCI is used to assess a jobseeker's relative difficulty in getting and sustaining employment. It helps identify what level of support that jobseeker will need to help them find work. Jobseekers must have an assessment when they first register for benefits and whenever their circumstances change.<sup>164</sup>

In the majority of cases, the Australian jobcentre will conduct the assessment. This is either done over the phone or face-to-face. There are three components to the JSCI assessment: the factors, the questions and the score.

The JSCI process involves collecting information about each of the factors using a combination of questions and existing data about the jobseeker. Factors identified as having a significant relationship with a jobseeker's likelihood of remaining unemployed for another year include work history, educational attainment, English proficiency, access to transport, disability and criminal convictions. This information is then used to calculate a score for the jobseeker. A job seeker's score determines how far away they are from the labour market.

There are four streams of employment support available. A jobseeker's score determines which stream they are eligible for. Stream one represents the most 'work-ready' jobseekers (for those with lowest scores). A jobseeker's responses may also indicate a need for them to have an Employment Services Assessment, which will identify if they are eligible for Stream four (for hardest-to-help jobseekers) or for Disability Employment Services.<sup>165</sup>



*'The Job Seeker Classification Instrument helps to ensure that jobseekers receive tailored, targeted support. This benefits the jobseeker through the delivery of an individualised service, assists providers to offer the right support, and also helps government to target funding to those most in need. However to work effectively, it needs to be appropriately resourced and implemented, and it must capture enough information to assess the appropriate level of support for each individual.'*

Michael Wasley, General Manager, MatchWorks

<sup>164</sup> Australian Government Department of Employment, 'Job Seeker Classification Instrument' [accessed via: <https://employment.gov.au/job-seeker-classification-instrument> (24.05.14)]

<sup>165</sup> Australian Government Department of Employment, 'Components and results of the Job Seeker Classification Instrument' [accessed via: <https://employment.gov.au/components-and-results-job-seeker-classification-instrument> (24.05.14)]

'As a quite low-cost means to stream job seekers to levels of employment assistance and the associated funding, the JSCI is effective in the majority of cases.'<sup>166</sup>

Jobs Australia (the national body in Australia for non-profit organisations that assist unemployed people to get and keep jobs)

The CSJ recommends the Government adopts this approach to assessment and uses it in the following ways:

- The government should develop a sophisticated assessment tool which accurately assesses a claimant's barriers to work and what type and intensity of employment support they will need to find sustainable work;
- New claimants (and those whose circumstances have changed) should be assessed by a JCP adviser using this tool when they first make a claim for benefits;
- This assessment should be done face-to-face rather than on the phone. Feedback from Australia is that individuals are less likely to disclose their barriers (e.g. an addiction) over the phone;<sup>167</sup>
- Four streams of employment support should be established. A claimant's score (from their assessment) should determine which stream they should be placed in. Stream one is for the easiest-to-help people (e.g. an individual with a strong work record and high skills who has just lost their job) and Stream four is for the hardest-to-help people (e.g. an individual with no record of employment and an addiction to drugs and alcohol which makes their ability to hold down a job very limited).
- The factors used in the assessment (and the weighting given to them) should be regularly reviewed to ensure the process remains accurate.

#### *Introduce new back-to-work providers*

In our report *Signed On, Written Off* we noted some of the issues with employment support delivered by JCP. There is significant 'churn' in the system, innovation and personalised support for claimants is not as widespread as it could be, and faith in the system amongst employers is low.<sup>168</sup>

We also set out in our first *Breakthrough Britain* report that there are a number of alternative providers delivering employment support more effectively.<sup>169</sup> One outstanding example is CSJ Alliance member Resurgo, which runs the Spear Course in London.

<sup>166</sup> Jobs Australia written submission to Australian Government review of Job Seeker Classification Instrument [accessed via: [http://docs.employment.gov.au/system/files/doc/other/jobs\\_australia\\_1.pdf](http://docs.employment.gov.au/system/files/doc/other/jobs_australia_1.pdf) (24.05.14)]

<sup>167</sup> Work and Pensions Committee, *The role of Jobcentre Plus in the reformed welfare system, Second Report of Session 2013–14*, London: Work and Pensions Committee, 2014

<sup>168</sup> Centre for Social Justice, *Signed On, Written Off: an inquiry into welfare dependency in Britain*, London: Centre for Social Justice, 2013

<sup>169</sup> Centre for Social Justice, *Breakthrough Britain: Economic Dependency and Worklessness*, London: Centre for Social Justice, 2007



### Case study: Spear Course, London (delivered by Resurgo)<sup>170</sup>

The Spear course began in 2004 with its first centre opening in Hammersmith. It now has seven centres based in Chelsea, Shepherd's Bush, North Fulham, Clapham Junction, Camden and Harrow. A new centre is opening in Bethnal Green in September. The project has the capacity to serve 720 young people each year.

The highly interactive course addresses many of the common causes of underachievement: an absence of motivation to consider opportunities, low basic skills and a need for information, advice and guidance, qualifications and opportunity.

Of those who graduate from the course, over 75 per cent move into work or education and are still there a year later. This compares favourably with JCP. A DWP report found that only two-thirds (68 per cent) of claimants leaving JSA actually enter paid employment. Of these two-thirds, 75 per cent were still in paid work seven to eight months later.<sup>171</sup>

We recommend that employment support should be delivered by a range of providers from the private, voluntary and public sectors. Providers should be financially rewarded for getting claimants into sustainable employment on a payment-by-results basis. We suggest this follows the approach of the Australian system, as set out below.

<sup>170</sup> See: [www.spearcourse.org](http://www.spearcourse.org)

<sup>171</sup> Department for Work and Pensions, *Destinations of JSA, Destinations of Jobseeker's Allowance, Income Support and Employment and Support Allowance Leavers 2011*, London: Department for Work and Pensions, 2011

### Case study: The Australian model – support from the most appropriate provider

Following allocation to a particular stream of employment support, provision is available in Australia from a large number of providers, with private and voluntary sector organisations competing in a 'quasi-market'.

These providers are remunerated on a payment-by-results basis. There is an initial 'service fee', an 'employment outcome' payment and a special fund for measures that tackle jobseekers' barriers to employment. The generosity of these payments is linked to the stream that the claimant has been assigned to. This means that payments for providers working with jobseekers in stream one (easiest-to-reach group) are smallest and payments to stream four (hardest-to-reach group) are highest.

There is an incentive for providers to identify additional barriers to work because if a reassessment with the JSCI reveals additional support needs then this can increase the value of the payments that the provider would receive. This movement between streams is only possible with agreement between the jobcentre and provider.<sup>172</sup>

Whilst those assessed as being of lowest need (i.e. Stream one) would generally be expected and able to find work by themselves, those with greater need would attract payments to back-to-work providers relative to the scale of the challenges they faced. Such reforms have the potential to provide the most vulnerable groups with specialist support much earlier on in their search for work and further reduce the risk of long-term unemployment becoming entrenched.

## Refining the Work Programme

The CSJ supports the principles which underpin the Work Programme. We proposed in our first *Breakthrough Britain* report that a future welfare-to-work programme should be personalised, intensive, outcomes-focussed and delivered by a range of providers.<sup>173</sup>

We welcome the improvement in the overall performance of the Work Programme. Providers are now achieving beyond the minimum performance levels set by the Government for the two JSA payment groups (18–24 and 25+). The performance of providers working with the ESA group is still below the expected standard.<sup>174</sup>

The Work Programme is also achieving the lowest cost-per-job versus any comparable programme in the last 20 years. The relative cost-per-job of the Work Programme is £2,097 compared to a £7,495 cost-per-job for the Flexible New Deal.<sup>175</sup>

In the long term, as already described, support for the most disadvantaged jobseekers should be integrated into our new vision of back-to-work support. However in the short term, the

<sup>172</sup> Centre for Social Justice, *Up to the Job? How reforming Jobcentre Plus will tackle worklessness*, London: Centre for Social Justice, 2013

<sup>173</sup> Centre for Social Justice, *Breakthrough Britain: Economic Dependency and Worklessness*, London: Centre for Social Justice, 2007

<sup>174</sup> Department for Work and Pensions, 'Work Programme Official Statistics to Dec 2013', 20 March 2014 [accessed via: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/312630/work-programme-statistical-summary-march-2014.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/312630/work-programme-statistical-summary-march-2014.pdf) (24.05.14)]

<sup>175</sup> Employment Related Services Association, 'ERSA Job Start data' [accessed via: [http://ersa.org.uk/system/files\\_force/ERSA%20Job%20Start%20data\\_0.pdf](http://ersa.org.uk/system/files_force/ERSA%20Job%20Start%20data_0.pdf) (31.05.14)]

second round of commissioning for the Work Programme which starts in 2015 provides an important opportunity to make necessary incremental refinements that can build on its growing success and maximise the number of participants who find sustainable work.

### Better assessment and categorisation of participants' needs

The Work Programme is structured so that providers are paid different amounts for getting different groups of participants into work. This is determined according to the type of benefit a participant receives. Segmenting participants is the right approach, but doing so just on the basis of benefit type does not allow for a detailed assessment of a participant's multiple needs to take place.

In evidence to the CSJ, Jon Jones, Regional Manager, Employment Services, Turning Point and Turning Point Cymru told us:

*'Turning Point's experience is that the payment group into which customers fall on the Work Programme is not closely related to the investment and support needed to progress them into gainful employment. Homelessness, drug/alcohol addiction, age, educational background, serious criminal convictions, mental health issues, learning disabilities and many other potential barriers to employment are, for the most part, not factored in to the payment equation.'*

We have also heard in particular that some participants on JSA face higher barriers to work than those on ESA and this is not reflected under the current model.

#### Case study: Tomorrow's People client, Bristol<sup>176</sup>

Jim is currently on JSA but it is very clear upon meeting him that he has some undiagnosed learning difficulties and mental health issues.

He does not accept that he has any health condition or disability and is unwilling to see a GP regarding this. He was offered a Work Psychologist but has declined.

Jim would be physically capable of work, but because of his inability to be able to communicate effectively or behave in a socially functional way, his Tomorrow's People Job Coach Adviser feels that he needs more specialist support to gain employment, as the usual routes are not going to be successful for him.

Jim appears not to understand most of the things his Adviser says to him, even when things are put in very simple terms. Jim's responses to questions are monosyllabic, he usually contorts his face as though he does not understand and he will take a very long time to respond to simple questioning. Visibly you can see that there are issues there. His personal hygiene is poor and he will come in with a heavy jacket on and hood tied up tightly around his face in very hot weather and is always carrying multiple carrier bags. Some look as though they are full of half used toilet rolls, some are bags of carrier bags, but he always seems to be carrying several at a time.

Jim is 50 years old and lives at home with his parents. He has previously worked and has also done a Computer and Systems Engineering course through Bristol University, so he is certainly capable. His Adviser just feels that perhaps a psychological assessment might uncover some issues that could then be supported, and he could then get more specialist help to gain employment.

<sup>176</sup> Case study supplied by Tomorrow's People. See: [www.tomorrows-people.org.uk](http://www.tomorrows-people.org.uk)

In line with our thinking on JCP reform, we propose that the Work Programme should categorise participants according to their barriers to work, rather than benefit category. To do this, the Government should develop a holistic assessment tool which places Work Programme participants in one of four groups, depending on the intensity of their barriers to work. Payments to providers should be highest for achieving success with participants in group four (as they face the highest barriers to work and so will generally cost providers more to achieve success) and lowest for group one (as they have the lowest barriers).

In the long-run, Work Programme support would be integrated into our wider back-to-work model described above. Work Programme support would become part of JCP stream four. Within this stream there would be four distinct groups, as described above, to differentiate between different types of barriers e.g. mental health issue, an addiction or homelessness.

### More refined outcome payments

#### *Up-front payments for the very hardest-to-reach*

When the Work Programme commenced in 2011, providers received a small 'attachment payment' for every participant who began the Programme. Since the start of the fourth year, the value of this payment has reduced to nil. The first payment that providers can now receive is a 'job outcome payment' for a participant who has been in work for either a continuous or cumulative period of employment. This is after 13 or 26 weeks depending on which payment group they are in. Providers then receive 'sustainment payments' every four weeks for keeping that person in employment.

This focus on payment by outcomes, rather than simply payment for the number of people who start the Programme, is right. However, one of the downsides is that no payment at the very start of the process can act as a disincentive for providers who could effectively work with participants with the highest barriers to work. We set out this problem in our report *Something's Got to Give* on the state of the voluntary and community sector in Britain.<sup>177</sup>

We believe there is a strong case for refining this approach in order to better support providers (particularly small, specialist ones) who have the expertise to work with the hardest-to-reach participants but are currently prevented from doing so because of a lack of working capital.

We recommend that the payment structure be rebalanced. Once the payment groups have been reformed as per our previous recommendation (i.e. four streams of support based on barriers to work, not benefit type), an up-front payment to providers working with those in the hardest-to-reach category should be re-introduced. In return for this, government should expect to see the performance of providers increase.

The cost of this can be paid for by reducing the value of the sustainment payment. It would not therefore lead to any higher cost overall.

<sup>177</sup> Centre for Social Justice, *Something's Got to Give: The state of Britain's voluntary and community sector*, London: Centre for Social Justice, 2013

Crucially, this must be done in a way which ensures that appropriate financial resources are actually passed down from the prime provider to sub-contractors. This will ensure that they have sufficient resources to work effectively with participants.

### Progress payments

The current payment model gives little recognition to providers who have supported their hardest-to-reach participants to move a long way from the labour market to a position that is much closer. We understand the difficulty for those in government who require hard evidence of transformation, yet these steps along the 'journey to employment' are extremely valuable. This is particularly the case in an economic downturn when sometimes the best a provider can hope for is to get a participant job-ready.

'The best way to design outcomes and service standards for the hardest-to-help is to tie outcomes payments to intermediate outcomes on the journey to employment, rather than simply on the ultimate achievement of a job outcome.'<sup>178</sup>

New Philanthropy Capital

We suggest that, for the hardest-to-reach group of Work Programme participants, the Government introduces progress payments, such as for part-time work. These 'distance-travelled' measures would not require additional funding but rather better-phased funding. It would also help providers invest in the interventions that are required to move participants closer to employment.

We recognise the need to keep the Work Programme from becoming too complex and unwieldy but think that a robust case can be made for these refinements. It is also important to explore how the role of the voluntary sector can be strengthened within the Work Programme. Ways to improve and increase commissioning in the sector will be explored in the CSJ's forthcoming *Breakthrough Britain 2015* report about the voluntary and community sector.

## Improving mobility in housing

The CSJ has repeatedly heard that social housing can be a significant barrier to employment. As the CSJ outlined in *Signed On, Written Off*, individuals living in social housing in England are more likely to live in financial poverty and less likely to be employed than home-owners or those living in the private rented sector.<sup>179</sup> The latest figures show that the proportion of working-age social tenants in full-time employment in England is around 35 per cent. This is compared to 65 per cent of private renters and 81 per cent of homeowners.<sup>180</sup>

<sup>178</sup> New Philanthropy Capital, 'DWP Commissioning Strategy 2013: Consultation Response from NPC' [accessed via: [http://www.thinknpc.org/publications/dwp-commissioning-strategy-2013-consultation-response-from-npc/npc\\_consultation-response\\_dwp-commissioning-strategy-2013/?post-parent=8664](http://www.thinknpc.org/publications/dwp-commissioning-strategy-2013-consultation-response-from-npc/npc_consultation-response_dwp-commissioning-strategy-2013/?post-parent=8664) (24.05.14)]

<sup>179</sup> Centre for Social Justice, *Signed On, Written Off: an inquiry into welfare dependency in Britain*, London: Centre for Social Justice, 2013

<sup>180</sup> Department for Communities and Local Government, *English Housing Survey Headline Report 2011-12*, London: Department for Communities and Local Government, 2012

Related to this, the social housing population is disproportionately immobile. In other words, tenants in social housing are less likely to move. 43 per cent of social renters in England have been in their home for at least ten years, in contrast to just nine per cent of private renters.<sup>181</sup> Across the country, one in eight moves is linked with work. However, only a few thousand social tenants each year move home for job-related reasons while remaining as social tenants (even within the same area), out of a total of nearly four million.<sup>182</sup>

To tackle low levels of employment, many social landlords are playing an important role in helping their tenants become job-ready, secure employment and then progress in the labour market. The most recent National Housing Federation Neighbourhood Audit found that many housing associations are already making a considerable investment in their tenants.<sup>183</sup> For example, housing associations:

- Ran 1,000 projects designed to create jobs and help people into work, with around 270,000 people taking part;
- Ran 1,500 projects to boost people's knowledge and skills, with around 500,000 people taking part;
- Invested over £80m in jobs and skills projects;
- Invested in 200,000 people to receive training for work.

In evidence to the CSJ, the Employment Related Services Association, the sector body for organisations delivering or with an interest in welfare-to-work services, said:

*'Housing associations are increasingly playing a role in offering employment support for their residents. They can work with residents to offer them additional support to the existing provision, or by entering into employment support contracts either directly with the commissioner or in a subcontractor capacity. Housing associations can also utilise their position as an employer to help create opportunities for their residents both within their own organisation and through asking for social value clauses in the contracts of supply chain organisations that they work with.'*

The CSJ will set out its detailed thinking on housing next year. However we wish to make the following interim recommendations.

### **Making it affordable to relocate for work**

In some countries, the level of mobility is high. In the United States, about half of households change addresses every five years, and a significant number of these relocate to a different city. About a third of Americans reside in a state other than the one in which they were born.<sup>184</sup>

<sup>181</sup> Ibid

<sup>182</sup> Centre for Analysis of Social Exclusion, *Ends and means: The future roles of social housing in England*, London: Centre for Analysis of Social Exclusion, 2007

<sup>183</sup> National Housing Federation, 'Neighbourhood Audit 2011' [accessed via: <http://www.housing.org.uk/get-involved/neighbourhood-audit/> (29.05.14)]

<sup>184</sup> Moretti, E, 'What Workers Lose By Staying Put', 26 May 2012 [accessed via: <http://online.wsj.com/news/articles/SB10001424052702303610504577420701942867414> (31.05.14)]



Professor Enrico Moretti explains that:

*'If the economic conditions in a region are not particularly good, Americans are apt to look for better opportunities elsewhere. By contrast, Italians and other Europeans tend to stay put'.<sup>185</sup>*

There is a level of demand for greater mobility in the UK social rented sector that is not currently being met. A survey found that 37 per cent of social sector tenants wanted to move, including 17 per cent who said they wanted to move a lot.<sup>186</sup> But doing this is an investment which requires upfront costs that some people are unable to afford. This makes it less likely that people will choose to move.

In evidence to the CSJ, Phyllida Culpin, Director of Customer and Community Services at Yarlington Housing Group told us:

*'The cost of moving can be difficult for people to meet, particularly when they are moving to take up a job after a period of unemployment. We offer assistance to residents with moving costs and we find that our support of £250 can make all the difference between moving or not.'*

The process of relocation for work should be made less financially burdensome. Under the current out-of-work benefit system, there is often little incentive for those who are unemployed to look for jobs in places further afield with stronger labour markets.

**We recommend the Government pilots a relocation scheme to help with the cost of moving home for work (e.g. hiring a removal van or help with an up-front deposit).** This scheme would apply to any jobseeker who has been out of work and claiming Housing Benefit for 12 months or more and has received a concrete job offer which would require them to commute further than what is currently expected under existing regulations (90

<sup>185</sup> Moretti, E, *The New Geography of Jobs*, New York: Houghton Mifflin Harcourt, 2012

<sup>186</sup> Affinity Sutton, *Mobility Matters: Exploring mobility aspirations and options for social housing residents*, Affinity Sutton, 2009

minutes each way).<sup>187</sup> Such individuals should be prioritised for a Discretionary Housing Payment from their local authority (these payments are for those currently claiming Housing Benefit and requiring more help with housing costs).<sup>188</sup> This scheme should be piloted in areas of high unemployment.

To be clear, this is about supporting people to meet their ambition of moving, rather than forcing anyone to do so.

Of course this has to be done in a managed way to prevent significant population imbalances, which is why this recommendation is deliberately restricted to the long-term unemployed with a concrete job offer.

### Making the best use of mutual exchange

There are other measures which could be introduced to make the process of moving for employment easier. In a survey which asked tenants who are seeking to move to choose five factors which could improve their chances of moving, 69 per cent said that more suitable homes were needed in the areas that people wanted to move to.<sup>189</sup>

Question to tenants: choose up to five factors you feel could improve your chances of moving home	%
More suitable homes in the area(s) I want to move to	69
More chance of being offered a home by the council or another landlord	60
More information on all the different options available to me	44
More information on the homes available in the area(s) I want to move to	42
More services detailing local homes for rent from the council or housing associations	29
Help/advice on making applications to move home	23
More services detailing homes for swap in my local area	21
More services detailing nationally homes for rent from the council or housing associations	21
Help with practical arrangements to move home	17

Therefore, in the long-term, an important part of the solution to improving opportunities for social tenants to move clearly lies in increasing the overall supply of housing. However, the same survey also found that 60 per cent of tenants felt that greater chance of being offered a home by the council or another landlord would improve their chances of moving home. 44 per cent wanted more information on all the different options available.

<sup>187</sup> The Jobseeker's Allowance Regulations 2013 [accessed via: <http://www.legislation.gov.uk/ukdsi/2013/9780111531921> (04.06.14)]

<sup>188</sup> Department for Work and Pensions, 'Housing Benefit Claimant Factsheet: Claiming Discretionary Housing Payments' [accessed via: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/269539/housing-benefit-factsheet-3-discretionary-housing-payments.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/269539/housing-benefit-factsheet-3-discretionary-housing-payments.pdf) (03.06.14)]

<sup>189</sup> Mobility Taskforce, 'Report of the Mobility Taskforce', 2010 [accessed via: <http://www.housing.org.uk/publications/browse/mobility-taskforce-report> (24.05.14) (Appendix 6)]

We therefore recommend that:

**For simplicity, all social landlords – including local authorities with housing stock and housing associations – should sign up to the Government’s HomeSwap Direct scheme and actively promote it amongst their tenants and, where appropriate, assist them with their application.**

Better use should be made of the existing infrastructure designed to aid mobility. Mutual exchange – which allows a tenant in social housing to swap their property with another tenant in social housing – can be a very powerful tool for mobility.

In October 2011, the Government launched HomeSwap Direct. This online initiative brings together four internet-based providers of mutual exchange services (HomeSwapper, House Exchange, Abritas and LHS) to allow social housing tenants who want to swap their home with another social tenant the opportunity to see available properties nationwide. It can also enable tenants to avoid the impact of welfare reforms such as the benefit cap, caps to local housing allowances and the removal of the spare room subsidy in the social rented sector.

There is some evidence to suggest a recent increase in the number of successful mutual exchanges. For example, Housing Partners, the organisation which runs HomeSwapper, recently published data showing that the number of tenants successfully swapping using the service has risen by a quarter since April 2013 from 21,725 to 27,152.<sup>190</sup>

Many social landlords are already signed up to one of the numerous mutual exchange schemes available.<sup>191</sup> However different landlords subscribe to different schemes.<sup>192</sup> This makes information sharing between landlords more difficult. We therefore recommend that in order to become or remain a registered social landlord, all such landlords – including local authorities with housing stock and housing associations – should sign up to the Government HomeSwap Direct mutual exchange scheme. Greater use of a *single* scheme will maximise the options available to tenants.

Social landlords should then actively promote this scheme amongst their tenants and, where appropriate, assist them with their application. This is important because a number of tenants have not applied to move because they do not believe they will ever be offered a new home.<sup>193</sup> Active promotion means outlining the benefits to tenants, raising awareness and understanding of the opportunities available, and supporting a tenant to make an application if appropriate.

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<sup>190</sup> Property Reporter, 'Home swaps by social housing tenants up by a quarter', 4 April 2014

<sup>191</sup> A mutual exchange scheme allows a tenant in social housing to swap their property with another tenant in social housing

<sup>192</sup> HM Government, 'Promoting mobility through mutual exchange: realising the potential' [accessed via: <https://www.gov.uk/government/publications/promoting-mobility-through-mutual-exchange-realising-the-potential/promoting-mobility-through-mutual-exchange-realising-the-potential> (24.05.14)]

<sup>193</sup> Mobility Taskforce, 'Report of the Mobility Taskforce', 2010 [accessed via: <http://www.housing.org.uk/publications/browse/mobility-taskforce-report> (24.05.14)]

## Giving greater priority to tenants who want to work

Tenants looking to transfer for work should be given greater priority for social housing alongside new applications under the local authority allocation scheme.

Existing tenants in social housing can find it very difficult to transfer because they are competing against new applicants in the local authority allocation scheme who have a much higher level of need. As a Conservative Party Housing Green Paper highlighted:

*'The social housing system is very bad at helping households and individuals to change their housing as their circumstances change. Applicants for alternative social properties have to compete with everyone on the waiting list, including anyone who is classified as homeless, rendering them essentially pointless.'*<sup>194</sup>

Building on the Chancellor's pledge in the Autumn Statement for a consultation, we recommend that tenants who wish to transfer to take a job they have secured in a different part of the country or to increase their hours should be given greater priority to do so under local authority allocation schemes.

### Case study: Yarlington Housing Group, Yeovil<sup>195</sup>

Sharon has a home with her two daughters in a small village outside a major market town in Somerset. Her daughters go to the college there and she works in a major supermarket for 20 hours per week. Her employer has offered her more hours which she is keen to take up but there is not a bus service which allows her to take the hours up. She would love to move into town for work, and so that her daughters can take part in extracurricular activities at college. But as she is properly housed she cannot get the banding to allow her to bid successfully for properties that are available. Allowing some additional priority for people who want to take up employment would help.

## Conclusion

An effective welfare system should develop ways of identifying the barriers to work that a person faces and tailored support from the most appropriate provider should swiftly follow. We have set out the next phase of reform for back-to-work support for adults which refines the Work Programme, introduces more accurate assessment of need for those at risk of long-term unemployment, creates opportunities for more specialist providers to offer them support, and assists the long-term unemployed in relocating for work. Each of these proposals has the potential to help more vulnerable people overcome their barriers to work and shrug off welfare dependency.

<sup>194</sup> Conservative Party, *Strong Foundations, Building Homes and Communities, Nurturing Responsibility, Policy Green Paper No 10*, Conservative Party, 2009

<sup>195</sup> In evidence to the CSJ

## Chapter 3: Summary of recommendations

### JCP reform

- A new performance measure for JCP which looks at how many people have actually moved into work and stayed there
- A new assessment tool which accurately identifies barriers to work
- The introduction of new back-to-work providers from the voluntary, private and public sectors

### Work Programme

- Categorise Work Programme participants by their barriers to work, not benefit type
- A payment to providers working with participants with the highest barriers to work at the very start of the process
- Introduce progress payments for those with the highest barriers to reward 'distance-travelled' measures such as part-time work

### Mobility and Housing

- The Government should pilot a relocation scheme to support mobility for work
- All social landlords should sign up to the Government's HomeSwap Direct scheme and actively promote it amongst their tenants
- Tenants looking to transfer to take a job or increase their hours should be given greater priority for social housing under the local authority allocation scheme.

# chapter four

## Purposeful progress

Just as the welfare system should become more effective at early assessment of individuals most at risk of becoming unemployed, it must also get better at identifying those at risk of getting stuck on low pay or cycling in and out of employment for a considerable period of time.

This is because while securing a job is a vital step for every person on their journey to employment, for some people, they will need further help to make sure that they remain in work and move beyond entry-level employment to fulfil their potential. Achieving this is good for individuals and good for the system itself.

This issue is particularly important given the new landscape under Universal Credit, the largest and most ambitious change to the welfare system for generations. For the first time, many working claimants will be expected to take steps to meet a new higher conditionality earnings threshold of up to 35 hours a week at the relevant National Minimum Wage.

The DWP also issued a 'call for ideas' to explore what interventions will be most effective in improving sustainability of employment and earnings progression. Following this it trialled a number of approaches to build a stronger evidence base of what works before moving to a national roll-out of any policies.<sup>196</sup>

In this Chapter we build on these developments to explore some of the barriers within the current policy landscape that make sustainment and progression in employment difficult. These include the state of the labour market, low or no skills and qualifications, insufficient access to training, inadequate back-to-work support and the benefit system. We outline policy recommendations to support individuals to sustain and progress, as well as steps the Government should explore to further make work 'pay'.

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<sup>196</sup> Department for Work and Pensions, 'Extending labour market interventions to in-work claimants – call for Ideas' [accessed via: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/221421/extending-labour-market-interventions.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/221421/extending-labour-market-interventions.pdf) (09.06.14)]

## Objectives for change

Of those ending their claim for JSA each month, around 40 per cent will reclaim benefit within six months and 60 per cent will reclaim within two years.<sup>197</sup> In order to help people sustain employment and progress in the labour market, it is important to recognise that there are a number of barriers which can make this problematic.

### *1. The state of the labour market*

A strong labour market with plentiful opportunities for full-time work creates economic conditions that are more conducive to sustainment and progression in work. As we noted in *Signed On, Written Off*, in terms of the employment rate, the UK labour market held up relatively well during the recent recession.<sup>198</sup> However, one consequence has been that some firms, rather than lay off workers, simply reduced the number of hours they were able to offer. For example, a quarter of manufacturers cut working hours during the recession.<sup>199</sup> This means that it can be difficult for people to find full-time work.

Second, there has been a process of 'hollowing-out' of middle-wage jobs, creating increased polarisation in the labour market between high-skill, high-pay jobs and low-skill, low-pay jobs.<sup>200</sup> This is partly a consequence of technological change. This can be problematic for workers who wish to move up from the bottom of the employment ladder:

### *2. Skills and qualifications*

Having skills and qualifications that employers require can be a key way to sustain employment and then progress in the labour market. The Coalition Government has made some progress on this issue. For example:

- A new Technical Baccalaureate for vocational education which will be introduced for courses starting in September 2014;
- Implementing the rise of the participation age in education to 18;
- Young people who fail English or Maths GCSE by the time they finish secondary school will continue to study them in post-16 education until they pass;
- A commitment to implement in full the recommendations of the Wolf Review. Some have already been introduced, such as the vast number of approved equivalent qualifications being reduced by 96 per cent to 125 (to ensure they actually lead to meaningful further study or employment);
- The Education Secretary recently pledged to 'eliminate illiteracy and innumeracy'.

Yet too many young people are still leaving the education system without the appropriate skills or qualifications to sustain employment or progress in the labour market. This problem,

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197 Public Accounts Committee, 'Responding to change in Jobcentres, 5th report of session' 13 May 2013 [accessed via: <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmpublicacc/136/13605.htm> (31.05.14)]

198 Centre for Social Justice, *Signed On, Written Off: an inquiry into welfare dependency in Britain*, London: Centre for Social Justice, 2013

199 EEF Business Trends 2009

200 McIntosh, S, *Hollowing out and the future of the labour market*, London: Department for Business, Innovation and Skills, 2013

highlighted in CSJ reports *Signed On, Written Off* and *Requires Improvement* is with both 'hard' skills, such as basic numeracy and literacy, and 'soft' skills, like communication, time-keeping and team work.<sup>201</sup>

### 3. Access to education and training opportunities

Good access to education and training opportunities is vital if people are to be able to up-skill. Yet in a recent government study, around two-thirds of young people interviewed commented that they had come across barriers to education and training, either currently or in the past. These barriers included family (e.g. parenthood), inadequate course content or availability, high cost, poor health and poor previous learning experiences.<sup>202</sup>

### 4. Back-to-work support

An effective system of back-to-work support is a central ingredient in supporting in-work claimants to sustain and progress in work. As outlined in Chapter Two, the principle way in which the performance of JCP is measured is off-flow from benefits. On this measure, JCP is successful. Even during the recession, around 75 per cent of claimants were moving off benefit by six months of a claim and 90 per cent by 12 months of a claim.<sup>203</sup>

However, simply being off benefits is not the same as being in work. For example, an individual may have started claiming another benefit or stopped claiming altogether but still be unemployed. This narrow focus on off-flow means there is little incentive to address sustainment and in-work progression. It is these measures which ultimately drive priorities.

### 5. Specific barriers to work

There are a number of groups facing particular challenges when it comes to sustainment and progression in the labour market. For example, without accessible and affordable childcare, it can be difficult for parents with young children to increase their hours due to caring responsibilities.

In evidence to the CSJ, the Single Parent Action Group told us:

*'It is much harder for single parents to train and advance their skills once they are in work (with the additional pressures of caring for a child). If single parents move into low paid, low skilled work, even where they have qualifications, then this work is unlikely to help them progress to become self sufficient and will mean that they continue to have to rely on in-work benefits.'*

201 Centre for Social Justice, *Signed On, Written Off: An inquiry into welfare dependency in Britain*, London: Centre for Social Justice, 2013 and Centre for Social Justice, *Requires Improvement: The causes of educational failure*, London: Centre for Social Justice, 2013

202 Department for Business, Innovation and Skills, *Motivation and Barriers to Learning for Young People not in Education, Employment or Training*, London: Department for Business, Innovation and Skills, 2013

203 National Audit Office, *Responding to Change in Jobcentres*, London: National Audit Office, 2013



### 6. The benefit system

A benefit system which rewards work is key to incentivising progression in work. For many claimants, it has been very unclear as to whether they will be financially better off for undertaking additional hours. This is a particular problem for those claiming multiple benefits and tax credits with extremely complex interactions. We expect Universal Credit to address much of this by bringing the key working-age benefits and tax credits together into a single monthly payment, and by introducing positive work incentives at all points on the income scale.

## A new context

Universal Credit is the largest and most ambitious change to the welfare state for generations. It is designed to simplify the benefit system, radically reduce the financial risk of taking up a job, and offer strong incentives for claimants to take up low-hours work.

Under the current system, once an individual is working more than 16 hours and is no longer receiving JSA, they are not subject to any requirements, even if they are still receiving benefits (e.g. Housing Benefit) and tax credits.

Under Universal Credit, many working claimants will now be expected to meet a new higher conditionality earnings threshold. For those without caring responsibilities or a health condition, this threshold is set at a maximum of 35 hours a week at the relevant National Minimum Wage. There are several exceptions and lower thresholds to reflect the circumstances and capabilities of every individual. For instance, lone parents with children between five and 12 are only expected to look for work that is compatible with school hours.<sup>204</sup>

204 HM Government, 'Universal Credit Policy Briefing Note 11, Extending conditionality under Universal Credit to working claimants: setting a new conditionality threshold', October 2011 [accessed via: <http://webarchive.nationalarchives.gov.uk/+http://www.dwp.gov.uk/docs/ucpbn-11-conditionality-threshold.pdf> (31.05.14)]

This creates a radically different context in which JCP is expected to operate. It is now possible for JCP to work with individuals in work to help them sustain employment. It is estimated that around one million working claimants will fall into this 'could do more' category.<sup>205</sup>

As already highlighted, the DWP issued a 'call for ideas' to explore what interventions will be most effective in improving sustainability of employment and earnings progression. Following this it trialled a number of approaches to build a stronger evidence base of what works before moving to a national roll-out of any policies.<sup>206</sup>

## Sustaining and progressing in work

### Ensure in-work claimants plan their progression journey with JCP

When an individual makes a new claim for Universal Credit, they create a Claimant Commitment. This Commitment outlines what the claimant will do to give themselves the best chance of finding work. In return for state support, JCP expects claimants to do all they can to meet their responsibilities to return to work.

When a claimant moves into work but is still earning below their Universal Credit in-work conditionality threshold, we recommend they create a Progression Plan. This can be done when the claimant meets with their JCP adviser to update their Claimant Commitment. This plan should outline the practical and measurable steps a claimant will take to boost their earnings and to progress in the labour market. For example, allocating a defined number of hours per week to explore new part-time work opportunities, or to engage with a training course to raise their level of skills.

### Individuals with poor basic skills should be eligible for appropriate training

Having skills and qualifications which employers demand are a vital part of the solution to improving sustainment and progression. Poor literacy skills, for example, are a substantial barrier to progressing once in work. 63 per cent of men and 75 per cent of women with very low literacy skills have never received a promotion.<sup>207</sup>

According to the most recent Skills for Life survey, seven per cent of those claiming JSA are classed as only having Level One or below skills in literacy, while 12 per cent of JSA claimants have a similarly low level of numeracy skills.<sup>208</sup>

The Coalition Government has made some progress on dealing with this issue. Following a pilot study, in 2011 it introduced Skills Conditionality to JCP, which applies to JSA claimants

205 Department for Work and Pensions, 'Improving employment outcomes under Universal Credit for in-work claimants' [accessed via: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/221422/improving-inwork-outcomes.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/221422/improving-inwork-outcomes.pdf) (24.05.14)]

206 Department for Work and Pensions, 'Extending labour market interventions to in-work claimants – call for Ideas' [accessed via: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/221421/extending-labour-market-interventions.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/221421/extending-labour-market-interventions.pdf) (09.06.14)]

207 Dugdale, G and Clark, C, *Literacy Changes Lives: An advocacy resource*, London: National Literacy Trust, 2008

208 Department for Business, Innovation and Skills, *The 2011 Skills for Life Survey: A Survey of Literacy, Numeracy and ICT Levels in England*, London: Department for Business, Innovation and Skills, 2012

and those in the ESA Work-related Group. A JCP adviser can now refer a claimant whose main barrier to work is poor skills to a training provider; Further Education College or Next Step adviser, with potential benefit sanctions for non-participation.

The CSJ supports the principle of ensuring that claimants who need basic skills training in order to secure employment receive it. Two of the points raised in the pilot were that some advisers expressed uncertainty about who was eligible for the scheme and how to define 'skill need'. Some participants commented that the training course they were sent on was not appropriate to their particular needs.<sup>209</sup>

#### Case study: a local resident from Community Links, an East London-based charity running a wide range of community projects for over 16,000 people every year<sup>210</sup>

A local resident came to us as he had found a gardening job he thought he stood a chance of getting. He had been unemployed for well over 20 years and had never used a CV to apply for gardening jobs. He asked the JCP adviser for help with this as the deadline was in a week. She identified his lack of CV skills as the priority need so put him on a 13 week CV writing course! He missed the deadline and a year later is still unemployed not having used any of the CV skills he has learnt.

Because of this, we recommend that an in-depth basic skills assessment be carried out by JCP when an individual first makes a claim. Having a more sophisticated understanding of a claimant's specific skill requirements from the beginning of a claim is likely to make it easier and quicker for JCP to signpost claimants to the most appropriate support. We recommend that this takes place as part of the broader assessment process we recommend in Chapter Two.

### JCP should be held accountable for sustainment

Work Programme providers are, rightly, already measured on the length of time they are able to keep their participants in work. As suggested in Chapter Three, we recommend that accountability for JCP should follow a similar principle. This will help drive better results for those who are in work but need to be helped to stay there.

### **The Government should introduce a pilot scheme which places Sustainment and Progression Coaches with people who would benefit from them most.**

It is important that effective support for the 'hardest to help' people does not immediately end when they secure employment. This is because sustaining a job, particularly for the first time, can be very difficult. Without the right support, losing a job is more likely.

209 Department for Work and Pensions, *The Jobseeker's Allowance Skills Conditionality Pilot*, London: Department for Work and Pensions, 2011

210 McGoldrick, M, 'Sanctions don't work – they remove responsibility' [accessed via: <http://www.community-links.org/linksuk/?p=2641> (24.05.14)]



Under Universal Credit, JCP advisers will offer support to in-work claimants. Yet for those more at risk of not sustaining employment, we recommend the Government explores ways of going further.

The Government should pilot a scheme which places a ‘Sustainment and Progression Coach’ with those people who would benefit most from this support. In order to identify who this group of people are, the DWP should devise a robust assessment tool which would gauge a person’s suitability. It should consider a range of factors, such as the level of a person’s basic skills, their work record and their life experiences (e.g. addiction) to assess whether they are fulfilling their potential within the jobs market and whether they could progress given additional guidance.

The Coach would work to ensure that their client sustains employment and, if appropriate, takes steps to plan their progression in the labour market. While the specific details of the support a Coach offers will depend on the particular needs of their client, examples of appropriate activities might include creating a concrete plan of action, offering advice about how to respond to different scenarios that arise at work, and supporting them to find ways to improve their skill levels.

### Case Study: David, young person from Twenty Twenty, a Leicestershire-based charity specialising in helping young people who struggle to thrive in mainstream education<sup>211</sup>

17-year-old David came to Twenty Twenty as a result of a troubled family environment, drug use, and the stress of a recent bereavement. He had developed severe confidence and self-esteem problems and completely lacked motivation and aspiration. He started on an engagement programme to help him get ready for a longer Twenty Twenty course. He passed this and went on to a full study programme focussing on employability. Here he gained great results. During a work experience day at a local restaurant, David met Dom, one of the co-owners. Dom, trained as a progression mentor by Twenty Twenty, encouraged David to apply for an apprenticeship. With ongoing support from Twenty Twenty, Dom has provided first class assistance to David, helping him to make his apprenticeship a success through consistent nurturing, and seeing him develop into a confident adult employee.

Dom has been painfully honest with David. When he called in sick twice in his first week of work, Dom explained to him that he was no use to his team if he was unreliable. He has helped David to see how coming to work is important for him to overcome personal challenges, not just through accessing support sessions, but by developing perspectives and skills through focussing on customer needs instead of his own.

David reflects that this advice has been crucial and has diverted him away from reflecting on areas of his life that were worrying him, which only made things worse. Dom has helped David build confidence to take on more and more responsibility, use initiative, and address mistakes early through self-correcting behaviours rather than spiral into a nervous depression. To achieve this, Dom has really tapped into how David learns, and as a result, David's rate of development keeps on increasing. In fact, at just 18, he now has his sights set on becoming a restaurant manager.

David is the first to admit that being mentored by Dom has been the difference between getting a job and keeping it.

Once a person has been identified by JCP as suitable for the scheme, we recommend that JCP places them with a Coach. By taking evidence from a number of our Alliance of poverty-fighting organisations, it is clear that several of these Coaches are already working effectively with people. So for the purposes of the pilot, much of the necessary infrastructure already exists.

In terms of payment, we recommend the Government develops a payment model which awards a small initial attachment fee for placing the person with a Coach. There should be progress payments at regular intervals, in recognition that sustainment in employment can get more difficult as time progresses. However, to incentivise longer term sustainment, we recommend that the bulk of the payment be awarded to the provider once they have managed to successfully support a person to sustain employment for 12 months.

We suggest that a proportion of this outcome payment is awarded to the person receiving the coaching themselves. They would be allowed to spend this 'bonus' on something which further boosts their ability to progress, such as additional training or childcare. Employers should also have some role to play in how this money is spent.

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<sup>211</sup> In evidence to the CSJ



Keeping people in work, progressing in the labour market and not claiming out-of-work benefits means the Government will accrue savings to the welfare bill. We suggest it uses these savings to fund the pilot. It could also explore a social finance model.

**Lower the Universal Credit taper rate and increase the work allowance so that individuals can hold on to more of their income as they work more.**

Making work pay and enabling individuals to keep more of their earnings is a key way of incentivising individuals to boost their hours and earnings. Universal Credit is withdrawn against earned income at a rate of 65 per cent. However, when originally proposed in our *Dynamic Benefits* report, we recommended that this taper rate should be set at 55 per cent.<sup>212</sup> We suggest that, when the financial situation allows, an incoming government in 2015 should explore ways of reducing the taper rate to 55 per cent in order to further improve work incentives. It should also look at increasing the value of the work allowance that claimants currently receive to improve the returns from entering and progressing in work.

## Conclusion

This Chapter argues that support from an effective welfare system should not always stop immediately when a person finds a job. This is because, for some, sustaining employment can be difficult, and progressing in the labour market even more so – yet doing so can be extremely valuable, particularly for vulnerable groups who have struggled to find work. We have explored this issue in the context of Universal Credit and the associated in-work conditionality trials that have taken place.

212 Centre for Social Justice, *Dynamic Benefits: Towards welfare that works*, London: Centre for Social Justice, 2009

Giving some people the additional help they need to plan finding and keeping extra hours and, if they have the potential, to build the skills they need to progress will offer greater opportunities to those who have previously been stuck in low or no pay.

#### Chapter 4: Summary of recommendations

- Ensure in-work claimants plan their progression journey with JCP
- Individuals with poor basic skills should be eligible for appropriate training
- JCP should be held accountable for keeping claimants in work
- The Government should pilot a scheme which places Sustainment and Progression Coaches with people who would benefit most
- Lower the Universal Credit taper rate and increase the work allowance so that individuals can hold on to more of their income as they work more

# Conclusion

Under the Coalition Government, there has been a promising determination to reform the welfare system. These reforms – central to which are the Universal Credit and the Work Programme – are welcome and long-overdue.

Yet with more than half a million young people looking and able to start work but not currently in employment, education or training, youth unemployment must be a key priority for any incoming government in 2015.<sup>213</sup>

Crucially, this is not a priority that should solely rest with any one Department. The DWP clearly has a central role to play, but, too often, tackling youth unemployment has been a problem for which it has been left to 'pick up the pieces'. Addressing this issue effectively requires every Department with a stake in the life chances of the next generation to re-double their efforts and commit resources to seeing a drastic fall in the number of jobless youths.

Importantly, we need a co-ordinated and joined-up approach with clear lines of accountability for every Department. For instance, it is not currently evident who has responsibility for young people making their transition into work once they have left the education system.

We acknowledge that the Coalition Government has made a number of bold policy commitments since it assumed office. It pledged in 2010 to significantly reduce the structural deficit, and the Education Secretary more recently committed to abolishing illiteracy and innumeracy.<sup>214</sup> The previous Labour Government made a commitment to eliminate child poverty by 2020. Although it resulted in poor public policy, the boldness of the commitment was commendable.

The Chancellor has now committed the Conservative Party to 'fight for full employment'.<sup>215</sup> He did not define full employment but said that his intention was to have the highest employment rate in the G7. Many economists define full employment as the 'non-accelerating inflation rate of unemployment' (NAIRU) which is the level of unemployment which does

213 Office for National Statistics, 'Young People not in Education, Employment or Training (NEETs), May 2014', May 2014 [accessed via: <http://www.ons.gov.uk/ons/rel/lms/young-people-not-in-education--employment-or-training--neets-/may-2014/index.html> (23.05.14)]

214 HM Government, *The Coalition: our programme for government*, London: HM Government, 2010 and Speech by Secretary of State for Education, Rt. Hon Michael Gove MP, 'An education system which works for every child', 1 April 2014

215 BBC, 'George Osborne commits to "fight for full employment"', 1 April 2014

not fuel a rise in inflation.<sup>216</sup> Whilst reducing unemployment to zero is neither feasible nor desirable, the next government should commit itself to completely eradicate long-term unemployment, the pernicious effects of which the CSJ has long highlighted.

As part of a campaign for full employment, political parties should also commit themselves to bringing youth unemployment down to a rate similar to that of the whole population.

We recognise that there is always some natural 'churn' in the labour market. But, as the economy starts to recover and more jobs are created, now is the time to confront this problem that has remained stubbornly entrenched, almost regardless of economic circumstances. We must see swift, co-ordinated and bold action from the political classes.

The recommendations in this report set out how an incoming government should build on the principles of welfare reform which Universal Credit and the Work Programme engender. It is vital that we continue to develop a system that starts by putting people first. Central to this should be a system that can help identify the barriers to work that the most disadvantaged people face, help overcome them, and help prevent them arising for the next generation. Reforming welfare in this way not only saves money, but it can transform lives.

In this report, we ask:

- How the welfare system can identify a young person's future risk of unemployment from a much earlier age and offer effective support to those least likely to find a job to prevent their issues becoming more entrenched;
- How young people not opting for university can be given a clear route from education into work and can access effective support to ensure a successful transition;
- How back-to-work support can be reformed so that adults at risk of long-term unemployment have their barriers properly understood and that support from the most appropriate provider follows as soon as possible;
- How the housing system can be reformed to improve mobility and enable individuals who want to relocate for employment reasons to do so;
- How those individuals currently in work but not fulfilling their potential can be supported into sustaining jobs and boosting their hours so as to progress in the labour market.

Answering these questions will help to ensure that the welfare system does even more to help people to realise their potential and avoid the damaging consequences of long-term worklessness.

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<sup>216</sup> Stockhammer, E, 'Is the NAIRU theory a monetarist, new Keynesian, post-Keynesian or a Marxist theory?', *Metroeconomica*, 2008, 59(3): 479–510

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