

# Work and Pensions Committee

## Oral evidence: Plan for Jobs and employment support, HC 600

Wednesday 15 March 2023

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Members present: Sir Stephen Timms (Chair); Debbie Abrahams; Siobhan Baillie; David Linden; Steve McCabe; Nigel Mills; Selaine Saxby; Sir Desmond Swayne.

Questions 282 - 337

### Witnesses

I: Dr Katy Jones, Research Fellow, Manchester Metropolitan University; and Professor Dan Finn, Emeritus Professor of Social Inclusion, University of Portsmouth.

Written evidence from witnesses:

[Dr Katy Jones, Research Fellow, Manchester Metropolitan University](#)

### Examination of witnesses

Witnesses: Dr Katy Jones and Professor Dan Finn.

Q282 **Chair:** Welcome, everybody, to this meeting of the Work and Pensions Select Committee for our inquiry on the Government's Plan for Jobs and employment support. A warm welcome to our two panellists this morning. Can I ask you both very briefly to tell us who you are, starting with Dan Finn?

**Professor Finn:** I am Dan Finn, professor emeritus at Portsmouth University. I have done lots of work on public employment services and employment programme reforms, especially comparative ones, most recently looking at the devolution of employment services in different countries and reform processes and, alongside that, at contracting out mechanisms and processes and how other countries are doing it.



**Dr Jones:** I am Katy Jones, a research fellow based in the Centre for Decent Work and Productivity at Manchester Metropolitan University's business school. I have been involved in lots of projects around employment support and conditionality, most significantly the welfare conditionality project led by Peter Dwyer, which was a major qualitative longitudinal piece of research focused on claimants' experiences of welfare conditionality. More recently, I have led the first major independent study looking at employer perspectives on universal credit and related employment support.

Q283 **Chair:** You have both done some very interesting work, which we look forward to hearing about during the course of the morning.

Let me put the first question to you. Later today the Chancellor of the Exchequer is going to be pointing out—we think—that since the start of the pandemic inactivity has risen among young people, disabled people and the over-50s. Why do you think that has happened and what do you think should be done about it?

**Professor Finn:** You have explored a lot of this in previous evidence sessions and there is clearly a pandemic effect in terms of the impact, especially on older people with the movement to early retirement, some of it voluntary, some of it involuntary. Clearly, the issue of economic inactivity is to do with not only the impacts of the pandemic but the existing problem that was there and growing and that pre-existed it. The combination of both things is now coming on to the policy agenda in a sharper way because of the pandemic, but they pre-exist the pandemic. The drivers of that are some of the things that we may be exploring, along with some of the responses to it.

Q284 **Chair:** What are the things that were evident before the pandemic?

**Professor Finn:** The increase in the numbers of people on disability and sickness benefit has been a significant trend. One of the things that did reverse with the pandemic was that previously there had been an increase in employment rates for the over-50s and the over-65s. We should not forget that there has been a significant increase in inactivity among the over-65s as a potential source of labour.

**Dr Jones:** I would reiterate those points and highlight that long-term sickness appears to be the key driver, although that does also seem to be an issue for people who are both in and out of work. We are seeing a less healthy workforce across the board.

We have done a lot of work in the past around young people who are not claiming benefits but are not necessarily engaging in the labour market or education and training, and I think that the issues that underlie that will vary for the different groups and different people within those groups. Health issues are common but there are also issues around retraining or the need to reskill or retrain, particularly if you are an older worker—perhaps the places where you have worked before are no longer suitable or no longer there. There are other barriers around local labour market



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opportunities and demographics, although again we have seen economic inactivity rise across geographical areas. There are lots of things going on.

Q285 **Chair:** To what extent do you each think that there are things the Chancellor can announce today that will address this?

**Professor Finn:** Clearly, a lot of what is going to be announced has been preannounced. I do not know if there is a thing called purdah anymore, but the big reform that has been signalled is obviously the movement to a single assessment for disability and the movement away from the work capacity assessment. That could be a very big and important radical reform. However, I think the devil will be in the detail of that, because you can get rid of one type of assessment but you still need a process by which you have various conditionality regimes within the employment services system and the requirements on claimants to engage with processes. That is one area.

Then there is a whole series of reforms that are being signalled, particularly for carers and around childcare in terms of up-front money in universal credit and what have you. Whether that is going to be enough and there are other things they could be doing are maybe some of the things we should be exploring in this session.

Q286 **Chair:** Do you think that changing the assessment potentially allows significant numbers of—

**Professor Finn:** I think it will get rid of one overlap between the PIP and WCA assessments. I was speaking to some work coaches recently and they were saying that people are coming back from the WCAs—“waccas” as they are described—and they are being asked virtually the same kind of questions in the WCA as they are being asked in respect of PIP. “Why are we doing this twice?” and so on. We know the Department is trialling this process.

Behind that are all kinds of really important questions. If you get rid of the work capacity assessment, what happens, for example, to the new style employment support allowance? The route into that for people who have contribution records but do not qualify for universal credit is through the work capacity assessment. That is one chunk of an issue there, which belies then another big issue, which is that as we move more and more towards a claimant employment service around universal credit, there is less and less on offer to those people who have regular work records and savings and who find themselves falling out of work or losing work or what have you. That is one big issue that comes up alongside that other big issue, which is what the conditionality regimes are that operate inside Jobcentre Plus in the absence of the work capacity assessments.

Q287 **Chair:** One can think of some very good reasons why the Chancellor or the Department might want to announce those changes, but do you think it is going to address inactivity?



**Professor Finn:** Not directly, no. First of all, it is a big reform; it is going to take a fair amount of time. There is a lot of detail to be worked through. In terms of the immediate problem that the labour market is facing—the flows into inactivity, the stock of people who are there—I don't think that in itself is any magic bullet. From the sounds of it, there are a number of other things that the Chancellor will be announcing that will then chip away at those other issues.

Q288 **Chair:** Is there anything that either of you think is quite important to tackle inactivity that could make a difference, whether it has been preannounced or not, to inactivity specifically?

**Dr Jones:** The focus on removing barriers to work is an important one. More positive changes around childcare, for example, are welcome because we know that that holds a lot of people back. Opening up the support that is available so that it does not hinge on the assessment of the extent to which you are able to work or not in a very binary way is potentially very valuable. Also, we need to invest in proper support for groups who need additional help, and to engage with employers in that process to ensure that any support that we do provide serves the needs of employers and helps people to access good-quality work opportunities.

**Professor Finn:** There is one thing I would add. A couple of years ago I did a review of specific campaigns and programmes that were targeted at the over-50s. There has been relative degrees of success with those programmes, one from Germany, one from Canada and one from British experience back in the 1990s. It strikes me that a specific bespoke programme, which was not tied with benefit receipt but was targeted at the over-50s and done by outreach and through community-based organisations and organisations that work with older people, might have some immediate traction in a way that these longer-term reforms won't in terms of the immediate problems that the over-50s are facing.

Q289 **Chair:** Of the initiatives you have looked at, which was most successful in bringing over-50s back to work?

**Professor Finn:** It opens up a whole bag of what we mean by success. There are two or three lessons. There was New Deal for the over-50s in the UK, Perspective 50plus from Germany, and the targeted initiative for older workers in Canada. There are elements of each of those programmes that could be part of a good design for the programme here.

One of the things I was talking about is working with community-based organisations. The Canadian programme was targeted especially at areas that were going through significant industrial change—small towns that previously relied on single industries that were going through major economic disruption. How do you keep that older workforce engaged with employment? That was one of the things about targeting particularly those areas where the employment shock is not going to be immediately recovered from and people need assistance with moving into new areas of work.



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In the New Deal for the 50-plus—the idea of a simple return-to-work benefits payment—there was a return-to-work credit that was part of the programme for the first two or three years. That seems to have been pretty successful. Then there are very generic things about the importance of a case manager or key worker working with a relatively small caseload of people.

The other thing that I think is very important and that we seem to have lost a bit in the system is the emphasis on peer support and group work: providing facilities where over-50s people—people like myself—were part of things like work clubs or job clubs and could get peer support as well as assistance with moving into work. There are elements there that could easily be packaged up at relatively low cost, frankly, in the scale of things.

**Chair:** That's very interesting. Thank you.

Q290 **Sir Desmond Swayne:** Is an economically inactive life a relatively too attractive prospect?

**Dr Jones:** I have not seen any evidence that suggests that it is. If people are inactive and in receipt of out-of-work benefits, we are not particularly generous in the amounts that we provide to help people to sustain themselves outside of work. No is the short answer to that question.

Q291 **Sir Desmond Swayne:** All those people who have retired early have to weigh up the prospects of what their life would be in work as against the attractions of economic inactivity. Are we not paying enough? Is work not attractive enough? Is the prospect of idleness too attractive?

**Professor Finn:** There are two elements to that. One is that not all the economically inactive are on benefits. In fact, large numbers of them are not, particularly in the over-50s category. There is that big issue about the number of people who went into early retirement who are owner-occupiers, who have good occupational pensions that they can draw on, and who have partners who are maybe a few years older than them. That group is probably not going to get back into employment in a simple way.

Is it comfortable? I talk more about the barriers that people face: the intensification of work itself, which is making life a bit harder for people who may have worked 20 or 30 years in manual work and find that is tough, and the lack of flexibility among employers to adjust their working practices in a way that makes use of people in that environment. The other thing, in terms of the people who are on benefits, is that fear of losing entitlements. Entitlements that may have taken you quite a few years to get established in the first place are at risk. Many people out there are not au fait with and do not know the detail of the benefit system, but for 10 years they have seen this juggernaut of universal credit coming down the road associated with sanctions and people going to food banks, so there is a fear out there.



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My concern, for example, with the work capacity assessment reforms and with the putting off of the universal credit extension to some people—the employment support allowance group that has now been excluded; I think it is 2028 before they come into the universal credit system—is that you are saying to that group, “Don’t do anything. If you do you are going to risk your transitional protection.” We could be much more clever about how the benefit system is designed.

Back in the day it used to be called run-ons, but it is that ability to experiment with work and then come back into employment. In some senses, the work capacity assessment reform, partly in the way it has been spun—I do not know if it is going to do this—is this idea that you do not have these cliff edges between capacity for work, incapable of work or working, so that if you take the risk of going into a job, you will come back on to the benefit you were previously on.

**Q292 Sir Desmond Swayne:** To what extent has the nature of job vacancies changed significantly post-pandemic?

**Dr Jones:** Some employers have been forced to look inwardly and to think about why they are struggling to recruit. To reiterate some of Dan’s points, we do have a long tail of low pay and a lack of flexibility in our labour market in order to support people with more diverse needs. There is a lot that employers can do to create more flexible employment, for example. That is not just about working from home; that is about lots of other different things, such as part-time work and so on.

While there are some employers who recognise the need to improve their working practices from a moral case but also from a business case—it is better for productivity and better for improving the quality of your product or your service—we still do not see that many employers upping the quality of their jobs. For example, there are still a lot of employers out there who expect you to have experience for a job but are still very reluctant to pay you anything more than the minimum wage or at least very close to it. While there has been a nudge effect when people have been struggling, we have not seen the changes on the scale that we need. I think the poor quality of work is a lot of the driver behind—

**Q293 Sir Desmond Swayne:** To what extent is it poor quality of the work available or the poor quality of applicants suitable for what is available?

**Dr Jones:** There has been a lot of talk about the poor quality of applicants and employers not getting the right candidates. In the universal credit and employers project, we spoke to 84 employers about their experiences of recruitment and whether the approach of universal credit and conditionality was helpful in that. It is very striking that, even though they were struggling with recruitment, they did not welcome this push for people to take any job and apply for a high volume of any jobs, because it just wasted everybody’s time.



I do not think it is about applicants not being of quality; it is more about the fit and the match. Obviously, it is a poor-quality application if they are applying for something that they are not qualified to do or they are not able to do, or it is minimum wage and it is 90 minutes away. Employers are looking at that and thinking they are not getting the right candidates. They were keen to stress the need for more emphasis on support and getting people into the right jobs with the right employers.

**Q294 Selaine Saxby:** Good morning. How successful do you believe the DWP's employment schemes—such as Restart, Kickstart, the Work and Health programme, JETS and IPES—are at supporting those who are still furthest from the labour market?

**Dr Jones:** On Kickstart, the universal credit and employers project took place at the same time as Kickstart so we got immediate feedback on that from employers' perspectives on how successful that was. Of the 84 employers we spoke to, 35 had participated in the Kickstart scheme. A further 12 had wanted to or thought about it but then ultimately decided not to.

In terms of helping people who were furthest away from the labour market, there were concerns that there was not necessarily the support for employers to manage people who perhaps had more complex needs in work or health conditions. For example, from the broader evidence base, we know that management capabilities in supporting people with health conditions in work are important but often not there. That was a reflection on the Kickstart programme, but stakeholders were thinking that has been an issue in lots of employment support programmes where we expect the employers to be a key part of offering those opportunities.

We have broader reflections on the Kickstart programme from the employers' perspective but not specifically related to your point on the furthest away. I am happy to tell you more later if that is okay.

**Professor Finn:** The impacts of these types of programmes will vary, obviously. Many of them were immediate and quick responses to what was apparently a looming problem of long-term unemployment coming through the pandemic and anticipating what was going to be happening after, which did not eventuate, particularly with Restart. That causes all kinds of problems in service-delivery mechanisms. In the Restart programme they have had to renegotiate the contracts and cut things back.

The generic point I would make with all these programmes is that, if we are lucky, programmes targeting the long-term unemployed may get about 30% to 35% of people into jobs; two thirds do not get employment. The big debate often in the design of these programmes is whether the incentives, the way in which we are organising services and the way in which we are paying providers, encourage them to park the hardest to place and not give them the same service that those closest to



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the labour market might get. There is clearly evidence of some of that taking place, especially in the predecessor Work programme.

Some of the elements of Restart, in particular, and the Work and Health programme, were attempts to try to rejig the incentive structure inside the contracts in a way that might militate against that. Sorry, this is a bit nerdy, but one of the interesting things that will come out of the experience with the Work and Health programme and Restart is whether a thing like the target accelerator—I don't know if that makes sense—in terms of the payment mechanism actually makes a difference to how the providers interact with the groups that are furthest away from the labour market in particular.

**Q295 Selaine Saxby:** Are there any aspects of the programmes that you think were particularly successful or improvements that we could make to those programmes?

**Dr Jones:** Again, from the employers' perspective there were quite a number of things that they highlighted as lessons from the Kickstart programme. One of the key issues was a lack of involvement of employers specifically in the design of the programme. You saw that through the earlier decision to require employers to offer 30 placements. That was a total disaster in terms of engagement with small businesses in particular. They have since changed that and obviously it was rolled out at a time that was very chaotic and difficult, but to have had more employer representatives around the table, when thinking about the design and how it could work with employers and SMEs in particular, would have been more fruitful in creating better-quality opportunities.

We saw some great examples of employers going above and beyond the minimum programme requirements of the Kickstart scheme. They were not just offering jobs at 25 hours a week at the minimum wage for six months. They were instead taking their own initiative to offer the living wage and take people on full-time. However, a number of employers felt constrained by the scheme. They thought they were only allowed to offer 25 hours a week. A bit more guidance and encouragement for employers to go above and beyond those schemes is one of the key lessons in terms of looking at the quality of opportunities that are taking part.

**Selaine Saxby:** Thank you. Was there anything that you wanted to add, Professor Finn?

**Professor Finn:** Yes. There is a repository of knowledge about what works. We have been doing this for 50 years. We have done various kinds of active labour market programmes, both in the UK and internationally. There is a lot of knowledge about what works and how it should be delivered. Maybe we are at a turning point in the British system at the moment.

Hitherto, we have had a very centralised model. The idea is that you design a programme in the centre and you almost prescribe then how



that is delivered through the 37 or 54 districts and cascaded down through the jobcentre network. Whether that is the right approach or whether you need a more flexible devolved approach, which enables local partners and local collaborations to tailor and target the types of programmes and services that are more appropriate to the client groups and the problems of those particular areas, that is the cusp we are on in the devolution questions at the moment.

**Q296 Selaine Saxby:** As you are aware, economic inactivity in the over-50s is a particular challenge at this time. If DWP were to develop a targeted support programme, do you have any thoughts as to what this might look like or how it might be delivered?

**Professor Finn:** I think I anticipated that question with the idea from the New Deal for the over-50s and the Perspective 50plus. The elements that were there for a bespoke programme targeted at the over-50s—sorry, the repository of old programmes in my head keep rattling around and coming back to the fore. Back in the early 1990s there was a series of programmes called Action Teams for Jobs, where the Department contracted with community-based and private sector organisations and said, “Go out and work with this particular target group in the areas we know they are and we will pay you a service fee plus rewards for getting people into employment.” I think that a specific, targeted, immediate programme like that, alongside your generic wider reforms, would be appropriate, given the current circumstances, employer demand and so on.

**Selaine Saxby:** Thank you. Do you have any other thoughts on that, Katy?

**Dr Jones:** We looked specifically at the experiences of people aged 50-plus through the welfare conditionality project and the experience was that it was overwhelmingly negative and not personalised. I remember that one 59-year-old said, “If the jobcentres are treating me the way that they are treating a 19-year-old, either it is me or the 19-year-old that is not getting the support they need.” That personalised support is important to understand what their work history is and how they can be supported to perhaps retrain.

I will reiterate the point that the more positive experiences of over-50s on welfare-to-work programmes have been when it has been voluntary. That is the key learning point there. That has come from the people who are engaging in those programmes, but also advisers. From the New Deal 50-plus evaluation the personal advisers were positive about the fact that they could have that open and honest conversation with people and they could do what was best for whoever they were working with, rather than pushing them towards activities that they felt were not conducive to helping them into work.

**Q297 Selaine Saxby:** On balance, how much time or energy should the DWP put into getting people back into work versus stopping people who are at



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risk of falling out of work?

**Professor Finn:** It is a critical element of our system that misses many of the ways in which other systems have tried to deal with those issues. Essentially, how do you stop the flow of people? There are two elements to that that I would point to, one of which is very much on the policy agenda around health and health-related conditions.

Clearly, if you look at other systems where they have successfully reduced the number of people going into long-term disability benefits and sickness benefits, the configuration of how you pay, how you do occupational health, how you pay insurance premiums, and how you pay income support to people who fall out of the system are much more employer focused than in the UK, where basically that cost falls on to the health service and the Department and Government very quickly. In those systems they have rejigged incentives in a way that means that employers have greater responsibility to find alternative employment for people and to keep jobs open for people to return. In a place like the Netherlands in particular, they were very successful in reducing long-term disability and sickness receipt through those mechanisms.

We have some of those mechanisms and the discussion about a right to return to employment may be one of the ways of thinking about it. The other place I would point to is that we do very little around redundancies, which again were very significant during the pandemic, particularly for the over-50s, other than things like the Redundancy Payments Act, which compensates people where the employer disappears and they cannot pay the 15 or 16 weeks of redundancy pay that somebody is entitled to. In other systems, for example, once you have been notified that you are subject to a redundancy notice you are required to register with the public employment service. You get employment support immediately as a condition of then subsequently getting benefits. That mechanism does not exist in the British system.

In countries like Sweden and Denmark, they have moved away from the whole idea of redundancy, and what you have are what they call job-transition services. The idea is to enable people to move from one kind of employment to another as they are dealing with structural change. Again, the whole redundancy payment system and the approach to redundancy in the British system has not really moved or changed in 15 or 20 years and I don't think it is fit for purpose.

**Selaine Saxby:** Thank you. Is there anything that you wanted to add, Katy?

**Dr Jones:** Yes. Obviously, with universal credit being both an in and out-of-work benefit, it does open up the scope to engage with people who are in work and at risk of falling out of it. In the DWP's own commissioned research looking at the future cohort of people who might fall within the in-work conditionality and work support regime, 27% of them report that their daily activities are limited by a health condition. From what I have



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seen in the development of DWP policy in the in-work space, it seems to be all about progression either through hours or pay. If the Government are thinking more about supporting people to not fall out of work, perhaps that needs to be more of a focus of that in-work support.

**Q298 Chair:** Katy, you said that employers are uncomfortable about a system that forces people to apply for any old job. Do they think that is more of a feature of universal credit than it was before? If so, what is it about universal credit that has that effect?

**Dr Jones:** I don't think they are necessarily picking up a shift, because universal credit has been rolling out alongside different things, so their understanding of universal credit is only quite a partial one. It is more, "The benefit system does this."

In terms of the things that they are picking up around universal credit, it is more around the in-work element and people perhaps not wanting to take on more hours short term because that ties into the fluctuations in payments. Employers also raised the issue that if they made mistakes, that had an impact on people's universal credit payment. There was no mechanism for employers, if it was the employer's mistake, to report that. Those are the issues that were coming out specifically about universal credit.

**Q299 Chair:** On this point about people being forced to do any old job, did clear ideas emerge from your research among employers about how they would like it to change? What would alter that could address that concern?

**Dr Jones:** We had mixed experiences, and mixed experiences of people working with jobcentres. The more positive experiences were where there was more effort and more resource that went into matching candidates with employers and bringing employers into jobcentres. There was lots of different activity but happening in quite an ad hoc way. Creating those connections with employers was valuable.

Most of the reflections on programmes were around Kickstart, but when we got a few reflections around more sector-based approaches, that also seemed to be more positive. That chimes with the international evidence base around sector-based approaches, where people have the opportunity to try out new sectors or learn about them and those kinds of areas, putting support into that. There are also issues to do with skills, and if skills is the barrier that is holding people back from accessing those opportunities, is there more that the employment support system could do to facilitate that.

**Q300 Chair:** It was suggested to us in our evidence session last week that a lack of matching in our system could be one of the explanations for our poor productivity performance in the UK. Have either of you come across any evidence that that might be the case?



**Dr Jones:** Yes. One of the key things that undermines productivity is the prevalence of skills underutilisation. You can upskill people but if those opportunities are not there, where employers are using those skills and rewarding them, there is a gap in how productive that can be. Prior to the pandemic, and prior to the introduction of in-work conditionality, we had 3 million people who wanted to work more, so I think there is a mismatch in the policy push to just focus on more, regardless of what that looks like, versus what the labour market looks like.

Q301 **Chair:** What changes might be made to address those difficulties?

**Dr Jones:** It is the most difficult thing but the most important thing, and it is about changes on the demand side and paying attention to the labour market that we have. If it is offering a large proportion of low-paid, insecure work, just focusing on quite standard requirements for people to progress in that is not really going to work. There are lots of things that the Government can do. It is not all in the Government's court, I guess, but there are hard measures, there are soft measures, and there are joined-up measures.

If you think about the soft measures, Governments outside of Westminster have been a bit more ambitious in encouraging better-quality work. In Greater Manchester we have the Good Employment Charter and it is voluntary. It is a movement of businesses that have seen the benefits of offering better-quality work and they are joining, promoting and encouraging employers to take that up.

There are also harder measures that could be introduced, looking again at regulation and enforcement of that regulation. Underpayment of the minimum wage is very high, so even where we have regulations in place to make work quality better it is not always being looked at. I am not a regulation expert, but one of the areas that I think could help, especially when you are thinking about in-work claimants, is looking at where employers have undue control over what their workers are able to do.

The one thing I am thinking about is exclusivity clauses. Helpfully, zero-hours contracts were gotten rid of—the requirement that an employer would only offer a zero-hours contract but not let you work anywhere else was, thankfully, gotten rid of. However, employers only need to offer four hours a week and they can still say, “You can’t work for anyone else.” We did not pick it up too much in the bigger project but in the pilot work we did when we spoke to hospitality employers, for example, we asked about this idea that their workers might need to take on multiple jobs. The immediate response was, “Well, they couldn’t work in another hotel because that would be a conflict of interest.” It does not seem like the balance is quite right in terms of workers being able to progress in jobs.

**Professor Finn:** On the contradiction of the emphasis on sanctions and conditionality, from both British and international research we know that a tighter, harsher regime—a more sanctions-based regime—is relatively



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successful in moving people off benefits more quickly than would otherwise happen. Two consequences flow from that. One consequence is that a significant group of people are likely to fall out of the benefit system and move into inactivity rather than to engage into work, particularly the older they are. The other is that, yes, quite a few people get into employment, but the employment is not a good match and they do not stay very long in employment. You get this recycling issue where people go into relatively short-term employment because of the pressure they are experiencing or because that is the only option available, and then they will be back on benefit reasonably quickly afterwards. It is that poor matching process.

The final thing that we have not really touched on, which I think is a big issue in matching processes, is the dramatic and fundamental ways in which the process of getting a job, applying for a job and being selected by employers is being driven by new technologies and online services, and the barriers that is creating for a number of people.

The final point I would add is that one of the reasons employers were getting ticked off was that the work-search requirements put on claimants are fairly mechanical: you will apply for six jobs over this fortnightly period. There is no real attention to what the quality of those jobs is; you just have to show that you have applied for those six jobs and the employer is not interested. However, with the online systems, the great thing about them from the employer's point of view is that they can pre-screen, so they never see those applicants in the first place. There is a lot of churn and activity that, frankly, is pretty meaningless, other than the ritual of showing that you are meeting the conditions for the receipt of the benefit.

**Q302 Chair:** Are there changes that either of you would suggest that could improve matching and make it more likely that people end up in good work?

**Dr Jones:** The DWP has been operating according to a stylised pathway, the ABC approach: any job, better job, career. That seems to underpin a lot of the decisions that it takes around the conditionality regime. What we know is that if you move someone into any job, the chances are that they will either stay there and not progress or fall out of it, as Dan says.

You would like to think that if progression was more of a focus, and we know that if you put more effort and resource into the job that people get in the first place, the job of the progression lead or whoever it is who is leading on that is going to be easier when they are thinking about supporting people into better jobs and careers. Fundamentally, if that is going to work, more attention is needed. It is not just about getting someone into work and then thinking about job quality. It is thinking about that from the beginning.

**Q303 Siobhan Baillie:** I apologise for my lateness; I have childcare problems at home.



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Professor Finn, you were saying a minute ago that quite a lot of the early sift and the applications now are done online and that is creating barriers. I am doing some work on employability skills, trying to get to the bottom of what those skills are. Do you think that with DWP, other people and charities, there is enough out there at the moment to help people to learn the skills that are needed to get through the technological stages of applying for jobs now? Or do you think that is lacking in the market?

**Professor Finn:** There are elements of it, yes, but it is an area that I think more should be done in. One of my criticisms of things like the reform process that DWP has been experiencing over the last 10 years—and it has done lots of good work on the employment side—is that it has been so universal credit-focused. In terms of things like digital exclusion, the focus of something like the DWP is how to make a claim, not how to get a job. For example, the money it has invested recently through the Citizens Advice Bureau network is precisely around that because it recognises that there is a problem with digital exclusion out there.

I saw one of your earlier evidence sessions where Tony, I think it was, from IES was a bit sceptical about how much digital exclusion was still an issue. I think it is much bigger than Tony was implying. One of the surveys I saw recently was that one in three people in the workforce do not have what are classified as essential digital skills. That can be anything from as basic as turning on a computer through to how you manage an online meeting or engage with an online meeting and so on.

Again, that is one of those relatively low-cost interventions, particularly if it is attached to job search and job support, that the Department could do much more of. When you dig down into the good providers on the ground, both non-profit and for-profit providers, and you see what they do in their service delivery, that is one of the elements where they can be very good.

**Siobhan Baillie:** Even having an interview on Zoom is a skill in itself, isn't it, looking at the right bit? We are all rubbish as well—we're always on mute and things like that. That is interesting. Thank you.

Q304 **Chair:** Katy, you mentioned the Good Work Charter in Manchester. What are the key elements of that, and what evidence is there that an approach like that can improve the likelihood of someone getting into good work?

**Dr Jones:** The charter is an interesting one because they built up what the elements are of good work through consultation with people across Greater Manchester. There are seven different characteristics. They include things like security of pay, pay at least at the real living wage, for example, and other elements like good recruitment practices, progression pathways and so on.

There are lots of different frameworks in terms of the right framework to adopt. The CIPD has its own good-work framework but, broadly speaking,



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there is quite a lot of similarity in the things that we understand as good work. It is a subjective thing. I might think that a job is good and someone else might think it is terrible, but the basic things that underpin a good-quality work opportunity are quite common.

The most basic thing that those frameworks can do is to facilitate that introspection of employers to think, "Do my opportunities look like this? Do they have somewhere to go?" The charter in particular has worked with employers. There are different levels of it. They work with employers on a journey through improving employment practices and they are assessed by an independent panel. Areas for improvement are highlighted and they are supported to work towards those things.

I think it has been successful. There are limits to those approaches because it is all voluntary, but increasingly now people are waking up to the value of employment opportunities, or certainly the detriment of poor ones. They are looking to put more emphasis on good work through things like commissioning practices, but I am not sure where they are at on that.

**Q305 Steve McCabe:** I want to ask about holistic support, but can I just ask a short question about this online interview idea? Do you think that is going to change the rules of the game? There is a conventional understanding about what the participant in an interview should do and what the employer is looking for, but if it shifts to a different medium where people are playing by slightly different rules, will it change the characteristics of an interview?

**Professor Finn:** There are two elements to that. One is how much online interviews themselves feature and how significant they are. The process of applying for jobs is also so much driven digitally now. If you want to work for the post office, a classic casual job over Christmas periods and things like that, back in the day you would have applied, someone from the post office would come down to the jobcentre, there would be a recruitment fair and they would be recruited. Now it all has to be done online. That in itself: can you do that? Another barrier is the AI. What is the algorithm that the employer is using then to select out and screen out the people it does not want to interview because it has 3,000 people applying for 50 jobs? That is where all kinds of barriers can be created.

**Q306 Steve McCabe:** I think that is what I am getting at. I talked about interviews in particular but it is going to change the characteristics of how that selection process develops.

**Professor Finn:** There are some concerns being expressed about in-built biases and prejudices that are starting to emerge in some of these systems, particularly in the private sector, because much of this activity is not done through the find-a-job service, it is done through private agencies and through employers themselves using their own selection mechanisms. It is an important area and one where some of the equalities issues have been signalled and are coming up as a policy issue.



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My preoccupation is with what the role is of the employment service, Jobcentre Plus, in equipping people to navigate and negotiate that well, particularly for groups like the over-50s who may find that much more challenging, albeit that is not—

Q307 **Steve McCabe:** Is the DWP focused on this change itself? Does it recognise what is happening—what you are describing?

**Professor Finn:** Yes. If you look at the way jobcentres have changed, if you went into a jobcentre 15 years ago you would have had vacancy displays. You would have had to look at the physical vacancies display, go to somebody at a desk and so on. Then we moved to these touchpoint screens where you did matching and looked for vacancies, found out what vacancies were available and then went to somebody behind the desk and got the information about it. Now, when you go into a jobcentre, you are more likely to see computer screens and claimants there getting more or less some support in how they negotiate that and access jobs.

I do not think that is well developed. We do not know what good practice is there and how much use is made of that service. Frankly, I went into a jobcentre recently and it was virtually empty in terms of who was using that service, because it is only for claimants. Lots of unemployed people do not see it as a place they go.

Q308 **Steve McCabe:** I wanted to ask about the evidence we have had from a number of groups who say that the DWP should develop a more holistic approach to the employment support programmes. Do you think that would improve the long-term outcomes for participants? If I asked you to very briefly describe an ideal holistic support model, what would you tell me?

**Professor Finn:** Holistic in the sense that what we know is that employment services have traditionally been delivered in a fairly siloed fashion. You have a public sector agency. It delivers a single service in a fairly standardised way. As the issues that people are engaging with have become more complex and the client groups have become more complex, the network of opportunities and the labour market out there has become and more complex, what we know is that you need to co-ordinate and co-locate services and bring services together in a different way. The evidence is that that is the way employment systems—not just employment services but public employment systems—have been moving in a number of different countries.

One of the interesting developments in places like Scotland, Manchester and Northern Ireland is where you are starting to see this effort to create an employment, skills and health ecosystem locally, which tries to integrate and co-ordinate those services much more closely because the barriers quite often are not simply about, “I can’t fill in a job application.” It is, “I am dealing with drug issues,” or “I have homeless issues” and so on.



Those services are there and there is a nascent good practice emerging about how you do that in a policy delivery way. In Scotland they are creating these local employment partnerships as part of their No One Left Behind strategy. That is bringing services together in a new way. In Manchester they have the local integration boards, which again bring together health, housing, employment services and skills services as a way of trying to co-ordinate and create this more holistic service. As long as we do that in a way that is not just about talking shops and has an employment focus at the end of it, then I think that will be a real game changer in how we organise the public employment service or the public employment system in the British system.

**Steve McCabe:** Thank you. Is there anything that you want to add, Dr Jones?

**Dr Jones:** I would agree with all those points. I would be keen to emphasise—again speaking to your point about skills, not just digital skills—that the disconnect between employment and skills came out strongly across multiple pieces of research. Only 6% of benefit spells include any kind of education or training, which, when we are talking about upskilling and helping people to access new sectors and so on, is quite problematic, especially when both employment and skills systems ultimately are either about moving people into work or helping people to progress in it. That just shows the siloed nature of employment and skills support, so connecting those up through that approach would be valuable.

Q309 **David Linden:** To follow on from some of what Mr McCabe has been asking about the holistic approach, we undertook a trip to the States fairly recently and saw some employment projects and the level at which they are delivered. I want to ask some questions about the devolution of employment support and, in particular, touch on Professor Finn's comments about some things being quite siloed.

When we were in the States we saw a JobsPLUS project up at the Lowell housing development. It was very much on a small scale but done locally. What are your thoughts on the delivery of these employment services? Obviously, they have to operate within a national framework, but what is the ideal size and level for that to be done at?

**Professor Finn:** I have looked at these reforms in lots of different countries. The States is very interesting. Going back to an earlier issue about the employer voice in these questions, in the United States the employment and skills system is devolved federally and then from federal to local workforce development boards. The workforce development boards are mandated to have an employer majority on them in terms of the design and overall strategy in the contracting and procurement of the programmes. They then contract out service delivery either to community colleges or to community-based or employer-based organisations to develop the programmes they need.



There is a lot of innovation out there in a desert of not a lot of provision, but the innovation is particularly around things that Katy touched on before: what they call sector-based partnerships as well as things like JobsPLUS, which are the social housing-type projects that you must have visited when you were out there.

The other point I want to make about the scale is that this very much depends on the country's constitution, the way it works institutionally and so on, but there is definitely a move towards it. In Finland, for example, at the moment there is a devolution of jobcentres to local government control. In Denmark, that took place about 10 years ago. In Denmark there is a strict and strong framework of national objectives, which the municipalities and the jobcentres now control and they are responsible for the staff and so on. There is a funding agreement and a set of incentives built into the system. That encourages the municipalities to join up services together to give that more holistic service and to keep the focus on employment, getting people off benefits and into work and keeping them there.

One of the other things that is very interesting in these models is that you will find that they have a recidivism measure. One of the things they measure in the achievement of programmes and providers is not whether they got people off benefit and into a job today but whether that person came back and claimed benefit within six months. If they did, that does not count in the same way as getting somebody into a job that is sustained for over six months and then into long-term progression.

A national framework, devolution—there are plenty of models out there that show this is a good and sensible way of doing it. There are also models out there that show you it is a disastrous way.

**Q310 David Linden:** Can I press you on that? We have spoken about some of the impressive ways that things can be done and I am certainly relatively impressed by what I saw up in Lowell. I like the idea of housing being involved in some of this. To give us a bigger picture, what are the drawbacks to that scheme of having it done at a local level? You mentioned that there have been some disastrous examples.

**Professor Finn:** One of the classic things is misaligned incentives. This has happened in Germany and the Netherlands, working with very long-term unemployed people, and the federal Governments, or the national Government in the case of Holland, was funding community-based employment programmes—work-for-your-benefit, workfare-type programmes, which were quite expensive and funded from revenues. Those were funded centrally. Local government got paid for getting people into jobs, including community jobs, which were funded centrally but did not come out of their resources. You create a misaligned objective there that was not really getting people into work. Again, we can learn from those experiences.



More generally, there is that big political issue about postcode lotteries once you start to devolve. Frankly, there is a postcode lottery already in the employment services system in the UK—informal, not as big maybe as it might be. That is one of the risks the moment you start going down this route. If I am an unemployed person in Manchester at the moment, my options and the services available to me are much better than if I am in rural Hertfordshire, just because of the way local government works and the way it interacts with DWP. It is about whether we can live with that variation, because I think it is going to be there anyway, so long as we have strict national standards, national entitlements, and we make sure there is a platform that everybody gets, so the variation is above the minimum service level.

**David Linden:** Dr Jones, do you have anything you wish to add?

**Dr Jones:** Yes. Devolution of employment support is not something I have specifically looked at, but in terms of the recommendations that have come out of our project about the need for better local partnership working, being more responsive to local labour market needs is important.

I would reiterate the points about postcode lottery. One of the concerns is the consistency of support but, as Dan said, it is not that consistent at the moment. Whether it is centralised or localised, it is important to bring in more mechanisms to make sure that people who are engaging with those services, whether it is jobseekers or employers, have those mechanisms to feed in and make sure that it is consistent.

Regardless of the model, more resource needs to go into local information sharing and what that looks like. We had an example with the Kickstart programme, where the local government did not necessarily know whether we had loads of vacancies in one local authority area and not the other or where we needed to target that support. I think there was a will on both sides to try to work together but there were some frustrations there.

Q311 **David Linden:** Finally, if we detect that the direction of travel is that we try to do more stuff locally, and we try to devolve more things locally, do both of you have any view? Is it something that should remain centrally provided? Is there something to say that that would not work locally?

**Professor Finn:** The tension is the delivery of benefits and the role of the employment service. The UK is fairly distinctive in how integrated both things are. In other countries you will find that there is more of a difference, partly because of the nature of the benefit—insurance-based and things like that. The design of benefits and the delivery of benefits is, quite rightly, centralised and automated and made as efficient as possible.

Can Jobcentre Plus do both things? I think that is one of the key tensions in how we organise employment services. My own view is that, for what it



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is, it does a good job in employment services. It could do much better. The dominance of the universal credit reform process has so consumed management resources and time that I think it could have done even better and we could probably have got a lot of the things that universal credit has delivered without that mega reform, frankly, but there you go.

**Q312 David Linden:** I reflected on some of this on the way back from the States. Is part of the problem that the jobcentre has the delivery of benefits but also the support issue? Is there a lack of trust from claimants for work coaches? It is almost the work coach as gamekeeper and poacher, essentially.

**Professor Finn:** That is one of the big tensions. The difficulty in the States, of course, is that they do not have much of a benefit system. There is a lot of voluntary participation and engagement with their programmes anyway and there is a big issue then about the populations in the States that never go anywhere near American jobcentres. That is a real tension.

Some work coaches are able to manage that tension very well. One of my fears is that the target-driven nature of the Department can lead it to a preoccupation with getting them off benefits as much as getting them into work. For example, if we get the opportunity to say what we didn't say when we had the chance to say things to the Committee, one thing is there is a bit of alarm about this notion of performance tables that has been piloted, where jobcentre work coaches will be paid a bonus for getting people off benefits. I am not sure how they are going to get them into work because we do not measure that in that direct way, so I have a real concern there.

**David Linden:** It is all about targets and getting people into any job rather than the right job.

**Professor Finn:** Yes.

**Q313 Chair:** Dan, does your research suggest that, on balance, devolution of employment support is the right way to go?

**Professor Finn:** Yes, because it has always been there, even in the British system. We have been through successive experiments. Let's not forget—sorry, I am going into a real nerdy mode here—that the origins of our system are in the locally based poor laws, which were local authority driven, funded through poor rates and things like that. This local/national combination has always been there. It is only that the British system, particularly since the 1930s and 1940s, has become heavily centralised in a way that you do not find in other countries.

That has had some advantages, such as the ability to quickly respond to a recession by getting a programme up and running and delivered nationally through your network of jobcentres, but given the complexity of the problems we are dealing with now and the complexity of labour market changes, a much more locally focused system, particularly one



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that draws in employers as well as other local partners in local areas, is the way to go.

Q314 **Chair:** What about your point about the difference between Greater Manchester and rural Hertfordshire? Can you do a devolved model in rural Hertfordshire?

**Professor Finn:** Again, it depends on your geographies and how you draw them. This process is working its way through the British system in a much more fragmented and complicated way in which what areas are getting mayors, how you combine the different authorities in different ways and the employment and skills ecosystem are only part of these wider themes.

It is highly possible. For example, if you look at a place like Canada where they devolved employment and training services—but not the benefit system—over a period, they created these labour market agreements. You had the Local Government Association in to give you evidence; this is one of the models that is informing its proposals for local work. There was a 10-year process where they worked with those states and areas that most wanted to engage with this agenda—that were most up for it, most capable of doing it. Then over a period of time it was extended to the areas that needed more time to develop their capacity, to learn from the areas that were the first starters—so the Manchesters of this world—and then to create a national system. Within those national regional authorities or states or federal authorities, they then have the job of how to provide services in urban areas and rural areas and balance them out.

Q315 **Steve McCabe:** I want to touch on something that we have already looked at a little bit. Is there anything more you want to say specifically about how the DWP could work with other Departments and external organisations to better deliver employment support?

**Dr Jones:** At the moment, we have multiple Government Departments that are engaging with jobseekers, workers and employers, all in different ways. That is very frustrating from an end user point of view when you are thinking about what employers are thinking, “What are you asking me to do? Is it a Kickstart placement? Is it an apprenticeship?” and so on. When we are thinking about the progression agenda, good work in different Departments and bringing those things together, there is a lot of joint learning that could happen that could potentially be very valuable.

It is a long-standing problem, but I think if the DWP has shared objectives with other Departments, including DFE, the Department for Business and Trade and the Treasury, I think that would go some way towards joining up that provision. It speaks again to that point before about siloes. The OECD talks about a systems-based approach, so looking at these issues holistically rather than, “My job is about employability and moving people into work.” It is thinking about the bigger picture and the society and economy that we want to develop.



**Professor Finn:** There are strategic elements to this: how does a local jobcentre district work with the partners, the local authorities, the service providers and the employers in its particular area, and what are the forums and ways it can do that? There are more or less good ways of doing it. There is a key function within the districts of partnership managers or employment engagement specialists whose role is to be the interlocutor between that network and what the jobcentre is delivering, but that is incredibly variable across the country. More attention could be paid to that.

Q316 **Steve McCabe:** On a recent visit to a jobcentre in my area, I got the impression that that engagement work—if that is what you are describing—almost sounded like it was an extra or peripheral to the main task. That was from job coaches and people who were trying to deliver this work.

**Professor Finn:** That is a strategic one and that may not take place quite at the level of the local jobcentre. The operational one is then: how do you work with other organisations? There again, I think that practice is very patchy and very different in different parts of the country. That can be everything from making sure the National Careers Service comes in once a week or once a month through to the local homelessness organisations coming in and advertising their services. That move that you get on the ground towards co-location, youth hubs, bringing services together, no wrong doors, one-stop service delivery—that impetus is the way to go. I think jobcentres do that in more or less good ways, but it varies too much across the country and there isn't a national steer on this.

**Dr Jones:** There is a real sense that the shift towards digitalisation with universal credit has stripped out a lot of that activity. Speaking to jobcentres and other stakeholders as part of our employer research, they were quite happy to see that back through the Kickstart programme. There was a lot of enthusiasm and engagement to bring people into the jobcentre and get out there and engage with different people. Hopefully, that will continue and is a positive thing.

Q317 **Siobhan Baillie:** Thinking about contracting, how effective are DWP contracting processes at ensuring that the best providers are selected to deliver its support programmes? I would like you to disagree as well; I like it when witnesses disagree. If there is any disagreement on this, it would be good.

**Professor Finn:** Here is a disagreement at the moment. DWP has committed and is still committed to this large prime contractor delivery model, and I think it is past its time. It was a function of the Freud review, back in 2010-11, and a particular model and approach to the then subsequent delivery of the Work programme on the scale that was required.



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One of the things that has been interesting to me is that one of the real bugbears in the contracting-out delivery system is boom and bust. The moment unemployment is going up there is a boom and there is money coming in and you expand services. The moment unemployment starts going down it is cut back, people get laid off, and lots of knowledge and experience gets lost in that process. We went through that in a big way with the Work programme and then into the Work and Health programme, which was a far smaller programme. Then when the Department needed to respond to the feared increase in long-term unemployment in the design of Restart, you can see a lot of the design of Restart is around how we get these organisations to bid for the contracts, not whether this is the right way of delivering services on the ground.

The National Audit Office report on Restart talked about how we do not have competition in the areas because you can only have one provider. We need these large, vast contract delivery areas because that is what makes sense in terms of the types of contracts we are delivering. The prime contractor model does not require that. The prime contractor model—the idea of having one relatively large provider that you work with, which then organises service delivery chains with other local organisations—can be done on a much smaller scale and is in places like Manchester and New York, where the original model came from. My view of that approach to contracting is that maybe the Department needs to rethink it, and it will do because it is obviously revising and cutting back massively.

There are two ways in which the Department procures employment services. On the one hand is what are called the big framework agreements, which is how it contracts the Work and Health programme and Restart. A bunch of big organisations are selected, go through a recruitment process, get on to a framework for four years, and then they are selected to compete for whatever big contracts the Department is giving.

However, alongside that there is a little-known thing called the dynamic purchasing system, which is how things like the flexible support fund are distributed. This is for much smaller organisations that get accredited, can say what services they offer, and then local district managers in Jobcentre Plus can say, "I need services for in-work support or to work with groups who are not claimants but I know in my area are a local priority, and I will use the dynamic purchasing system to procure services from them." The design of the contracts is a mix of service fees and outcome-related payments, but they are much smaller, much more targeted and, interestingly, very little examined.

I think there is a lot of interesting work. One of the people giving evidence from the third-age organisation—the older workers organisation in London—was being funded through this mechanism. The dynamic purchasing system is also one where small organisations can join and



leave at any point. It is not like the framework, which is once every four years.

**Q318 Siobhan Baillie:** When you say little known, do you mean that is not known about with the local smaller organisations or it is not used? Would you expand that, then? For people to benefit from what they are learning, they need to trust who they are talking to. Those smaller on-the-ground community people are vital, aren't they? Are you saying that you would expand that element of the dynamic purchasing options?

**Professor Finn:** More just that then: what are the budgets? With the district managers in Jobcentre Plus, what is their freedom of flexibility to make this provision, to enter agreements, to bring resources to the table with other partners outside of those big programmes that are prescribed centrally? The flexible support fund is the only thing that is there, but that is £12 million, according to the data that the Committee was given recently. That was up from £3 million in 2020-21 to, in 2021-22, £12 million. Frankly, that is chicken feed relative to the big contracts of Restart, the Work and Health programme and so on. For example, in Scotland they use a dynamic purchasing system now as part of their devolved local employment partnerships that the Scottish Government are trying to create.

**Siobhan Baillie:** David has left the room; he would love that. He loves Scottish chat.

**Professor Finn:** In Northern Ireland it is a similar approach. DPS is a way of procuring services, but then it opens up the ability to procure the types of services that we have been talking about in terms of community-based organisations, smaller organisations and different kinds of contracts that are not so heavily 100% outcome-related funded.

One of my pitches at the end of this was going to be that you have a big gap coming up with the shared prosperity fund. That has come into evidence before you. It is in about 18 months to two years. Why not put a boost in through the flexible support fund so that the provision that is out there does not disappear?

**Dr Jones:** Sadly I am not going to disagree. I do not have much to add on top of that. The emphasis on payment by results by providers and the emphasis on targets by jobcentres can often clash and rub up against each other when they are not sharing local contacts with organisations and businesses and things like that because they will steal their outcome, which is unhelpful.

**Q319 Chair:** We have in parallel this prime provider model on the one hand and a much more distributed, dynamic purchasing model on the other. Is there any evidence about the relative performance of those two approaches?

**Professor Finn:** No, these are two mechanisms—ways of doing procurement. They have their roots in EU regulations, although you get



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echoes of them in other countries. They are ways in which providers get accredited and then the people who need to purchase services do not have to go through the basic accreditation processes.

Q320 **Chair:** Do we know which works better?

**Professor Finn:** They do different things. For example, if you look at the way the DPS works, there is a framework within it that says, "These are the types of services we are interested in: pre-engagement with clients through to in-work support, job placement, skills provision. When you register, tell us what you can do and what you can offer." That is up on the website and the areas that they can operate in. When the district manager then wants some type of provision, they can check with the DPS, look at the organisations that have things and try to procure them and work with them directly. It is much more focused and flexible, but we know very little about it.

A couple of years ago there was only £3 million being spent through that nationally. It has gone up to £12 million, which is interesting. I do not quite know why that took place and what the impacts of that have been, but it struck me that that was a way of helping to bridge that gap that the transition from ESF to SPF is creating at the moment, and more generally that this could be a way to go.

In a sense, the way that some of the big prime providers contract with local services providers echoes that as well. If they have a big prime contract and want to do debt advice with a group of claimants, they will then work with a local organisation, pay a fee for service or bring in a debt adviser to work with their clients on that basis. It is much more flexible. The key thing about it, as long as it goes with the freedom to DWP district managers, is the capacity for those DWP district managers to more meaningfully engage with the partnership working and develop those more holistic services that we have been talking about.

Q321 **Nigel Mills:** Katy, I read an article of yours where you described jobcentres as a great big nagging service. Could you explain what you mean by that?

**Dr Jones:** I should clarify. Those were not my words: they were words quoted in David Freud's account of welfare reform, from a senior civil servant.

**Nigel Mills:** A Minister, I think.

**Dr Jones:** That was how the service and the approach to employment support was characterised by Ministers involved in the development of what we have today.

Q322 **Nigel Mills:** Do you think it has changed since Lord Freud said that?

**Dr Jones:** I have not seen evidence to that effect. We still see conditionality as the main tool. We see fluctuation in sanctions but at



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very high levels—higher levels than you would expect if it is positioned as a tool of last resort. The emphasis on high volumes of applications is there.

**Q323 Nigel Mills:** At some point there is a dream of universal support where your work coach gets to know you and helps to support your housing and fixes your health problems, and whatever else you need doing, and that helps you get into work. Then there is probably the reality of a 10-minute conversation once a fortnight that is pretty formulaic. How do we move from that stark reality to the dreamworld? Is it realistic to do it?

**Dr Jones:** It is done elsewhere. We do not spend as much on our active labour market policies as a lot of other OECD countries. We cannot get away from the fact that if we value the service, we need to invest in it more. You could have the best work coach in the world but can they deliver a personalised, even brief conversation in 10 minutes? Their caseloads are very high and it is just not there. It is about investing in that support and recognising the need to link it with other services, as we have talked about, in terms of not just being the isolated jobcentre but engaging with the support and services available in the community.

However, the emphasis on the nagging service has done quite a lot of damage to relationships locally, when there are lots of organisations that that have had to deal with the fallout of that. The cost of sanctions is very high from an individual perspective, but we have seen a lot of organisations who have shifted their emphasis of support to deal with the fallout of that. I interviewed lots of homelessness organisations that were offering employment support in Greater Manchester, and that had shifted since the early 2010s to employment support being now a nice to have, because it was crisis support to deal with the results of that.

**Q324 Nigel Mills:** You have said that the idea of a work first does not work—“Let’s just get you into any job that you can do and you can fix it for yourself once you’re off our roll”—but how do you change that? That is not just changing a jobcentre attitude. If I lose my job, I lose 80% of my income, and I cannot pay my car loan on my after-work benefit, let alone anything else, so I am going to have to take a job pretty quickly unless someone gives me some more money while I retrain and do something better. Are you advocating a wholesale change to this to buy people some time? Or do you think a little tweak and the jobcentre being a bit nicer to me might make a big difference?

**Dr Jones:** There are different things that you can do on different scales. Immediately, there is no reason why that 30 hours of job search needs to be focused on just a high volume of applications and monitoring and enforcing that. It is about creating that space to put more emphasis on the quality of applications and focus on jobs that you feel with fit with your capabilities and your circumstances. For example, are you applying for a job that is on public transport and is that enabled by that?



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We talked about the need to understand and address people's needs, but it also speaks to aspirations of support. If somebody does want to retrain, and that is highly likely, it does take a bit of time. It is seen as an opportunity cost and a deadweight cost, but we know that the evidence base around the more human capital-based approaches, which include a lot more education and training within support for unemployed people, has longer-term outcomes in terms of employment and mental health outcomes as well.

We have some good opportunities available to people in terms of apprenticeships or engaging with higher education, but are we having those conversations? That isn't facilitated by an environment where you speak to someone for 10 minutes to demonstrate what you have done to not get sanctioned, but that is the overriding approach to the system. There is a need to change that and to make people feel more comfortable, but there is a long way to go to turn that perception around to even get those good conversations going. It is cultural but also about investment.

**Q325 Debbie Abrahams:** It has been fascinating listening to this discussion. I want to pick up on a few points; I hope that some of my points have not been made already.

Could you comment on a point made in previous sessions about employers who believe that one reason why we have a high level of economic inactivity is that it is too comfortable to live off social security support? I hate the word "benefit" because, as we know, the vast majority of people have already contributed to the system. Do you think there is an issue with the attitudes of employers as to why they are struggling to recruit—for example, to recruit disabled people who are able and want to work? Is there something in terms of how we work? Siobhan mentioned a bit more flexibility for childcare and elder care.

Dan, you mentioned something that is very worrying—we did not pick up on it—about online recruitment and AI, which is potentially going to be discriminatory. Given that we already have huge labour market inequalities now—not as bad as in the States, but we do have them—could you comment on that? So the focus is on employers and what it means for our relationship, in respect of the jobcentre and others, to try to shift the attitudes of employers.

**Dr Jones:** We addressed some of those points. Some employers get it. If people are struggling to recruit, they think, "What's the problem with my opportunity?" There are lots of resources out there and there is lots of ambition and support out there, in terms of improving the quality of opportunities that are available to people.

We did see some examples, whether it was people from the jobcentre or other employment providers, of where they are providing a bit of a critical-friend relationship. Employers are a bit more open to engaging with agencies like the jobcentre, which previously they had been put off



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with engaging with because of the recruitment crisis, and they are thinking about different avenues. They have asked, "Why can't I recruit to this position?" The helpful person in the jobcentre says, "You're not paying very much for that experienced chef," or whatever. That is potentially a way to nudge those employment practices. We have levels of destitution in this country, which is quite shocking to say, so the emphasis should be on improving quality job practices.

**Professor Finn:** I have a couple of observations on that. There is tons of evidence out there that employers do not like people who have been unemployed. It is a signal that you are less employable, particularly when you are competing against people who are moving from job to job and things like that. That increases with the duration of unemployment that a person has experienced. One of my concerns about things like the screening mechanisms is that that becomes even more automatic as a process of screening people out from applying for particular jobs.

Good employment services and good employment service practices try to manage that and work with employers. One of the key people who work for providers—less so in jobcentres because that is a role that has not been developed properly—are people who you would call job developers, working with and supporting employment programmes. You would talk about job coaches, who are specialist people who understand, work with and persuade employers, and provide the right kind of support that enables employers to recruit people they might otherwise not consider, either through aids and adaptations or being more flexible about the work.

That is quite intensive but those small, targeted programmes where those job developers and job coaches work can be very effective. We have a whole network base, the British Association for Supported Employment, that has those processes there. There is a reservoir of practices out there that can help to overcome some of those prejudices.

Q326 **Debbie Abrahams:** Apologies for interrupting you when you are in full flow, but are you saying that it is ad hoc and that there are ways of rolling this out and making it more widespread?

**Professor Finn:** It is practice. It is what emerges on the ground and things like that. There are various ways of generalising it. One of the very positive developments in the British system recently has been the creation of the Institute of Employability Professionals, which is that whole swath of people who work for these providers outside Jobcentre Plus. It is about improving their status, improving their skills and improving their job prospects, because it is a professional job.

One of the elements of that job is how you work with employers. Part of the modules in terms of the training courses that they are developing is best practice around those things so that we share these things more generically. They are there and there are versions of that inside Jobcentre Plus itself, but we constantly need to renew that evidence base and the



good practice base. If you go to Denmark, people in jobcentres can get access to good evidence on what works in employment services, in a way that enables them to design local services. We do not have that.

**Q327 Debbie Abrahams:** On our visit to the US, one of the things was the importance of hyper-local and community-development approaches to get people who may have been out of work—not necessarily in the social security system but inactive—and bring them back into work. We believe there is an evidence base out there, but could you substantiate whether these types of approaches for people who have been economically inactive for a long while are positive?

**Dr Jones:** I did a piece of work for Salford Council in 2018 and we were asked to explore the experiences young people who were not in employment, education or training, but also not claiming services, and looking at the reasons behind that. Some people had poor experiences of the jobcentres, some had poor perceptions that were not underpinned by experience, and others just did not know about the support that was available. One of the things that we found was that the people who were better at engaging them were with the charities and with housing providers in particular, because they tend to have a longer-term relationship with people, there is a lot more trust there and they are a contact point, especially housing associations. People might come in to talk to that organisation on a different issue but it will emerge that there is someone looking for work in the household, and those connections develop that way.

We also did some work for Communities that Work, which is a group that brings together housing providers that are active in the employment support space. Reiterating some points, it is about the voluntary nature of support. People see the value of engaging with this support, so there is the selection effect there in terms of better outcomes, but also the idea that people will engage with it when they do not have to. We have lost sight of that, I think, in the broader system.

**Debbie Abrahams:** Thank you, and thank you for mentioning the destitution levels of social security support that are out there at the moment.

**Q328 Chair:** A couple of final points. Dan, can I ask you a bit more about the 10-year process of devolution that Canada went through? Within what national framework did that devolution take place? For example, was performance data published nationally so that you could see how the different areas were going? What requirements were set nationally to be implemented in each of the local areas?

**Professor Finn:** The gradual process of reform was a negotiation. Canada has its own tensions around autonomy of the states, relative to the centre, and this was mixed up within that process. It was, "Here's the national objectives. Here's the budget that's available. These are the targets we want. You have to report on the performance in meeting them



on an annual basis. We can then go in at various point and say, 'You need to improve this, improve that. Why are you doing this so effectively? Can we generalise that to another area?'"

Then as the competence was developed, the policy intention was clear: to devolve the employment and skills budgets from the Ministry of Labour—it is not called that but it is something similar. It was differentiated to allow for the differential capacity locally to develop and grow. Within that national system now, there are various reporting mechanisms so that the centre has a handle on what is being for the federal resources that have been devolved to these local areas.

Q329 **Chair:** If they think that an area is not doing a very good job, is there something they can do to address it?

**Professor Finn:** Yes, and then we get to some of the big tensions. In the United States there is a very similar system in the workforce development system, in terms of national federal targets and local agreements and then what happens if you do not meet performance. Unlike the prime contractor model—one of the weaknesses of the prime contractor model is that if you perform poorly you lose resources and, because you are working in an area of high unemployment, you are even less likely to be able to improve performance because of that—more of the focus is on performance improvement and sharing best practice.

For example, you get echoes of that in a place like Denmark where if the area is not doing very well, "Why is another area doing well? Can we second people from one area to another to share in good management practices in that area?" So there is the national framework, but then practices underneath that that try to spread good practice rather than punish poor performance.

Q330 **Chair:** That is very interesting. When were those 10 years—how long ago did the 10 years finish?

**Professor Finn:** I have written it all up.

Q331 **Chair:** I would be keen to read that; please let us have a look at it.

I have a final question to you both. Dan, you have started to answer this question already. What is the impact of benefit sanctions on overall employment outcomes?

**Dr Jones:** Hopefully, the DWP will publish its own evidence on that soon. From the evidence base that we have, we know that benefit sanctions have a profoundly negative impact on people. The welfare conditionality project provided a robust qualitative evidence base on this. We interviewed 207 people over a two-year period who indicated that they had some kind of mental health impairment. We found that all elements of their claim—the assessment, the benefit sanctions and the requirement to engage—had harmful effects on their mental health but also on the likelihood of moving into employment.



We did not find evidence about it making employment more likely. That was backed up by quantitative evidence quite recently. Evan Williams, looking at local-authority level data, found that sanctions led to an increase in self-employed anxiety and depression but also in terms of antidepressant prescriptions in local authority areas. I have mentioned this before, but I want to stress that the cost of sanctions is not just on individuals and the households that they are living in: the fallout is having a widespread impact. It affects the third-sector organisations that are supporting people, and healthcare professionals as well. The costs of benefit sanctions are very clear but the evidence base about positive impact on employment isn't there.

**Q332 Sir Desmond Swayne:** Can I come in there? Essentially, qualitative research is asking people who have been sanctioned whether they liked it or not.

**Debbie Abrahams:** It is quantitative as well.

**Dr Jones:** It was a mix. Of the people who were involved in that project, not everyone had been sanctioned. It was also the experience and—

**Sir Desmond Swayne:** It was whether you liked to be sanctioned, or what you thought of sanctions that might be imposed on you.

**Dr Jones:** Sure. Sanctions are not designed to be a positive thing, but to say whether they liked it or not, that was not a question.

**Sir Desmond Swayne:** However, we get the meaning. It is an opinion.

**Dr Jones:** It is a self-assessment but one that is widespread and was shown to have serious impacts because it is backed up by the quantitative evidence as well. We would not just present qualitative evidence on its own but the combination of lots of different studies. I am struggling to recall any study, whether qualitative or quantitative, that has come up with a different conclusion.

**Q333 Chair:** Dan, you gave a slightly more nuanced answer to this point earlier. You said that there is evidence of a better short-term employment outcome.

**Professor Finn:** In the short term, yes.

**Chair:** Tell us about more about that.

**Professor Finn:** My response would be to try to widen it out a little bit more. One of the first things about sanctions and conditionality is the impact on the people who are not sanctioned. There is evidence, for example, in European systems in particular that if there is the likelihood of being referred to full-time employment programmes or the likelihood of being put into a more intensive stream of activity, you then get a shaking-out effect. A lot of people who are up to 13 weeks or 26 weeks of benefit entitlement at that point will leave the benefit system. Many of



them go into work, many of them do not. There is a shaking-the-tree effect, as the Australians call it.

Q334 **Chair:** In order to avoid a sanction?

**Professor Finn:** Partly, but mainly just a prod, because they have been doing the decorating, getting the car sorted out and so on in the time that they have been receiving the benefit, but this is usually in that first six months of benefit entitlement. This is not long-term unemployed claimants.

It is also very important to think about the types of sanctions that we are applying and what we are trying to do with them. I have a lot of time for a sanctions regime that is about trying to get people to re-engage with services rather than just telling them to go away, or put them out into destitution or what have you. Some of the evidence is, for example, that the impact of sanctions is related to how well publicised they are—not the scale of them, not the severity of them, but do people understand what their rights and responsibilities are and that they may be subject to sanctions? It is much clearer to them what the consequences of not doing something might be.

There was the Oakley review back in the day and the idea of warning cards. In Australia they are experimenting with a points system at the moment, which means that you do not get this immediate cut-off of benefits but, "Tighten up. Do this again and you'll know the consequences of it. Do it three times and that's when you start to lose money." Then we might want to understand why that is happening more. You are trying to change behaviour; you are not trying to get people out of the benefit system. That is the different motive that is going on in these systems.

Q335 **David Linden:** I am inclined to accept the point from Dr Jones that sanctions do not work, that they push people into mental health crisis and they push people into destitution and the use of food banks. If we take that at face value—and I interpret from what Dr Jones said that the Secretary of State has ignored that quantitative and qualitative evidence on the impact of sanctions—why is that sanctions have skyrocketed since the pandemic and we still have a problem with work inactivity? Surely that in itself shows that sanctions are not helping get people into work.

**Dr Jones:** Yes, it speaks to the underlying reason why they are applied in the first place. When we see the quite significant spikes, there is a question about whether there is a problem there in terms of people not engaging or whether it is more centrally driven and just a belief that they will be effective.

Q336 **David Linden:** Do you believe that sanctions are centrally driven in Government?

**Dr Jones:** That is the evidence. I think so, yes.



**Q337 Debbie Abrahams:** Can I confirm what the Government's own behaviour unit also found about financial sanctions—we must remember that other sanctions are available to work coaches? The preceding Committee recommended a warning-card approach. We did a review on Oakley, which did not cover ESA, it only covered JSA, and of the real damages to people with long-term conditions who were being disproportionately sanctioned at the time and the impact not just on their health but on suicide as well. Can you confirm that the Government's own behaviour unit found that sanctions were not effective in employment?

**Dr Jones:** I cannot confirm that.

**Debbie Abrahams:** I will find out, because it was in about 2017 that the Government's own behaviour unit found that it was ineffective in getting people into work.

**Chair:** Hopefully we are going to see the Government's research.

**David Linden:** With the emphasis on "hopefully".

**Chair:** You have both given us very interesting and helpful answers for our inquiry. Thank you both very much indeed for joining us. We are grateful to you.