

# **A new plan for jobs**

**Why we need a new jobs guarantee**

# Introduction and summary

The coronavirus outbreak has significantly changed the landscape of work in the UK. Millions of frontline staff, in care homes, shops, transport and across our public services are keeping the country running while facing risks to their own and their families' health. Nearly half of businesses have people working from home, and over a quarter of the workforce have been furloughed, using the newly introduced job retention scheme.

The TUC's priorities throughout the pandemic have been to protect workers' safety and their livelihoods. We campaigned for the introduction of the Job Retention Scheme (JRS) and the Self-Employment Income Support Scheme (SEISS) to protect workers' jobs and incomes during the lockdown period. As the government begins to consider the loosening of lockdown restrictions, it must now set out a new plan for protecting and promoting jobs.

As we set out in our report on a safe return to work<sup>1</sup> the first step in that plan must be an extension and modification of the JRS, to ensure it can continue the vital work done to date in protecting jobs and businesses. Government must:

- maintain the scheme as long as lockdown is in place
- increase the flexibility of the scheme to support short-time working, to enable people to return to work gradually
- ensure the scheme still protects those who cannot work, including those who are shielding or caring for someone shielding, parents who cannot work while schools are closed, and those who are ordered to self-isolate by the contact-tracing programme.

But we know that some people will unfortunately lose their jobs as a result of the pandemic, particularly in sectors such as hospitality, entertainment and non-food retail which rely heavily on footfall and which cannot operate safely in the immediate future.

These sectors are particularly likely to employ young people, and analysis by the Institute for Fiscal Studies shows that employees under 25 were about two and a half times more likely as other workers to work in a sector that is currently shut down.

Many of these young workers will have come into the labour market at a time of high youth unemployment; a 25 year-old now would have turned 18 in 2013, at a time when the number of unemployed young people hit over one million. It's vital this group don't face another catastrophic hit to their employment prospects.

This report therefore sets out the case for a new jobs guarantee:

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<sup>1</sup> TUC (2020) Preparing for the return to work outside the home: a trade union approach, available at <https://www.tuc.org.uk/research-analysis/reports/preparing-return-work-outside-home-trade-union-approach>

- Government should provide funding to offer a new jobs guarantee. This scheme would provide a minimum six months job with accredited training, paid at least the real living wage, or the union negotiated rate for the job.
- We believe that the government should aim to offer the job guarantee scheme to as many people as possible who face long term unemployment. But in seeking to prioritise it should guarantee jobs to:
  - every worker under 25 and under who has been unemployed for three or more months
  - workers aged over 25 who have been unemployed for six months or more.
- The scheme should be funded by national government, but delivered at regional and local level, with inputs from local leaders, unions and business, working alongside Jobcentre Plus. A new Corona Reconstruction and Recovery panel should be set up in each region to work to deliver guaranteed jobs in the local area that:
  - are additional
  - provide a community, public benefit and/or help to decarbonise the economy
  - meet local labour market needs and
  - promote and protect equality.

We know that job guarantee schemes work. Evaluation of The Future Jobs Fund, set up in the last recession but scrapped by the Conservative-led government, showed the scheme delivered clear benefits for participants, employers and society. And these schemes are common across Europe.

Prior to the coronavirus the government promised significant investment in infrastructure, pledged to put £3bn into a new National Skills Fund, and committed to a shared prosperity fund to replace the EU structural funds. It should look to use these commitments to help fund the job guarantee scheme.

A job guarantee scheme is a vital part of a new plan for jobs. But it must sit alongside decent social security. Avoiding catastrophic falls in income helps people to avoid debt and protects against the worst impacts of unemployment.

- The basic level of Universal Credit and legacy benefits should be increased to £260 a week, 80 per cent of the value of the real living wage.
- The government must provide decent sick pay for all, by increasing the level of sick pay to the real living wage, and removing the earnings qualification that excludes two million people.

The government took a hugely important first step to support workers' jobs in introducing the JRS and SEISS. As the country seeks to recover, it's vital that the work done to protect workers jobs and livelihoods is not lost.

## 2) Maintaining the benefits of the Job Retention Scheme

*Unions campaigned for the introduction of the coronavirus job retention scheme (JRS) and the self-employment income support scheme (SEIS). We know that these have been vital in protecting jobs. This section sets out why they must now be adapted to support jobs as the country begins to plan a return from lockdown.*

The latest survey data from ONS survey data shows that 66 per cent of those businesses both who have been continuing to trade, or who have paused trading, applied for the Coronavirus Job Retention Scheme.<sup>2</sup> Applications for the Job Retention scheme opened on Monday 20 April. As of Sunday 26, April HMRC had received about 512,000 claims with a total value of about £4.5 billion.<sup>3</sup>

The government needs to ensure that the valuable work of the scheme in preventing redundancies is not lost if the support it provides comes to a sudden stop. This means that the JRS scheme must be operational as long as lockdown is in place.

Once people begin to return to work, the scheme must be adapted to facilitate a safe return. Many workplaces will need to operate social-distancing for some time to come, and this may require fewer people to be in work at any one time. This will only be possible if those who cannot work at home continue to have their income supported. Presently, the JRS only covers an employee's wages in cases where they cannot work at all. While furloughed, an employee must not do any work, or provide any services, for the employer. Once furloughed, employees must remain furloughed for three weeks.

To enable a safe return to work the government should:

- Make the JRS more flexible in order to support short-time working. Options to do this include:
  - allow employees to return to work on reduced hours, with the government paying 80 per cent of the wages of the gap between their actual weekly hours and their usual weekly hours. For example, if an employee usually works 40 hours, the employer could allow them to return for 20 hours, paid by the employer. The government would then cover the remaining 20 hours not being worked at 80 per cent of usual pay.
  - reduce the minimum period so that firms can furlough workers for a minimum of one week rather than three. This would enable more businesses to operate a job rotation scheme.

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<https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/conditionsanddiseases/bulletins/coronavirustheconomyandsocietyfasterindicators/30april2020>

<sup>3</sup> <https://www.rightsnet.org.uk/welfare-rights/news/item/more-than-half-a-million-claims-made-to-the-coronavirus-job-retention-scheme-in-its-first-week-of-being-open-for-applications>

These options are particularly important for working parents. If full-time furloughing remains the only option available this could damage the progress made towards equalising caring responsibilities with women being more likely to be forced back into full-time caring roles. This is particularly key if nurseries and schools re-open on a part-time basis.

- Government must also ensure financial support for those workers who continue to be unable to return to work because they are self-isolating, shielding, caring for someone shielding, or because schools and childcare settings are closed and they need to care for children. This is particularly key as the testing and contact-tracing programme ramps up: those workers who are ordered into self-isolation because contact-tracing finds that they have been exposed to the virus must be able to remain at home for the appropriate period without worrying about meeting their living expenses. The government should continue to support the full costs of businesses furloughing these workers for as long as the public health restrictions on them attending their place of work remain. It is not appropriate to use statutory sick pay for these employees as they are not sick.

### 3) The need for a new plan for jobs

*The support provided through the job retention schemes has been vital to protect jobs and must continue. But we know that the necessary measures taken to protect public health have had an impact on our economy that is likely to lead to job-losses.*

*Evidence from previous recessions shows clearly that unemployment has a terrible impact on people's health, wellbeing and, particularly for young people, their future prospects at work. In this section we set out the sectors and groups most likely to face the risk of unemployment, and the evidence of the impact of long periods spent out of work.*

#### **The risk of unemployment**

Most estimates of the impact of the corona-virus on the economy predict a rise in unemployment. The OBR, in their 'corona virus reference scenario' estimate a 35 percent fall in GDP in the second quarter of 2020, and that unemployment will rise by more than 2 million to reach 3.4 million, and unemployment rate of ten per cent.<sup>4</sup>

While official labour market data is not yet available, the surge in Universal Credit claims suggest that jobs are already being lost. In the 6 weeks running up to the 12th April, the DWP received 1.8 million declarations to Universal Credit.<sup>5</sup> Although not all of these will be claims for unemployment, as Universal Credit also supports those in work who have experienced an income fall, this is five times higher than the amount from the same period last year.

#### **Which sectors and groups are most likely to see unemployment rise?**

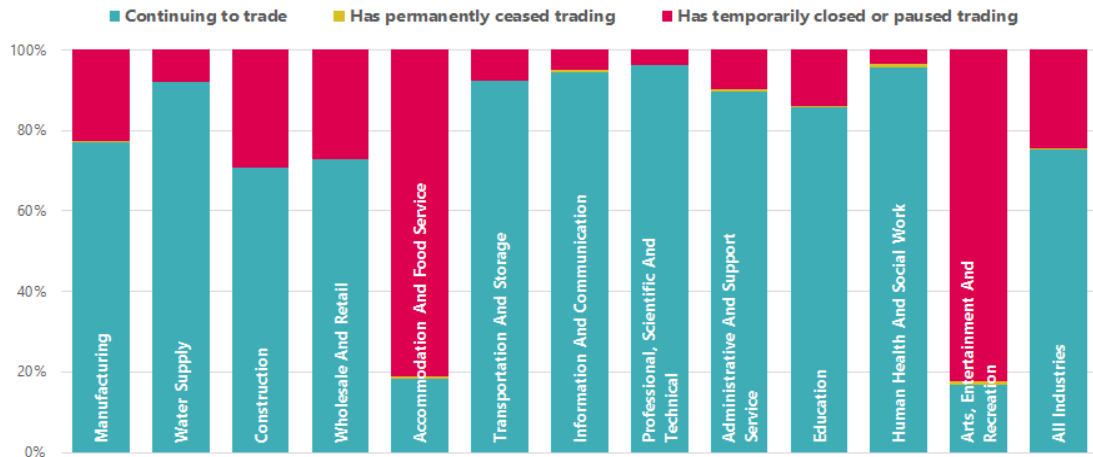
Office for National Statistics data shows how different sectors have responded to the crisis. Covering the period from the 23rd March to the 5th April, in this period 24 per cent of businesses ceased or paused trading. This rose to 81 per cent in the accommodation and food industry and 82 per cent in the arts, entertainment and recreation industry.

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<sup>4</sup> <https://obr.uk/coronavirus-reference-scenario/>

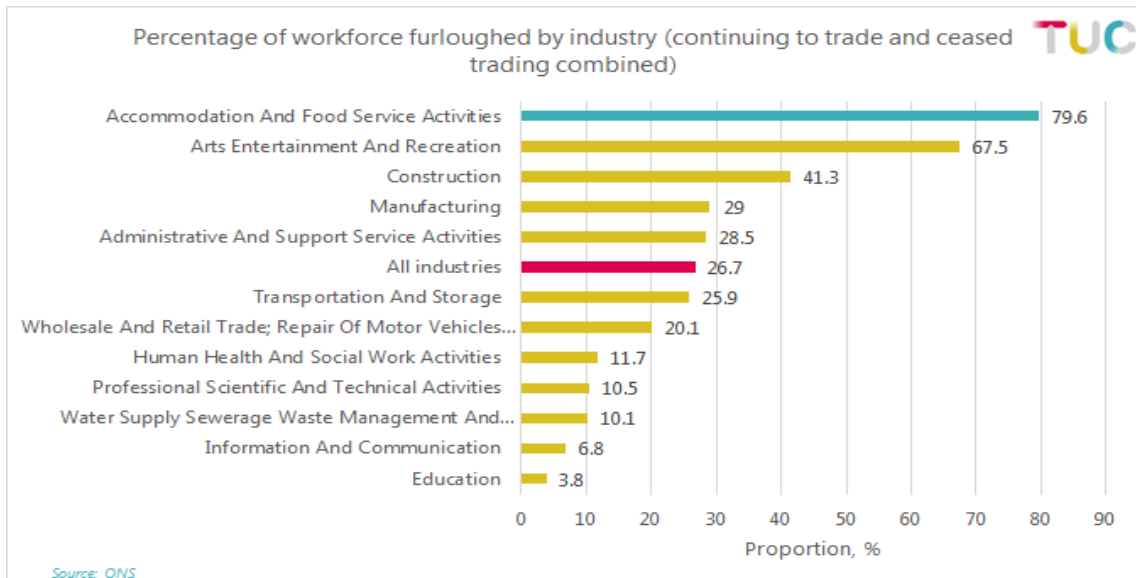
<sup>5</sup> <https://www.gov.uk/government/publications/universal-credit-29-april-2013-to-12-march-2020/management-information-1-march-to-12-april-2020-supporting-explanatory-note>

Current business trading status by industry, 23 March to 5 April



Source: ONS

The highest proportion of workforce being furloughed was recorded in the accommodation and food service activities industry; a sector made up of 1.7 million workers. The industry has been hit hard by coronavirus and its impact will be long lasting.



Source: ONS

Analysis by the Institute of Fiscal Studies (IFS) estimates on the eve of the crisis, 15 percent of employees (around 1 in 7) worked in a sector that has largely or entirely shut down during the coronavirus lockdown.<sup>6</sup> These include non-food retail, restaurants and hotels, passenger transport, personal services and arts and leisure services.

Their analysis shows employees under 25 were about two and a half times as likely to work in a sector that is now shut down, as other employees. The Learning and Work Institute,

<sup>6</sup> <https://www.ifs.org.uk/uploads/BN278-Sector-shutdowns-during-the-coronavirus-crisis.pdf>

expanding the definition of young to include up to aged 30, confirmed the overrepresentation of young workers in shutdown sectors means they are one of the most affected groups, along with those with low or no qualifications and women, risking further entrenchment of significant labour market inequalities.<sup>7</sup>

The IFS found that low earners are seven times more likely as high earners to have worked in a sector that is now shut down. And women were about one third more likely to work in a sector that is now shut down than men.

Resolution Foundation<sup>8</sup> and the Learning and Work Institute show similar findings on demographics. And the Learning and Work Institute extends its analysis to the proportion of employment in at risk occupations by region. The North West (36.3 per cent) and the North East (36.1 per cent) have the highest proportion of employment in at risk occupations in England. London has the lowest level of employment in at risk occupations, (31.9 per cent), followed by the South East (32.5 per cent). This reflects differences in occupational structure and the ability to work from home.

## **The impact of unemployment**

Unemployment has huge social and economic consequences for individuals, families and the communities they are in. And when this turns in to long term unemployment the results can be devastating for the individual's prospects.

Long-term unemployment leads to permanent labour market 'scars', including increased incidence of future unemployment, a greater likelihood of being in poorer quality work and lower subsequent earnings.<sup>9</sup>

Not only does unemployment affect an individual's income and career, but unemployment also impacts on wellbeing and stress, affecting both physical and mental health.

The Marmot Review in 2010 on health inequalities<sup>10</sup> made creating 'fair employment and good work for all' one of the six policy objectives it recommended, with particular emphasis on the need to 'reduce long-term unemployment across the social gradient.' The review noted that 'Unemployed people incur a multiplicity of elevated health risks. They have increased rates of limiting long-term illness, mental illness and cardiovascular disease. The experience of unemployment has also been consistently associated with an increase in overall mortality, and in particular with suicide. The unemployed have much higher use of medication and much worse prognosis and recovery rates.'

## **Long-term unemployment is damaging for young people**

While unemployment has a negative impact on individuals and the economy at any age, it has particularly negative effects on young people. The 2008 financial crisis and subsequent recession significantly affected young workers' employment prospects, with the

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<sup>7</sup> <https://www.learningandwork.org.uk/wp-content/uploads/2020/04/Coronavirus-labour-market.pdf>

<sup>8</sup> <https://www.resolutionfoundation.org/publications/risky-business/>

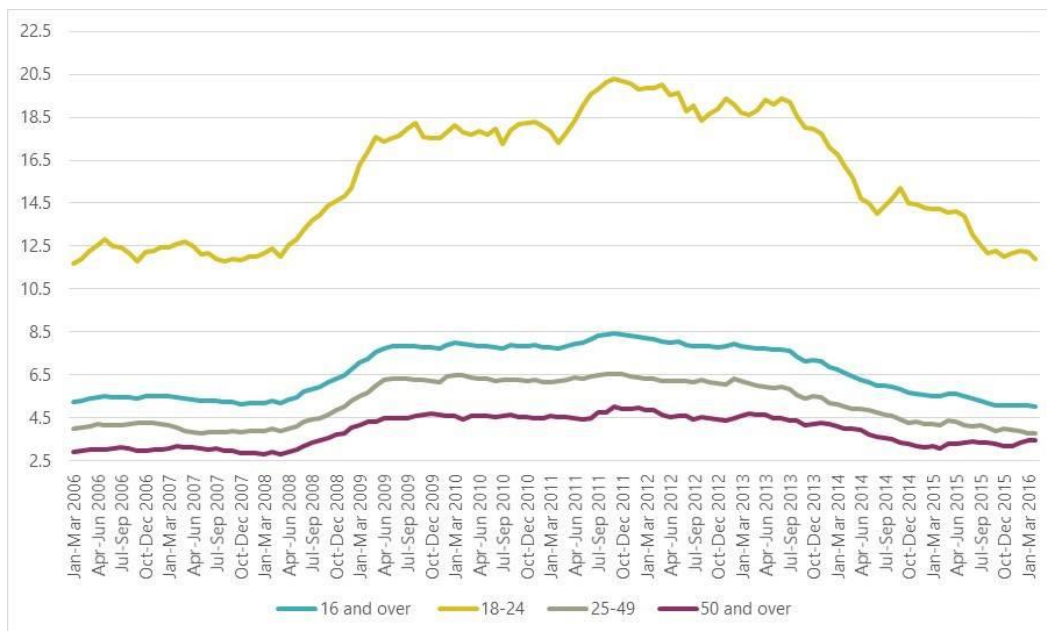
<sup>9</sup> <https://onlinelibrary.wiley.com/doi/epdf/10.1111/1468-0297.00663>

<sup>10</sup> <http://www.instituteoftheequity.org/resources-reports/fair-society-healthy-lives-the-marmot-review>



unemployment rate for 18-24-year olds reaching a much higher peak than for other age groups. Young people's unemployment (including all 16-24 year olds) rose to over 1 million at several points during the early 2010s, including as late as 2013, when those who are 25 now would have entered the labour market at 18.

### Unemployment rates 2006-2016



Source: ONS

It is not just the temporary impacts of unemployment that can damage young people's futures. Experiencing unemployment of six months or more has been shown to "scar" young people's prospects and experiences of the labour market in the future, with impacts on their likely employment rate and earnings potential. This impact is more pronounced on cohorts that experience long-term unemployment aged under 23 than for people who experience long-term unemployment later in life.<sup>11</sup>

A 2012 study for the Commission on Youth Employment estimated that the impacts of long-term youth unemployment at that point would cost £4.8 billion to the exchequer and £10.7 billion to the economy in lost output that year alone. Taking into account the longer-term scarring effects of unemployment on young people, this increased to approximately £28 billion net loss to the Treasury over the decade ahead.<sup>12</sup>

Still recovering from the shocks of the last recession, young people today are yet again facing an uncertain future, with unemployment risking further scarring to their pay and progression prospects, and struggling to make ends meet with a social security system not fit for purpose. The immediate economic impacts of the pandemic do not account for the

<sup>11</sup> <https://www.bristol.ac.uk/media-library/sites/cmpo/migrated/documents/wp97.pdf>

<sup>12</sup> <https://www.acevo.org.uk/wp-content/uploads/2019/07/Youth-Unemployment-the-crisis-we-cannot-afford.pdf>

unknown but no doubt immense personal and economic cost coming down the line, with young people highly anxious about their future, grappling with uncertainty, insecurity and a rapid readjustment of their career and life plans.

That's why it is vital that the government now sets out a new plan for jobs.

## 4) A new plan for guaranteed jobs

*The job retention scheme must be extended to minimise the risk of unemployment. But those who do lose their jobs, particularly young people, will face long term damage to their employment prospects unless the government acts to prevent long-term unemployment. The TUC believes that the government must put in place a jobs guarantee.*

### A new jobs guarantee

We now need to introduce a job guarantee scheme for the UK to help prevent long-term unemployment.

This scheme should build on best practice from the Future Jobs fund and similar schemes across Europe (as set out in the next section), and offer a guaranteed job, paid at least at the real living wage or the union negotiated rate for the job. We believe that the government should aim to offer the job guarantee scheme to as many people as possible who face long term unemployment. But in seeking to prioritise it should guarantee jobs to:

- People aged under 25 who have been unemployed for three months; and
- People aged 25 and over who have been unemployed for six months.

Jobs should be provided for six months, with a guarantee of accredited training.

The Jobs Guarantee should be delivered at regional or devolved nation level, in partnership with unions and business

A jobs guarantee scheme, while one solution to mitigate against long-term unemployment during a recession, can be an opportunity to help create good, secure jobs in all parts of the UK, ensuring more people have access to decent pay and secure livelihoods in a job that provides meaning both for them and for the wider community.

The TUC believes a jobs guarantee scheme should deliver good quality jobs that:

- are paid at least the National Living Wage rate, or the union negotiated rate for the job;
- ensures the worker gets the skills they need to move into permanent work;
- offer a secure contract lasting no less than six months, as above;
- support dignity and equality at work, free from discrimination;
- adhere to health and safety law;
- ensure access to trade unions.

These criteria ensure that a government-funded job guarantee scheme provides secure, meaningful and sustainable work for individuals at risk of unemployment. Evidence from the Future Jobs Fund shows that participants and employers will value a “proper” job, with a good wage, opportunities to gain new skills and an employer reference, over other government employment schemes offering lesser pay, terms and conditions and opportunities - such as workfare, which trade unions oppose.

Trade unions recognise the urgency in addressing the climate crisis on a global and national level, and the need to move to a low-carbon, green economy. Along with our proposals for a robust just transition programme,<sup>13</sup> trade unions believe that the creation of guaranteed jobs should be both designed and delivered in ways that adhere to principles of long-term sustainability, reducing carbon use and minimising long-term environmental damage where possible.

The government can use a jobs guarantee scheme as an opportunity to be even more ambitious, encouraging the creation of sustainable jobs in all parts of the country, and addressing the threats of unemployment, labour market inequalities and the climate crisis together.

Therefore, the TUC believes the scheme should deliver jobs that:

- **are additional.** This means the money should only be used to create jobs that would not have been created in the absence of a scheme, ensuring that job guarantee participants are not replacing existing workers;
- **provide a community, public benefit and/or help to decarbonise the economy.** The inclusion of a “community benefit” criteria was one of the clear successes attributed to the Future Jobs Fund (as we set out in the next section), and so any similar scheme should adopt and widen this principle to explicitly include a contribution to public good, and/or decarbonising the economy;
- **meet local labour market needs.** This means the ability for the money to be used to create jobs in sectors which correspond with regional or local economic plans.
- **promote equality.** Jobs must be designed in a way that promotes equality.

Particular measures that could be taken to ensure the scheme is accessible to all include offering jobs on a part time basis over twelve months; enabling employers to access support via Access to Work to increase disabled people’s access to jobs, and ensuring monitoring of take up at a local level to ensure that those with protected characteristics have equal access the scheme and that action can be taken if there is evidence that particular groups are disproportionately missing out – this is particularly important for BME groups.

### **The scheme should be designed and delivered in partnership with unions**

Unions represent millions of working people in hundreds of sectors across public, private and not-for-profit sectors, winning fair pay for all, helping workers access the skills they need and ensuring our workplaces are safe. They have been instrumental in negotiating the Job Retention Scheme and Self Employment Income Support Scheme with government and employers, a key element of the economic support package for workers and businesses impacted by the pandemic, which has been a lifeline for millions of workers. Trade unions are experts in the world of work and should be considered key stakeholders when it comes

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<sup>13</sup> [https://www.tuc.org.uk/sites/default/files/A\\_Just\\_Transition\\_To\\_A\\_Greener\\_Fairer\\_Economy.pdf](https://www.tuc.org.uk/sites/default/files/A_Just_Transition_To_A_Greener_Fairer_Economy.pdf) accessed 27th April 2020

to economic planning, from helping to design local skills strategies to representing working people on sectoral bodies to raise standards and productivity.

A lot has changed since the pandemic hit. But one thing that has remained the same is the need for more collaborative working between government, employers, working people and community actors. The Welsh government has committed to strengthening social partnership working with a legal underpinning of this approach in partnership with Wales TUC and trade unions to achieve a shared goal of a Fair Work Nation.<sup>14</sup>

The TUC has called on the government to establish a National Council for Reconstruction and Recovery, ensuring workers and communities have a meaningful and equal voice to government and employers in the plans to rebuild the country after the pandemic. The current patchwork of regional and local structures across the country, with diverging responsibilities and varying levels of worker engagement, are not all fit for this purpose.

As noted previously, unemployment is likely to be unevenly distributed throughout the UK, with the North East and North West currently facing the highest risk of unemployment. There is therefore a clear need to establish regional or devolved nation recovery panels to complement a National Council, underpinned by a social partnership approach. These panels, representing local government, employers, trade unions, Job Centre Plus and community partners, should have an equal voice in decision-making, represent a diversity of views and experiences, and can ensure a rapid and effective response to redundancies and other impacts of the pandemic for the local area.

These panels should be responsible for delivering guaranteed jobs that meet the principles set out above. Funding would be provided by central government, based on regional need. As we set out above, unemployment is likely to be unevenly distributed throughout the UK, with the North East and North West currently facing the highest risk of unemployment.

Access to the jobs should be mediated through Jobcentre Plus, who will need additional resources to manage the scheme, with dedicated and expert advisers.

Jobcentre Plus should also be funded to establish a new rapid redundancy service to provide advice and support to those at risk of losing their job, working alongside unions.

## **Ensuring that jobs provide training and prospects**

Any ambitious jobs guarantee programme must include learning opportunities for the participants. This is a chance to build a future workforce who have skills to take on jobs that are needed for a greener economy.

An economic downturn following the coronavirus pandemic is likely to have a negative impact on the number of apprenticeship and traineeship on offer. This means there are fewer entry points to work for young people. Not tackling skills issues early on means that they can get stuck in low-level, low-paid jobs. This was highlighted in the Augar review: almost 40 per cent of 25-year-olds do not progress beyond GCSE/level 2 as their highest

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<sup>14</sup> <https://gov.wales/more-equal-wales-strengthening-social-partnership-white-paper> accessed 28th April 2020

qualification and a further 26 per cent do not progress beyond level 3 (equivalent to A Levels).

The job guarantee placements should therefore include a training or learning element appropriate to the person's and industry's needs. For the individual, the job guarantee needs to come with an entitlement to government funded learning with all participating workers taking an initial assessment to explore where their specific upskilling needs are. The minimum time spent in learning should be one day a week or 20 per cent of working time mirroring the apprenticeship programmes' entitlement.

The job guarantee scheme could also be built into a kick-start to apprenticeships where a young person can do their first six months with national living wage and start developing a career in a sustainable job. Apprenticeships offer jobs on all levels from entry to higher level. For employers this is an option to target the areas where skilled workforce will be needed.

To enable the training element in the job guarantee scheme the government should activate the National Skills Fund (NSF) immediately. Its promised £600 million investment per year should be brought forward to be spent now in response to the urgent upskilling need that is hitting the workforce.

In addition, government should look to expand the graduate entry schemes it runs, including in the civil service, providing good quality jobs for young people.

## 5) Learning from best practice on job guarantee schemes

*The Future Jobs Fund introduced in 2009 was shown to benefit participants, employers and the wider community. In designing a jobs guarantee scheme, government should learn from this and other best practice across Europe.*

### Lessons from the Future Jobs Fund

The Future Jobs Fund (FJF) was introduced by the Labour Government in October 2009 as part of the Young Person's Guarantee. This was in response to the rise in unemployment in the UK after the global economic crisis in 2008, and the strong concerns about the long-term effects of rising youth unemployment. Under the guarantee 18-24-year olds reaching the six-month point of their Jobseeker's Allowance claim (JSA) were guaranteed an offer of a job, training or work experience.<sup>15</sup>

The primary aim of the FJF was to build skills and work experience for disadvantaged young jobseekers to assist them in securing long-term unsubsidised employment.

The design of FJF

- Each job had to be at least 25 hours per week
- Jobs had to be paid at least at the minimum wage
- The jobs were required to be "additional" posts - i.e. posts that would not exist without the FJF funding and that would not otherwise be filled by the employer as part of their core business.
- Jobs were required to last at least six months
- The work had to benefit local communities
- Providers were required to provide support for employees to move them into long term, sustained employment
- The cost paid to each organisation was a maximum of £6,500 for each job: 40 per cent (£2,600) was paid in advance to cover set up costs. 60 per cent (£3,900) was claimed in arrears based on actual weeks worked by FJF employees (i.e. £150 per week for a maximum of 26 weeks).

The real selling point of the FJF was that it gave participants recent experience of a real job with a real wage. FJF jobs were paid at least the minimum wage, which means that they were more likely to be valued by participants – and by employers. One of the problems with low quality employment programmes is that participants do not value them, employers do not value them, and that disregard translates into ineffectiveness.

Funding of around £1 billion was originally given for the FJF between 2009 and 2011, to create around 150,000 new jobs. The Labour Government then extended the FJF

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<sup>15</sup> <https://researchbriefings.files.parliament.uk/documents/SN05352/SN05352.pdf>

programme for an additional year to 2012, bringing the overall cost to around £1.3 billion, and the estimated total number of FJF jobs rising to 200,000.

The FJF programme was managed by the Department for Work and Pensions (DWP) in partnership with the Department for Communities and Local Government (DCLG), and with input from Jobcentre Plus Regional Government Offices in England and Devolved Administrations in Scotland and Wales. National organisations and local and sectoral partnerships were invited to bid to create FJF jobs.

The overwhelming majority of jobs created through the Future Jobs Fund were in the public and voluntary sector.

### **What happened to the FJF?**

The Coalition Government made the decision to end the FJF immediately after taking office in May 2010. Studies since then have shown that the Fund had a substantial and positive impact on the employment prospects of participants. The DWP's own evaluation of FJF in 2012 showed that overall, the programme improved the chances of entering unsubsidised unemployment and was associated with net benefits to the employer, the participant and to society.<sup>16</sup>

Under their baseline assumptions the FJF programme is estimated to result in

- a net benefit to participants of approximately £4,000 per participant.
- a net benefit to employers of approximately £6,850 per participant.
- a net cost to the Exchequer of approximately £3,100 per participant; and
- a net benefit to society of approximately £7,750 per participant.

Two years after starting the programme, participants were less likely to be in receipt of welfare support by 7 percentage points (or 16 per cent less likely) and more likely to be in unsubsidised employment by 11 percentage points (or 27 per cent more likely) per participant than they would have been had they not participated.

This is a very large impact for an active labour market programme (considerably larger than that found for New Deal for Young People, for example) suggesting that the programme had a large and lasting impact on participants' attachment to and ability to succeed in the labour market.<sup>17</sup>

### **Learning from international examples**

There are also examples of successful job guarantee schemes internationally. The EU Youth Guarantee (YG) was introduced to address the problem of youth unemployment across the EU. The YG scheme is a commitment, agreed to by member states in 2013, to ensure that those under the age of 25 receive 'a good quality offer' of employment, continued

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<sup>16</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/223120/impacts\\_costs\\_benefits\\_fjf.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/223120/impacts_costs_benefits_fjf.pdf)

<sup>17</sup> <https://www.niesr.ac.uk/blog/future-jobs-fund-what-waste>



education, an apprenticeship, or a traineeship within four months of becoming unemployed or leaving formal education.

The scheme has been a success. In 2013, youth unemployment across the EU was 24 per cent. By 2019, while still high, it had dropped by ten percentage points to 14 per cent. While some of this was due to improving economic conditions, the YG can take some credit. More than 5 million young people per year have registered in YG schemes since 2014, with more than 3.5 million accepting an offer of employment, continued education, a traineeship or an apprenticeship each year.<sup>18</sup>

While the YG scheme is aimed at those under 25, some countries have raised the age to 27 or 30. This reflects the fact that the scheme is not a one-size-fits-all approach, but is intended to be adapted to national, regional and local circumstances. As well as this, the scheme is intended to be based on partnership-based approaches and to be continuously assessed to ensure improvement.<sup>19</sup> An OECD paper on the emerging lessons from the local implementation of youth guarantees highlights the importance of giving local areas having the flexibility to tailor the scheme, as well as the need for strong partnerships to ensure successful implementation. In particular, it recommended developing better relationships with trade unions and youth organisations.

These recommendations for improvement are part of a wide literature on how to improve implementation of a similar job guarantee scheme that any UK-based scheme should seek to learn from. The European Commission, for example, publishes country-by-country updates and analysis on the implementation of the YG.<sup>20</sup> And other recommendations from the OECD report include ensuring sufficient human and financial resources, timing interventions effectively, and making sure there's a high quality of placements.

In a 2017 report, the International Labour Organisation (ILO) called the YG 'one of the most innovative labour market policies of the last few decades', but added that implementation at a national level hasn't been without its bumps. It explained that the YG is an effective intervention as long as it is designed and implemented properly. It highlights six key success factors:

- Early intervention
- Clear eligibility criteria
- The provision of activation measures in a comprehensive package (i.e. comprehensive employment programmes rather than isolated measures)

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<sup>18</sup> The Youth Guarantee, European Commission. Available at:

<https://ec.europa.eu/social/main.jsp?catId=1079&langId=en> (Accessed 29 April 2020)

<sup>19</sup> Implementation of the Youth Guarantee by the Public Employment Services Success factors and key challenges (p.10-11), European Commission. Available at:

<https://ec.europa.eu/social/BlobServlet?docId=20908&langId=en>

<sup>20</sup> The Youth Guarantee, country by country, European Commission. Available at:

<https://ec.europa.eu/social/main.jsp?catId=1161&langId=en>

- Appropriate institutional frameworks (involving a wide range of organisations, including trade unions, employers and social partners)
- Sufficient resources
- Ensuring that participants follow any obligations associated with the guarantee.

It stressed that a lack of proper funding and resources and a failure to intervene early threatens the success of the guarantee.<sup>21</sup>

The lessons of these programmes, including the importance of including trade unions, should be incorporated into the design of a new jobs guarantee programmed delivered in the UK.

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<sup>21</sup> The European Youth Guarantee: a systematic review of its implementation across countries, ILO, available at: [https://www.ilo.org/wcmsp5/groups/public/---dgreports/---inst/documents/publication/wcms\\_572465.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---inst/documents/publication/wcms_572465.pdf)

## 6) A jobs guarantee must sit alongside a strengthened social security system

While a job guarantee will help many to find work, it is still important that a sufficient social safety net is in place for those who cannot find work, as well as those who are unable to work.

As it stands, the introduction of Universal Credit (UC), alongside a decade of austerity policies such as the benefits freeze and the two-child limit, has left the UK with low benefits payments, a long and punitive application system, and a five-week wait for first payment that pushes people into poverty and debt.

In response to the pandemic, the government has introduced some measures to improve universal credit, increasing the basic amount of UC by £1,000 per year. This means weekly payments are now around £94 per week. As well as this, eligibility has been widened, with self-employed people temporarily not needing to meet a minimum income floor in order to qualify for the benefit. Housing benefit has also been increased.

However, further measures are desperately needed. The replacement rate (the standard benefits payment as a percentage of average weekly earnings) has fallen steeply since the 1960s. Even with the recent increase in payments, the replacement rate is 17 per cent, compared to 33 per cent in the 1960s .

In our report on the social security system,<sup>22</sup> we put forward seven measures to be put in place as an emergency rehaul of UC:

- Suspend any conditionality requirements within the UC system
- Remove the savings rules to allow more people to access support.
- End the five-week wait by converting emergency payment loans to grants.
- Raise the basic level of UC, and legacy benefits including jobseekers allowance and employment and support allowance, to at least 80 per cent of the national living wage (£260 per week). In future, we would like to see a more earnings-based model, but this is too difficult to introduce swiftly. For existing claimants, payments can be topped up automatically, and the benefit cap should be lifted to account for this.
- Significantly increase child benefit payments, and remove the two-child limit within universal credit and working tax credit.
- Ensure nobody loses out as a result of these changes. These increases must not just mean a change in the composition of the benefits someone receives. As well as this, no one on legacy benefits should lose the protection of the managed transition to UC as part of this changes.
- Remove the minimum hours requirements in working tax credits.

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<sup>22</sup> <https://www.tuc.org.uk/research-analysis/reports/fixing-safety-net-next-steps-economic-response-coronavirus>

While these are emergency measures, they must be the start of a wider conversation on how we replace UC in the long term. In particular, we want to see a non-punitive system with a higher replacement rate.

And government has still not fixed the sick pay system to provide sick pay for all. Government must:

- Urgently increase the weekly level of sick pay from £94.25 to the equivalent of a week's pay at the Real Living Wage – around £320 a week.
- Act now to remove the lower earnings limit for qualification for sick pay, and ensure everyone can access it, no matter how much they earn.