

Shaw Trust Comprehensive Spending Review Representation

September 2020

Introduction

Shaw Trust believes in the right of every person in the United Kingdom to live a decent and dignified life through good employment. We are a not-for-profit social enterprise that seeks to improve life chances for employment for people who face social and economic challenges, or who may also be disabled or have complex needs. We are the UK's largest not-for-profit social enterprise in the employability sector.

Our submission seeks to address these key priorities outlined in the Comprehensive Spending Review (CSR) Guidance document¹;

- Strengthening the UK's economic recovery from COVID-19 by prioritising jobs and skills
- levelling up economic opportunity
- improving outcomes in public services

The summer statement was an important start in the Chancellor's plan to protect, support and create jobs, but the government will need to go even further to mitigate the labour market crisis brought about by Covid-19.

We fully appreciate the uncertainty surrounding the Covid-19 pandemic, and its economic impacts, making the CSR decisions the Chancellor faces immensely difficult. However, some of the urgent measures needed are very clear. Decisions should be made even if they prove to be imperfect as new data emerges.

There are too many important issues impacting disadvantaged groups for further delay and Covid-19 must not be used as the vehicle to push back important government policy proposals made pre-pandemic. It may however be advisable to move away from the CSR being a multi-year settlement, settling for a smaller time envelope, recognising demand for public services will be highly unpredictable.

Underpinning our call for urgent educational, employment and skills measures in the CSR is the need for the government to invest in social infrastructure, alongside the physical infrastructure plans that were announced at the last Budget.² Research shows that social infrastructure spending (for example; youth services, skills, employment support, community spaces) has fallen drastically over the last decade³.

The Centre for Progressive Policy (CPP) has conducted research on the value for money, productivity returns and levelling up impacts of social infrastructure spending. CPP show that investment in social infrastructure can play a vital role in

¹ <https://www.gov.uk/government/publications/comprehensive-spending-review-2020-representations-guidance/comprehensive-spending-review-2020-representations-guidance#what-to-include-in-your-representation>

² According to CPP "The term social infrastructure refers to the systems required to meet local and strategic needs and contribute towards a good quality of life. They comprise of a combination of facilities, people and services; adult education centres, early years teachers and stop smoking programmes are all part of it. Buildings like hospitals and schools are also social infrastructure but they are not the most important element– state of the art facilities are pointless if they stand empty, and services cannot run within them without a motivated, well trained workforce".

³ <https://www.progressive-policy.net/publications/shovel-ready-social-infrastructure>

increasing the 'health and skill levels of more deprived sections of the population and reducing place-based inequalities in line with the government's levelling up agenda'⁴. Examples include the 'Troubled Families' programme, which the evaluation found, delivered £2.28 of economic benefits for every £1 spent⁵.

There is strong evidence in particular that investing in skills and employment support offers value for money while increasing social mobility, and positive outcomes for communities. BEIS' research on vocational qualifications at level 2 and 3 found that they provide a positive net fiscal return of between £3,000 and £48,000 per person⁶ while the lifetime productivity return of a Level 2 apprenticeship is estimated at between £31,685 and £148,700 for women and £67,937 and £313,668 for men⁷.

We therefore strongly advocate that social infrastructure investment must not be neglected, or overshadowed by physical infrastructure investment, particularly given the impact of the Covid pandemic. In this response, we focus on six areas, all relevant to social infrastructure, which we believe will be vital in boosting productivity, levelling up the country while offering value for money, as we rebuild our post-pandemic society and economy.

Key areas for investment and recommendations:

- The UK Shared Prosperity Fund must begin in April 2021 as pledged and maintain its planned focus on skills support for disadvantaged groups.
- The Government must not lose sight of those groups who face employment opportunity gaps pre-Covid, for example disabled people, and funding should be ring-fenced for these groups in employment support budgets.
- Investment is required to give older workers more support to change career and retain.
- The split in skills, education and employment provision between DfE and DWP should be reviewed to break down remaining silos.
- Funding is required to provide additional support to groups of disadvantaged learners who have been disproportionately impacted by Covid-19.
- Build back better by ensuring the revised Outsourcing Playbook guidance is adhered to and ensure commissioners focus on social value.

The UK Shared Prosperity Fund (UKSPF)

The Government has committed to introducing the UKSPF in April 2021, to replace the European Social Fund. This commitment manifests in a pledge to introduce a new skills programme to target support at disadvantaged individuals filling gaps in normal statutory provision⁸. This is the right approach, and it is vital that the UKSPF goes ahead as planned. There has not been a consultation on the UKSPF, as initially

⁴ <https://www.progressive-policy.net/publications/shovel-ready-social-infrastructure>

⁵ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/786889/National_evaluation_of_the_Troubled_Families_Programme_2015_to_2020_evaluation_overview_policy_report.pdf

⁶ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/32354/11-1282-returns-intermediate-and-low-level-vocational-qualifications.pdf

⁷ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/387160/RR398A_-_Economic_Value_of_Key_Qualifications.pdf

⁸ <https://www.conservatives.com/our-commitments/uk-shared-prosperity-fund>

pledged, but with time short, it is important the CSR provides more details of the UKSPF, its design and funding mechanisms, so that the fund is ready to be used to support people from April 2021. This will also ensure third sector organisations are given time to plan for the Fund's implementation. As has been previously committed to, the funding must be at least equivalent to the EU funding which this scheme is replacing. However, with the impacts of Covid-19 being so hard felt, we would like to see funding levels go beyond this equivalent.

The UKSPF should be targeted at groups and places that have been particularly hard hit by the impacts of the pandemic. On the whole, the impacts of coronavirus have been more evenly spread geographically than has been the case with previous economic downturns; the more unique aspect of the current economic downturn is the sectoral nature of it. However, significant regional inequality pre-dates Covid-19 and the fund should be a key vehicle to address this through social projects⁹.

Covid 19's impacts have not been felt equally by different groups of people. Younger people, Black and other minority ethnic groups, older jobseekers and disabled people are some of the groups which have been disproportionately impacted by the pandemic, especially in regards to the labour market impacts. For example, during the current crisis, most layoffs have occurred among low-paying jobs, where disabled workers often find themselves¹⁰. Recent research shows from the Citizens Advice Bureau, shows that one in four disabled people (27%) are facing redundancy, rising to 37% for those people whose disability has a substantial impact on their activities¹¹. We think it is vital that the fund is targeted at supporting these groups who have, potentially, been pushed further from the labour market by the rise in newly unemployed people, and may require intensive and tailored support, which can be provided through UKSPF funding.

In regards to funding mechanisms, we think that local communities, local and combined authorities should have control over the UKSPF funding in their areas. This will make it easier to connect UKSPF programmes with existing local and national provision, such as national and local skills and industrial strategies, ensuring that programmes complement and reinforce each other, rather than duplicate activity.

However, in some circumstances, a mixed economy of local and national provision is needed, as a local approach may not be sufficient to support some individuals with complex needs. For example, there is a need to retain support for ex-offenders currently delivered by HM Prisons and Probation Service at a national level. In this case there is a requirement to coordinate support for ex-offenders effectively over large geographies. A national approach for this group of individuals would ensure that prisons, probation services and providers can work together over large geographies, which a local approach solely cannot offer.

Finally, the UKSPF can play a key role in showcasing the role charities can play in helping rebuild communities across the UK. While the third sector should not receive

⁹ <https://www.sheffield.ac.uk/news/nr/uk-higher-regional-inequality-large-wealthy-country-1.862262>

¹⁰ <https://blogs.lse.ac.uk/usappblog/2020/05/21/an-unequal-labor-market-means-that-covid-19-has-been-especially-harmful-for-vulnerable-groups-including-people-with-disabilities/>

¹¹ [https://www.citizensadvice.org.uk/Global/CitizensAdvice/Work%20Publications/An%20unequal%20crisis%20-%20final%20\(1\).pdf](https://www.citizensadvice.org.uk/Global/CitizensAdvice/Work%20Publications/An%20unequal%20crisis%20-%20final%20(1).pdf)

money simply because it is the third sector, the UKSPF's focus on social projects does mean there is an opportunity for charities to maximise social value in the communities they operate in through this funding, and combined with their local focus, charities are well placed to play a prime role in ensuring the UKSPF meets its objectives.

Ring fenced employment support funding for disadvantaged groups of jobseekers

As discussed in relation to the UKSPF, the impacts of Covid-19 on the labour market have not been felt equally. With the large rise in unemployment, government must not lose focus on jobseekers who faced equality opportunity gaps pre-Covid. For example, many disabled jobseekers are finding themselves pushed further from the labour market by the pandemic, with less vacancies and a large amount of newly unemployed people.

Existing employment programmes for disabled people will need to develop and expand, and new provision may be needed to take account of this effect. As well as expanding existing provision the government should ring-fence funding for future employment support programmes for groups hardest hit by Covid-19 and those furthest from the labour market; particularly disabled people, and younger and older jobseekers.

During the pandemic employment support providers have quickly switched to virtual solutions to allow the continuation of support. While no doubt this has worked well for many people in the circumstances, we encourage caution about assuming that this model is going to be the most appropriate and effective as we emerge from the pandemic. For starters, it is not clear at present whether digital engagement has yielded worse or better results than face to face provision has, and any move in this direction must be evidence led. It also should be recognised that digital does not work for some people, especially disadvantaged groups, who often lack digital skills and access to equipment and the internet. For example, research shows that 25% of disabled adults have never used the internet compared to 6% of non-disabled adults¹². Therefore, people centric services must not become digital by default.

The Chancellor's Summer Statement had a welcome focus on jobs and a host of positive announcements focused on active labour market policy. A key challenge is for the employment support sector to quickly upscale so that jobseekers can get timely and appropriate interventions and support. Compared to the last recession we are in a different starting place in regards to the amount social infrastructure in place for jobseekers. The contracted-out employment market is just one sixth of the size that it was at the beginning of the last recession and the capacity of JCP is much smaller¹³. The DWP plans to recruit 13,500 new Work Coaches¹⁴. This will take time, especially when combined with the training required.

As JCP capacity increases, the DWP should utilise the existing network of expert employment support providers to ensure jobseekers get timely employment support¹⁵,

¹² <https://www.ons.gov.uk/businessindustryandtrade/itandinternetindustry/bulletins/internetusers/2019>

¹³ <https://www.employment-studies.co.uk/news/government's-plan-jobs-comprehensive-response-crisis-challenges-remain>

¹⁴ <https://www.civilserviceworld.com/professions/article/coffey-reveals-dwp-hiring-plans-as-part-of-coronavirus-response>

¹⁵ As is being done through the Work and Health Programme expansion

and ensure that JCP Work Coaches are adequately trained in the provision available beyond JCP which may be more appropriate for a jobseeker. In particular, we have concerns that too often disabled people may receive generic support at JCP, rather than specialist interventions which can quickly address any specific barriers to work which might not be immediately obvious to non-specialist work coaches. Therefore, as well as ring-fencing employment support funding for disadvantaged groups to help prevent employment inequality gaps increasing, it is also important that consideration is given to ensuring disadvantaged jobseekers can access the most appropriate support as early as possible. These two factors will be essential to the life chances of disadvantaged jobseekers and should be a key part of the Government's levelling up approach.

Career changes for older workers

The Summer Statement had a welcome focus on supporting young people, but there was less in the way of investment for older workers (over 50's) and jobseekers, especially in regards to re-training and up skilling. The sectoral nature of this recession means that jobseekers, including over 50's, will need to find jobs in new sectors. Reform estimate that around 200,000 workers may have to change career due to the employment fall out from Covid-19¹⁶.

Over 50's are being heavily impacted by the Covid effects on the labour market¹⁷. Research by the Centre for Ageing Better shows the number of older workers seeking unemployment related benefits has doubled during the lockdown with a risk of further job losses as the furlough scheme is unwound (one in four older workers – 2.5m in total – have been furloughed)¹⁸. Over 50s who are unemployed are twice as likely to be out of work for 12 months or more as younger workers and almost 50% more likely as workers aged 25 to 49. These factors, combined with an ageing population, longer working lives and longer lives overall make investment for this cohort essential.

The CSR should include a package of support measure to help older jobseekers to find suitable employment and retrain where necessary. There is evidence to show that employment support programmes have not been as effective for over 50's jobseekers as other age groups¹⁹. Future commissioned employment support programmes should ensure that the right outcomes targets are in place to ensure older jobseekers are getting the appropriate, targeted and specific support required. Learnings can be taken from the Work and Health Programme where over 40% of Shaw Trust's programme participants are over 50.

There also needs to be more training / re-training opportunities available for older workers, potentially mimicking some of the recent announcements for young people (traineeships, apprenticeships, kick-start scheme) but tailored for older people. Adult Education participation has fallen by more than 20 per cent in recent years and has disproportionately benefitted those who already have higher-level qualifications.

¹⁶ <https://reform.uk/research/when-furlough-has-stop-next-steps-avert-long-term-unemployment>

¹⁷ <https://www.theguardian.com/society/2020/jun/18/covid-19-crisis-risks-uk-lost-generation-of-people-about-to-retire>

¹⁸ <https://www.ageing-better.org.uk/news/covid-19-risks-triggering-long-term-unemployment-crisis-older-workers>

¹⁹ https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/active-communities/rb_nov16_work_and_health_programme.pdf

However, research shows that those out of work who undertook training or education were more successful in returning to work²⁰. In short, government must invest in adult skills funding to allow specific support, tailored to older workers' needs, to be offered in order to ensure mid-life and later-life jobseekers can move back into the labour market before they reach retirement.

It should also be noted that older workers are more negatively impacted by the longer term technological changes created by the fourth industrial revolution than many other groups. New research shows that in the first two months of 2020 nearly one in five (18%) of over 65s said they hadn't used the internet within the last three months. Provision for older jobseekers needs to include the option to develop, improve and refresh digital skills.

Investment in job creation in sectors identified as central to the future economy can play a large role in allowing people to retrain into areas of the economy where there is demand. It is important that training and employment support is tailored to local demand so that people are getting the right skills to find work in their locality. This is especially key for older workers, who may be reaching the end of their working life, and cannot afford to wait for the economy to recover to find employment²¹. As an example, Shaw Trust has established a Care Academy to create a clear sectoral route way into a sector where there is demand. The Academy integrates our services such as careers advice, learning and skills development, and employment support, to ensure people have the support to not only enter the sector but progress in it²².

Joining up skills and employment support funding

The sectoral nature of the crisis we face means that jobseekers may not be able to return to work in the sector they left. Even as the economy recovers, some sectors may never fully recover, while others may grow. With employment and skills support set to up-scaled, there opportunity to ensure there is better join up between education, skills and employment policy. Funding streams can be streamlined and marshalled together, to meet real, front line, personalised service needs²³. To create cohesive journeys with clear end goals, and on and off ramps at various stages of people's journeys, there needs to be flexibility and join up between DWP and DfE programmes to allow people to interchange and continue their progress on the most appropriate provisions, and move between employment support and re/up skilling.

At the moment, skills and employment provision tends to sit between the DfE and the DWP. For example, employment support programmes, such as the Work and Health Programme sit with DWP, while the National Careers Service sits with the DfE through the ESFA. To break down silos and the divides between skills and employment, we think there is merit in ESFA commissioned services (with the exception of colleges) moving to the DWP. A more natural split between the departments would be for vocational skills to sit with the DWP, and for the DfE to have responsibility for higher

²⁰ <https://www.resolutionfoundation.org/publications/can-training-help-workers-change-their-stripes/>

²¹ <https://www.telegraph.co.uk/business/2020/06/10/employment-could-take-seven-years-recover-warns-think-tank/>

²² <https://www.shaw-trust.org.uk/en-GB/News/News/April-2020/Shaw-Trust-%E2%80%98Care-Academy%E2%80%99-to-recruit-and-support-s>

²³ https://www.fenews.co.uk/featured-article/52831-seeing-the-employment-and-skills-system-for-the-still-falling-trees?utm_source=dvtr.it&utm_medium=linkedin

education and level 4 and above qualifications. In the changing labour market, where reskilling and re-training will be essential, this will help create more coherent pathways for learners and jobseeker.

Additional funding to support disadvantaged learners

The shutdown of schools caused by Covid-19 is exacerbating existing achievement gaps for a plethora of reasons, from access to digital learning to the home environment children are learning in²⁴.

We are particularly concerned about the impact on children, young people and adult learners with Special Educational Needs and Disabilities (SEND), many of whom have not had access to the digital and Assistive Technologies they need to continue to effectively learn during lockdown. A number live in families that are not able to afford devices and the internet, and also do not have adequate, quiet space at home to learn. This has resulted in increased disadvantage and achievement gaps, which will be hard to close. Indeed, without action to support SEND learners, inequalities and attainment gaps in the education system will increase even further.

We think it is important that funding is therefore quickly made available for short term and long term catch-up programmes for SEND pupils, as well as other disadvantaged children, young and adult learners, to prevent achievement gaps from further widening. One to one tuition, coaching, fourth term provision, holiday hunger and family support initiatives are also needed. DfE should also consider what additional 'at home' support children, young people and adult learners with SEND and other disadvantages, and their families need to alleviate learning, financial, accessibility and risk of harm challenges, if a spike in the virus leads to closure of schools and learning and skills provision again.

Social value in commissioning

The pandemic has illustrated a host of lessons in regards to commissioning, contract management and service delivery for people centric public services. These need to be captured and built on as we move forward. The revised Outsourcing Playbook²⁵ offers an important starting point, illustrating best practice and guidance for commissioners. With a significant amount of government procurement activity expected as the economy is rebuilt it is important that the Playbook guidance is followed by commissioners.

There is also an opportunity to ensure we build back better by renewing emphasis on wider value in public procurement, especially social value and justice, in contracting for services in the public space²⁶. A 2019 report by think tank Demos showed that 25 of the government's 34 Strategic Suppliers (73.5%) have operations in tax havens²⁷. Central government and wider commissioners have the opportunity to use procurement to in itself bring about a fairer economy. More deeply embedding social

²⁴ <https://www.suttontrust.com/our-research/covid-19-and-social-mobility-impact-brief/>

²⁵ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/891144/Outsourcing_Playbook_JUNE_2020_WEB.pdf

²⁶ <https://committees.parliament.uk/writtenevidence/8979/html/>

²⁷ <https://demos.co.uk/project/value-added-how-better-government-procurement-can-build-a-fairer-britain/>

value into the procurement process for the provision of services has the potential to not just create a fairer economy but also one in which taxpayers are getting the best value for their money, as surpluses made by providers focused on social value will then be reinvested into the services commissioned. For example, Shaw Trust (as a not-for profit provider), ensures that any profit made from its public sector contracts is either reinvested into the services we deliver or into our community projects, through the Shaw Trust Foundation. Commercially astute not-for-profits can offer taxpayers, and wider society, value for money, with government money going back into the community rather than being extracted for shareholders. Value extraction versus value creation must be a key consideration for public service commissioners.

To ensure current momentum on this agenda is best harnessed, the Treasury should guarantee that the outsourcing team in the Cabinet Office receives appropriate funding to continue implementing the reforms it is bringing about. This will provide significant value for money, even if it prevents just one or two costly outsourcing failures, as well as allowing the Cabinet Office team to continue to assess and update Playbook measures, as appropriate²⁸. To further embed the foundations for a healthy, active outsourcing sector, that delivers for the people it supports, the Playbook should be fully incorporated into legislation to ensure everyone who procures goods, services and projects for government at all levels are working to the same standards and processes.

²⁸ <https://www.instituteforgovernment.org.uk/sites/default/files/publications/carillion-two-years-on.pdf>