

# Work and Pensions Committee

## Oral evidence: The DWP's Response to the Coronavirus Outbreak, HC 178

Wednesday 20 May 2020

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Members present: Stephen Timms (Chair); Debbie Abrahams; Shaun Bailey; Neil Coyle; Steve McCabe; Nigel Mills; Selaine Saxby; Dr Ben Spencer; Chris Stephens; and Sir Desmond Swayne.

Business, Energy and Industrial Strategy Committee members also present: Darren Jones (Chair) and Mark Pawsey.

Questions 172 to 209

### Witnesses

**I:** Kate Bell, Head of the Rights, International, Social and Economics department at the Trades Union Congress; Matthew Percival, Director, People and Skills, at the Confederation of British Industry; Sam Windett, Director of Policy at Impetus; and Tony Wilson, Director at the Institute for Employment Studies.

**II:** Chris Luck, Chief Executive, Shaw Trust; Jonathan Townsend, UK Chief Executive at The Prince's Trust; Mat Ainsworth, Director for Employment, Greater Manchester Combined Authority; and Rebecca Keating, Director of Employment, Salvation Army.

## Examination of witnesses

Witnesses: Kate Bell, Matthew Percival, Tony Wilson and Sam Windett.

Q172 **Chair:** I welcome everybody to our meeting, and a particularly warm welcome to Darren Jones and Mark Pawsey from the Business, Enterprise and Industrial Strategy Committee. I am delighted that you are able to join us. I know, Darren, that you are only here for the first of our two panels, but we are very pleased that you have been able to come; we are very pleased that both of you are with us.

I also warmly welcome our four witnesses for our first panel, and we are talking about the future of the labour market after coronavirus. I will ask each of the witnesses to introduce themselves in turn, please. First of all, Sam Windett.

**Sam Windett:** Hello. I am pleased to join you this morning. I am Sam Windett. I am the director of policy at Impetus. For those of you who do not know Impetus, we transform the lives of disadvantaged young people by working with a number of charities, including those in the youth employment space.

I am also the chair of the Youth Employment Group, which has been formed by Impetus, the Prince's Trust, Youth Employment UK, Youth Futures Foundation and the Institute for Employment Studies. This morning, I will not speak on behalf of that group, but I may well reference it, so I mention that now.

**Chair:** Thank you very much indeed.

**Tony Wilson:** Good morning, Chair. I am Tony Wilson. I am the director of the Institute for Employment Studies and I should say that I am also a member of the Youth Employment Group.

**Chair:** Thank you.

**Kate Bell:** Hi, I am Kate Bell. I am head of rights, international, social and economics at the TUC. We represent 48 unions and over 5 million working people. Thanks very much for having me today and I wanted to say thanks to colleagues at the union PCS, who have provided me with some evidence from the 50,000 DWP staff they represent, and I will draw on some of that evidence today.

**Chair:** Thank you.

**Matthew Percival:** Good morning. I am Matthew Percival and I am the people and skills policy director at the CBI.

**Chair:** Thank you very much indeed. We have a lot of ground to cover in this panel, so I apologise if I have to move things along a bit quicker than might be comfortable. We will start with a question from Debbie



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Abrahams.

Q173 **Debbie Abrahams:** What do you think the ongoing impact will be on levels of unemployment and jobs over the short term—so, for example, to the end of the year—and looking forward to next year, in the medium term? In your response, could you also identify which groups of people you think will be most detrimentally affected, and also which sectors?

**Sam Windett:** I suggest starting with Tony Wilson, to give the overview of the whole landscape, and then I can definitely talk about the impact on young people.

**Chair:** Okay. Yes. I am sure Tony would be up for that.

**Tony Wilson:** Yes, sure—I am very happy to go first.

The impact on the labour market has been huge. Everything is unprecedented in this crisis, but the data released yesterday showed that we have seen the fastest increase in claimant unemployment since the winter of 1947, and the increase month on month was five times greater than we saw in the 2008-09 recession.

So, there are now 2 million people who are claimant unemployed. I say “now”, but it was 2 million people claimant unemployed on 9 April. There have been a million universal credit claims since then, so, depending on how many of those claims go on to become starts and how many of those are job seekers, there is likely to be close to 3 million claimant unemployed already. And of course with many unemployed people not claiming benefits, particularly young people, there is a good chance that right now unemployment is higher than 3 million, higher than it was in the last recession, and likely as high as it was in the 1980s and 1990s recessions.

That has come at a time when labour demand is obviously incredibly low because of the shutdown. We publish weekly analysis of online vacancy data supplied by Adzuna and that suggests that there are about 300,000 vacancies in the economy right now. That has fallen by three fifths on the year and that is the largest fall since vacancy data was collected in the 1940s. That means that there are probably six unemployed people chasing every vacancy right now.

There were one and a half unemployed people—obviously, not half an unemployed person—per vacancy immediately before the crisis began. So right now, in this moment, there is a huge impact on the finances of those millions of people. Members of the Committee will have heard individual stories of people in real hardship and struggling to find work and support themselves.

Looking forward, I think that the labour market recovery will go in lockstep with how successfully we can suppress the virus, ultimately. There is a lot of discussion about when lockdown will be eased, but people are not going to go back to living the lives they lived until the virus has been suppressed. Even if we end lockdown, we will still have a deep recession if people do not feel confident to go out and do the sorts of



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things they used to do, so the public health response must come first and we must be successful in that. Assuming that happens, there is no reason to think that vacancies will not recover relatively strongly, because the fundamentals of the economy were fairly sound going into this recession. The situation was unlike where we were with the banks; it has not been a banking crisis.

We are going to have a real job dealing with this. It is hard at this point to know how that is going to pan out over the next year, but one thing that is certain is that we will have at least 3 million unemployed, I think, through to the end of the year, and by the end of the year we will be seeing very fast-rising long-term unemployment. We will probably see long-term unemployment well in excess of where it was 10 years ago. It will probably be more like where it was in the late 1990s; there were about 1 million long-term unemployed in the 1990s. That is going to be a massive challenge for policy makers.

Which groups will be affected others can talk about. I think we will talk about young people a lot, but I will make a plea for older people, too. We saw yesterday really big rises in claimant unemployment for people aged over 50, and that is the group where we know that people are less likely to go back to work once they become unemployed, so we really need to be thinking about how we can provide support across different groups and across different areas, parts of the country, as well.

**Kate Bell:** I will not repeat Tony's really excellent summary of the pretty scary figures we saw yesterday or his warnings that we do not exactly know what is going to happen next, but I think there are three things we might be thinking about when thinking about who is going to be most affected.

Of course, first we think about the sectors that are most affected. Clearly, we are seeing the biggest rises in unemployment and cuts in hours in the sectors you would expect to be most affected by the social distancing measures: hospitality, non-food retail and the arts. But we have also seen sharp falls in manufacturing and construction vacancies. The employment patterns in those sectors will to some extent explain who is going to be affected. I think the Institute for Fiscal Studies has shown that young people are over twice as likely to be employed in a locked-down sector. The Learning and Work Institute has shown particular impacts in the north-west and north-east.

The next factor I guess we have to think about is who employers are most likely to let go when it comes to a downturn in demand or ability to operate. We know that is likely to be those on insecure contracts and those already facing labour market disadvantage. Young people and people from minority ethnic groups are those who we have seen face higher rates of unemployment in previous recessions, including in the recession after the financial crisis. Although, as Tony points out, older people have also had a hard time, they were one of the groups that moved very quickly into work after the last financial crisis.



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I think the third factor we have to take into account is what Government actually does. I know we are going to talk about that today, but I think it is really important to remember that none of these outcomes is inevitable. It is not only the public health measures that Government takes but the measures that Government puts in place in how it exits the furlough scheme or reduces the support in the furlough scheme and the wider package of support that are going to be the key factors in determining how this plays out and making sure that groups that are already disadvantaged do not get disadvantaged more.

**Matthew Percival:** Likewise, I will not repeat a lot of the stuff that both Tony and Kate have said and I agree with, but some of the other insights that we can add in order to understand this picture are about the job retention scheme and how that unwinds being really key to how many of the 8 million people who are furloughed become redundant in the future and how many can return to jobs.

I think there is a couple of other factors that employers are looking at now. The safer working guidance has been really helpful and well received by businesses. They are in the process of working out what that means for making their workplaces safe at the moment and whether that has any impact on their future ability to operate, so they are thinking, "How do we operate safely?" That restart is obviously going to be gradual and only where it is safe to restart.

I think one of the other factors that employers are finding is an uncertainty at the moment around school closures or social distancing measures on public transport. They can also be limiting factors that mean that, even if you can make your workplace safe, there are other legitimate reasons associated with safety measures, be they in schools or on public transport, that mean that sometimes there are more difficulties for people getting to work.

That also has some impact on exactly who the people who are most likely to be affected are, because we know, for example, that until schools are able to return in a safe way to a full-time schedule for all of the children who are being educated there, the additional childcare responsibility will obviously hit parents the most, and we know from previous evidence that it is most likely to hit mothers harder than fathers, in terms of who takes on that childcare responsibility. That will then impact people's ability to work, even where there are jobs for them to go back to.

That is another factor that we are looking at, alongside what the future guidance is for people who are shielding, and what the guidance is particularly for those older and potentially more likely to be disabled workers. That is something that could have an impact on their ability to work too.

**Sam Windett:** I agree with everything that has been said, but Tony especially hinted at young people being one of the priority groups to be focused on. In the figures that Tony gave it is interesting that the Youth Employment UK's youth census, which is coming out in June, actually



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shows that only 16% of young people are claiming benefits, so a lot of the young people who are not in education, employment or training will not be showing up in the figures that Tony said, and he did reference that.

There are three reasons, really, why young people are really being focused on at the moment as one of the priority groups being impacted. One is because of the young people who are falling out of the labour market. As Kate said, they are twice as likely to be working in those shut-down sectors—hospitality, etc—where the jobs are either being furloughed or being made redundant. The Resolution Foundation had a report out recently that showed that 35% of young people were likely to be earning less, 23% have been furloughed and 9% have lost their jobs.

That is something that we are seeing through our charity partners. One of our partners, Resurgo, has been in touch with the young people that they have helped into work. It is a small sample size—a small audit of nearly 100 young people—but only a third of the young people they contacted had seen no change. Two thirds of the young people that they had supported into work had either been furloughed, were earning less, had fewer hours or had been made redundant, so there is a big impact there.

The second reason is that there will be a lot of young people trying to get into the labour market for the first time. Those who have less work experience will be struggling in a very difficult marketplace. Again, the Resolution Foundation had some research there, which suggested that nearly 600,000 young people could find themselves unemployed, moving out of education.

The last reason is that there were already more than 750,000 young people who were not in education, employment or training even before the crisis started. Those are three really big groups that have faced a really big impact around this crisis.

Q174 **Debbie Abrahams:** May I follow up on this? I think it was Matthew who mentioned disabled people. There is anecdotal evidence coming to the fore that, when it is coming to the time to make redundancies, sick and disabled people are being targeted. Is that an area of concern?

Also, following up on what Kate said about the longer term response and impact on the labour market, it is not inevitable how the labour market disparities and inequalities that exist carry on, so what should the Government's response be to that for the longer term?

**Chair:** Does anyone want to pick up the disabled people point first?

**Kate Bell:** To make a really small point on that, I think the design of the furlough scheme is going to be really important, and the exit strategies, in how the impacts play out for disabled people. At the moment, people who need to shield because of health reasons can access the full furlough scheme, and I think that keeping that support in place is probably going to be really critical to making sure that those employees are not seen as the first candidates when redundancies come in. I just wanted to make that point.



Q175 **Chair:** Do any of the other four want to come in on that point, or on the longer term point that Debbie raised?

**Sam Windett:** I was also going to make a quick point. Often some of the members of the Youth Employment Group make the point that young disabled people are doubly disadvantaged, and a lot of things could be done—enhancing the access to work scheme and so forth—when it is appropriate. We really need to think about that, as Kate said, in designing that support. The Government made an announcement yesterday around picking fruit. What we think about in terms of access to the job opportunities that we will be putting forward is really important.

**Tony Wilson:** I very much agree with Kate and Sam. The job retention scheme was introduced primarily to protect jobs and temporarily freeze and stop the clock while we got through a temporary crisis, but it has expanded to become a means of providing income protection and support for people who cannot work because of caring or shielding, or who have symptoms of the virus, and it is right that it did that.

My worry is that as we remove the scheme we need to make sure we have a system that can provide income support for people who should be caring or shielding or who have symptoms of the virus. Remember where we were in early March when a lot of people were saying that statutory sick pay was not enough.

There are risks that people make possible choices and work while they are sick and put themselves at risk, or stay at home and struggle on low incomes. That issue has not gone away. It has been covered by the existence of the JRS. Even if we take away the JRS by the end of the year, if the virus is still there after August, which it almost certainly will be, we need a system to provide income support for those groups.

On the longer term policy piece, what should the response look like? Does it need to be different? I think this is going to be a real challenge because our whole active labour market policy approach—we can talk about this more—is largely based around there being jobs in the economy for people to work in and around finding really good and often effective ways to support people to find those jobs. This has shown up a lot of the local and regional disparities in a stark light, particularly the extent to which those have emerged in the last decade of labour market change.

We need to think about how we can align our investment strategies, potentially the demand-side interventions, and how we work with employers and local partners probably through local government and local enterprise partnerships, and with employer groups, in different parts of the country where we now have very high unemployment and very low demand. So this will be quite a different response, I think. Of course we should keep doing what we know works and do more of that on the supply side to help people to find jobs, but we need to get much better at linking that up with demand-side measures to support job creation.

**Debbie Abrahams:** Fabulous. Thank you.

**Matthew Percival:** I would add something about the longer-term vision. A key ambition in all of the businesses that we are speaking to is to build back better, to aim not just to get back to where we were, but to have a particular focus on issues such as fairness and sustainability, and that links to a lot of the discussions we have just been having.

One positive that might come out of this crisis, if we are looking for positive lessons to learn among all of the challenges, is that we have seen much greater adoption of flexible working, of working from home, and they are some of the things that have previously been barriers to some disadvantaged groups' being able to access work.

If there are opportunities to try and learn the lessons of what we have found possible to do in a moment of crisis that has not happened as readily previously, it might give us an opportunity to have a better chance of building back better than if we just go back to operating business as usual.

Q176 **Nigel Mills:** This is a question for Kate, mainly. When we start to move out of the lockdown there will be challenges for DWP. How do you think they can best ensure that their staff and claimants are kept safe while trying to give people the back-to-work services and support that they will need, given the level of the crisis you have just been talking about?

**Kate Bell:** It is really important to recognise that the interests of staff and claimants are the same. The safer claimants are, the safer staff will be, and the safer staff are, the safer claimants will be, too. I will speak very briefly on the claimant side and then I will talk a bit more about the staff side.

At the moment DWP has suspended most of their conditionality requirements. It seems that will have to stay in place for quite some time. Jobcentres are open for some of the most vulnerable claimants, but with very clear procedures in place. I also want to say that financial security is important for claimants as a key form of security and safety, so we have called for a significant increase in the amount of universal credit. I am also going to plug our call for an end to the five-week wait for universal credit, because anxieties about money are something that—*[Inaudible.]*

Turning to the staff side, colleagues at PCS tell me that the measures to improve staff safety have become slightly better, in relation to social distancing, the cleanliness of offices and the availability of things like soap and hand sanitiser. However, it took some time to get those arrangements in place. There was not enough centralised direction on how those safety arrangements should be put in place. In any gradual return to more frequent opening, we think that there needs to be a much clearer set of advice, devised in consultation with unions.

There have also been continued issues with enabling DWP staff to work from home. Obviously, enabling more people to work from home is an essential part of having a safe return to work, because you are going to need fewer people in offices. There are only 25,000 devices within the



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DWP that can be used outside a normal office location, so many people, even throughout the crisis, had to travel to work to do work that really should have been able to be done at home.

Of course, there are security issues—this is sensitive information—but many other large Government Departments have had much more significant increases in staff working remotely. PCS suggests that only about 20% of staff in the Department are currently home working, so as well as putting in place really clear, safe working arrangements for when people are back in offices, DWP is going to have to invest in the tech that allows more people who can to do their jobs from home.

**Q177 Nigel Mills:** Do you think that the likely running, at least for a good few months, will be more support given remotely, by telephone or electronically, and that we will not require claimants to come in every fortnight to see an adviser?

**Kate Bell:** I think so, and I think it will be really useful for the DWP to think about learning some of those lessons, and also to have a broader think about how some of those conditionality requirements may have been more about hoop jumping than actually providing the tailored support that people need and what we might learn on a longer term basis from the shifting of those requirements in this period.

**Q178 Nigel Mills:** Do you think there are enough staff resources around to cope with trying to help 3 million people back into work in a relatively short period, or will there have to be a lot of redeployment back to the frontline of people who have been doing other things?

**Kate Bell:** “No” is the quick answer to whether there are enough resources. There have been 52,000 jobs lost in the DWP since 2010. Although they have done a reasonably good job of redeploying people to help with the claims, some of those people are now being sent back to their substantive jobs; of course, things such as processing child maintenance payments are really important, and that is where some people have been redeployed from.

There will need to be a significant recruitment effort. PCS already thought that they needed 5,000 additional frontline advisers just to deal with the roll-out of universal credit which, as you will remember from before all this was happening, was proceeding extremely slowly. It is not only recruitment but retention that has been a big problem in Jobcentre Plus for a long time, which reflects the often extremely low pay that those advisers receive.

**Q179 Nigel Mills:** Presumably they will have to try and target their support at the highest priority claimants who need an early intervention, or need new skills or help producing a CV or whatever. Do you think they have processes in place to reliably work out who the most vulnerable or in-need claimants are, so that they can target interventions there?

**Kate Bell:** Other colleagues might have more to say on the targeting, but there have been long-term issues with the DWP’s ability to effectively



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identify who is most likely to need support. It is also really important that we make sure that we have early intervention in place. That is a critical lesson from previous recessions and from other countries' approaches to job support. It is really important that we not only target the most vulnerable but also make sure that, before people actually reach the stage of getting to the jobcentre and making a claim, that support is in place, too.

**Chair:** Can I bring in Chris Stephens on this point? I see that Samantha wants to come in to respond, but I will take Chris Stephens's point first.

Q180 **Chris Stephens:** Thanks, Chair. I draw the Committee's attention to my entry in the register of interests. Kate, there are two things you touched on that maybe I should expand on. First, could you say a bit about the importance of health and safety and risk assessments in giving confidence to DWP staff and claimants? Secondly, how important is public sector pay policy in ensuring that low pay in Departments like the Department for Work and Pensions can be tackled?

**Chair:** Samantha first, and then we will come back to Kate.

**Sam Windett:** Shall I respond to Nigel's points?

**Chair:** Yes, that is fine.

**Sam Windett:** I think Nigel got into some really interesting questions. Jobcentre, as was and is, is set up for record levels of employment, not record levels of unemployment. Kate hinted at the reduction in work coaches. There is also the Flexible Support Fund and getting money out through jobcentres' dynamic purchasing system. That needs to be looked at.

It must also be made easier to get the support that jobcentres will need from outside specialists. As Nigel said, if that support is going to be targeted in any way, the outside specialists who can provide help to the work coaches need to be plugged in from day one.

I think there are a lot of considerations about whether Jobcentre Plus is phased in. If it is phased in, rather than going from shut to open, which groups might be prioritised? There are a lot of things to work through.

I would also make a really big plea: this is not just a DWP/Jobcentre Plus problem, and it should not be seen as such. In among the thinking about what happens with Jobcentre, what is happening with the other Departments and the other levers that can be pulled, for example, to support unemployed young people? This is a much wider Government issue than just Jobcentre, but I might touch on that later.

**Kate Bell:** I basically agree with the points that Chris was making. Risk assessments are absolutely vital. It is particularly vital to take into account how to deal with situations in which you potentially have a large number of members of the public at some point coming into offices. We have really good practice that we can work from.



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There have been some really good examples of retailers working with unions to get that right. That is a very different situation, but, again, one in which you are having to deal with large numbers of members of the public. Public sector unions have obviously been working very hard throughout this crisis to get that right and keep essential services running. We have some learning, but it is the people on the ground who actually understand the issues that are going to be faced when people are brought in, and that is why it is so vital that they are involved.

Public sector pay is an absolutely vital priority. Jobcentre advisers have long been underpaid, and, as I said, there are issues with retention. There have been some rumours—there was a bit of talk in the papers last week—about austerity and a further public sector pay freeze. That is something we absolutely have to rule out if we are going to keep staff motivated and rewarded for the vital work they do.

**Chair:** Nigel, did you want to come back?

**Nigel Mills:** No, thank you.

**Chair:** Okay, smashing. In that case, Chris, did you want to pick up your next point?

**Chris Stephens:** No, thanks. I'm fine.

**Chair:** Okay. Debbie, did you want to come in at that point?

**Debbie Abrahams:** Not at this point, thanks very much.

**Chair:** In that case, we go to Ben Spencer.

Q181 **Dr Spencer:** A lot of the material has already been covered, in terms of supporting groups. You were going through the particular groups that are really vulnerable, in terms of employment at this time, and it is quite a list, isn't it? It is people with disabilities, people who are shielding, older people, younger people, women, people with caring responsibilities more broadly—people with children and people who are carers—and people who are currently in the furlough scheme.

There are also people who are employed in sectors that may be slow to pick up after this—the obvious one is retail—but also those that may be permanently changed as a result of the impact of coronavirus. That is quite a list of different groups of affected people, with a lot of intersectionality between them. How do you suggest that DWP approaches this, in terms of supporting that wide range of people with lots of different and specialist needs?

**Tony Wilson:** The short answer is that you should not approach it on its own. In every crisis that we have had, central Government has not been able to fix everything itself. It is particularly important in this crisis that DWP is working openly and in partnership with a range of others.

There is enormous good will among employers, local government, service providers, charities and other organisations to really work collaboratively



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during this crisis and to help people who are affected. I think the first point should be to work in a very open and partnership way. We have called for a Cobra for jobs—not the sort of Cobra for jobs of Government Ministers getting together, talking and trying to make decisions, but one where we try to open that out and involve and engage much more with wider partners.

Coming back on the resourcing point—I think it is really important—DWP is under-resourced to deliver this, in terms of its own staffing and its contracted programmes. We know there are between 11,000 and 13,000 work coaches in Jobcentre Plus. We think there need to be at least 20,000 just to deliver the basic one-to-one, in this case remote, support to help people prepare for work and start to orientate themselves towards work. That does need to be recruited for quite urgently, and there are people who can deliver that.

There are people in recruitment services who could be contracted very quickly to deliver that sort of support—I know that the Recruitment & Employment Confederation and their members would be willing and able to do that. So I think there is a point about how we can recruit more staff and also engage more effectively with those services that are there, to deliver that immediate support.

In terms of how we think about how we support people at risk of job loss, for example—people who might be affected when the job retention scheme winds up—we need to learn from things like the Rapid Response Service, and the approach the Government has taken over decades in responding to large-scale redundancies.

That points to partnership-based approaches with clear co-ordination at local levels—we would like to see a co-ordinator in every area who is responsible for supporting people who might be at risk of redundancy—and to placing the obligation on employers to notify risks of jobs lost locally and then to allow access to staff, and time off to train for staff, so we could have rapid redeployment, as well as careers and, potentially, training support, for example, to retrain for jobs.

For those who are longer-term unemployed and disadvantaged, we need to be looking at much more tailored and personalised responses, and that is going to require working at scale and in quite different ways for different groups in different places. I touched on that a bit earlier, but I do think that it means we need to look at how we can develop a back-to-work service that can combine one-to-one intensive and quite personalised support tailored for different needs, alongside things like access to training, to careers advice and to more wraparound support where you might have a health condition, caring responsibilities or other needs that might need to be addressed, and alongside thinking about the role of things like hiring incentives for employers, although the evidence is quite mixed on that.

Then, there are also things like workplace short pre-employment training—like the sector-based work academy model, which is really well



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evaluated and really effective—alongside access to longer-term training and longer-term support, where that is appropriate.

That is not straightforward, and it will take time. We don't have a lot of time, but we have set out proposals about how some of that could be mobilised very quickly. I think the key is going to be working in partnership and through local areas, and also scaling up quite quickly. This is the final point I would make: we do not spend a lot now on contracted employment programmes.

There is no real DWP contracted employment programme market to speak of. Spending is about £200 million a year. Going into the last recession, it was over £1 billion a year, and in 2010, at the height of the recession, the Government were spending £2.4 billion in today's money on contracted employment support.

So we are at one sixth of the level going into the recession that we were last time, and we probably need to scale up to similar amounts of money—literally a couple of billion pounds a year—if we want to make sure that those who are becoming long-term unemployed are getting access to the right support. That will be a big job, and it does mean, really, working very closely and effectively with the organisations who will be looking, and I think able, to deliver that. But where we need to, we need to see that action starting to happen now and that engagement happening right now.

**Chair:** Ben, do you have anything more?

**Dr Spencer:** No.

**Chair:** Do any of the witnesses want to add anything to that?

**Matthew Percival:** I just wanted to add to the point about the importance of a joined-up approach across Government on this, and not thinking of it just as what DWP should do. They are one cog, of course.

The list that Ben recapped, which we have all spoken about, of people who could be affected is such a great list because there is such a great deal of uncertainty. That is why businesses might struggle with one of the elements Tony mentioned—giving notice of jobs at risk. There is such a large number of jobs potentially at risk, because employers do not know what the new normal might mean for them.

At the moment, while they are still trying to work all that out, the single greatest way to support those groups is to try to make sure about things like how you phase down the job retention scheme and how you introduce flexibility so that people can get back to work, where it is safe to do so, as quickly as possible. All those sorts of schemes across Government are going to be really important to minimise the pool of people that falls into needing active labour market support further down the line.

**Kate Bell:** I have two brief points. We support the need for local co-ordination. We have called for regional recovery panels, which sound a bit like what Tony is talking about.



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The other point is, when we talk about the list of who is vulnerable in the labour market, to think about why they are vulnerable. Often, that is partly because Government support is not in place, so women are more vulnerable in the labour market because we do not have enough childcare, and partly because of structural discrimination by employers, so disabled people and black and minority ethnic people are more vulnerable.

We have to tackle that at the employer end and put additional support in place, rather than simply having a tailored programme that tries to change the individual rather than the circumstances that are leading to their vulnerability.

**Sam Windett:** I wanted to briefly make a point about getting emergency funding for the DWP Jobcentre Plus capacity and getting those specialists in. But we should also remember that not every person, especially young people, will be sitting in the jobcentre system, so the DWP really needs to think about some of those groups that sit outside of its Jobcentre Plus capacity, in programmes such as the European social fund. How do we ensure that those programmes will be running, perhaps at greater capacity, and get more funding for those groups that are not stepping inside a jobcentre?

**Chair:** Thank you. I will now bring in Darren Jones, the Chair of Business, Energy and Industrial Strategy Committee. We are pleased that you were able to join us this morning.

Q182 **Darren Jones:** Thank you, Chair, and thank you for your invitation to join your Committee this morning. It is a fascinating discussion to take part in. Building on Tony's work at the Institute for Employment Studies, and echoing the words of the Chancellor yesterday about the scarring on the economy from this recession, I want to go further on the question of how we retain skills capacity in the economy for the recovery.

Matthew, from the CBI's perspective, I imagine you will say that, of course, businesses want to partner with the Government to get this right for workers and the economy, but can you set out what you think that actually looks like from a business perspective? How might big businesses be able to take a different approach from SMEs?

**Matthew Percival:** One of the things that characterises the conversations that businesses are trying to have about restart is the extent to which they are trying to build as big a coalition as possible to have those conversations. That is also a key part of the way they are thinking—rejecting the idea that there is a decision to favour health or to favour the economy; actually, the two go hand in hand.

What do employers do in terms of employee engagement to try to give people the confidence to come back to work and the confidence that coming back to work is safe? You might do something that meets the health and safety requirements to make a workplace safe, and you might have followed the guidance, but if you have not got your employee engagement programme in place, you are going to struggle to keep your workforce with you on that journey.



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There is a lot of thought going on in businesses at the moment about how they think about skills, what they can do and the role they can play in helping their workforce to develop the skills they need in the future. I am happy to talk at much greater length about the business approach to reskilling and things, if that is helpful, but I do not know if others want to come in on the general question before I go in at length on particular aspects.

**Q183 Darren Jones:** My specific question, as opposed to a general question, is what advice is the CBI giving to businesses about investment in developing and training the workforce, as opposed to making workers redundant, or about making sure that there is cash for apprenticeships and traineeships, as opposed to cutting training budgets and not hiring at the training end? Is the CBI making any recommendations to businesses about the role it can play in the recovery for skills and the economy?

**Matthew Percival:** We were doing a piece of research just before the crisis—we have not published it yet, because a lot of the policy work we were in the middle of got paused so we could focus on the immediate crisis response and protecting jobs—where we were looking into the question of reskilling.

We were trying to look at what the retraining need will be over the next 10 years. We were mostly trying to start a conversation about the importance of adult education, as well as education for young people, and learning in work, and we estimated—as I say, these are pre-crisis figures, which we are in the process of trying to update to publish as post-crisis work—that nine in 10 people would need to learn new skills between now and 2030, and one in six will need to retrain more significantly.

One of the really interesting insights we got from that research was in trying to understand when businesses, having decided they need a new skill, invest in providing training for one of their existing workers, and when they choose to go to the labour market and see if they can hire somebody with that skill already. The figure that came up most frequently was that, if someone was about 80% ready, the employer said, “We will go ahead and provide the training,” using apprenticeship levy funds or other funds, to get the person up to 100%.

But where people were further away than that in their skills needs, businesses were more likely to go out to the labour market, even in that very tight labour market, which, as Tony said, was very different from the one we are in today—now, there are higher numbers of jobseekers.

So one of the things we were hosting conversations about with employers pre-crisis was what their role was in delivering that retraining for those nine in 10 people. There was a wide acceptance that that means businesses investing more in the future, because the need for reskilling is likely to increase in the coming decade.

The thing I am not sure about at the moment is whether the crisis has accelerated the reskilling that was going to be needed anyway in the next

decade, or whether it has also created additional demand. But the figures we came to for the likely cost of the reskilling challenge between now and 2030, which would need to be met primarily by businesses, but also by Government and potentially individuals, is in the region of £13 billion a year on top of current spend. Our forecasts looked at a fair proportion of that being met by business, if they continue to operate their current decision making around when they choose to invest in training.

One of the factors that kept coming up really frequently in our conversations about unlocking higher levels of business investment in training was the extent to which the apprenticeship levy had become a barrier to unlocking non-levy investment in skills within businesses. The response from lots of businesses, looking at their levy pots and seeing unspent funds, was to say, "We should try to spend that money before we commit other money." That is where the levy has become the challenge it was initially described as—challenging businesses to go out and spend all of that money on skills.

But it has also been treated a bit as a tax to fund the Government's priorities for education and skills. I wonder whether it would be better to separate the two funding streams and have the tax element and the levy challenge—to go out and spend more money on skills—to encourage businesses to go out and spend more money on skills than they do at the moment.

**Chair:** Thank you. I will bring in Kate Bell, but Darren, do you want to come back?

Q184 **Darren Jones:** Unions have a really important role in this retraining and reskilling environment, not least because we do not want to lose workers into the unemployment wilderness when we might be able to keep them in the workplace and train them in the workplace. What role do you think provides the best route through this, from a TUC perspective, in partnership with business and Government?

**Kate Bell:** I think we have some real opportunities here. There are some things that the Government were already talking about. We have seen a national retraining partnership. There is an opportunity to scale that up and to think about how that might integrate with the regional recovery councils we talked about. The Government have actually promised £600 million investment in skills. That is not replacing what we have lost over the last decade, but it was due to come in in 2021 and, obviously, should now be brought forward.

I haven't mentioned this yet, but one of our key proposals in this kind of scenario is for a jobs guarantee—for the Government to fund paid jobs for people who are at risk of long-term unemployment. It is really critical that that is integrated with training so that we are using it as an opportunity to get people real work experience but also skills as well. There are opportunities to step up the investment in training that we already desperately needed, but there is a new sense of urgency now, as Matthew was saying.



**Chair:** Debbie, did you want to make your point?

Q185 **Debbie Abrahams:** I just wanted to follow up with Matthew on something that Darren asked, in terms of smaller and larger businesses and the impacts that are being predicted. When we are thinking about retraining, larger businesses are going to have the HR departments, the training departments and so on to be able to do that.

What about small businesses, where nearly half of the private sector workforce is employed? What are we going to do to support them? I asked a question earlier about the sectors that we think have been hardest hit and that may not recover to the same levels. What does that mean for the type of skills and occupations that we need to be gearing up this training for?

**Matthew Percival:** Specifically around small businesses, there were two issues in our consultations with our members that were coming up, or two buckets of issues that SMEs are facing. Yes, there is the cash-flow problem, which is often spoken about in many different contexts for businesses—finding the cash to invest up front in something—but there is an issue that may be discussed a bit less often, which in this context is the point you alluded to, Debbie, which is about the capacity.

A bigger business probably has greater capacity to build a relationship with a local provider, because they are using them more frequently and maybe for a variety of different training needs, whereas if you are less frequently dealing with a breadth of different issues, you maybe have a greater barrier in terms of that capacity and being able to articulate your need and to build relationships with local providers.

There are lots of good providers out there though—colleges, universities, independent providers—who are making great efforts to reach out to SMEs, and that is a really important part of this too. There are loads of great case studies of those who are making efforts to help SMEs, and there are some interesting pilots out there as well about how you help to create the HR capacity side of things, which is often least readily available in a small business.

**Tony Wilson:** I just want to make a brief point. Many of those people who are furloughed right now are often in relatively low-paid and low-skilled jobs already, so there is a really strong case for investing in workforce training and work-related training for those people, full stop. That need is going to be more pronounced now. At the same time, we have to be careful that we are not increasing labour costs for employers, given the level of uncertainty we have going forward, and the risks around job creation in this recovery.

That does point to looking at how public investment—it is capital investment, really, and investment in our future—alongside employer involvement and employer co-investment, should be able to play a strong role in the recovery. We do need to be focusing in particular on those who have been in low-paid work and those out of work already, so we can target that investment.



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**Debbie Abrahams:** Help around progression as well.

**Tony Wilson:** Indeed.

Q186 **Sir Desmond Swayne:** We have touched on aspects of this, but is it too soon to be thinking about the need for, and shape of, employment support programmes—outsourced or otherwise—that hopefully will avoid some of the problems that we have had with such programmes in the past, such as the Work programme or, going further back, the New Deal?

**Tony Wilson:** It is definitely not too soon. These programmes take time to put in place, particularly given the very small size of that contracted market, which I mentioned already. We should not be expecting programmes that are being designed now to be hitting the ground for at least six to nine months, or to be really hitting their stride for potentially 12 months. That takes us into the early part of the new year, and we just do not know what the labour market will look like then, but we cannot really afford to wait.

This is a challenge, but again, this is why I think it is really important for Government to be a bit more open and talk more openly, in partnership with local areas and stakeholders, about how we can make sure that those responses are flexible and adaptable and can respond to local needs. It will not all be central Government commissioning.

In the current programmes, some of the funding of commissioning has been devolved, particularly in Greater Manchester and in London, and of course Scotland already has statutory responsibility for employment spending and employment programmes. We do need to start now. We have a really good evidence base of what works when it comes to that more supply-side, active labour market support for people, and that needs to be the foundation of what we do going forward.

I could not agree more with the points Kate was making: this is also about addressing structural barriers and demand-side barriers. We need to deal with those, as well as putting in place the active labour market programme of support that we know is likely to work, and doing that now.

A lot of what happened in the Work programme was actually very positive and effective; it was just very light touch, and there were some things in the design of it, particularly the design of the payment-by-results model, that did not work and we can learn from. I do think we can build on the good bits of the Work programme and the New Deal programme, and things from the response— particularly the youth employment guarantee or jobs guarantee response—in the 2008-09 recession.

**Chair:** Anyone else? Samantha.

**Sam Windett:** I wanted to very much back up Tony's point about doing the thinking now. That is part of the reason we set up the Youth Employment Group right at the beginning of the crisis—to do some of the thinking and bring together some of the experts and leaders for Government, because we knew that the DWP would be swamped. It has



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been doing a great job in processing the benefits and getting the payments out to people, but it needs to be thinking about how to put this sort of employment support in place, because it is not the case that you turn a tap on and it happens—it has to be built up. A lot of the voluntary sector provision that can form part of this support needs to be thought about and supported now, so that when it is needed, it can ramp up and take part in those programmes, activities and initiatives.

On the Work programme, I agree. There was actually quite a lot of success around young people; not a lot of depth of support, but a lot of numbers that were got back into work and lots of learning points there.

Since then, there has been an 80% cut in the funding for that kind of outsourced provision, and the Work and Health programme that is there now is much smaller, is trying to cover much bigger regions, and is primarily targeted at older workers and people with health conditions. I was talking about young people coming through and being one of those priority big groups; we really need to think about what the provision looks like for them, compared to what there is at the moment. There is a big mismatch right now.

**Chair:** Sir Desmond, is there anything else you want to ask?

**Sir Desmond Swayne:** No, that is very helpful.

**Chair:** Can we go to Neil Coyle, then?

Q187 **Neil Coyle:** Thanks, Chair. My question is about the Flexible Support Fund. People not eligible for the Work and Health programme have had access to that fund—in theory, at least—but we have been told previously, and the previous Committee was told, that there is a lack of awareness among both claimants and work coaches about the support fund. That has meant it has not been used and it has had funding underspend, so the first question is whether you think the Flexible Support Fund is sufficient support to help people get into work.

Secondly, how could it be better used and is it the vehicle for that? Could it be reconfigured to work more closely with employers and local authorities—on mapping the barriers in childcare that Kate touched on or the skills gap that Tony touched on, for example—to identify the training and skills that people need to get back into work?

**Kate Bell:** The feedback from advisers at PCS is that, as Neil says, awareness of the Flexible Support Fund is pretty low, and it is also unclear what it can be used to help with—whether it can be used to support childcare costs, for example.

It is really important that we differentiate between support that should just be there and to which people should be entitled, such as advanced childcare loans, and the more tailored support for which you could see an impressive attempt to ramp up to allow Jobcentre Plus advisers to provide more tailored support, which is what they have basically always wanted to be able to do.



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It is also really important that we differentiate between something that everyone in a certain category should be entitled to, and a more flexible fund that allows Jobcentre Plus advisers to deliver the kind of tailored support to send people on sensible skills programmes, for example, which could do a much better job than what we saw in some of the Work programme, which was extremely light-touch CV building but not much else in terms of in-depth support for claimants.

**Sam Windett:** I really like the way that you framed the question, Neil, because it is exactly right. The Flexible Support Fund, especially the parts that can be used through the dynamic purchasing system to bring specialists into the Jobcentre Plus world, should be a really good way of bringing together and mapping local provision of what is available.

In 2017, the Committee made some great recommendations on the flexibility of the support fund, which I still think need to be implemented. It was asking, "What groups is the fund being spent on and how are we auditing the spend? Is it being spent on quality support and where?" I'm afraid those are questions that still have no answers and now would be a really good time.

If the Department wants to push funding through that route to bolster support that the jobcentre can bring to people, we should be asking, "What's the level of spend? Let's set a level of spend for different groups for what Jobcentre Plus should be trying to achieve." We should then look at how that is being spent and maybe have a quality framework for the support that young people receive through that.

**Chair:** I can see that Tony Wilson wants to come in on this, but before I ask him to comment, I wonder whether Shaun Bailey wanted to raise a point on this issue. Would you like to ask your question, Shaun?

Q188 **Shaun Bailey:** It is a really quick question that follows on from what Neil talked about. One of the issues that the Committee has seen is about access to the fund. A lot of that comes from the fact that awareness seems to be quite ad hoc at times, depending on who the user is dealing with.

Do you think there is a risk—particularly now that a significant number of long-term unemployed will need to use those services—that this support mechanism could be overwhelmed? From an access point of view, do you think that we need perhaps to make it more universal in the way it is applied? That touches a bit on the reconfiguration point, but from an access point of view, do we need to completely rehaul how it is accessed by users so that we can maximise use and get people back into work?

**Tony Wilson:** That builds on the point that I wanted to make, which relates to Kate's point. Stepping back a bit, given the scale and depth of the crisis that we are facing, about which there is a sort of unreality, the first priority must be that everybody who is out of work and wants to work—not just the claimant unemployed, but people who might be unemployed and not claiming, such as many young people, and people who are technically recorded as "economically inactive" but who want to



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work—has access to good quality one-to-one adviser support. Some 3 million people were out of work but wanted to work before this crisis began.

That support does not need to be expensive or intensive, and would ideally come through Jobcentre Plus or a public employment service, or could equally be delivered through recruiters and others. The long-term unemployed and most disadvantaged could then have access to more specialised and intensive support.

The Flexible Support Fund can actually work for both of those groups by helping to provide the small amounts of money that might help somebody make the step into work, or to commission more tailored support through the dynamic purchasing system, as happens now, for those who need a bit more.

I don't know how much is spent. The data has not been published. I think it is in the low tens of millions of pounds. Perhaps £30 million or £40 million is being spent on the Flexible Support Fund now. We are talking about a crisis where we will have to spend hundreds of millions—in my view, likely up to £1 billion—on employment support, training support and careers support.

It is important that frontline advisers have access to discretionary funding that can help overcome specific things that might stop people from moving into work. The Flexible Support Fund is a great vehicle for that, but this cannot be an either/or. This is one part of doing a lot more, which I think must be built around the individual and ensuring that people have the right to good quality employment support if they are out of work.

**Q189 Neil Coyle:** I am just wondering whether the fund itself could provide the structure for better engaging employers, businesses and local authorities, or whether it is working to an agenda set by those partners elsewhere. I agree that it doesn't have the flexibility, it doesn't provide enough support and it doesn't have the funding it needs to do that fuller job, but if there is an alternative structure that the Flexible Support Fund could fit under, what would it look like? That might be a big question that you will want to submit evidence on, but if you have ideas, I would love to hear them.

**Tony Wilson:** I think it is exactly the right sort of structure for ensuring that frontline advisers have access to the money they need to help people make the step into work. That exists in many other countries too. It works best as part of the public employment service, but you also see it in Australia, for example, as part of contracted-out services.

As a vehicle for commissioning programmes locally, there is some potential, but I think we will need a lot more commissioning activity—you will probably hear about this in the next session, too—at the city, region or local level, alongside national commissioning. The Flexible Support Fund might not be responsive enough to do that.

**Chair:** Thank you. We will move on to Mark Pawsey, whom we welcome



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from the Business, Energy and Industrial Strategy Committee.

Q190 **Mark Pawsey:** Thank you for the opportunity to take part in this very interesting session. I want to ask Matthew about the relationship between individual local businesses with their local Jobcentre Plus. What sort of engagement is there between businesses and the local branch of JCP?

**Matthew Percival:** It is clear that jobcentres will be increasingly important going forward. We have been in an environment where the labour market has been a lot tighter than it is likely to be. There are more claimants currently and there will be more in the foreseeable future than there have been. There are more people using jobcentre services. Where employers are looking for staff, they will more frequently go to their local jobcentres.

One factor, which limits the extent to which I can give you the answer that I think you are looking for, is that this is not particularly an issue that our members have come to us to say that there are any problems with.

Q191 **Mark Pawsey:** Is that because they don't engage with them sufficiently? Is there really no relationship between the two groups?

**Matthew Percival:** The last time I proactively tried to have a conversation with our members about jobcentres and the relationship between businesses and their jobcentres was when the DWP asked us if we could help it get stakeholder insight from employers. But it was a fair few years ago now that we did that work for it. We haven't started that conversation with our members again since, and our members haven't raised it with us as a concern.

I cannot guarantee one way or the other. You could have the positive interpretation that they are not coming to us because there is no problem. When we last proactively went to our members and asked them about this, we did have businesses that came back and were able to respond to the DWP survey and do interviews about the relationships and what was working well.

**Mark Pawsey:** My impression is that businesses are tending to go to the private sector for recruitment advice and support. According to the Recruitment and Employment Confederation, UK businesses spent £5.5 billion on permanent placement fees last year, getting 1 million people into permanent work. Could more of that role be done by DWP, perhaps by releasing some of those funds to be spent elsewhere on training and other forms of support?

**Chair:** Matthew, before you come back, I think Steve McCabe wanted to raise a point on this issue as well, so I will give Steve that opportunity. I can see that Samantha wants to come in on this point as well. Steve, do you want to raise your point?

Q192 **Steve McCabe:** Thank you. I have two quick points that are very related. First, I was struck to see, reading this bit about the Government webpages, that employment advisers apparently meet with businesses to



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design bespoke packages to meet their needs. I just wondered, Matthew, how common that is. Is that something that happens only with fairly large-scale businesses? I have to say that I have not come across too many businesses in my patch that have that approach.

We have been talking this morning about maybe heading towards 3 million unemployed, as a consequence of both the pandemic shake-out and new technological changes. I wondered what the point of contact is between businesses and Jobcentre Plus when it comes to identifying and remedying the skills gap? It seems to me that that is something that is treated as if it is separate or elsewhere.

**Matthew Percival:** First, on the initial point—I will come on to Mr McCabe's points—I actually have a more positive view of the fact that there is a mixed market between public and private provision of employment services and recruitment services. Actually, if we were to have a "public only" model or a "public first" model, there would be a greater expense and draw on public funds for the provision of those services.

The extent to which we have a more mature and more developed recruitment and employment private sector in the UK than in lots of other countries actually helps to reduce the need for publicly funded employment services, and those recruitment services are, of course, funded by businesses rather than jobseekers too. It is getting the private sector to fund its own recruitment, rather than drawing on public funds.

There is a lot of work that may be a bit more hidden and that goes under the radar within those businesses, where they are also helping to provide some of the employment support services beyond just placement. There are a number of examples within our membership. I hear it in the work that we do around diversity and inclusion, for example, where there are recruiters who make great efforts to help to remove the barriers for, say, disabled workers or women returning from career breaks after a long period of taking on childcare responsibilities—women returners, and these sorts of things.

There are recruiters in the private sector who have done a lot of legwork that is really valuable and helpful. The main thing to look for is how to make the public and the private efforts on this work together and complement one another, rather than duplicate in a way that might be wasteful, but I have a very positive view of the fact that there is a mixed market here, rather than being concerned about the use of one or the other.

Coming on to the question that Mr McCabe asked about who businesses are discussing their skills needs with, again, I have not come across so many conversations with businesses about the extent to which they are talking to the jobcentres about these matters. Typically, the conversations that I hear most about are the conversations between businesses and education providers of all different forms. One of the roles that we try to perform, because we have both the PLCs and a number of the providers



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within our membership, is to create environments in which businesses can build those links between a business and a provider to tailor the local support.

I guess you also need the jobcentre hooked into that conversation as well to be able to link up the people who are looking to get into work with the training provider that has developed the provision that is tailored to the business's needs, but I certainly see a lot of those conversations going on between businesses and providers to try to tailor the support to what they need.

**Chair:** Thank you. We are now into extra time, but there are a couple more points that we want to cover. The first is from Chris Stephens. Then there is a point that I want to raise.

Q193 **Chris Stephens:** Thanks, Chair. My question is to Sam, and it relates to young people. We know that in previous downturns and recessions, unemployment has been higher among young people than other groups. We know from previous reports and inquiries that young people are often unwilling or reluctant to engage with jobcentres. Sam, what would you like to see the Department for Work and Pensions do to make sure we avoid a situation where there is high unemployment among young people?

**Chair:** My question is for Kate. You mentioned that the TUC has proposed a job guarantee arrangement. Can you tell us a bit more about what you are proposing and the grounds for proposing it? We will take Samantha first to answer Chris, and then come to Kate.

**Sam Windett:** Thanks, Chris—that is a fantastic question. I would say that, but it is right on the nose. It is really important when we are thinking about support to know who we are providing it for and whether it works for them. As you say, young people have been impacted in previous recessions, and we think the impact will be even bigger this time.

The Youth Employment UK youth voice census tells us that 33% of young people who have spent time not in education, employment or training have not engaged with the jobcentre. There is still an issue there, and I know that past Committee inquiries have looked at that. There is sometimes a stigma around claiming benefits, going into jobcentres and getting support, which has been quoted by young people, and Jobcentre Plus is cognisant of that.

The MyGo centre started up in Ipswich to try to engage more young people in the services—youth unemployment was a big issue in Ipswich. It looked and felt different; it was more like an Apple store than you have ever seen a jobcentre look. There are learnings from that. It doesn't exist anymore, so what are the learnings, and how can we apply them now?

One of the key things is that there should be no wrong door. Wherever a young person goes, there should be access to other doors that can provide them with the right support. Local authorities have a responsibility for tracking young people who have fallen through the gaps in the system, so



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how do we work with them? How can they have their role strengthened to work with young people who are not going into jobcentres?

It is really important, as with everything we have talked about this morning, that it is done with, not to, the people who need support. With young people, we really need a new way of framing the services coherently. We need an offer for them that works with them and builds on what they want, expect and need. Rather than going back to what was there before, we need a new approach to this.

**Kate Bell:** Thank you for the question about our jobs guarantee proposal. It comes from two bits of thinking. One is—everyone has talked about this—the hugely scarring impact of unemployment on people’s prospects, and particularly young people’s prospects. Long spells of unemployment leave you with lower chances of employment in the future, lower potential wages and a range of negative outcomes. We know that unemployment is generally bad for people.

The other thing that we are thinking about is that, although of course we are going to face a big shortfall in demand, there is not a shortage of things that need to be done in our economy. We know that we need a huge effort to decarbonise our industry—to decarbonise our economy, in fact—and we need to rebuild our public services. Those are things that the Government is going to need to invest in.

We think that the Government should be making that investment with a new offer of a jobs guarantee—a six-month job, funded by the Government, paid at either the real living wage or the union-negotiated rate for the job. We think it should be delivered by new regional recovery panels, which I have talked about. We should learn the lessons from the Future Jobs Fund, which Tony mentioned.

There are four things that those jobs should deliver. First, it should be clear that they are additional jobs—they are not replacing existing demand. They need to deliver a social benefit, and particularly a benefit in relation to the low-carbon economy. They should be in line with local labour market plans, and of course local panels have been thinking about their regional industrial strategies. Lastly, they should promote equality, so they should be accessible to all.

As I said, we have really good evidence from the Future Jobs Fund and from youth guarantees across Europe. I think this is going to be a really important part of our recovery plan.

Q194 **Chair:** Finally, let me ask whether Tony or Matthew wants to make any final points to us before we move on to our second panel. Tony, is there anything that you want to add?

**Tony Wilson:** No—thank you, Chair.

**Matthew Percival:** No, I’m good as well; thank you, Chair.

**Chair:** Fine. Let me, then, thank all four witnesses on our first panel for



giving us the time and some very helpful answers, which are going to be very useful to us as we reflect further on what the Department should be doing in the teeth of the current crisis. Thank you all very much indeed.

## Examination of witnesses

Witnesses: Mat Ainsworth, Rebecca Keating, Chris Luck and Jonathan Townsend.

Q195 **Chair:** We now move on to our second panel, and let me welcome the witnesses who are joining us for this. There are four of you again; thank you for being with us.

To start off this panel, I will ask each of you to introduce yourself, tell us who you are; I will go through in a moment the order in which I am going to ask you to do that. Could you also answer our first question and outline briefly for us what you think the impact of the coronavirus crisis is going to be on the labour market, on unemployment and on the vacancy rate?

I will call first on you, Mat Ainsworth, to introduce yourself and answer that question for us briefly.

**Mat Ainsworth:** Thank you, Chairman, for inviting me to today's session. I am Mat Ainsworth, the assistant director for employment at the Greater Manchester Combined Authority. It's fair to say that the first few weeks of lockdown saw a real tsunami of claims for benefits in Greater Manchester. There was a tenfold increase in claims in the first few weeks. That has now reduced somewhat, but the situation is still unprecedented. Another thing that we are starting to see is that there is significant variation across local authorities and across jobcentres, so understanding the place impact of the rise in claims is really important.

I will touch on what I think some of the sectoral issues may be, but also the impacts on people. We are already starting to see a significant drop in vacancies, some worrying signs of a lack of business confidence and some other things that are not specific just to Greater Manchester but are quite pertinent here: issues around retail, the high street and the town centre—we have the Trafford Centre in Greater Manchester—hospitality, leisure and tourism; the Greater Manchester night-time economy; and aviation, with Manchester airport being such a huge employer and all the businesses based around it.

I think it's also worth pointing out the potential impacts on local government—I would say that as a local government employee—in terms of just the cost of dealing with covid, the funding we have received to date and what the impacts of that may be in terms of being able to maintain a workforce.

Finally in terms of sectors, Greater Manchester has 16,000 voluntary, community and social enterprise businesses, many of which are at real



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risk through covid and many of which employ some of our most vulnerable people. That is a sector I really want to draw attention to and focus on.

We do have a local industrial strategy, which is evidence based and has been developed with Government and academics, and it's something we would like to build on to frame the future support in terms of the sectoral and business response. I don't want that to be forgotten in this pandemic.

In terms of groups, some were mentioned by the previous panel. One is young people, especially those going through the transition points of leaving school or college or graduating and becoming young adults. The impact on our black, Asian and minority ethnic communities is real and apparent and is one we need to focus on. Greater Manchester is a World Health Organisation age-friendly city region. We know that over-50s in previous recessions have been disproportionately impacted and we think that they are much less likely to return to work.

One group that I don't think has been mentioned at all yet is those who have been furloughed. Financially they may be okay, but if you are furloughed and out of the workplace for a significant time—some may be for a number of months—you could experience deskilling, a lack of confidence and health impacts in the same way as you would if you were long-term unemployed, so that is a group we absolutely need to place some focus on.

Finally, there is the issue of businesses and how we can utilise things like the Greater Manchester Mayor's good employment charter to look at health and wellbeing in the workplace and how we can support businesses to come through this.

**Chair:** We will certainly come back on some of those points.

**Chris Luck:** I am the group CEO of the Shaw Trust, a not-for-profit charity and the largest employability not-for-profit working with DWP at the moment. Our work is very much a combination, including advocating for meaningful, purposeful work, especially aimed at the disadvantaged and disabled, but also work that is purposeful and paid, and we are a deliverer of programmes as well.

Your question on the impact of coronavirus—*[Inaudible.]* The first panel quite expertly described the impact there. We are very much seeing that the impact is at scale and is happening at an extraordinary pace, which we are struggling to keep up with. *[Inaudible.]* The virus, as the panel have already said, has not decided to go away. We do not know whether this is V-shaped, U-shaped or W-shaped; the jury is out. That is an extraordinary variable in both the problem and solution space. It is hard to get one's head around.

The impact on vacancies and—*[Inaudible]*—skills impact on this. Technological competency-based entry-level roles are vanishing at pace. It is very economic based—*[Inaudible]*—depending on your socioeconomic

background. [*Inaudible*—highest skill end has been more protected at the moment than the lowest skill end.

There is a sector-based aspect to this. Retail obviously speaks for itself and has been well documented. There is an age-based aspect. We have heard a lot about the youth, but those who are 50-plus cannot be forgotten. At the moment, the middle bracket, which has tended to be safe in the last five or 10 years or so, is now hugely impacted as well.

Of course, none of us, from what I have heard, are forgetting those with protected characteristics, who already struggle to get into what was a difficult market for them. This has only exacerbated the problem, and it is therefore something that we have to stay on top of. That is a short answer to a very big question. I am sure we will get into some more detail.

**Chair:** Thank you very much.

**Jonathan Townsend:** Thank you, Chair, and thank you for allowing us to come on to the Committee. A lot has been covered by the panellists already—

**Chair:** Jonathan, tell us who you are first of all.

**Jonathan Townsend:** Pardon me. I am Jonathan Townsend, chief executive of the Prince's Trust. We are also on the Youth Employment Group. I apologise, Chair.

As I started to say, a lot of the impact of unemployment on youth has already been covered. That is our area of work. We know that a large number of young people are already unemployed or are working in sectors that have had a significant impact already, and there are likely to be a large number who are furloughed.

I will not repeat those things, but I will share a bit of insight that we have from a report that we released this week, called "Young People in Lockdown", on how young people feel about their prospects at the moment. Almost half told us that they felt it would be harder to get a job. A third told us that they felt like all their work to this point was going to waste. Some 70% told us that they felt that their life was on hold.

Playing that back in with what Tony said about existing levels of vacancies, it is likely that young people will struggle to secure work in the future. Bringing all those things together, we know that long-term unemployment has an impact on young people's wellbeing, their employment prospects and their ability to earn. We believe—it is probably a statement of the obvious—that the virus will have a significant impact on young people's prospects.

Touching on something that Matthew alluded to, an organisation like the Prince's Trust has also been economically impacted. While there is this challenge for us to have as much supply of services out there as possible, we as an organisation are under pressure. I am sure that that is something that we will come back to talk about as we go forward.



**Chair:** Thank you very much indeed.

**Rebecca Keating:** Thank you, Chair, and thank you for inviting me on to the panel today. I am Rebecca Keating, the director of Employment Plus, which is the area of the Salvation Army that helps people back into employment.

I will echo what the other people have just been saying regarding the entry-level jobs; we are very concerned about their vanishing very quickly. I do not think that we will be able to see the true impact of the virus on the unemployment figures until the job retention scheme has finished—we mentioned that earlier. We expect the unemployment figures at the end of that, when people are coming off furlough and businesses are starting to open and re-evaluate their situation, to be a lot higher. So I would echo that.

Our concern within the Salvation Army is that when we saw a very quick spike in unemployment and a recession, or an economic downturn, in 2008 and 2009, the people already on our caseloads—the Salvation Army helps anyone who is looking for work, but in particular it is those who are the most vulnerable in society and those who are furthest from the labour market.

As was mentioned earlier, many of our clients are those who experience intersectionality, so they have multiple layers of disadvantage and multiple barriers. And we are very concerned that before this crisis happened, they were already taking a lot of time and support to get them employable and ready to be employed, so that with all these new job seekers—for want of a better word—coming into the labour search market, these particularly vulnerable people will be affected.

We have already mentioned some of the groups earlier—youth unemployment—but I will mention a few more: people who are experiencing homelessness, mental ill-health, physical ill-health, poverty, and regional disadvantage as well. We are very concerned that a big impact from this will be that they are going to the back of the queue. And a lot of the jobs—the entry-level jobs, as Chris just said, which are disappearing—are the ones that we tend to get people into as their first step back into the labour market. So, that is a real concern for us.

**Chair:** Thank you very much. We have a question from Shaun Bailey.

Q196 **Shaun Bailey:** I just wanted to touch a bit more on the impact that the crisis will have, particularly as we start to come out of it. I was wondering whether the panel could perhaps briefly give an outline of the services that you offer at the moment. How have they been affected?

I know that most of you have enhanced your services a bit—you have gone a lot more online, or on the telephone. But I was curious in particular to talk about the people who may have fallen through the cracks as a result of that, and whether you have an estimate of the number of people who you may not have been able to get in contact with as a result of the crisis.



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Q197 **Chair:** Let us do it in reverse order; perhaps we can start with Rebecca on how your service has been affected.

**Rebecca Keating:** Thank you. We have absolutely moved all—nearly all—of our employability services remotely. So, we are really enthused to see that we have been able to continue our service through video phone calls and phone services, and we have been able to provide our employability support and coaching via that mechanism.

We have been able to continue to support the caseload as it was; that has been really reassuring. Obviously, we have seen a big upswing in demand, both within our employment services, which I head up, and within the Salvation Army as a whole in recent weeks, in direct response to the crisis.

We have seen a lot more calls and referrals through, to get support with accessing universal credit and support their claims. We are doing that over the telephone and helping them with support—digital access support. But again, it is very difficult when people are trying to do that on smartphones and if they do not have a good wi-fi connection. However, that has been a big upswing in our employment service in recent weeks.

Also, we have seen a big, big swing in food poverty, so there are clearly people who have had their household incomes affected by the crisis. We have seen that people have been made redundant. And even with those who have been retained through the job retention scheme on furlough, although 80% of a salary sounds very generous—and it is; it has been a lifeline for many people—it does not change the fact that they were already living in poverty and food poverty, and living on the breadline, and maybe one or more people in the household may have been going into this situation. We have seen a huge demand upswing in food parcel demand and many of our centres have responded by creating food distribution centres and such like.

**Jonathan Townsend:** Like Rebecca, we have pivoted all our traditional face-to-face services online, so we have been able to continue employability, wellbeing and self-employment, and connectivity with young people either online or over the phone, but it has had a significant impact on our work in schools.

Only a small number of young people are going into schools at the moment, so our schools programme has basically come to a halt. Some of the work with the young people that Rebecca has alluded to on the hardest to reach and furthest away from the job market, where there is a number of issues, has also effectively ground to a halt because that largely depends on face-to-face interaction. We are working with employability and on enterprise.

Another issue that was material was that a lot of our referrals came through organisations such as JCP, so our referrals dropped by about 80%. We have done some digital advertising so that we are still there for young people. It has been a double-edged sword. Young people know that we are there for them. We have tried to raise that. Also, the level of



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provision that we have been able to give, particularly for the hardest to reach, as Rebecca has alluded to, is something that we are less able to do because of the inability to do face to face.

**Chris Luck:** We have seen various different outcomes with the covid-19 impact, and we have had to change our model significantly because of safeguarding our own people as well as safeguarding all the beneficiaries, so we have moved at pace, as many others have in the economy, to digital outreach. That in many cases has been—*[Inaudible]*—but it has not been a panacea.

If you look at some of the beneficiaries who have intersectionality and multiple challenges, technology has not necessarily been the answer, especially when you look at groups like the disabled where you find that a significantly increased percentage are not able to access fully the technology to enable them to interact. Again, it is too differentiated, depending on the individual that you are looking at and the programme that they have.

The key thing for us at the moment as a provider sector for DWP is what we have been able to do, thanks to DWP's very rapid relaxing of the contractual conditions, which were absolutely for a different marketplace in a different time. It has allowed us to retain both capacity and—*[Inaudible]*—ready for being on the frontline for delivering the services going forward. We talked a lot about the hugely increasing need that there will be for that. So DWP's very quick intervention to relax the contractual framework has allowed us to remain in being and to remain poised.

There is one frustration that we have. The provider base has got a lot of solutions in the bag ready to go based on past experience and on the programmes that are currently running, but some of the frustration is that there is an inertia or a capacity challenge to allow us to start piloting some of these solutions.

You have heard a lot about the Youth Employment Group having conversations with the DWP, but we have found ourselves having conversations with DWP, offering them programmatic solutions and then being referred back to go and talk to the Youth Employment Group, which really suggests that there is a capacity issue.

DWP undoubtedly has to deal with the acute and is finding it a challenge to get to the chronic—*[Inaudible]*—DWP programme.

There is a cross-Government bandwidth challenge at the moment, which is completely understandable, but DWP will find it difficult to act at pace if they cannot find a bandwidth within Government funding requirements across the—*[Inaudible.]* There is a real challenge there for DWP. I will pause there; there is a lot more to say. I am happy to follow up on any of that with written submissions, but I am conscious that there are others that you wish to pull in.



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**Mat Ainsworth:** The first point I need to make is that the combined authority is in a slightly different position from the other panel members, in that we are primarily a commissioner of services, rather than a direct deliverer of services. In that context, we have in the region of 100 skills and work contracts that we commission, worth about £300 million, which include the Work and Health programme, devolved adult education budgets and a range of others.

Our focus to date has been on supporting service users as much as possible and stabilising the provider base. We are cognisant that we need a strong provider base in situ to help us through the recovery. It is probably fair to say that there has been an under-investment in large parts of the sector over recent years.

From my perspective, the response from providers has been extremely positive and proactive. They have really stepped up to the plate to look at innovative ways to provide support.

We have been working with them to look at which elements of their services they can continue to deliver as ordinarily commissioned, where there can be adaptations or flexibilities, and where support could be provided to other groups and different cohorts than may have ordinarily been commissioned originally. We have even found providers offering support around the broader humanitarian offer, so not necessarily to do with just skills and work, which is fantastic.

We have identified some gaps locally, which have been filled quickly. Employ GM was launched, which is an online jobs matching careers advice portal, to try to link people who have fallen out of the labour market with the jobs, vacancies, care and logistics that were there.

Although it is fair to say that we have some programmes and budgets that are devolved, to pivot provision to meet those new challenges and be agile, we often still need to go through approvals from our funders, whether that is the Department for Work and Pensions, the Department for Education or the managing authority. I do not think we have been able to be as agile as we would have liked, because some of those approvals and flexibilities have not necessarily been coming.

I have a couple of points as a commissioner and about service provision. As others have said, many of our services are reliant on referrals from agencies such as Jobcentre Plus. I know that our Work and Health programme saw a 96% reduction in referrals over the period of lockdown, and that will be the case across other programmes. For us as a commissioner, that raises real concerns around the financial models of our programmes and things like payment by results—is that an effective mechanism now? I am really pleased to see that we and the Department for Work and Pensions are moving towards a cost-plus model. Let us ensure the financial stability of our provider base, so we can at least continue to provide provision.



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That also has implications in terms of performance management and that side of things as well, so what we would expect services to be providing when the labour market, and how it will look in six months' time or 12 months' time, is still unknown. There are still lots of considerations.

**Chair:** I can see that Jonathan would like to come back, but Shaun, is there something that you want to pick up on?

Q198 **Shaun Bailey:** This has sort of been touched on, but I want to ask about the medium and long-term planning, once this is done. Chris made the point that the DWP has responded well, by the sounds of it—certainly, its reactive response has been relatively satisfactory—but as you say, particularly around the contractual arrangements that you have had, it seems to have been operating in a different age.

I am curious to understand a bit more about what the medium to long-term planning looks like. In your ask of the DWP, what would be the things that they now need to be considering as they move forward into the medium and long-term phase of planning out the post recovery, or during the recovery?

**Chair:** I will go to Jonathan first, and if any of the other witnesses want to come in, please give me a wave.

**Jonathan Townsend:** I want to add that a third of our interactions with young people at the moment are about wellbeing. While we are considering the longer-term question that Mr Bailey just asked, how do we respond to the impact that is happening to young people at this moment because of isolation, a lack of the skills, and the provision that they have probably been used to not happening?

In the longer term, we need to look at a suite of support that looks at skills and the relevant trade sectors, and also at the impact on young people in terms of their confidence and resilience to come out of this challenging time. We are seeing, every week, that we are sometimes the only person outside the household that those young people are speaking to. I do not know if that touches a little on your question, Mr Bailey, but I think it needs to be a cocktail of really cleverly thought out collaborative programmes, particularly when we talk about youth employment, involving employers, JCP and organisations like the four we have on the call coming together.

**Chair:** Mat, can I ask you to be brief in responding to Shaun Bailey's question? We have quite a lot to get through.

**Mat Ainsworth:** There are some really difficult decisions for DWP to make. It is interesting that the Jobcentre Plus network now sits within its work and health services directorate. I will be interested to see whether it will be drawn into being an overt "We are closest to the labour market" agency, as opposed to its work of recent years, which has been around reducing the disability employment rate gap and so on. I would argue against that, but expecting DWP, with its capacity and capability, to do both of those things well will be a real challenge.



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So there is a real opportunity now to look at how the Department could work more in partnership to develop joint strategies, pooling its expertise and resources with local areas, as we have seen in things like the health and social care devolution in Greater Manchester, to rip up the rule book in this space and look at some genuine innovation.

**Chair:** I am sure that we will pick up that point with the other witnesses later.

Q199 **Chris Stephens:** Jonathan, thanks for everything that the Prince's Trust is doing in Glasgow; it is really inspiring work. What challenges could youth employment and youth unemployment present to the Prince's Trust, given that we know young people do not always engage with the Department for Work and Pensions and jobcentres? Is there anything that the Prince's Trust recommends the Department does to engage more with young people?

**Chair:** Before we go to Jonathan, I think Steve McCabe has a point on this issue. Steve, do you want to raise your point before I bring Jonathan in?

**Steve McCabe:** Thank you, Chair. This follows exactly from what Chris asked. In Birmingham, unemployment among young people is already at 14.7%. Doesn't that suggest that we need a blueprint for jobs and opportunities for young people—something much bigger than just Jobcentre Plus and specialist self-employment work coaches? If you agree, what would that blueprint look like, who would fund it and how would we organise it?

**Jonathan Townsend:** Thank you both for your questions. Steve's question was answered well by Sam earlier. We do require a collaborative approach to the blueprint, and it involves Government, employers and third sector or charitable organisations like us. It truly is about mapping out what are the opportunities by specific city or specific geography, understanding the skills and requirements for those and then understanding how Government and employers can provide support. There was some mention in the first panel of money being spent by the private sector on recruitment that could be redirected into training and appropriate recruitment for those young people.

In response to young people falling outside of the jobcentre process, again it touches on something that Sam spoke about—trying to best tailor the opportunities for young people as they go into jobcentres with the needs they have got. At the Prince's Trust we have found that very often, particularly in the past, the ambition was to go almost to a short employability programme that does not necessarily relate to all those young people coming in, who might need different sorts of help—they might have challenges around resilience or personal social development. So it really is trying to work through the work coaches to get the most suitable provision there can be.

If we are talking about moving into a blueprint, I believe it is a cross-community solution that can bring all parties into play. My experience over



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the past two or three weeks, having talked to industry leaders who are connected to the Prince's Trust, is that there is a real desire to step in, take this notion of a bigger society, which seems to be coming through as a consequence of this crisis, and do something about it.

I think there is a real economic challenge, Mr McCabe. The reality for an organisation like the Prince's Trust is that our income will potentially be hit by a third this year. Although we are at a point in time when there has never been a bigger demand for our work, there is a danger that our income could be severely reduced. That is about working with Departments such as the DWP, other Government organisations and other potential supporters such as employers, to come together and say, "This isn't the time to be shrinking delivery; this is the time to be growing delivery," really being clear about what it is and what it is going to deliver, and then getting on with it.

**Chair:** Thank you. Before I call Mark Pawsey, I think Chris was indicating that he wanted to speak briefly.

**Chris Stephens:** Very briefly, Chair—thanks very much. Jonathan, you talked about resources, but it would be really useful if you could write to the Committee about what sort of resources the Prince's Trust would require. That would be very helpful for the Committee's work.

Q200 **Mark Pawsey:** We have heard from each of our witnesses about the need for a collaborative approach between Government and the third sector. We have heard that there is already some good work being done. Tony Wilson reminded us that setting up some of these programmes can take six, nine or 12 months, and he told us that we need to start now. Have any of our witnesses had any discussions yet with the Government—it would presumably be through Ministers—about increasing the level of support that they are offering over the coming months and years?

**Chair:** Can we take Chris Luck first?

**Chris Luck:** The answer is yes. At the Shaw Trust we have two potential programmes. One, which we have got started on our own, is called the Care Academy, and the idea there is to get some of the shortfalls in the care system—*[Inaudible.]* We have launched within the sector—*[Inaudible.]* Also, yesterday, in partnership with—*[Inaudible.]*

**Chair:** Chris, can I interrupt you? Unfortunately, the line is very poor, and we are struggling to follow you. It is suggested that you should turn your speaker down. I do not know whether that is something you can do, but if you can it might make it slightly easier for us to hear. Can you turn your speaker down?

**Chris Luck:** I will try—*[Inaudible.]*

**Chair:** Unfortunately, we just can't hear you.

**Chris Luck:** Can you hear me now, Chairman?



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**Chair:** Try again.

**Chris Luck:** Testing, testing. Can you hear me?

**Chair:** Try a few sentences, Chris. We might be able to.

**Chris Luck:** What I was about to describe was the potential pilot programme that we discussed yesterday with the Government—  
[Inaudible.]

Q201 **Chair:** Chris, can I just interrupt you? I can tell that you are describing two initiatives to us, but unfortunately we are not picking up the detail of what they are. I wonder whether you can just drop us a note. Those two things that you are discussing with the Government sound very interesting, but unfortunately we are not able to hear the description. A note would be very helpful. Rebecca, can I bring you in?

**Rebecca Keating:** We have already been in discussions with the Shaw Trust. Chris is one of our prime providers. We deliver a specialist provider to the Work and Health programme. I would just like to touch on the support that the Department for Work and Pensions has very rapidly given to providers such as ourselves and the Shaw Trust in covid support, with the acknowledgement—as we have touched on—that there is clearly going to be a significant impact on our contractual ability to deliver through these months. That is very welcome.

I am very pleased to say that, unlike in previous commissioning situations us as specialist providers have had that covid support very quickly and efficiently filtered down to us through our primes. That is very helpful and that has enabled us to maintain our workforce and for the sector to maintain employability specialists and speciality as a whole. That is important to note.

Obviously, there are concerns moving forward regarding how we look at the commissioning of new programmes in the discussions that we have been having. As Tony mentioned earlier, in designing the new programmes and starting to get to work quite quickly on what the new programmes will need to look like and how we will respond in the new world to some of the new challenges that we discussed earlier, we need to acknowledge the fact that getting people to that point of getting access to the employability support that was there was already a challenge prior to this.

Many of the already commissioned programmes were getting only 50% of referrals. On smaller programmes, we were often experiencing local relationship issues with jobcentres. We don't feel that that is because work coaches within the jobcentre are reluctant to refer to programmes; it could be a lack of knowledge about what resources are available. That is not just about commissioned programmes; it could be community provision such as ours, which is self-funded.

It is important to say, as Kate mentioned earlier, that there seems to be a lack of ability to identify claimants' needs when they come in—needs for



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tailored support, needs for additional support or what kind of programme they would need. We have recently published reports raising our concerns about the fact that work coaches were working with a caseload of between 130 and 150 clients, and there has been some suggestion that could now increase to up to 280 people on their caseload. It is going to be even more difficult for them to identify these really complex barriers.

So even if we get the programmes that are commissioned right, and even if we commission quickly and effectively, getting a good supply chain that involves specialist providers such as ourselves working alongside and with the primes, we need to make sure that people are getting access to those employment services.

I have just one more point, which I know has been touched on previously. We need to remember, particularly around youth, that there are people who aren't engaging with the DWP or the jobcentre. There are people who are not claiming benefits. Youth has been a good example of that, but often people with mental health issues or multiple complex issues or people experiencing homelessness are also not claiming benefits, or they were claiming benefits, and because they could not fulfil their claimant commitment, for whatever reason, they have been sanctioned out of claiming benefits. They are not receiving employment support via the jobcentre. We work with many of those people. One in four of our caseload in Wales, for example, is not claiming any benefits. We are working with them through European social fund programmes—things like Active Inclusion.

It is important that we look at the commissioning landscape as a whole, but prior to getting to that, we must make sure that people's needs are being identified so that they can be referred effectively to adequate programmes.

**Q202 Mark Pawsey:** Before Jonathan answers, could I ask him to also tell us a bit more about the nature of the financial pressures that these organisations are under? We spoke about fewer referrals. If that issue isn't addressed, what are the long-term consequences?

**Jonathan Townsend:** To answer your first question, Mr Pawsey, around whether we are having conversations: yes, we are. In fact, we have a meeting lined up with DWP next week.

We are very mindful that they have been dealing with a significant number of claims and, through the Youth Employment Group, we have been engaging with various parts of Government. I do think, however, that if we are being really honest, we need to accelerate the work. We need to think about it on safe return to work and then we have to think about it on the basis of skills required going forward. I don't think we can hang around to get that work moving, so hopefully we can accelerate that and really drive it on, and take the considerations that Rebecca was just mentioning.



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The Prince's Trust is funded across a whole number of different sources, public and private sector, and things like events—I suspect a number of you may have been to them. The consequent impact across both corporate and particularly some of those private sector funding routes is a reduction in income coming in, and then in terms of the number of young people that we can work with there is clearly also a potential threat to our income. So as I have said, we anticipate that being a material reduction in the region of between 20% to 30%. I think we are in line with a lot of other organisations in our sector, and the consequence of that, as I have said already, is that when the work will be greatest for an organisation like the Prince's Trust, we will be up against a real challenge.

**Chair:** Let's have a go at bringing Chris Luck back in. Chris, we will see if we can hear you more clearly this time.

**Chris Luck:** Thank you. I am just testing a new mic. I don't know if that is any better.

**Chair:** We can hear you so far.

**Chris Luck:** I did just log off and re-log in, so I missed a little bit of the conversation from Rebecca onwards.

Q203 **Chair:** You were telling us about two initiatives you had been talking to DWP about. One was in care. I wasn't able to hear what the second one was.

**Chris Luck:** We have launched the Care Academy, which is to bring together the employability skills experience that we have with our learning and skills elements as well, to get after the urgent shortfall there. That was, again—that is latent capacity within the provider sector for employability, which I think, at this moment in time, has been secured and protected by DWP's quick action in changing the funding model from a pay by results—and we have all talked about the collapsed referrals and numbers through, for all sorts of reasons, not least individuals' own concerns about their health and therefore safeguarding themselves.

The DWP was very quick to ensure that the provider base was protected and safeguarded, to be able to then act going forward. What we are now seeing is that the provider base is ready to act, but, if you like, the machinery of government and the decision making, quite understandably, is now behind in its capacity to act, but what the provider is doing is presenting solutions.

One is the academy, which is actually up and running and available, and another one is a concept that we discussed yesterday, I think, called "UK works". The idea of that is a large-scale youth programme that is drawn on past experience—[Inaudible]—and then discussion with our own provider base and our own supply chain, which includes the likes of the Salvation Army. It covers many of the points already discussed by my colleagues as to how this needs to address the need—that is, how you access it, and how it is funded. But that is being put forward as a solution template.



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What we need now—what DWP needs now—is the capacity to run with pilots—*[Inaudible]*—because I don't think we can wait six to nine to 12 months to get things going. I think what we need to be doing is to take a risk in starting to roll out programmes ahead of the bow wave so that it doesn't become entrenched or overwhelming.

So there is an issue there as to how the mechanism allows for what is effectively programmes at risk, but potentially at risk of failing far faster than the potential to succeed quickly. What we can do, Chair, is submit to the Committee the papers on those programmes.

**Chair:** We would certainly be interested to see those. On learning lessons from the past, Selaine Saxby has a question.

Q204 **Selaine Saxby:** Thank you, Chair. Chris, I am hoping that you will be able to come back to us on this one, specifically because you were a provider on the Work programme and are now a provider on the Work and Health programme. I wonder what lessons you have taken from one to the other, and what do you think the main things the Department has learned are?

**Chris Luck:** That is a great question. As colleagues have previously said, the Work programme was relatively light touch but high volume, and overall, although there were things that could have been done differently or better, it delivered what it was meant to do. The Work and Health programme is a programme for a very different cohort in a very different time, and in fact—*[Inaudible.]*

So I think there is a big question as to whether the Work and Health programme as currently constructed has a future. What I do not mean is, "Are the cohorts covered by it now not in need?" They very much are, and one of the most fundamentally important things is not to forget those who we were already trying to help in what is a very difficult market for them. They must not be forgotten in the rush caused by covid-19.

In covid-19 terms, what we have now learned is that the contractual envelope around the likes of the Work and Health programme, particularly payment by results and the time limits of payment versus outcomes, are almost not relevant at this moment in time. I think there is a place for payment by results, but it is not in this current crisis, not until we are into a steadier state.

However, the DWP have acknowledged that and have, in effect, suspended payment by results. They are trying to get a cost rule across the line with the Treasury and other Government Departments as an interim solution, which is very helpful in making sure the provider base, which is critical, remains in gear.

As you have already heard from previous experts, the provider base is even now not adequate, so it is critically important to protecting the provider base, making sure it is there and starts to be used. In effect, they have suspended payment by results, and have suspended some of the



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outcomes-targeted initiative timelines and others. That has been extraordinarily helpful.

We have learned a lot about work from the WP through to the WHP, and we have learned a lot very quickly in getting—*[Inaudible]*—ready, or what is needed now, which is very much beneficiary-focused outcomes—*[Inaudible]*—much broader. We need multiple avenues of access for them. I think—*[Inaudible]*—are already overwhelmed and distracted by other necessary tasks, so—*[Inaudible]*—how those individuals might be signposted, might get access or might be self-referred, and how we within the sector might refer them to other potential avenues. I think that is all coming, but my concern is about capacity and pace to act.

I have heard an awful lot of conversations about analysis and more analysis. My concern, Chair, is that there is going to be analysis paralysis. I think there is enough information, enough understanding, and enough experience in the delivery course to be able to start launching pilots to try—*[Inaudible]*—and that is where we need—*[Inaudible]*—that can be made, even if they might not be right—*[Inaudible]*—going forward. Otherwise, we are going to—

**Chair:** We are losing you again, Chris. We could hear most of that, but we were losing you towards the end. Let me just bring in Neil Coyle. I can see that Rebecca wants to come in as well, but Neil had a slightly different issue to raise, I think.

Q205 **Neil Coyle:** Yes, and it links to both Rebecca and Chris, so now might work. Before I lose the chance, Jonathan, you mentioned being worried about isolation for young people, and I am conscious that the Prince's Trust has a fantastic site in Southwark, just off Blackfriars Road. There is additional support for young people available through the council, and if you want linking to that to help those people, please let me know.

However, the question is really for Rebecca and Chris. It is about the people who are not on the external programmes that Selaine has just asked about, but should be able to access the Flexible Support Fund under the Department for Work and Pensions' dynamic purchasing system. Is that purchasing system accessible to use, and is it dynamic enough? That is the first question. The second is this: what improvements could be made to both help the providers use the DPS, and boost employment chances for the people using them?

**Rebecca Keating:** Can I just quickly respond to Selaine before I get to you, Neil? It is really important to echo what Chris has just said regarding learning lessons from the previous provisions. We were sub-contractors with the Shaw Trust on the Work Choice, and we are obviously subcontractors now on the Work and Health programme. We were also the providers delivering the Work programme. It is key to echo that there is absolutely a place for payment by results-type design, and it is absolutely the right thing to do in certain circumstances, but now is not the time for that.



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We need to ensure that the employability sector is maintained. In particular, employability includes the Jobcentre Plus work coaches. We have mentioned that we were already vastly understaffed in the sector and under-resourced, so we need to maintain what we already have.

I have to echo what Jonathan has been mentioning. As a third sector provider, we are also facing that charitable funding crisis. Any programme design moving forward that does not give a cash injection to specialist providers, or to any providers in the community that are able to respond to this crisis, will be a real challenge. It is really important that that point is made so that we can ensure that any programme design can be delivered by the specialists.

Equally—this also touches on the Flexible Support Fund—I want to mention a self-referral mechanism. On all the DWP contracts that we have delivered over the years—this goes back to Flexible New Deal and the Future Jobs Fund; there are many of them—the referral mechanism through from the jobcentre has always—*[Inaudible.]* I mentioned that earlier. The ability for people who want support to be able to refer themselves to get the support is really going to be important and will speed up the process of them being able to access it. We can look at the conditionality of that support later.

It may also respond to the issue about those who are not claiming benefits, who may not necessarily be eligible for DWP-funded programmes. I know there has been lots of consultation around the replacement for the European social fund, the UK shared prosperity fund. We could look at that maybe being rolled into the type of programmes or resourcing around new employability programmes. Again, we see that where we are delivering those types of contracts and grants, where people can self-refer, we get some really good traction.

To respond to the point about the dynamic purchasing system, which is the platform on which you can access the Flexible Support Fund, it is no secret that it has been a challenge to access funding through that platform, particularly for smaller providers. It is not very dynamic, if I am honest. We often say that some providers have learned how to crack the code of how to access the funding. That is not for want of trying and having some really good relationships with local DWP representatives, whether Jobcentre Plus regional managers or the local work coaches.

In one specific area, there was a very niche need around parents returning to work who needed childcare wrapped around their employability support but who had complex barriers—the intersectionality that we spoke about. Between us, as the Salvation Army and the jobcentre, we designed what looked like a really good programme. Getting that into the platform to be able to commission that and then to get the funding to the programme that we had envisaged together has been a challenge. Although there is definitely a place for that platform to work, it would definitely need to be looked at for it to be a mechanism with the numbers that we are now talking about.



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Somebody mentioned earlier that the Flexible Support Fund is already there to be used by the jobcentre, specifically for individual needs. Again, there is a real concern that many work coaches aren't aware of it or of what it can be used for. Importantly, when we contact them to ask them to support our clients in a certain way, there seems to be, in some places, a reluctance to use it.

Q206 **Chair:** Thank you. Let me see whether Chris wants to come in on this briefly, if we have overcome the technical problem.

**Chris Luck:** I understand that it is about the—*[Inaudible.]* Can you hear me now?

**Chair:** We barely can.

**Neil Coyle:** Chair, can I make a suggestion? Perhaps Chris could have that question in writing, so that we can get some detail in the answer. Could you, Rebecca, provide some specific examples of where things could be smoothed and where, process-wise, things could be done better, so that we can look at what recommendations we might make to the Department?

Q207 **Chair:** That is a very helpful suggestion, if you are able to do that, Rebecca, and Chris as well.

The time is almost up. There is one more question that I want to raise with Mat about what has happened in Manchester and about the Working Well programme that you have been running in Manchester since 2014. I just wanted to ask you how that programme relates to the national Work and Health programme, and what the advantages are of organising in the region as you have done with that programme. Do you know how performance in Working Well compares at the moment with the national Work and Health programme?

**Mat Ainsworth:** Thanks for that question. The relationship that we have had with the DWP goes back a number of years now. The DWP is an active partner in our employment and skills advisory panel and on our local industrial strategy work, alongside the DFE and other agencies in terms of developing our response to covid.

The original Working Well pilot, which predates the devolution deal, was specifically focused on how we can support those long-term disadvantaged claimants, primarily out of work due to poor health and disability, to get back into work. Our original premise was that place-sensitive, more integrated approaches would be more effective than the nationally focused welfare-to-work provision.

It is difficult to compare directly Working Well with the Work and Health programme, because I actually think that the Work and Health programme and the DWP's response has evolved from some of our work in Greater Manchester through Working Well. For context, Greater Manchester commissioned its version of the Work and Health programme, which is Working Well, which performed remarkably well compared with the

national programme, although I do not think that official statistics have yet been released on that.

In terms of partnership working with the Department, I think that the combined authority has learned an enormous amount from the Department in terms of its approach to contracts, commercial and some of its support function, which we have borrowed from really well. I think the Department has learned about the benefits of local knowledge, the benefit of local co-ordination and the ability that we have had in Greater Manchester to pool disparate funding streams into a coherent pot, so that we do not end up with a Frankenstein's monster of a delivery system.

I think that that is where we can see the biggest benefit—where we can truly pool health budgets, skills budgets and employment budgets into a system and a provision that makes sense for the individual and is based on the individual's needs, rather than providers having to bid for a number of different funding pots and then, hopefully, trying to patchwork them together in a way that makes sense, which doesn't.

For me, that is the one thing where I think we would like to go even further. I still think that a large number of things that have been devolved to Greater Manchester, such as the Work and Health programme, have some very central constraints around them, which limit some of our flexibilities to commission, and limit our ability to be agile and responsive, such as we are seeing through covid. That is the space where I think that we need to go further.

**Q208 Chair:** Given those difficulties, have you succeeded in Manchester in properly binding together, for example, projects with skills funding and projects with DWP funding?

**Mat Ainsworth:** Absolutely. Our original Working Well pilot of one programme to support 5,000 people is now a suite of seven programmes, a small number of which are funded by DWP. Others, aimed at supporting people who are newly unemployed or are at risk of falling out of work due to poor health, use local health funding, European social funds and some of our employment money, in a pooled manner.

We recently commissioned a programme to support people with severe mental illness, learning disabilities, severe health conditions and autism, for which, again, we pooled local authority funding, health funding and European social funds to create a single programme in a way that we would not have been able to ordinarily, and in a way in which we would not have been able to do without that element of devolution and control over those budgets.

**Q209 Chair:** A final point. If you look at what you are doing now in Manchester and what you were doing when Working Well started six years ago, do you have more or less autonomy now? Have those constraints on you tightened somewhat over the years? What has your experience been?

**Mat Ainsworth:** For the Work and Health programme element of Working Well, which I think is the natural successor of our original Working Well



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pilot, there are probably more constraints now, on the basis that it is part of a national programme. However, for that broader work, skills and health system, because of things like devolved education budgets, we have almost complete flexibility, so long as national entitlements are met. Within the devolved health and social care budgets is where we have been able to genuinely flex and innovate.

**Chair:** Fine. Well, that brings our session to an end. I thank all our witnesses very much for being willing to help us today, and for their clear and helpful answers. I apologise to Chris for the technical problems. I thank you all for bearing with us and helping us. That concludes our meeting.