

# A new safety net: Guaranteeing jobs and training after the crisis

BRIEFING PAPER

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Coronavirus and the measures put in place to mitigate the resultant loss of life will inevitably lead to a significant increase in unemployment. To reduce the scarring effect of joblessness and to support the long-term productive capacity of the UK labour force, we should use the crisis to reimagine employment support in the UK.

## KEY POINTS

- Coronavirus poses the risk of structural unemployment for hundreds of thousands of people as whole sectors of economic activity shrink dramatically.
- The threat of lasting economic, social and mental scarring experienced by the unemployed justifies innovative new policies.

## POLICY RECOMMENDATIONS

- Policymakers should develop a new **Jobs Guarantee Scheme** to ensure that the newly unemployed are not left inactive, but instead given jobs, with training, that pays the National Living Wage.
- A new scheme should be devised in line with the following principles:
  1. **Training must be a central element.** Participants should be given 20% of their working week for training and education. Workplace training should be the priority, but spare capacity in universities could be utilised to offer distance learning to some participants.
  2. **Private sector placements should be the priority.** Employers benefiting from what amounts to free state-funded labour should be obliged to provide or source training for participants.
  3. **Fill the low-carbon skills gap.** The scheme should prioritise the roles and skills needed to deliver the UK's Net Zero goals, especially the decarbonisation of home heating and the installation of charging points for electric vehicles.
  4. **The scheme should be managed at a regional level.** Local decision-makers, including local authorities, mayors and Local Enterprise Partnerships, should be centrally involved in management and oversight.

## Context

The novel coronavirus and reactions to it have been so severe that entire economies have become all but immobilised. State-imposed civic shutdowns have halted many types of economic activity. In some countries, most vividly the US, the result has been unprecedented increases in unemployment as employers cut payroll costs in line with plummeting revenues.<sup>1</sup> In the UK, such major increases in unemployment have been put off by the Coronavirus Job Retention Scheme (CJRS) and other support policies. But such schemes, which may already have cost the Treasury tens of billions, cannot continue indefinitely.<sup>2</sup> Sooner or later, the UK will face job losses on a significant scale.

While it is to be hoped that the downturn and employment shock will be temporary and the economy will quickly bounce back, that cannot be assumed. The British state must be prepared to offer support for many workers who find themselves unemployed because of the shock caused by Covid-19.

This is not the first time that governments have needed to redesign their economic policy in periods of upheaval. When Franklin D. Roosevelt took the presidency of the United States in 1933, the country was in the midst of the Great Depression. Roosevelt embraced Keynesian economic policy and sought to increase the role of the federal government in the nation's economy. In his first 100 days in office he rolled out a range of programmes that became known as the 'New Deal'. When the downturn continued, he turned to the 'Second New Deal', which created jobs for the unemployed through the Works Progress Administration and provided pensions and unemployment insurance through the Social Security Act of 1935.<sup>3</sup>

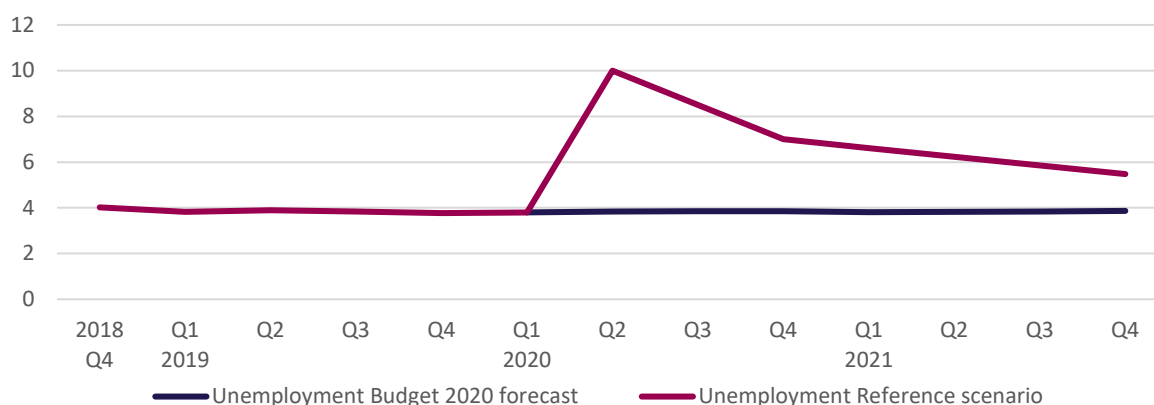
Roosevelt said he would "wage a war against the emergency" as if "we were in fact invaded by a foreign foe".<sup>4</sup> Many contemporary leaders have echoed his approach. When announcing the lockdown in the UK, Boris Johnson used similar imagery, declaring: "in this fight, we can be in no doubt that each and every one of us is directly enlisted".<sup>5</sup>

The UK Government has already taken radical steps in the face of this pandemic, including creating the CJRS. This scheme means employers are able to apply for a grant that will cover 80% of the salary of furloughed workers up to a maximum of £2,500 per month.<sup>6</sup> The cost of this scheme is dependent on two factors, firstly the number of employees who are furloughed and the duration of this plus the level of wage subsidy. The Office for Budget Responsibility (OBR) has estimated that the scheme will cost the exchequer £42 billion.<sup>7</sup> More than 6 million workers have been furloughed.<sup>8</sup>

Prior to the outbreak, the UK had been experiencing a persistent reduction in the number of unemployed people – with the rate of unemployment at a historic low – in the three months to January 2020 the unemployment rate stood at 3.9%.<sup>9</sup> However, early evidence shows the extent to which job losses are likely to occur. In the four-week period since March 16<sup>th</sup> there have been 1.4 million claims through the universal credit (UC) system.<sup>10</sup>

The OBR has estimated that the unemployment rate is likely to rise to 10% in the second quarter of 2020. This is equivalent to an increase of 2.1 million people.<sup>11</sup> As is clear from Figure 1, whilst the unemployment rate is expected to fall in the later half of 2020 and 2021, it will remain above the pre-coronavirus estimates even in Q4 of 2021. It is worth remembering that the OBR's forecast for the recovery from the shock is relatively optimistic compared to that of some other analysts.<sup>12</sup>

**Figure 1: Unemployment rate: reference scenario versus Budget forecast**



Source: ONS & OBR (2020)

Increased unemployment can lead to a range of negative consequences for those affected, including lower lifetime wages, poorer wellbeing and reduced life satisfaction. The government must focus on supporting people who find themselves out of work as well as providing security to those in work. The CJRS is an important measure to halt the immediate surge in unemployment, but in the longer term there is a case for further innovation in policy.

### Options for reform

With times of crisis comes the need and the opportunity to think bigger than before, and several politicians and observers have suggested that UK welfare policies and employment support mechanisms should now be subject to fundamental change. We sympathise with that suggestion.

Two prominent ideas for welfare reform are a **Universal Basic Income** (UBI) and a **Universal Jobs Guarantee** (UJG). Both policies have their own supporters and are likely to gain traction in the wake of an economic downturn.

#### **What is Universal Basic Income?**

Universal Basic Income is a payment made from public funds to every eligible adult. It is not dependent on income and so is not means-tested.

#### **What is a Universal Jobs Guarantee?**

A Universal Jobs Guarantee is a social security policy whereby the state commits to providing stable, decently paid employment to anyone that wants it. Although it varies in form and implementation, its central principle is to minimise mass unemployment and reduce the economic and social scarring associated with it.

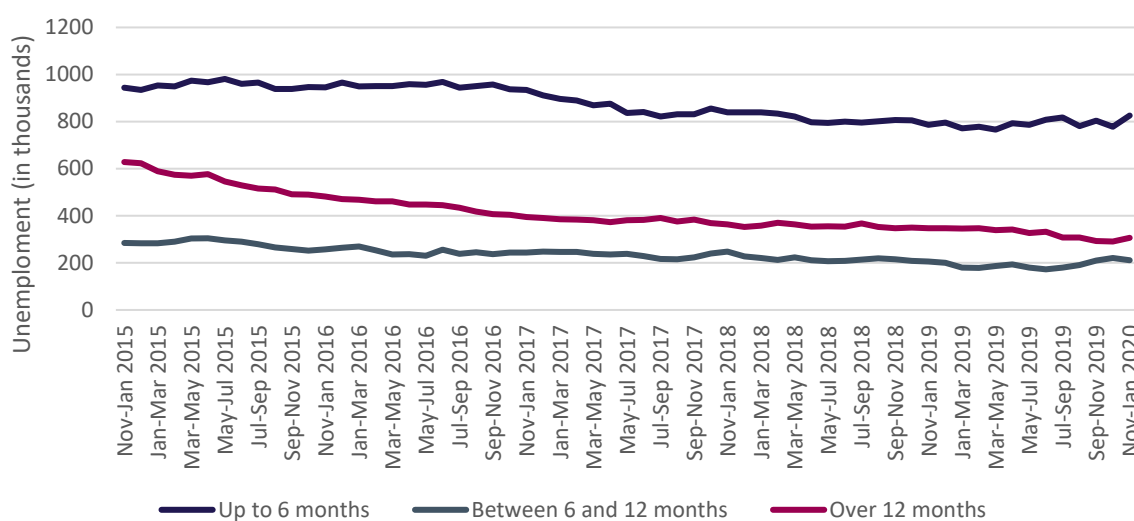
Advocates of UBI schemes offer arguments including alleviating economic insecurity, removing government spending on welfare, and preparing the economy for the unemployment that automation could bring. The idea has gained traction in recent years, with pilot schemes occurring in a range of countries, including the Netherlands<sup>13</sup> and Finland<sup>14</sup>. There are even plans for a pilot in Scotland.<sup>15</sup>

Some countries have responded to coronavirus by implementing policies which take inspiration from UBI schemes, whereby they give every resident a cash handout. This has happened in Japan where each resident is set to receive 100,000 Yen (approx. £756).<sup>16</sup> In the US, one-off payments of up to \$1,200 per person are being sent to households, albeit dependent on income.<sup>17</sup> These are not UBI schemes, but they share the basic characteristic of direct state payments to households.

A Universal Job Guarantee hinges upon the state's commitment to hire all unemployed workers by acting as an 'employer of last resort'. When unemployment in the private sector rises, the public sector compensates for that flux through its buffer stock of employees (anyone who can work and in want of a job). Though the implementation of job guarantee schemes will inevitably differ by country and context, the ideal outcome is to bring about full national employment via a more harmonised relationship between the private and public sectors.

A UBI scheme offers an income to all eligible adults. Recent evidence from Finland suggests it only has a mild positive effect on the level of unemployment in an economy.<sup>18</sup> On the other hand, a jobs guarantee scheme targets the long-term unemployed. Before the crisis, the UK experienced a substantial reduction in those who have been unemployed for over 12 months in the last five years, as is seen in the figure below.<sup>19</sup>

**Figure 2: Unemployment in the UK by duration (aged 16 years and over), seasonally adjusted, between November 2014 to January 2015 and November 2019 to January 2020 (in thousand)**



Source: SMF analysis of ONS data

However, the reduction experience by those who have been unemployed for more than twelve months looks to have slowed in recent months.

### The importance of unemployment scarring effects

Whilst a Universal Basic Income scheme would support the incomes of those who find themselves out of work, it does little to improve their levels of human capital or wellbeing, or protect them from the adverse effects sometimes associated with periods of unemployment.

Research has found that periods of unemployment can have significant and long-term effects on people's wellbeing, health and future wages. This effect is particularly severe when unemployment occurs in youth. There are also negative effects on mental health.

Research across 14 European countries has found that each six-month period out of work reduced life satisfaction and quality of life after the age of 50.<sup>20</sup> A study focusing on Spanish construction workers during the Great Recession found that increased levels of unemployment amongst this group raised reported poor health and mental disorders in the affected population.<sup>21</sup>

The possible scarring effects of long-term unemployment are manifold – both on individuals and on wider society. Economic inactivity equates to missed opportunities for gaining valuable human capital, well-being, and productivity, as well as previously acquired skills becoming lost during long periods of inertia.<sup>22</sup> This is particularly true for today's youth, who, just like the younger generations from previous economic downturns, face the biggest risk to their future.<sup>23</sup>

Unemployment at the start of one's career is likely to lead to having lower skills or to a loss confidence later in life. Skills are likely to affect the productivity and adaptability of a person, hence their likely pay or ability to get a suitable job. 'Soft' skills, such as communication or adaptability, are also important for resilience in the labour market. There is even evidence of young people experiencing mental health problems up until their 40s or 50s due to periods of unemployment.<sup>24</sup> Youth unemployment can therefore lead to a range of lastingly harmful economic and health conditions, some of which could be felt by society for decades.

Youth unemployment leads to long-term individual scarring, but it creates, and is perpetuated by, societal suffering, too. Studies have found that a lack of education and lack of work experience are the two factors in a young person becoming unemployed.<sup>25</sup> Whilst scarring effects do tend to dissipate over time, those in long-term unemployment are more likely to be employed in semi-skilled and unskilled occupations if re-entering work.

These trends will only be compounded by the crisis caused by COVID-19. Research by the Resolution Foundation has shown that young workers and women will most acutely feel the effects of the present economic shutdown and its inevitable longer-term decline, as they are most likely to work in the sectors most likely to suffer negatively from lockdown and long-term social distancing.<sup>26</sup> Those sectors are often associated with low wages, economic insecurity, and a workforce that sometimes lacks higher skills and qualifications. For many who already faced hardship in the labour market before the crisis, lockdown may lock in a lifetime of employment scarring – decreasing their pay, prospects, and, above all, their optimism for the future.<sup>27</sup>

There is, then, considerable evidence to suggest that unemployment can cause scarring in terms of pay, unemployment, health, and wellbeing, with repercussions being felt more severely amongst certain groups – such as the youth and the less-educated and skilled – than others. Minimising the long-term damage done by the economic shock should be a clear objective of policy. A job guarantee scheme is therefore deserving of fresh consideration.

### **How much do they cost?**

One criticism of UBI is that it is expensive and could divert spending from other areas. One estimate, by a group supportive of UBI, has suggested that even the most modest iteration of UBI would cost 6.5% of the UK's GDP, yet reduce working-age poverty only marginally.<sup>28</sup> Obviously, the specific cost of UBI would be dependent upon the level of income provided by the state and whether fiscal policy was changed to account for this. If UBI is to replicate

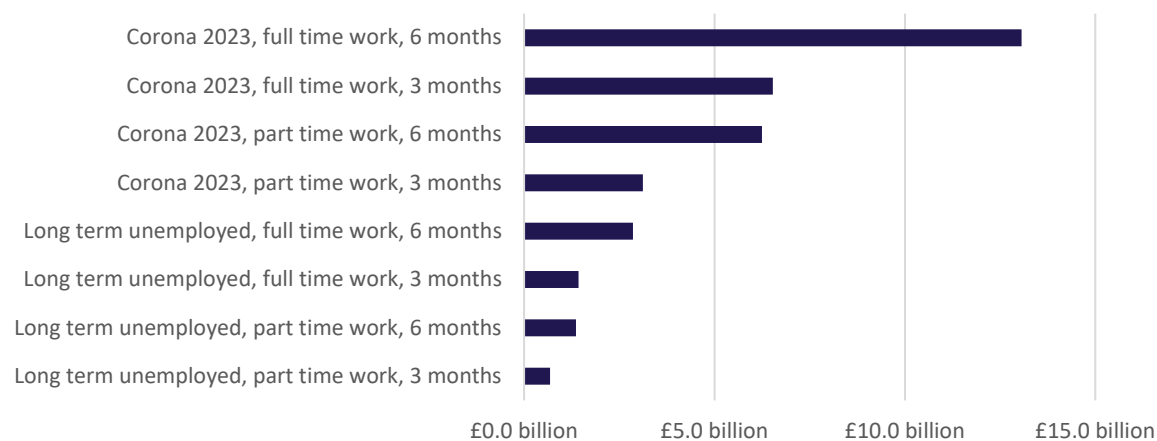
an income for those out of work, then the monthly payment would need to be enough to live on. The RSA has proposed a basic income model where adults ages 25 to 64 would receive £3,692 per annum, with the amount increasing for pensioners and reducing for children.<sup>29</sup> On the other hand, others such as Daniel Susskind at Oxford University have suggested values as high as £12,000 per annum.<sup>30</sup>

This would mean the total annual cost of UBI in the UK could range from £279 billion to £600 billion. For context, total government managed expenditure in 2019/20 was around £840 billion.<sup>31</sup>

We argue that a Universal Job Guarantee would address the problems and harms experienced by people without income-generating work more directly and at a fraction of the cost of a UBI scheme. The need for this is clear and urgent. The OBR is estimating that at its peak unemployment will stand at 3.4 million in the UK during the crisis before falling to 2.1 million in 2021, 1.6 million in 2022 and then 1.4 million in 2023 and 2024.<sup>32</sup> Millions of people today are therefore in danger of an experience that will be economically and psychologically scarring.

The cost of the UJG scheme would depend upon the number of people eligible, the length of employment on offer and the rate of pay / hours worked. The chart below shows how the cost of the scheme could vary based on a range of assumptions.

**Figure 3: Scenario costs for a Universal Jobs Guarantee scheme in 2019/20 prices**



Source: SMF calculations

At its most expensive the scheme could cover all of the 1.4 million "extra" unemployed due to coronavirus, who would be paid the National Living Wage for 37.5 hours per week if working full time (pension and employer NI rates assumed for this pay for the full tax year), for a period of six months. Initially a job guarantee scheme could focus on all those remaining unemployed beyond the coronavirus outbreak, but in later years, it could narrow its focus to the persistently unemployed.

Paying full-time wages to 1.4 million unemployed workers in the UK for the six months would cost the Treasury £13.1 billion. That is a huge sum, but less than 5% of the cost of a modest UBI system.

**Table 1: Summary of UBI vs. UJG**

	<b>Universal Basic Income</b>	<b>Universal Jobs Guarantee</b>
<b>Who is eligible?</b>	All adults & children	Unemployed adults
<b>Provides economic security?</b>	Yes	Yes
<b>Increases employment?</b>	Open to debate	Yes
<b>Cost of scheme per annum (average)</b>	£279 bn	£6.2bn
<b>Improves wellbeing &amp; health</b>	Open to debate	Yes

### Previous jobs and training guarantee policies

Any policy that involves the state directly employing hundreds of thousands of people faces questions about feasibility and applicability. But the concept of a Universal Jobs Guarantee is nothing new, especially in the US and even in the UK. As previously mentioned, Franklin D. Roosevelt implemented the Works Progress Administration in 1935 which gave employment to many of those who had been out of work due to the Great Depression. There have been a small number of federal job planning programmes since then, though no US administration has ever explicitly made full employment the central target of policy.

#### Case study: Universal Jobs Guarantee in the United States

During the Great Depression, the government-sanctioned Works Progress Administration (WPA) employed people to carry out work on infrastructure projects such as roads, bridges and schools. By the time the scheme was terminated in 1943 the WPA had helped 8.5 million Americans into employment.<sup>33</sup> According to the bipartisan Library of Congress, "the WPA employed skilled and unskilled workers in a great variety of work projects—many of which were public works projects such as creating parks, and building roads, bridges, schools, and other public structures". It also employed artists and writers, resulting in state-funded dramatic productions, books and guidebooks.<sup>34 35</sup>

Following the economic shocks experienced in the 1970s a range of European countries turned to temporary job creation and employment programmes. These programmes often, but not exclusively, focused on specific groups such as the long-term unemployed or the unemployed young.<sup>36</sup> Successful job guarantee programmes have been run in Sweden, Germany and Ireland.<sup>37</sup>

There is also precedent for the UK government using public funds to directly target the accumulation of skills, training or employment in the UK. Examples include the New Deal for Young People and the Future Jobs Fund.

### Case study: New Deal for Young People and the New Deal 25 Plus

In 1998 the UK created the **New Deal for Young People** and the **New Deal 25 Plus**. After six months of unemployment for those aged 18 to 24, or 18 months for those aged 25+, people would be given intensive and personalised support to find a job.

If after this four-month period they were unable to find employment they would be offered four options:

- Full-time education or training for up to twelve months, leading to a recognised qualification;
- A work placement with either a voluntary sector organisation or 'environmental task force' for up to six months;
- Or paid employment with an employer wage subsidy (of £60 a week for 26 weeks, alongside £750 to fund workplace training).

If people were still out of work after one of the above options, then a 'follow through' period provided a further four months of adviser support. If all options were refused, then entitlement to unemployment benefits was removed.<sup>38</sup>

The New Deal for Young People has been heavily evaluated. Early research indicated that young men were 20% more likely to be in employment as a result of the programme, with the stock of employed young men up 17,000 compared to what it would have been without the New Deal.<sup>39</sup>

### Case study: StepUP

The New Deal was followed by **StepUP**. This scheme provided a guaranteed job and support for up to 50 weeks. It was available for those in the 20 pilot areas who remained out of work six months after completing their New Deal Option or Intensive Activity Period on New Deal 25 Plus.<sup>40</sup> An independent agent sourced jobs in the public, private and voluntary sector and Jobcentre Plus placed people into the jobs. Employers were paid a wage subsidy for 50 weeks, of at least minimum wage and a fee to reflect their additional costs. The jobs funded were for 33 hours a week, to enable participants to take time to search for alternative employment.

Overall the evidence on StepUP is mixed. At a headline level it did not significantly improve job outcomes. However, it produced a significant impact on job outcomes for those aged 30 to 49 and had the largest impact on those who had lower levels of employability beforehand.<sup>41</sup>



### Case study: Future Jobs Fund

The **Future Jobs Fund** (FJF) was introduced in 2009 as part of the Young Person's Guarantee, which offered a guarantee of an offer of a job, training or work experience to all young jobseekers. It focused primarily on those aged 18 to 24 who had been in receipt of Jobseekers Allowance, and referrals to the scheme were made through Job Centre Plus advisors. The scheme supported the creation of subsidised jobs for unemployed young people who were at disadvantage in the labour market.

The basic components of FJF were: <sup>42</sup>

- A job of at least six months duration;
- Work for at least 25 hours per week;
- Payment at least at the National Minimum Wage;
- Jobs that were clearly 'additional';
- A described benefit to the community outlined in each job created;
- Support to move people into sustained jobs;
- A maximum of £6,500 government contribution per job.

DWP records show that between October 2009 and March 2011, just over 105,000 jobs were created under the FJF. The programme cost approximately £680 million.<sup>43</sup> Evidence gathered by the department suggested the FJF was a cost-effective way of increasing employment of the group targeted<sup>44</sup> and helped to engage employers. Many employers stated they were now more likely to employ an unemployed young person or engage with future welfare to work programme.<sup>45</sup> The FJF programme was scrapped in 2011 by the Coalition Government before a full evaluation had been completed.

It is fair to say that the evidence on job guarantee programmes is not fully conclusive. However, it shows that the design, scope and scale of such programmes are important.

### Unemployment, skills and training

Turning to productivity, the OECD has confirmed that there is a link between the acquisition and development of basic skills and significant socio-economic outcomes.<sup>46</sup> But evidence from the UK shows that training and skills accumulation is heavily related to working status. Those who are out of work are much less likely to have recently participated in training than those in part-time or full-time work.<sup>47</sup> This is part of a significant problem that the UK economy has faced for several years, where workers' lack of skills - and difficulty in getting training to acquire and develop skills - contributes to low productivity growth. Numerous economic analyses have linked the poor provision of skills in the UK with overall economic performance. The OECD, for instance, concluded in 2017 that "labour productivity growth remains weak and the job prospects of many adults are hurt by their poor literacy and numeracy skills".<sup>48</sup>

The pandemic brings with it a new motivation to address the lack of skills and training provision in the UK. Improving the productivity of the nation is one of the reasons to do this, but the impact of COVID-19 could lead to long term structural changes to our labour

market. Certain sectors of the economy are more immediately hit during lockdown such as retail and hospitality – research by the Resolution Foundation has shown that 40% of workers in the accommodation / food services industry have been furloughed and 50% of firms in this sector have reduced working hours.<sup>49</sup> Whilst there is much discussion about a ‘V shaped’ economic recovery, it is unlikely that sectors such as retail, hospitality and those reliant on international tourism will recover quickly. This is going to lead to job losses and we are already seeing staffing cuts in aviation and manufacturing.

Job losses in isolation or occurring only in one firm are not always problematic if the rest of the sector or economy is hiring, but this is unlikely to be the case in the medium term. In the current scenario it is important to provide those who find themselves out of work the opportunity to retrain or upskill in order to move into sectors of the labour market that are hiring. Some individuals will find that they are easily able to switch careers or occupations, but there is a risk that without support the newly unemployed will find themselves further removed from the labour market as time goes on.

There is a unique opportunity to enable collaboration between the government and education providers (Higher Education Institutions or Further Education colleges and providers) to develop the skills and education of the long-term unemployed. Some steps have been taken in this direction. At the end of April, the government launched the ‘Skills Toolkit’ which offers free online courses, tools and resources to help people improve their digital and numeracy skills.<sup>50</sup> However, there is scope to go much further and provide more intensive personalised training to the long-term or newly unemployed.

### Designing a jobs guarantee programme

Today, much of the debate on Universal Job Guarantee policies continues to emanate from America. Influenced by the post-Keynesian economic policy of Hyman P. Minsky, the Levy Economics Institute have looked to establish common ground on the issue of a jobs guarantee.<sup>51</sup> Research there states that although the details of a jobs guarantee programme must depend entirely upon the macroeconomic context and policy agenda of the country looking to implement it, there are some specific design features that should be evaluated beforehand.<sup>52</sup> These include:

- A pool of employed people that can shrink or expand countercyclically in order to stabilise inflation, growth, and prices;
- Broad government guidelines that set out what projects will exist under the programme and where regions and communities can assist with delivery;
- A ‘National Care Act’ that orients work around the environment, community, and social care.

There are many ways Universal Job Guarantee can improve the lives of the unemployed and the communities they live, as well as supporting the economy more broadly. The wages paid to workers on job guarantee schemes vary, but many argue that wage structures should be designed in such a way which ensures workers on these schemes are not in poverty and have the scope to progress to higher wages while in state employment.<sup>53</sup> One such suggestion is made by the bipartisan Centre of Budget and Policy Priorities, which proposes the creation of a “National Investment Employment Corps” to achieve permanent full employment in the US economy through large-scale, direct hiring by the federal government.

The reason some job creation or guarantee schemes have not achieved their desired aims is due to the *lock-in effect*. This is where a worker is locked into their current role on the scheme and delays finding or does not look for alternative employment. The New Deals from the 1990s in the UK mixed search and placement in sequence rather than at the same time, with employer incentives only developed later. A review by Paul Gregg concluded that lock-in effects were reduced but probably not eliminated.<sup>54</sup>

Many of the job guarantee programmes seen across the OECD and EU focus on youth unemployment. This is due to in part to the EU's youth guarantee which is a commitment by all Member States to ensure that all people under the age of 25 years receive a good quality offer of employment, continued education, or an apprenticeship or traineeship within a period of four months of becoming unemployed or leaving formal education.<sup>55</sup>

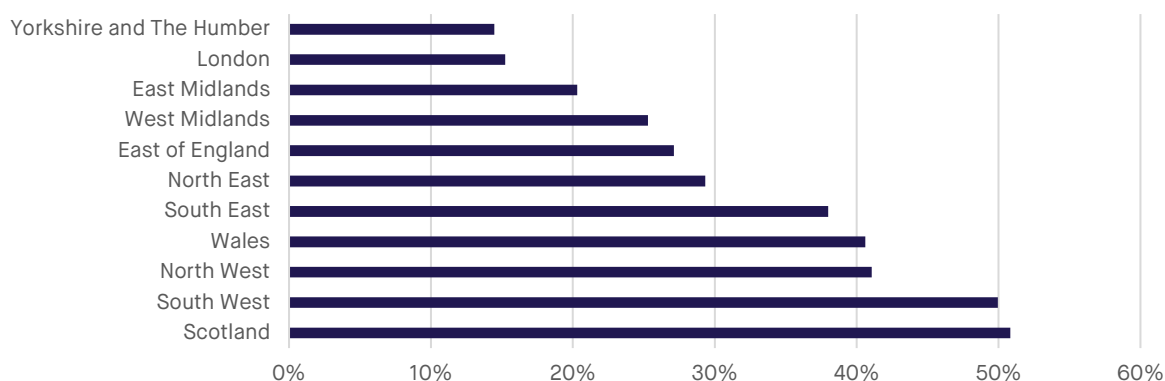
The specific details of each job guarantee programme vary by location, some programmes work with the private sector and others simply create public sector jobs. Evidence from across the OECD suggests that public service employment programmes can play an important role in supporting the long term unemployed.<sup>56</sup> The core aim of many of the programmes introduced in the 1970s and 1980s was to reduce unemployment during an economic downturn. They did this by providing meaningful work experience that created outputs and services that were deemed "socially useful".<sup>57</sup> However, evidence suggests that job guarantee programmes that engage the private sector, or even just subsidise employment in the private, can be the most effective in delivering sustainable employment to people who would otherwise not have work.<sup>58</sup>

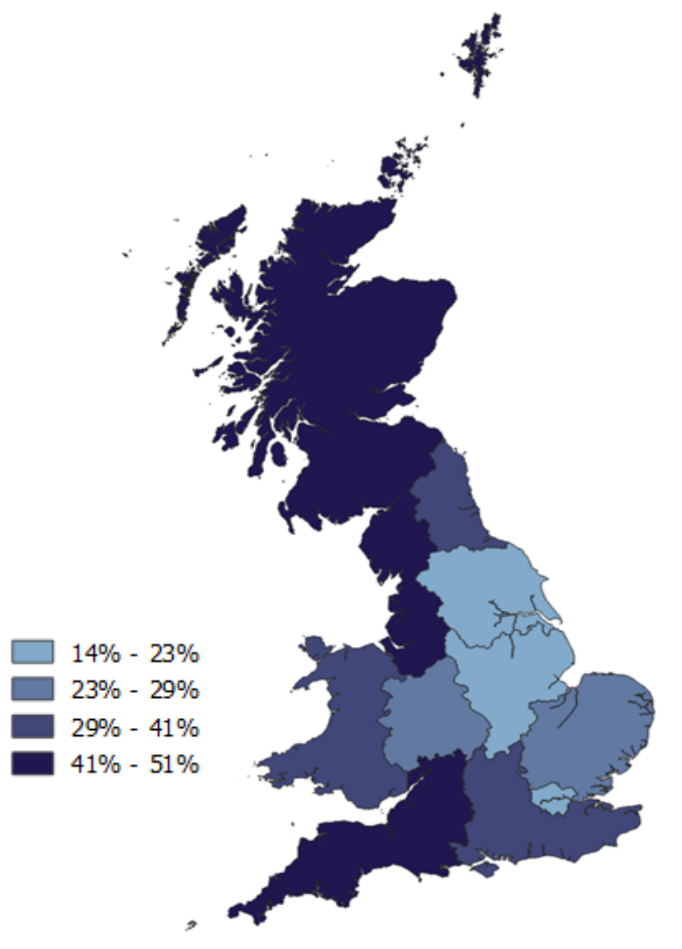
### Green jobs

A UJG programme that provides hundreds of thousands of jobs and training roles should be used to both close the skills gap and help deliver on the UK's target to reach Net Zero emissions by 2050. In a recent letter to the Prime Minister and other leaders, the UK Committee on Climate Change (CCC) highlighted the need for more labour with higher skills to be deployed on Net Zero projects and noted: "Many are labour-intensive, spread geographically across the UK and will have a high multiplier effect."<sup>59</sup>

A jobs guarantee scheme would be a direct government intervention in the labour market. That intervention should be used to better match the unemployed with jobs that need to be done to decarbonise the UK economy. Low-carbon activities therefore have the capacity to absorb a significant proportion of the jobless population. It could also help advance what some have called the "levelling up" agenda, delivering higher economic growth and productivity in regions that have underperformed the national average, as Figure 4 shows.

**Figure 4: Jobs needed to reach Net Zero by 2050 as a proportion of regional unemployment in the 12 months to December 2019**





Source: SMF analysis of NOMIS data and National Grid (2019)

## Recommendations and suggestions

As the country remains under lockdown and we find ourselves faced with an unprecedented level of disruption to everyday life, we are presented with a unique opportunity to reimagine what new kind of a world could exist on the other side – and what a new social security system might look like. Given the flux we are all experiencing right now, perhaps the framework of an applicable yet adaptable form of Universal Job Guarantee is something that we in Britain should be striving for.

It is clear that a high level of oversight, preparation, and management is needed to successfully design any job guarantee programme, and that there is no such thing as a one-size-fits-all approach. But the prospect of structural unemployment among hundreds of thousands of people, many of them lacking higher skills, makes it vital to do so.

**We recommend that a Universal Job Guarantee programme be urgently explored by UK policymakers.**

There is a wealth of evidence which should be harnessed in order to build and implement an effective job guarantee program in the UK. Below are a set of suggested principles and priorities for a new UJG policy. These are not intended as detailed policy plans, but broader aims that should underpin any programme.

## FOUR PRIORITIES FOR A NEW JOBS AND TRAINING GUARANTEE

### 1. A training guarantee

Any new UJG programme should differ from previous iterations by placing much greater focus on the provision of skills training and education for participants. All jobs created or funded under a new scheme should have a clear element of in-work training. One option to explore is that the working week for participants should be 80% of the nearest full-time equivalent, to allow participants the remaining 20% of paid time to develop skills, as well as to seek non-UJG employment to avoid lock-in effects.

Where possible, this training should be done in the workplace, but this will not always be possible or appropriate. Some training here should be delivered by recognised education providers. Universities in particular have rapidly expanded their capacity to deliver education remotely. And some are facing the prospect of a sharp fall in student numbers, owing to changes in domestic and international demand. Scope for universities to offer distance-learning to UJG participants should be explored in any new policy programme.

### 2. Private first

The priority for placements in the UJG scheme should be on employment with private sector employers rather than the creation of new public sector posts. Such private sector employers should receive funding contingent on the provision of in-work training.

### 3. Fill the low-carbon skills gap

Priority should be given to placing UJG participants with employers engaged in developing, building, supplying and installing low-carbon heating systems. Similar labour capacity issues can be expected in the deployment of millions of charging points for electric vehicles.

The CCC has identified a "low-carbon skills gap" where the UK lacks the workforce to undertake key steps needed to decarbonise the economy, such as the decarbonisation of homes: "Developing a better skilled construction sector will deliver better homes, high-quality jobs and ensure we realise the domestic and international industrial opportunities related to low-carbon building."<sup>60</sup>

### 4. A regionally managed scheme

A UJG programme should be centrally defined but locally implemented, by way of the UK Industrial Strategy. Here, employment experience and skills should be based on local need and areas of greatest need for support. Due to the importance of local labour markets the government should consider how to engage local and combined authorities, metro mayors and LEAs in the management of the policy.

## ENDNOTES

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- <sup>1</sup> <https://www.bloomberg.com/news/articles/2020-04-16/u-s-jobless-claims-total-5-25-million-in-week-four-of-lockdown>
- <sup>2</sup> Office for Budget Responsibility, *Commentary on the OBR coronavirus reference scenario* (2020)
- <sup>3</sup> <https://www.history.com/topics/great-depression/new-deal>
- <sup>4</sup> <https://www.history.com/topics/great-depression/new-deal>
- <sup>5</sup> <https://www.politico.eu/article/boris-johnson-announces-coronavirus-lockdown-in-uk/>
- <sup>6</sup> <https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme>
- <sup>7</sup> Office for Budget Responsibility, *Commentary on the OBR coronavirus reference scenario* (2020)
- <sup>8</sup> <https://www.ft.com/content/be2d317e-54f9-42b0-bf17-d4a9ae4d7489>
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- <sup>11</sup> Office for Budget Responsibility, *Commentary on the OBR coronavirus reference scenario* (2020)
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