

16th September 2022

Written submission to DWP *Plan for Jobs and Employment Support* inquiry

About Career Connect

We are a charity committed to helping young people and adults realise their potential. We deliver high quality and professional careers, employment, and training services in schools, in the community and in prisons. We are passionate about social mobility and helping the most disadvantaged to create a better future.

We work with schools, local authorities, prisons, and probation services, to provide services to young people and adults to support them in their journey towards education and work.

Our response is organised around the three sub-headings, Context, Support Programmes and Policy.

Context

Q. Some groups of people, such as disabled people or young people, tend to do less well in the labour market than others. How has the pandemic affected that?

Many young people have struggled with the change and adaptability required during the pandemic, with impacts on confidence and interpersonal skills. Online learning masked engagement issues for many, and young people, including those in the current NEET cohort, have suffered from a very disrupted final two years of statutory schooling, including a reduction in input around careers, onward planning, and employer encounters such as work experience.

We see evidence of increasing inertia amongst many YP who have been NEET for some time – the average length of time spent NEET is currently longer than in previous years and anecdotally we find that parents can acquiesce to their children's lack of motivation at times. Additionally, we have seen an increase in the numbers of young people with an EHCP. Risk of NEET referrals into our services has also increased for 2021/22 Year 11s.

Many young people have anxieties about re-engagement post-pandemic, and parents of SEND young people have been more reluctant for their child to engage in employment, education and training due to risks of Covid to their health.

Young people have also been affected by changes in employer practices and the labour market more generally. The pandemic made employers utilise new methods of recruitment, namely utilising digital methods and whilst this was beneficial to most employers it marginalised some groups of people due to lack of digital skills and equipment.

Q. The number of vacancies is at a record high. What is stopping employers from filling those vacancies? How could DWP better target its employment support programmes towards sectors that have large numbers of vacancies?

We see several contributing factors:

- Negative perceptions of long hours and low pay for certain sectors (e.g., hospitality, retail, and transport) that need countering with positive LMI and recruitment campaigns. There needs to be a better understanding of typical working hours, salary, specifically for these sectors.
- Many potential employees for these roles need considerable pre-work – which the Restart scheme can provide - and support once in new roles.
- Lack of work experience/opportunities to do work trials, resulting in many people not having the required skills and experience to fill roles.
- Missed preparation for work has impacted upon young people’s ability to develop key employability skills to be competitive at interview. Some groups in particular face high barriers to transition to the world of work e.g., care leavers specifically financial and independent living.
- Disconnect between employers, DWP and potential employees. Many people don’t set foot into DWP premises or even access DWP services.
- Many of these vacancies appear to be part time, zero hours, or have other characteristics that make them unappealing to young people.

Our suggestions for enhanced targeted support

- DWP could better target support through offering fully paid work trials/working interviews, with a package of employability support alongside that lead to tangible and genuine outcomes and opportunities for YP. This would be for all young people aged 16+.
- The Kickstart scheme was only accessible for those on UC, which meant that in June 2020 (when the scheme went live) according to ONS figures there were 59,000 16/17 year olds who were NEET nationally, with only 11,204 unemployed and claiming Universal Credit in this age group (based on DWP UC data). This meant only **19%** of 16/17 year olds who were NEET were eligible for Kickstart, and

as a result **48,000** young people were excluded from the scheme. Future support should assure that UC is not the key eligibility criteria as this will exclude over 80% of 16/17 YO old NEET YP.

- Look to expand models of intensive support - such as that provided through the UK Community Renewal Fund (CRF) - providing the mentorship, support, advice, guidance, and work experience. A discretionary fund to buy in specific work-related qualifications has worked well on CRF.
- Work experience could be made mandatory for DWP customers who are claiming unemployment related benefits to give them some experience of the job role without it affecting their benefits.
- Continuation of programmes such as Kickstart, with ringfencing for groups that face increased barriers to good jobs post-pandemic.
- More employers in job centres to discuss their own vacancies. Employers to do more direct marketing to people to raise understanding of opportunities e.g., through twitter/range of platforms. Employer engagement initiatives more generally could be strengthened.
- DWP having a stronger presence out in the communities where there are large areas of unemployment could be helpful, therefore taking the service to the people who need it most. Sectors with large numbers of vacancies should link in with organisations who work out in the community and the employers go out and speak to communities about the realism and expectations of the role. DWP could connect more with local training providers offering provision for 16-25 year olds.
- More test and learn innovation, such as the Universal basic income trial for care leavers in Wales, to identify what works in supporting greater labour market participation among vulnerable groups.

Q. Employment levels are still lower than their pre-pandemic level. What is driving this, and how important is employment support provision in addressing it?

While NCS provides a degree of impartial careers information, advice, and guidance there is little in-depth free and impartial IAG available. Consequently, job seekers have limited and outdated understanding of their local and travel to work area jobs market. This has adversely affected some industries in particular - security, care, hospitality, and other industries that were furloughed during the pandemic.

Many of our NEET YP are very hard to reach (and hidden from age 18-25) and have high levels of anxiety and low confidence in going out to compete for jobs. After two years of being in and out of lockdowns and the uncertainty this brought, many people are now finding it difficult to break away from their lifestyle of the past few years; some families are still Covid suspicious, family life has been complicated, and many have additional caring responsibilities.

We would like to see greater investment to in-work support. Mentorship programmes to support young people in their initial weeks of employment would reduce risks of people leaving jobs. Consideration should also be given to greater financial support

for all young people entering employment, not just those claiming benefits. Most young people are not claiming benefits but often still require financial help to support successful transitions to work. For example, apprenticeships are currently classed as employment, not training, which can have a negative impact on family tax credits/benefits.

Targeted employment support for groups with a long history of low employment levels, such as those leaving prison, have an important role to play. The initiatives announced in the Prison White Paper are encouraging but will require further work to understand in detail what is making a positive difference in employment outcomes for a group facing multiple barriers to the labour market.

Q. What is driving increases in economic inactivity – for example, amongst people with health conditions and older people? What is the impact of increased economic inactivity, and what role should DWP have in addressing it?

We see several contributing factors:

- The before mentioned point about many people are now finding it difficult to break away from their lifestyle of the past few years, is also relevant here. Some families are still Covid suspicious, family life has been complicated, and many have additional caring responsibilities.
- An increased demand and proportionally lower access to mental health / wellbeing support services and GPs.
- Older people may be taking the opportunity for early retirement, with care responsibilities playing a role in this.
- Anxieties among older people and those with health conditions on potential ongoing risk of covid.
- There is a potential impact on longer term NEET and young people becoming further removed from labour market. More intensive support is required to address barriers, developing confidence, develop informed Labour Market awareness, and offering work experience.
- DWP could support flexible pathways into employment dependent on health condition, personal circumstance (e.g., carer) and impact on family. DWP assessments for ability to work could be reviewed and, again, with support continuing into the workplace.
- Volunteering can be an effective route into employment, and relevant opportunities should be more widely promoted.

Support programmes

Q. How effective are DWP's employment support programmes? This might include:

- *the Work and Health Programme*
- *Kickstart*

- *Restart*
- *Other specialist programmes, such as Sector Based Work Academies or the Youth Offer?*

Career Connect has previously called for an extension to the Kickstart programme. Youth unemployment continues to be a pressing issue and the scheme provided much needed support to young people, particularly those who find themselves long-term unemployed. Our experience of Kickstart is that it helped young people to gain experience and opportunities that were curtailed by the pandemic and the wider labour market instability that has followed. Programmes such as Kickstart have a key role to play in this recovery, and beyond.

More generally, we see mixed experience and effectiveness of these programmes. Many have been complicated to access for many YP, particularly those aged 16-18 or who have been sanctioned previously. The benefits and advantages are not always clear to YP in the cohort and there is often the feeling that the end goal (a job) is very far away and there are a lot of hoops to jump through to get there. The act of starting a new claim for benefits is complicated and there is a lot of conditionality involved – many YP give up on the process due to how complex it can be. Also, all claims need to be made and administrated on-line, rather than in-person

If sector-based work academies had better links with schools, colleges, and training providers they could recruit directly and offer tangible pathways into employment for YP. This would build stronger connections between those who have opportunities and those who may seek to fill them.

Q. How effective is DWP's support for self-employed people, and how could it be improved?

Support for self-employed people is generally aimed at adults and not young people. Greater interface between this pathway and college/apprenticeship provision could expand impact. While third parties such as Prince's Trust do operate in this area, it seems at insufficient scale to adequately encourage the next generation of entrepreneurs.

In part this can be achieved through better targeting and promotion of existing support to young people. There should be self-employment advisers available to advise and guide people who want to be self-employed, such as online forums, webinars etc.

Many young people also do not know where to access information on business planning, grant availability, start-up advice and so forth. Encouraging greater take up of existing support by young people. Provision of a stronger 'cushion' to young self-employed people, to protect against the financial impact of failure, could also have a positive impact.

Q. How effective is employment support for people in rural areas?

People from rural areas often face additional barriers and challenges to entering and remaining in the labour market, and support could be better targeted at some of these issues. Key areas for consideration are:

- increased financial and time burden of travel to work and weaker travel infrastructure
- intermittent and/or slow broadband leaving job search or job opportunities using IT difficult to obtain.
- relatively low availability of childcare provision which can be difficult for parents wanting to return to work or limit the type of work they can do i.e., term time only.

Q. What has been the impact on employment support providers of winding down the European Social Fund? Is the UK Shared Prosperity Fund working well as a replacement?

Much in depth provision to NEET young people has been ESF co-financed/single financed. The winding down means that this support is now coming to an end. The hiatus in funding this work – caused by USPF Skills stream not coming on-line until April 2024 - is a significant concern and will leave many young people unsupported for up to 12 months allowing their barriers to progression to become more entrenched.

Similar challenges exist for programmes targeting post-custodial support into employment. Gaps in funding provision between ESF and UKSPF will result in a lowering of support for people who already face multiple barriers to re-engagement with employment. With employment being a key factor in reducing re-offending, gaps in provision will increase the risk of an increase in re-offending.

Q. How could DWP work more effectively with employers to ensure that people coming through Jobcentre Plus are well-equipped to fill vacancies?

There needs to be more realistic expectations both on the part of employers and prospective applicants. Applicants need to better understand standards expected in the workplace (particularly around reliability) whilst employers may need to look beyond the confines of a traditional, formal interview to secure the right employees. Work trials and work experience could help in this regard.

Mentoring programmes and in work transition support from work coaches (during the first 4 weeks of employment) could help to address factors that put people at risk of leaving employment.

Finally, stronger relationships with between employers and DWP/JC+ to ensure more effective job matching from vacancies to customers, would further help to minimise risks.

Q. How could DWP work more effectively with other Departments and external organisations (e.g., the third sector and private sector) in delivering employment support?

For many long-term claimants, the adjustments needed to meet employer expectations can appear overwhelming and unachievable. This can often be linked to low self-esteem, low levels of resilience and poor mental health. This has been exacerbated by the pandemic. The DWP could work with other service providers to broker access to mental health support and long-term mentoring to build resilience and self-reliance, which drive greater reliability and sustainability amongst potential employees

Q. What can DWP learn from the third sector, local government, and the private sector about how to best deliver employment support?

One of the key benefits of non-DWP delivered support is that for many people, potentially the majority DWP is associated with benefits and especially ensuring conditionality is met. This can create an immediate barrier to create a trusting and supportive relationship with an individual, especially those who require high levels of support. Charities and other community organisations have a key role to play as a trusted support function.

For Young People, as highlighted above engagement with DWP is generally low, many choose not to claim benefits, therefore do not engage with JCP and as a result can miss out on support, with this gap often filled by the third sector, especially Council delivered or contracted provision.

Pathways from NEET through existing local (often community-based) training provision and into employment need to have tangible outcomes from the start. Unemployed young people can often see little intrinsic value in training. They need to see that there are opportunities they can move into, once their training has been completed. The Build Salford model is a good example of this
<https://www.salfordcc.ac.uk/apprenticeships-salford-city-college/build-salford-2/#:~:text=Build%20Salford%20is%20a%20unique,the%20best%2C%20local%20construction%20companies>

The focus on flexible needs driven support (both job seeker and employer); one size does not fit all. For job seekers this includes using strengths- based assessments (rather than deficit models) which help build skills confidence and resilience.

Q. Are there any international examples of successful employment support schemes that DWP could learn from?

These are too numerous to list individually, and each requires an understanding of wider labour market and political context, but a comprehensive summary and country reviews has been compiled by OECD and can be accessed here: <https://www.oecd.org/els/emp/activation.htm>

Policy

Q. DWP both provides employment support and administers benefits. How well is it fulfilling that dual role, and is there a case for a different model?

Some benefit claimants continue to be suspicious and distrustful of DWP/JCP and perceive it to be a punitive rather than supportive service. This perception is often founded on erroneous information and models/ approaches that prevailed many years ago. Nevertheless, these perceptions persist. Therefore, separating out the benefits function from support to find opportunities would have merit.

Q. Should the Government provide employment support to people who are not on benefits? If so, how could that support best be provided?

There are many people not in the benefits system who could potentially fill vacancies that employers are carrying. These range from people who do not want 'to sign on' and may be operating in the informal economy and others who may be 'under - employed' working in the gig economy / zero-hour contracts. Disconnecting the supportive / coaching aspect of the JCP from the benefits processing element, could be helpful in tapping into this cohort.

Q. How can DWP's employment services best support in-work progression?

Potentially linking to Small and Medium sized Employers who do not have the resources to internally offer CPD to their staff. DWP could make the connections to structures such as sector-based academies. Financial support to employers to compensate for lost time would need to be considered.

Q. How can the Government best ensure that work pays?

At the moment Young People have a lower minimum wage than those who are 23 and above. This is generally reflective of a view that Young People will not have the same costs as older workers, with many continuing to live at home. Although this is the case for the majority, it is not the case for a sizeable minority, including groups such as care

leavers. Minimum wage rates are also lower to incentivise employers to recruit given the additional costs for training and support for this group. Ultimately this also means Young People are receiving lower earnings, putting significant pressure on their ability to afford their basic needs, when they are normally doing exactly the same role as someone potentially only a day older than them.

This arbitrary cut off between those under 23 and those above seems to be based on an outdated view of Young People in the UK today. We would propose a change to the current system which would incentivise employers to recruit Young People but put more money in Young People's pockets, increasing disposable income (which is much more likely to be spent rather than saved than it is among older age groups).

The change we would propose is that the National Minimum Wage is the same for all individuals over 16 Years old, but that employers who recruit Young People who are under 23 would not pay employer NI contributions on this group. This would incentivise employers to recruit this group who have an unemployment rate which is generally 3 times as high as the all-age population. This also reflects the likelihood that this group would require additional training and support, reflected in the lower NI costs for employers. The reduced tax revenues caused by this change would in part be offset by the lower level of Universal Credit that is being paid to individuals who are currently being impacted by lower wages.

This change would fit with the new Government's priorities by reducing complexity for employers by removing age bands for the minimum wage and also reducing taxes. It would also ensure that work pays for Young People incentivising more Young People to enter the workforce, addressing labour market gaps and lowering usage of the benefits system.

Q. In May 2022 the Government announced that Matt Warman MP would lead a review into how the Government can best support a thriving labour market. What are the key policy challenges for DWP?

Accurate and accessible LMI, underpinned by IAG of the highest standard, so job seekers are fully aware of sectors that are both growing and shrinking, so they can best prepare themselves for those opportunities that are more likely to be sustainable and fulfilling.