

# Long-term unemployment

Long-term unemployment is most generally defined as being out of work for 12 months or more and this is something expected to increase following the pandemic. Helping people back to work quickly will aid recovery and ensure everyone can share in recovery.

## Why does this matter for local government?

- Long-term unemployment is **damaging for individuals**: the longer you are out of work, the less likely you are to find work. It can also affect health and wellbeing, as well as living standards through reduced household income. Where households with children are affected, this can increase child poverty potentially limiting children's life chances.
- This **risks the long-term prosperity of local economies**; a potential downward spiral as high long-term unemployment reduces demand for local businesses through reduced household incomes, and may also mean employers are unable to access the skills they need.
- In turn this may reduce income for **local government** if reductions in business lead to reductions in tax income such as business rates and an **increase in demand for council services**.
- In short, long-term unemployment has a significant and longlasting impact on people's living standards and wellbeing, increases demand for local government services, and limits local economic growth and prosperity.

## What is the challenge?

- Long-term unemployment is **increasing**: unemployment increased during the pandemic while a sharp fall in vacancies has meant fewer opportunities for those who have lost their jobs and those who were already out of work to find new jobs.
- The extent of the rise in long-term unemployment will depend on what happens to the economy and the success of labour market policy in helping people (including those already out of work before the pandemic) to look for and find work. Learning and Work Institute estimates long-term unemployment could potentially triple to 1.2 million in England.
- Long-term unemployment **varies** across England and the scale of its increase will vary too. This will depend in part on changes in local economies and employment including due to:
  - a. long-term trends like **advances in technology**, which are changing the types of jobs available in local areas and the skills required for existing jobs too, creating new opportunities but also displacing existing jobs and skills
  - b. the extent to which the **impacts of the pandemic** persist like increased homeworking and online shopping, which may reduce the number of jobs in town and city centre retail, hospitality and services, but also create new opportunities too
  - c. structural economic changes including adapting to a **new trading relationship with the EU** which will affect industries and their supply chains, as well as the types of sectors, jobs and skills the UK and local economies specialise in.
- People who are long-term unemployed are a **diverse group**: there is no single set of factors applying to everyone who is long-term unemployed. Some may have limited work experience, others may lack the skills employers need or have worked in sectors with falling employment opportunities, others may need help with childcare or jobsearch, and others still may live in areas with fewer job opportunities. People with health problems and disabilities are more likely

to be long-term unemployed. As the factors affecting each person are different, so there is no single answer for helping people to find work: support needs to be personalised and tailored.

## What does the evidence say works?

What works will vary between groups and individuals, and there are some groups for whom the evidence base needs further development. This includes people with health problems and disabilities, where [Learning and Work Institute undertook a what works review](#) and has also [evaluated a number of locally-led pilots](#). However, some core themes emerge.

The [Solent Jobs Programme](#), which was ESF funded, supported more than 1100 long-term workless people with health problems and disabilities 2016-18. Just over one fifth took part in a Transitional Employment Programme, which provided temporary work combined with work search. Twenty eight per cent of these moved into open employment – higher than comparable programmes.

- Engagement.** Participation in employment support is voluntary for most long-term unemployed people meaning they need to want to engage, and positive engagement is vital even where support may be mandated by Department for Work & Pensions (DWP). Successful engagement can come through a combination of: use of **trusted intermediaries**, such as housing associations, community groups and other local authority services; and **positive messages**, about the support available, use of peer groups (eg 'people like me') and potential benefits of finding work (such as increased income but also making new friends).
- Personalised action plan and support.** Most successful programmes are based on a **personal** advisor agreeing an **action plan tailored** to an individual's job aspirations and the steps they will need to achieve these. These need to be built on realistic career aspirations and identifying and addressing any barriers to work, as well as promoting active job search. This means the skills of the adviser and having manageable caseloads are both critical.
- Provision.** In addition to ongoing job preparation and search, there are a range of other types of provision that may be of benefit to people who are long-term unemployed depending on their circumstances and job goals. These can include **skills** (both employability and job-specific), **work experience**, **interview technique**, help managing **finances**, **childcare** etc. Other approaches can work, such as [intermediate labour markets](#) (subsidising the creation of temporary jobs and providing wraparound support including jobsearch) though they should be carefully targeted on people least likely to find employment otherwise and have higher costs. **Wage subsidies**, supporting employers on a temporary basis with the wage costs of people who are long-term unemployed, can also have an impact, again where effectively targeted on those least likely to find work.
- Employers.** Effective engagement with employers requires **understanding** the local economy and upcoming vacancies, and the **skills employers need**. It could involve **encouraging** employers to recruit from programmes for long-term unemployed people and perhaps **guaranteeing interviews**. In this way, provision can help to more effectively match those who are long-term unemployed with available jobs. Councils can also open up more jobs to those who are long-term unemployed, by: requiring employment of people previously long-term unemployed in **commissioning**; **leading the way** as an employer; using their role as **local leaders** to encourage employers to engage.

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## SIX STEPS TO TACKLING LONG-TERM UNEMPLOYMENT

### 1. What is the objective?

Defining the intended objective helps to then understand the challenge and identify an effective response. Preferably the objective should be measurable and aligned with key local strategies, and you should consider whether and how to engage with your portfolio holder.

For example, this could be: a general objective to eg halve long-term unemployment; a specific objective to narrow gaps in long-term unemployment between groups or areas; or a targeted objective to find work for people who are long-term unemployed benefit from a local development.

### 2. Do we understand the challenge?

Understanding the challenge requires a combination of identifying findings from previous research, speaking with those who are long-term unemployed, and engaging with those already providing similar employment support services. This can help to explore the following questions:

**Who is long-term unemployed?** This could be a demographic group, such as the over fifties, or a particular geography within the council.

**What employment opportunities are available?** This could include discussing with your economic development team and opportunities in the council, as well as other employers.

**What is preventing people who are long-term unemployed from finding work?** This could be a skills mismatch, lack of support with jobsearch, insufficient work experience, issues with transport, childcare etc or more.

### 3. What works?

Evaluations or 'what works' review of past and present programmes in the UK and other countries will provide valuable lessons, plus understanding labour market data and speaking with those delivering similar employment support programmes. Applying the following framework may help:

**Engagement.** Participation in many employment support programmes is voluntary. What has been successful in engaging long-term unemployed people in employment programmes?

**Support.** A skilled personal advisor agreeing, supporting and monitoring a personalised action plan for finding work is key. What skills do advisors need and what is a manageable caseload?

**Provision.** What provision will be needed, given the local demographics of long-term unemployed people? This could include training, job search, intermediate labour markets, wage subsidies etc

**Employers.** It is employers that will ultimately employ people. What vacancies do local employers have, what skills do they need and how can we ensure the target group can access vacancies?

### 4. What support and services are already available?

Ensuring you know what local support is **already in place** and that you are plugged into **existing local partnerships** will help in identifying any **gaps or shortfalls** in support for the long-term unemployed groups identified, as well as opportunities for **new ideas** and **joining up support**.

The employment and skills system is complex and there is a wide range of provision and providers in most parts of the country. **DWP** is the major deliverer (through Jobcentre Plus) and

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commissioner of employment support for people who are long-term unemployed, such as Restart. However, a range of support will also be funded through **European Social Fund** and its successor UK Shared Prosperity Fund, as well as local support commissioned or delivered through **housing associations, charitable trusts and foundations, employers** and others.

In addition, you should also consider **aligned provision**: for example, which groups are already engaged with the target group and so could help with **engagement**; who is providing **training support** such as training providers, colleges and council-led adult education; who is already working with **employers** and could help opening up vacancies?

## 5. What are the options for intervention to improve outcomes?

You should explore the **full range of options** that will address the challenge identified, and assess their potential costs and benefits and potential unintended consequences. This should involve engagement with those already providing similar services, as identified in step 4. An early conversation with DWP and Jobcentre Plus will be critical given their key role in delivery and programmes like Restart, as well as to identify new or upcoming policy developments.

The options could include: developing a **new programme** for the target group (this could allow a clear focus on the group, but would it duplicate other provision or add to complexity for employers?); **expanding an existing programme** or increasing its focus on the target group; **introducing or testing a new type of support** such as one that has worked elsewhere or for another group (eg individual placement and support is proven for people with some mental health conditions and is now being tested for people with other conditions); or looking at how existing provision could **work more effectively together** (for example, referrals and data sharing between providers, links between help to find work and in-work training to promote sustainable work etc).

Options for implementation could include: commissioning of new support by the council; influencing what others are commissioning; co-commissioning; influencing national policy; or ensuring structures for more effective coordination of support.

## 6. How will we know if it's working?

- **Defining success.** Success will mean a proportion of people finding and sustaining work. But this needs to be value for money, including compared to other possible interventions, and additional to what would have happened without support (given some people would have found work without support). These success measures can be designed with reference to other programmes targeting similar demographic groups or in similar geographies.
- **Effective design and evaluation.** This is central to assessing impact and effectiveness, as well as building the evidence base by examining which elements of support are key to its success. This can include quantitative evaluation, such as cost-benefit analysis, and qualitative research with staff and customers
- **Build in key performance indicators.** These could include the number of people engaged, what support they've received, job entry and sustained employment. It should also include customer satisfaction and feedback. Taken together, they should provide measures along a clear logic chain that starts from engaging people into support through to sustained work.
- **Taking a systems view.** A programme may hit its targets, but have unintended consequences or miss the chance to have greater impact through closer working with other programmes and support. This can be assessed including by analysing data on participation in and impact of other programmes, as well as qualitative research with practitioners and customers.