LOCALIS

Guarantee of potential

PLACE-BASED EMPLOYMENT SUPPORT WITHIN A NEW LOCAL POLICY ECOSYSTEM

By Callin McLinden

About Localis

Who we are

We are a leading, independent think tank that was established in 2001. Our work promotes neo-localist ideas through research, events and commentary, covering a range of local and national domestic policy issues.

Neo-localism

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- **Decentralising political economy.** Developing and differentiating regional economies and an accompanying devolution of democratic leadership.
- **Empowering local leadership.** Elevating the role and responsibilities of local leaders in shaping and directing their place.
- **Extending local civil capacity.** The mission of the strategic authority as a convener of civil society; from private to charity sector, household to community.
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Any errors or omissions remain my own.

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Executive summary

Solving the puzzle of worklessness and its connection to productivity is an increasingly challenging task in cities and towns across the country, at a time where the government's ability to intervene to raise skill levels and improve labour market access is severely limited. The 2025 Spending Review has reflected a shift from blunt austerity toward a more selective, strategically targeted approach to fiscal consolidation, one that acknowledges a tight public finance envelope while continuing to commit to measured investments in growth-critical sectors, and tightening welfare expenditure through focused reforms, rather than indiscriminate cuts. Nonetheless, the UK exhibits significant and persistent regional disparities in economic activity and labour market outcomes. Concentrations of labour market disadvantage persist in various settings, including deprived urban areas, former industrial towns, and some seaside towns. Strategically, government must balance fiscal reform, tackling regional inequalities, and a need to attain economic growth to pay for the services of the future, by investing in local economies and labour markets.

The ground is shifting, however, in an overall positive direction for decentralisation. This report, based on a series of evidence sessions and research interviews with regional stakeholders from across the employment services ecosystem, examines how this decentralisation of employment support and broader national policy shifts around devolution, integration, and commissioning can be utilised in a distinctly localist approach to tackling worklessness. The overall goal is to lay out the new landscape in a way which is informative to practitioners, whilst also exposing gaps or friction within the policy framework that can be addressed through policy recommendations to both central and local government.

Opportunities and challenges in key policy areas

The UK has faced persistently high levels of worklessness and poverty, with economic inactivity rising to over 9 million working-age adults by 2023, largely driven by long-term sickness (2.5-2.8 million people) and an aging workforce. On taking office, the current government immediately prioritised addressing the problem, with the Get Britain Working (GBW) White Paper arriving in November 2024 from the Department for Work and Pensions (DWP), the Treasury and the Department for Education. The paper outlines the "biggest reforms to employment support for a generation," aiming for an 80 percent UK employment rate long-term.

The white paper introduced Connect to Work, a voluntary supported employment programme, primarily for disabled people and those with long-term health conditions.

The approach includes personalised one-to-one support for individual placements, aligned to Individual Placement and Support (IPS) and Supported Employment models of delivery, aiming to support approximately 100,000 people per year across England and Wales by 2026/27, delivered via 43 local authority 'clusters' in England and "four" in Wales, with a lead local authority acting as the accountable body for DWP grants. Locally delivered, but with performance management from the DWP, the programme encourages shaping provision around local needs, coordinating with local NHS services, skills providers, and the VCSE sector, aligning with existing local services. Other important aspects of the Get Britain Working agenda include an overhaul of Jobcentre Plus, cross-area Local Get Britain Working Plans and a 'Youth Guarantee' committing that all 18-21 year olds will have access to education, training, and job support, piloted in eight mayoral authority trailblazer areas with £45 million funding.

Devolution and the role of local government

Devolution has been identified by government as crucial for improving employment services by moving decision-making closer to communities and allowing local leaders to design interventions tailored to unique needs. Localisation breaks down policy silos, reduces duplication, fosters local buy-in, and leverages local knowledge. The GBW White Paper significantly reshapes the employment support landscape, embedding local authorities across all tiers as integral to policy and delivery. Established mayoral combined authorities, such the GMCA and WMCA, have already transitioned to strategic commissioning roles, exemplified by the integration of employment funding streams into broader local settlements. These areas can leverage devolved budgets flexibly to create tailored, innovative programmes, linking employment support with health, skills, and economic development. Non-devolved areas, including counties, unitaries, and district councils, face new expectations to collaborate within county-based clusters and align existing initiatives with the Get Britain Working agenda.

Yet devolution is not without its risks and challenges. Uneven local capabilities must be taken into account, with major city-regions better resourced than rural or smaller towns. This risks exacerbating inequalities and creating geographic disparity in employment support quality. Not all local areas have the expertise to commission and/or deliver effectively, potentially leading to a 'postcode lottery' in service quality. This must also be understood in the context of major local government reform in the wake of the English Devolution White Paper. New governance structures require coordination and could potentially lead to power struggles or confusion over roles if not well managed. Institutional fragmentation is another barrier that must be overcome. Employment support remains a patchwork of national and local initiatives, risking inconsistent coverage and duplicated efforts without robust governance and data-sharing. This is linked to the issue of short-term, fragmented funding for employment and skills, which severely limits long-term planning and capacity building for local authorities.

Employment and health integration

Good employment benefits health, and ill-health is a barrier to work. Policy has consistently moved towards integrating these areas, exemplified by Greater Manchester's Working Well initiative. National strategic documents (e.g., Back to Work Plan) and the formal involvement of the NHS through Integrated Care Systems (ICSs) have institutionalised this integration. ICSs are tasked with improving population health and tackling wider determinants like employment, often acting as 'anchor institutions'. Get Britain Working places local government and ICSs at the forefront of delivery, particularly for the 600,000 people with long-term health conditions keen to work. Interventions include new mental health staff, more NHS appointments, and community delivery programmes for musculoskeletal health. Connect to Work and Work Well pilots will aim to embed health-employment coordination within mayoral combined authority areas and ICS structures.

Examining what has worked in the past, it is clear that successful models of employment and health integration implement strong partnership governance, embed flexibility, encourage pooling of resources, ensure information sharing and, perhaps most importantly, are imbued with a culture of teamwork and proactive management of challenges. The current environment is not always conducive to the production of such models, however. Severe structural and funding constraints, with the fragmentation of budgets across central and local institutions, were compounded by the storing up of problems under austerity. Severe NHS and local authority workforce shortages limit capacity to prioritise new preventative initiatives like employment support integration, with a risk of shortages in specialist roles and insufficient cross-training.

Commissioning and Procurement

The implications of the Procurement Act 2023 for local commissioning of employment support services are considerable, providing contracting authorities with greater flexibility and strategic authority to procure services that, for councils, can explicitly target local needs. This has important implications in light of the new landscape ushered in by the GBW White Paper. Councils commission various employment services, often through the Adult Education Budget (AEB), with around 60 percent of AEB already devolved to mayoral combined authorities. The various reforms currently underway present a key opportunity to harness procurement for social good and local growth, through moving towards more outcomes-oriented contracts, embedding social value across service delivery, and the ability to embed more localised, innovative interventions into contracts. Building strategic commissioning capacity across local government to ensure that all areas can benefit from more tactile contract design will be crucial, as will providing support to bridge the transition between procurement regimes.

Summary of recommendations

Central government recommendations:

- Commit to facilitating coordination and innovation through central-local partnerships.
    - **Immediate:** Set up a formal partnership forum between DWP, MHCLG, and local government, to troubleshoot implementation issues.
    - **Medium-term:** Develop common outcome metrics and co-designed data systems, support data-sharing agreements, and consider new funding mechanisms like outcome-based grants.
    - **Long-term:** Foster a culture of continuous improvement through effective central-local networks, with the partnership forum becoming a permanent feature, and central government acting as a backstop, enabler, and disseminator of best practices.
- Establish long-term, devolved funding and governance for local employment support, moving away from short-term, fragmented funding and giving local areas more control.
    - **Immediate:** Expedite multi-year funding, establish a pathway for expanding flexible, place-based funding pots beyond mayoralities, and expand Local Get Britain Working Plans.
    - **Medium-term:** Devote additional budgets and powers through new devolution deals or legislation, aiming for more local government targeting of key employment and skills funding by 2027.
    - **Long-term:** Establish a fully place-based employment and skills system by 2030, with local government as the lead commissioner and central government providing formula-based funding and supportive regulation.
- Further integrate central health, skills, and welfare policy to address barriers to work.
    - **Immediate:** Resource the rollout of cross-department pilot projects embedding employment advisers in health settings and vice versa, align skills initiatives with employment support, and consider improving support for carers.
    - **Medium-term:** Create central joint commissioning frameworks for employment support of people with health conditions, pool funding, expand Working Well style initiatives nationwide, and ensure central-local collaboration on outcome targets and Youth Guarantee implementation.

- **Long-term:** Embed a whole-person, whole-system approach in national strategy and legislation, and mandate data-sharing across DWP, NHS, and regional authorities for tracking outcomes and cooperation on employment outcomes.

- Leverage procurement and regulatory levers to incentivise inclusive employment from the centre.
  - **Immediate:** Issue further guidance on the Procurement Act, implement reforms in accordance with Office for Value for Money findings, and require social value criteria (local job creation, apprenticeships, upskilling of inactive groups) in all new major contracts.
  - **Medium-term:** Update the National Procurement Policy Statement to mandate a minimum 15-20 percent weighting for social value in significant procurements, and introduce specific metrics for supporting disabled or unemployed people into work.
  - **Long-term:** Broaden the use of regulatory levers beyond procurement, explore tax system or Apprenticeship Levy adjustments to reward businesses hiring and training those furthest from the labour market, and encourage national adoption of good employment charters.

Local authority recommendations:

- Lead and collaborate within coordinated local partnerships to provide one-stop support for jobseekers and the economically inactive.
  - **Immediate:** Form or join local employment and skills taskforces (preferably within ICS governance), align existing plans with formalised strategic frameworks at the mayoral level (if relevant), and ensure LGBWPs are up and running in every area, with non-devolved areas collaborating across district and county lines.
  - **Medium-term:** Develop place-based strategies aligned with broader economic plans and DWP outcomes, and invest in training frontline staff and shared case management systems.
  - **Long-term:** Institutionalise these local partnerships as part of the public service fabric, aiming for fully integrated local employment services by 2030, focusing also on in-work progression.

- Tailor support to local needs while recognising shared challenges, using on-the-ground insight to target residents within a national learning framework.
    - **Immediate:** Use local data and lived experience to identify priority groups and neighbourhoods, deploying or adapting proven interventions and informing LGBWPs.
    - **Medium-term:** Be innovative with targeted programmes, scale up successful pilots and develop shared models with embedded evaluation to enable collaboration and comparability.
    - **Long-term:** Reduce local disparities through inclusive growth strategies, refreshed in response to economic shifts; non-devolved areas should use evidence to make the case for greater powers, while all councils should contribute to a common foundation of 'what works'.
- Use key local authority levers strategically (planning, procurement, convening of anchor institutions) to stimulate job creation and inclusive hiring.
    - **Immediate:** Update council procurement strategy to align with the Procurement Act and maximise social value requirements, and use planning agreements creatively for local employment benefits.
    - **Medium-term:** Convene local anchor institutions to commit to inclusive employment and form local anchor networks.
    - **Long-term:** Work toward embedding a culture of social responsibility in the local economy, with procurement and planning routinely delivering community benefits, and explore local bylaws or charters to formalise commitments.

CHAPTER ONE

National context and policy background

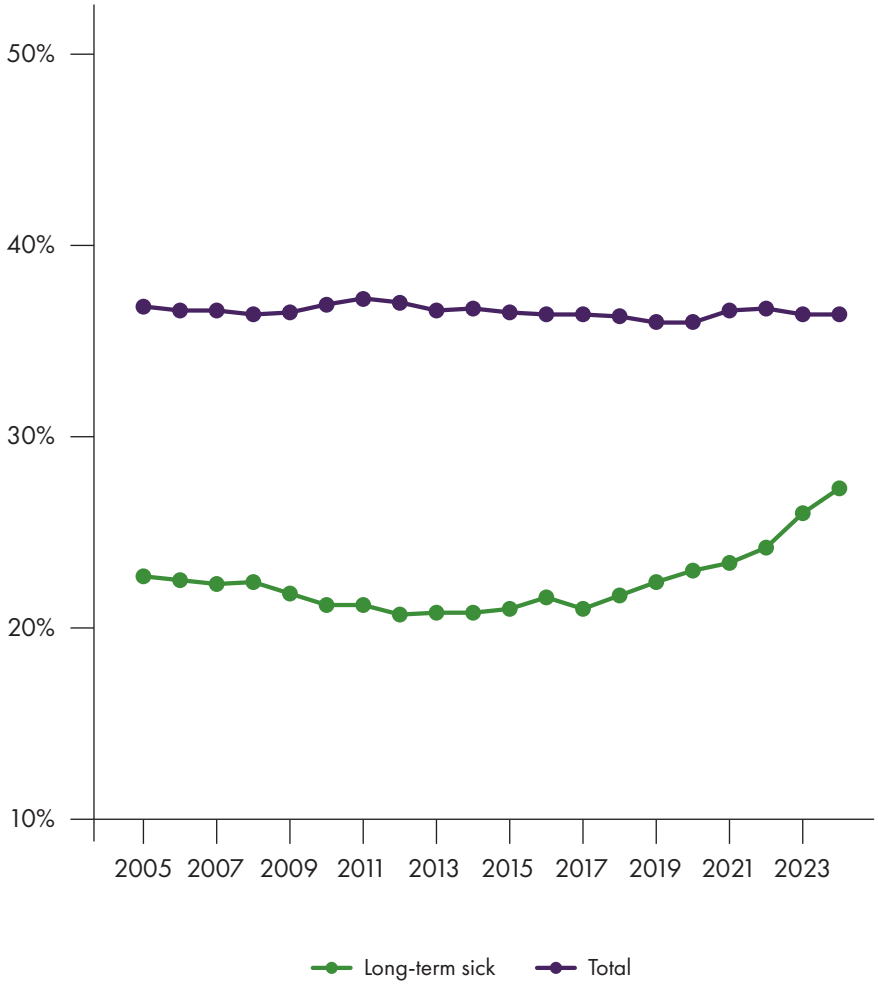
Employment support, traditionally centrally-designed and locally-targeted, has a long policy history in British government, centralised and delivered almost exclusively through the Department of Work and Pensions (DWP) up until very recently—through trailblazer devolution, to the Greater Manchester and West Midlands Combined Authorities. The COVID-19 pandemic, however, was a crisis that has deepened long-term economic inactivity, unemployment, and worklessness to unprecedented levels, therefore bringing the country's employment support system and policy into sharp focus. As a result, and with a new government in parliament, a new policy framework is now emerging, with devolution, integration, and commissioning having particularly local implications for the future of employment support.

Key points

- Rising ill-health and low-quality employment have exacerbated economic inactivity, prompting policy shifts towards both integrating and localising health, skills, and employment support.
- The Get Britain Working White Paper introduces local employment plans, a Youth Guarantee, and the modernisation of Jobcentre services, emphasising local collaboration and personalised support.
- The new Connect to Work programme, a voluntary, locally-delivered support employment initiative, seeks to target economically inactive residents through regional or 'cluster'-based grants to local authorities, looking to further align employment interventions with local needs.
- Effective coordination across local government, central government departments, the NHS, employment providers, and skills services will be essential, yet complex and challenging to implement consistently.
- Balancing local flexibility with DWP oversight does still present the risk of further uneven outcomes, with the potential for central intervention still allowed for if local delivery fails to meet ambitious, centrally-ascribed outcomes.

Figure 1. Economic inactivity in England

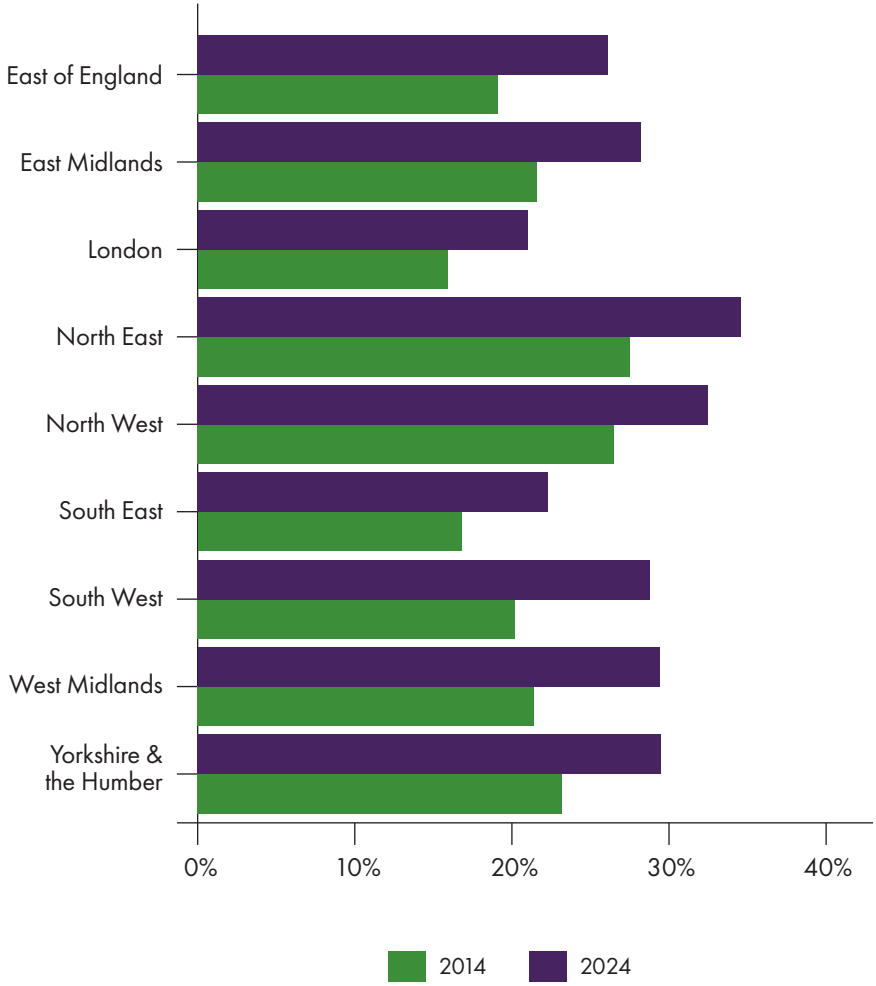
Percentage of 16+ population, 2005-2024



Source: Annual Population Survey

Figure 2. Economic inactivity due to long-term sickness

Percentage of total inactive population by region



Source: Annual Population Survey

1.1 Economic inactivity, poverty, and COVID-19 impacts

England has faced a persistently high level of worklessness and poverty in recent years, even as headline unemployment has remained relatively low. By late 2019, the UK jobless rate had fallen to historic lows of around 4 percent, yet economic inactivity was rising, especially due to ill-health and early retirement[1]. The COVID-19 pandemic dramatically accelerated these trends. In 2020, national lockdowns caused employment to drop by 825,000 within months, with unemployment claims doubling between March and May 2020[2]. Government furlough schemes did mitigate immediate job losses, peaking at 8.9 million furloughed in May 2020, but longer-term effects have been profound.

Two years on, in early 2022, there were still approximately 350,000 fewer people in work than pre-pandemic levels, despite unemployment falling back below pre-pandemic levels[3]. The gap is driven by economic inactivity, which rose to over 9 million working-age adults by 2023, roughly a quarter of the working-age population[4]. Within this, a record 2.5 to 2.5 million people were inactive due to long-term sickness, up by more than 400,000 since the pandemic[5]. Many of these individuals face complex health issues. Nearly 40 percent report five or more long-term health conditions, often including mental health problems (with over half citing anxiety or depression)[6]. This surge in ill-health related worklessness, alongside an aging workforce, has made economic inactivity a central nation concern for the government.

The pandemic's labour market shock prompted an unprecedented funding response. The DWP's 2020 Plan for Jobs injected billions into job creation and retention schemes[7]. Two major programmes launched were Kickstart and the Restart scheme:

- **Kickstart** (£1.9bn. extended into 2022): Targeted 16-24 year olds on Universal Credit at risk of long-term unemployment. Funded six-month job placements by subsidising wages and employer costs. Supported approximately 120-130,000 participants, considerably short of initial 250,000 target. Somewhat credited with preventing the anticipated youth unemployment surge during the height of the pandemic. Surveys have shown most participants gained useful skills; majority transitioned to work or education post-placement.

1 ONS (2023) – Rising ill-health and economic inactivity because of long-term sickness, UK: 2019 to 2023
2 House of Commons (2022) – Coronavirus: Impact on the labour market
3 Ibid.
4 Corlett (2024) – Get Britain's Stats Working
5 ONS (2023) – Rising ill-health and economic inactivity because of long-term sickness, UK: 2019 to 2023
6 Ibid.
7 HM Treasury (2020) – A Plan for Jobs 2020

- **Restart scheme** (£2.9bn, 2021-2024): Focused on adults unemployed for 12+ months due to pandemic. Provided up to 12 months intensive support via contracted providers. Regionally delivered in England and Wales; complemented Jobcentre work coach expansion. Part of broader swathe of employment support initiatives, including sector-based work academies and traineeships.
- **Jobcentre and working funding expansion**: DWP also doubled frontline Jobcentre work coach numbers to manage increased claimants and enhance Universal Credit support. Additional policy funding includes £3.5bn (announced March 2023) over five years to boost workforce participation among disabled individuals, older workers, and parents.

As unemployment fell back post-pandemic, attention turned squarely to the economically inactive and to those in low-quality jobs. In early 2022, the government's Way to Work campaign sought to expedite job matching for short-term unemployed claimants, requiring jobseekers to widen their search or face sanctions after four weeks, to fill record vacancies quickly. More significant changes came with a recognition that new approaches would be necessary in order reach people outside the labour force. The 2023 Spring Budget, dubbed the 'Back to Work Budget', emphasised bringing older workers, parents and the long-term sick back into employment[8]. Measures included increasing childcare support for working parents, mid-life career reviews for over-50s, and health interventions.

Crucially, the Budget announced a new Universal Support programme—a voluntary employment support offer for disabled people and those with health conditions, providing up to 12 months of personalised help. This programme allocated up to £4,000 per participant and aimed to support 50,000 people per year into work. It represented a shift towards funding individualised support for those with complex barriers, rather than one-size-fits-all 'initiativitis'[9].

8 Ibid.

9 Gibson et al. (2023) – Tracing 25 years of 'initiativitis' in central government attempts to join up local public services in England

1.2 The 'Get Britain Working' White Paper

In November 2024, the government published the Get Britain Working (GBW) White Paper, outlining the "biggest reforms to employment support for a generation"[10]. The paper, jointly produced by the DWP, Treasury, and the Department for Education (DfE), responds directly to the national context discussed earlier: stubborn inactivity, post-COVID economic challenges, and the need for higher productivity and earnings growth.

At its core, the white paper sets an ambitious goal: an 80 percent UK employment rate in the long-term, up from around 75 percent currently[11]. Achieving this will require tackling economic inactivity head-on and helping more people not just into jobs, but into 'good work' with career progression. As the Learning and Work Institute note, an 80 percent employment rate will need 1.5-2.5 million more people in work, only achievable by "narrowing gaps between groups and areas"[12]. The white paper, to this end, introduces a suite of reforms, but several key changes stand out, all of which have important implications for local government and regional disparities. A key component is the introduction of integrated settlements for mayoral combined authorities, starting with Greater Manchester and the West Midlands. These settlements will incorporate funding from the DWP for the new Connect to Work programme, a supported employment initiative aiming to assist up to 100,000 individuals annually from 2025/26. Additionally, the GBW White Paper introduces eight new 'trailblazer' areas, backed by £125 million in funding for 2025/26, to foster collaboration among local work, health, and skills services at the combined (Strategic) authority level. These trailblazers will design and test locally-integrated support models, with three areas—South Yorkshire, West Yorkshire, and the North East—receiving a share of £45 million specifically for their involvement in Integrated Care Systems (ICSs).

The traditional Jobcentre Plus system will be overhauled into a modernised jobs and careers service that integrates job matching with careers advice and skills development. In effect, Jobcentres across the country will partner with the National Careers Service to offer a one-stop service for both unemployed people and those in work seeking progression. This indicates a shift from a narrow focus on processing benefit claims to a holistic focus on individuals' career paths. For local authorities, this presents opportunities to collaborate on co-locating services (many councils already host Jobcentre outreach in community hubs) and to ensure local skills initiatives dovetail with this new service. It may also mean changes in Jobcentre operations

10 DWP (2024) – Biggest employment reforms in a generation unveiled to Get Britain Working again
11 DWP, HM Treasury & DfE (2024) – Get Britain Working White Paper
12 Learning and Work Institute – Get Britain Working: The path to an 80% employment rate

within respective areas, e.g. by work coaches working more closely with council employment teams and college or university advisors.

The white paper also seeks to mandate Local Get Britain Working Plans (LGBWPs): strategic frameworks developed by local authorities to analyse local employment challenges, and outline targeted actions to tackle worklessness and enhance labour market participation. The core objectives of these plans include:

- Assessing the extent and nature of economic inactivity in the local area.
- Involving key stakeholders such as the NHS, Jobcentre Plus, training providers, employers, trade unions, and the voluntary sector to develop and implement bespoke strategies.
- Pre-emptive coordination of health, skills, and employment services working towards integration.

The LGA has endorsed this localised approach, emphasising the importance of investing in preventative measures, and advocating for a long-term strategy that funds early interventions consistently[13].

While these plans and local skills improvement plans (LSIPs) have distinct focuses – LGBWPs target inactivity specifically whereas LSIPs focus on aligning skills with employers – they nonetheless intersect in policy areas related to employment support and skills development more broadly. The GBW White Paper suggests that such plans should link to existing strategies and plans, including LSIPs, to avoid duplication and ensure coherence. There is thus a critical need for maximum alignment between LGBWPs, LSIPs, and other local government statutory documents to ensure local employment and skills offers are efficient, integrated, and are distinctly place-based.

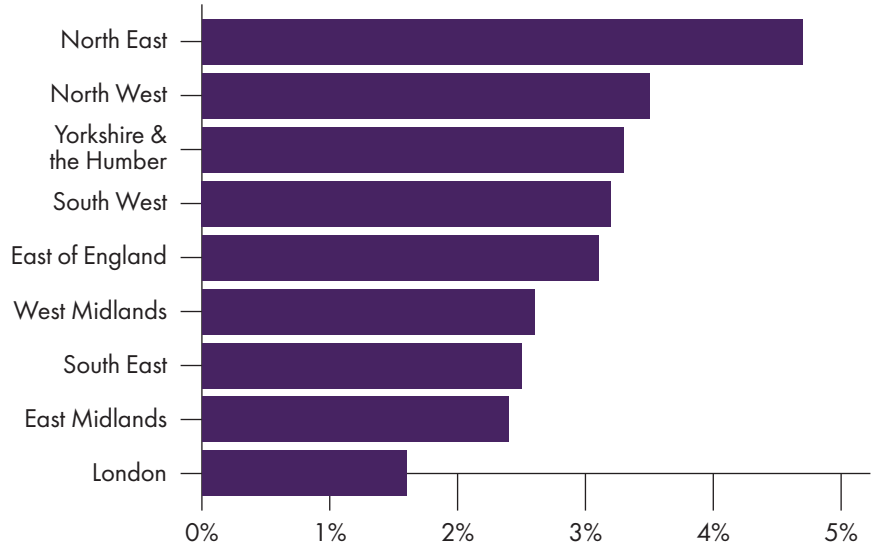
To spur implementation, the white paper creates a Get Britain Working Fund with an initial £115 million in 2025/26 going to local areas in England and Wales to begin funding new back-to-work support programmes for inactive people in accordance with their LGBWPs. Connect to Work is the first such intervention financed by this fund, accounting for a large share of that £115 million. The funding mechanism marks a notable shift: rather than most things being centrally contracted, a portion of DWP's budget is being devolved via grants or integrated into mayoral budgets. Local authorities should, thus, have greater control over how money is spent to meet their plan's goals, but also greater responsibility for outcomes.

13 LGA (2024) – Get Britain Working White Paper: LGA response

With youth unemployment now relatively low, but NEET levels still concerning, the white paper also promises a Youth Guarantee — that all 18-21 year olds in England will have access to education, training and support in finding a job or apprenticeship[14]. This constitutes an effort by the government to ensure no young adult falls through the cracks of the modern labour market after secondary educations. To test delivery models, eight local trailblazers, to be led by willing mayoral authorities, will be funded with £45 million in 2025/26. These pilots will integrate employment opportunities for young people, outreach, and skills training, with local discretion and accountability. The Youth Guarantee also involves national policy changes, for example, transforming the Apprenticeship Levy into a more flexible Growth and Skills Levy, with £40 million ringfenced to trial new apprenticeship models for young people, and exploring adjustments to benefit rules to allow young claimants to study or train without penalty.

Figure 3. Estimated NEETS, aged 16-17

Percentage of 16-17 population by region



Source: Department for Education

14 LGA (2024) – Get Britain Working White Paper: LGA response

Local government, especially upper-tier authorities with education duties, and established combined (Strategic) authorities with skills powers, will play a central role in delivering the guarantee. They will be required to coordinate colleges, schools, universities, youth services, and employers so that all young people are accounted for. For instance, a council should look to expand its tracking of NEETs, and deploy outreach workers to engage those not currently in any system.

The white paper was explicitly mentioned throughout the 2025 Spending Review, with the government notably extending funding for eight Youth Guarantee and nine inactivity trailblazers outright. These are intended to continue testing new approaches for supporting youth employment, as well as the explicitly expressed purpose of bringing together health, employment, and skills support for economically inactive residents[15].

1.3 Connect to Work

Connect to Work is a cornerstone of the Get Britain Working plan; a voluntary supported employment programme designed to help those currently outside the workforce, primarily disabled people, residents with health conditions, and others facing complex barriers, to find and sustain good work. The key features of Connect to Work include a high-fidelity supported employment model, a plan for scale and targets, local delivery via"clusters", integration with devolution deals, local design and partnerships, and new accountability frameworks[16].

Connect to Work will follow a 'supported employment' approach. Typically, this approach includes personalised one-to-one support, use of the Individual Placement and Support principles[17] (place, then train), and close employer engagement. The goal of such an approach is to match participants with good work that they can retain. Supplementary to this, intensive 'on and off the job' support and in-work coaching is provided for up to 12 months or more, recognising that such groups may need ongoing assistance to stay in work.

Once fully rolled out by 2026/27, Connect to Work is aiming to support around 100,000 people per year across England and Wales, constituting a dramatic scale-up of support compared to previous provisions. For context, the legacy Work and Health Programme had the capacity to serve approximately 45,000 per year nationally[18].

15 HM Treasury (2025) – Spending Review 2025
16 DWP (2025) – Connect to Work: Guidance
17 Bond (1998) – Principles of the Individual Placement and Support model: Empirical support
18 DWP (2025) – Work and Health Programme statistics to November 2024

Connect to Work, if implemented as planned, will roughly double such capacity, reflecting the high numbers now out of work due to ill-health, and a recognition of the scale of the intervention necessary from government.

A notable structural innovation is that Connect to Work will be delivered via grants to local government partnerships. England is divided into 43 so-called 'clusters' of local authorities, and Wales into four clusters, each of which will receive DWP funding to run Connect to Work in their respective areas. In each cluster, a "lead local authority" acts as the accountable body for the grant and will lead the design of the local support offer, in collaboration with other councils and partners. This cluster model encourages neighbouring councils to pool capacity, expertise, and resources, ensuring the initiative aligns with local economic conditions and services, while creating consistency in coverage. The LGA have referred to Connect to Work as a "clear building block for councils to take on new devolved powers", urging the DfE to follow suit and supplement employment support decentralisation with the devolution of a new 'Community Skills' function, so that councils can develop and deliver a local adult skills offer in tandem[19].

In city-regions with advanced devolution, the programme's funding is being incorporated into wider devolved budgets. Notably, for the GMCA and the WMCA, the government will include their Connect to Work allocation with new 'integrated settlement' block grants from 2025/26. This gives those established mayoral combined authorities even greater flexibility—they can blend the funding with other local employment and skills budgets as part of a single pot. It also signals trust in the capacity of combined authorities to deliver, as they will now completely manage delivery, rather than following the standard cluster grant process.

The localism built into Connect to Work is significant, and mitigates one-size-fits-all pitfalls[20]. Lead councils are expected to shape provision around local needs, for example, coordinating with local NHS services on matters such as mental health, physiotherapy, and social care, skills providers such as adult education centres and colleges, and VCSE sector specialists. DWP's grant guidance explicitly encourages aligning with existing local services and priorities[21]. This means Connect to Work in, say, coastal Cornwall, may look different from Birmingham's approach. Each area can target prevalent barriers, be it rural transport, specific health issues, language needs in

19 LGA (2024) – Get Britain Working White Paper: LGA response
20 Institute for Government (2024) – 'Get Britain Working' White Paper: a bold plan, but will it work?
21 DWP (2025) – Connect to Work: Grant Guidance for England

diverse communities, etc. Local Enterprise Partnerships (where they still exist) or Skills Advisory Panels, are likely to also feed into such plans. Local employers are also key partners, with the programme setting out how it will engage them to secure suitable jobs and provide support.

Though locally delivered, Connect to Work does come with clear performance expectations and oversight by DWP. Each lead authority must agree a delivery plan and profile of expected outcomes with DWP, and according to the grant guidance, the department will monitor against these profiles and has set performance measures (e.g. number of participants achieving job outcomes, sustaining employment for a certain period, et cetera). There is a built-in evaluation and 'fidelity assurance' process to ensure the support model remains true to Individual Placement and Support principles. The framework is intended to balance local flexibility with central accountability for results. In practice, local areas will have additional freedom to be innovative, but if performance were to lag significantly, the DWP may step in with either challenge or support, the likes of which is not made entirely clear in the white paper.

Whilst there was no explicit mention of the Get Britain Working fund within the 2025 Spending Review, the government confirmed that Connect to Work will continue to be "rolled out" and the language used when describing the DWP's spending responsibilities is notably focused around tackling economic inactivity; seemingly in complete alignment with the GBW white paper's expressed goals[22].

22 HM Treasury (2025) – Spending Review 2025

CHAPTER TWO

Devolution and place

Devolution is increasingly being recognised as a critical mechanism for improving employment services and tackling high unemployment by shifting decision-making closer to the communities that need support the most, and having authorities approach the issue in a place-based, strategic fashion. Centralised employment initiatives have long struggled with a one-size-fits-all approach, often failing to address the specific economic, social, and demographic challenges that vary across regions. By contrast, devolved employment services, when well-structured and adequately resourced, allow local leaders to design interventions that align with the unique needs of their areas, integrate job support with local skills provision, and respond dynamically to shifting labour market conditions.

The 2025 Spending Review reinforced a structural shift toward devolved, place-based policymaking. From 2026-27, mayors covering nearly 40 percent of England's population will control flexible, consolidated funding pots for growth and public services, replacing the fragmented central streams of previous governments. In real terms, local government funding is set to rise by 3.1 percent, with reforms streamlining allocations through the Local Government Finance Settlement[23]. There is also now latent potential for collaboration and joined-up employment services found within the New Green Book rules, which are set to enable 'place-based business cases' with the explicit goal of supporting joined-up local investment.

Key points

- The GBW White Paper promotes devolved employment support through localised delivery, integrated funding, and enhanced roles for all tiers of local government, with mayoral strategic authorities acquiring notable local planning powers and funding oversight post-Spending Review.
- The government's English Devolution White Paper introduces nationwide standardised powers, integrated settlements (eventually), and a preference for mayoral governance, that seek to further link employment services with wider local skills, health, and economic regeneration strategies through devolution.
- Devolved arrangements like Connect to Work and integrated employment and health services will increase local accountability and ownership if managed well and holistically, requiring councils to coordinate closely with Jobcentre Plus and providers.
- Geographic disparities mean variable local authority capacity—urban combined authorities are far better resourced and experienced than smaller or rural councils, potentially exacerbating inequalities if relevant capacity is not uplifted.
- Institutional fragmentation and funding constraints will further hinder effective integration if not accounted for, with local and national employment initiatives risking conflict or duplication without robust governance and a dependable, sustained financial commitment.

23 HM Treasury (2025) – Spending Review 2025

2.1 GBW White Paper implications for place

The white paper's approach is distinctly more place-based, which the LGA and several local authorities have welcomed. The LGA noted it "signals a commitment from government to work with all of local government, from mayors to councils, in delivering new approaches that work best for their areas"[24]. This is a notable departure from previously centrally-run schemes. All tiers of English local government, whether counties, unitaries, London boroughs, metropolitan boroughs, district councils via their county partnerships, or combined authorities, are brought into the fold of employment support policy and practice.

2.1.1 Implications for different tiers of local government

The evolving landscape of employment support has different implications across the tiers of local government in England, especially when comparing devolved metropolitan areas with non-devolved areas. All councils are now expected to play a greater role, but the form of that role varies.

24 LGA (2024) – LGA statement on Get Britain Working White Paper

Established combined authorities (devolved city regions)

England's largest city-regions, e.g. Greater Manchester, West Midlands, et cetera, have been at the forefront of employment support devolution. Over the 2018-2025 period, they negotiated devolution deals that gave them partial control over programmes and funding streams. The new regime has several implications for the deepening of these devolution arrangements:

- **Co-commissioning and local pilots.** Established combined authorities have been assuming the role of strategic commissioners. They plan provision across their regions, procure providers, or work with borough councils to deliver services, and align jobs support with skills training, health initiatives, and economic development plans.
- **Flexible use of funds.** Devolved areas can also pool funding sources more readily now. The GMCA, for example, may decide to augment Connect to Work with its own local funding to expand reach, or integrate it with its ongoing Good Employment Charter efforts, ensuring employers receiving support commit to decent work standards. This flexibility can drive innovation if local authorities are supported in navigating relevant policy.
- **Coordination.** Within established combined authority areas, there is a need to coordinate between mayoral offices and constituent local councils. The white paper's local plans expect mayors to lead, but successful implementation will rely on boroughs' close proximity to and knowledge of employment issues.
- **Accountability.** Mayoral combined authorities are directly accountable to their electorates for economic outcomes, and now increasingly for employment outcomes. They also sign memoranda of understanding or funding agreements with the DWP. This dual accountability, to both local voters and central government, can provide a strong double incentive to deliver, but will also require robust data systems.

Areas without established combined authorities

Areas currently without mayors, including county councils, unitary authorities, and district councils in two-tier counties, have historically had less direct influence over DWP funding and initiatives. However, they too now have a more formal role to play in the design and delivery of employment support:

County groups and clusters. The 43 local authority clusters in England for Connect to Work largely cover the non-devolved areas, since established combined authorities are handled separately. These clusters group counties and their districts, or multiple smaller unitaries, into functional economic areas. Within each cluster, one county or unitary will be the 'lead authority'. This actively encourages new forms of cooperation: county councils will need to work the district councils in their area, who often handle related issues like housing, local outreach, et cetera to deliver employment support.

Use of the UK Shared Prosperity Fund. From 2022 to 2025, local authorities, mostly districts or unitaries as lead authorities, received allocations to invest in community, place, 'people and skills', with the latter ramping up in 2024/25 as EU Social Fund projects ended. The white paper explicitly envisions Connect to Work and other DWP-funded support sitting "alongside… the use of the UK Shared Prosperity Fund" as part of a coherent local offer. Practically, this means councils must now coordinate multiple funding streams to avoid duplication and fill gaps.

Role of district councils. In two-tier counties, district councils (sometimes constituting city or borough councils) often lead on economic development locally, and have frontline services that engage jobseekers, such as housing support and local welfare. While counties may take the lead in the strategic direction and funding of employment support, districts will still prove crucial for delivery. Many districts already run their own small-scale employment initiatives, such as job fairs, or work experience programmes linked to regeneration projects in the area. The new framework encourages all tiers to work in tandem.

County deals. It is worth noting that some areas are negotiating 'County Deals' or other, more recent devolution arrangements. In fact, within the English Devolution White Paper, the government has signalled its intention for all of local government to be reorganised into 'Strategic Authorities', with key powers and settlements forthcoming when they do so. Whilst there is seemingly room for such deals to stop short of a mayor and grant some powers over skills and economic development, the government has indicated that mayoral authorities, such as GMCA and WMCA, are the preference.

2.1.2 The evolving role of local government in tackling worklessness

The localisation of employment support and services through devolution can break down policy silos, such as employment, skills, health, and housing, and align policies for a more holistic approach to support individuals, in a way that brings together partner assets at the local level to create a reciprocally reinforcing support system. Localised approaches can also reduce duplicative efforts and address gaps in provision by aligning and pooling financial resources at the local level—with the precedent of integrated settlements a promising shift to this end. Moreover, tailoring interventions to specific local needs and contexts can lead, and has led, to more efficient and effective policy. Involving local stakeholders, service providers, and employers more meaningfully in the design and delivery of policies leads to a greater local buy-in and credibility from local communities. Lastly, local officials, by virtue of their proximity to place, are more likely to possess a superior knowledge of their areas, meaning a greater potential for more nuanced and effective policy formulation and delivery.

Many local authorities currently offer a local employment support service, working with partners and local employers to identify and fill vacancies, and following central government programmes to make use of financial incentives. As of 2021, the LGA identified 22 nationally contracted employment and skills programmes and 27 non-contracted programmes, each of which received different funding and was delivered to specific cohorts—i.e., NEETs, unemployed, career changers—by different providers[25]. The LGA has called for a more coherent, joined-up coordination of employment services at the local level for the benefit of inclusive growth[26].

Combined authorities in particular hold a range of devolved employment responsibilities. The Adult Education Budget is devolved, while some established combined authorities administer Career and/or Growth Hubs – the former providing support for school and college careers programmes, the latter helping local businesses to grow and create more jobs—and the GMCA and WMCA, as trailblazers, have Contracted Employment Programmes[27], holding hundreds of millions of pounds worth of contracts annually for adult skills and employment programmes between them.

25 LGA (2021) – Mapping national employment and skills provision
26 LGA (2024) – Work Local
27 MHCLG & DLUHC (2024) – English institutions with devolved powers: Plain English guidance

In the past, councils mainly interacted with employment initiatives by bidding for funding, or influencing at the margins. Programmes like Connect to Work aim to place councils as co-designers and co-owners of the service in their areas. They will now have discretion to tailor delivery, and will manage providers directly. This increases local ownership of the problem of worklessness. Councils can no longer simply point to DWP if employment support is not working; they are now embedded in the process of tackling worklessness on a national scale.

Local government is now theoretically well-positioned to tackle the root causes of worklessness because of its span of responsibilities: education, health, social care, housing, and economic development. The new approach leverages this by forming partnerships more comprehensively. If these reforms are successful in practice, deeper council-DWP partnerships on the ground will form: Jobcentre work coaches working with council family support workers, or co-locating in libraries and children's centres. It is crucial that local authorities make the most of central government support in this area. **With savvy-enough facilitation and guidance from central government, councils may convene a quarterly meeting of all employment support actors in the area—including DWP district managers, further education college and university representatives, and charity or community providers—to align and coordinate efforts with more intent.**

Local authority recommendation #1: Local authorities should seek to lead and collaborate within coordinated local partnerships to provide one-stop support for jobseekers and the economically inactive. Local authorities should convene all relevant partners in developing integrated employment support hubs tailored to their respective area or region.

Central government recommendation #1: Government must commit to facilitating coordination and innovation through central-local partnerships. Even with more devolution, central government has a critical role in convening, learning, and supporting local efforts to boost employment.

Such convening as recommended by the LGA's Work Local model, is now being strongly encouraged as part of the Get Britain Working framework.

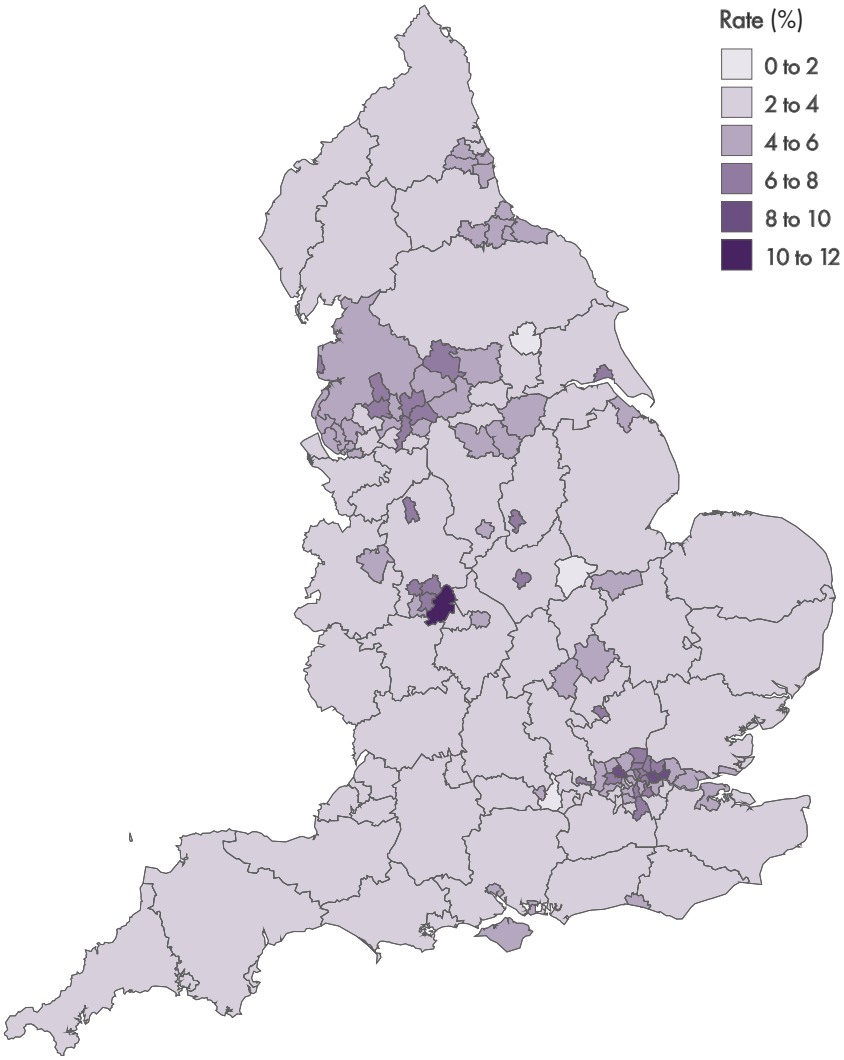
Local authorities will be increasingly required to use data to target support. DWP has committed to share more real-time Universal Credit data by local authorities, which can show where benefit claims are most concentrated[28]. Councils can combine this with their own data, such as indices of multiple deprivation, health indicators, et cetera) to identify priority neighbourhoods or individuals. For instance, a council may discover that a particular ward has a spike in young people not being sustained in employment and target a community employment initiative there; one potentially delivered by a local charity provider, et cetera. **Such a data-driven approach marks a further maturation of local government's capabilities and role in tackling worklessness, one that will need to be stepped up to through investment in data-adjacent capacity.**

However, whilst each place must shape its approach to reflect its own community dynamics and economic realities, local authorities should guard against the presumption of exceptionalism that can hinder collaboration and system-wide learning. Economic inactivity and its various drivers (mental health, transport access, et cetera) and manifestations (youth unemployment, et cetera) are ultimately experienced across localities in different degrees, not in kind. The task for local authorities then is to be mindful of a contextualised convergence; seeking to balance bespoke targeting, using localised data with shared foundations that enable consistent evaluation, transferability, and partnership working as matters of principle.

Local authority recommendation #2: Local government should tailor support to local needs, using on-the-ground knowledge to target those facing the greatest barriers, but within a shared national learning framework.

28 Institute for Government (2024) – 'Get Britain Working' White Paper: a bold plan, but will it work?

Figure 4. Claimant count as percentage of working age population



Source: DWP

2.2 Interaction with devolution policy

The GBW White Paper exists as part of a broad raft of legislation being brought forward in the first 12 months of the Labour government. How local models for employment support fit in with the wider place reform agenda, particularly around devolution, must be navigated and worked out in practice as well as in planning—demanding a much greater awareness and navigation of policy, especially as reforms have come thick and fast in the first year Labour has been in office. When thinking place-based, a variety of different actors and sectors, coalescing around devolution, service integration, and commissioning, must collaborate effectively and innovatively, particularly if the reforms are to be successfully implemented and deliver their intended outcomes.

In December 2024, the government published the English Devolution White Paper entitled "Power and Partnership: Foundations for Growth", which proposes to "end the deals-based approach" in favour of a national framework[29]. Instead of ad-hoc negotiations, powers are to be standardised by law for different levels of local government. A system of Strategic Authorities (typically combined authorities of councils) would cover every community in England, with the eventual goal of universal devolution coverage. In practice, this means even rural and southern areas that missed out on trailblazer deals would get devolved powers. The white paper indicates a strong preference for elected mayors to lead these Strategic Authorities, to ensure clear leadership, though non-mayoral set-ups may be allowed temporarily.

A notable feature is the move toward unitary local government in two-tier county areas to simplify structures—ergo, fewer councils and clearer boundaries. Importantly, the government's approach does echo the trailblazer deals on funding. It promises integrated settlements for trailblazer combined authorities, merging multiple funding pots, covering transport, housing, and crucially, skills and employment support, into a single block grant with an outcomes-based framework[30]. The white paper also pledges deeper powers for mayors, for instance, switching combined authority voting to majority-rule (to curb smaller councils vetoing metro-wide initiatives) and greater influence over Jobcentre Plus provision (though full devolution of Jobcentres is not immediate).

29 MHCLG (2024) – English Devolution White Paper
30 Ibid.

The white paper also makes multiple references to the GBW White Paper, including reiterating the centrality of combined authorities to the plans and the substantive role of the trailblazer "established Mayoral Combined Authorities". The "Accountable Bodies" for Connect-to-Work will now take on Local Enterprise Partnership (LEP) functions for employment. These Accountable Bodies will work "where appropriate" with constituent upper tier and unitary local authorities. There are 43 of these 'clusters' in England—there were 38 LEPs. A concern of Labour's approach to employment support is how it will interact with existing structures, and where it might become yet another fragmented layer of complexity for local service providers, focused on pushing reorganisation rather than value for money.

Overall, the government's current devolution strategy aligns with past efforts in recognising the value of local control, but it diverges by pushing for scale and consistency. Unlike the incremental, voluntary approach of previous governments, the current approach is to mandate devolution everywhere: 'devolution by default', and broaden what is on offer, such as stronger planning powers, and eventually local oversight of Jobcentres as per Brown's recommendations[31].

31 Labour (2022) – A New Britain: Renewing our democracy and rebuilding our economy

Best practice examples

Across the country, strategic authorities are already developing localised solutions to the challenges of employment support. Some best practice examples are indicated in the list below:

- The most effective employment support initiatives have been those **tailored to local economic conditions**, industry needs, and population demographics. For example, the GMCA's Working Well programme is tailored to those with specific health-related work barriers, informed by outreach and strategy; integrating mental health and employment support to address local challenges.
- Successful models have been able to **integrate employment support with other services,** such as skills, transport, and health. The WMCA's AEB funds digital bootcamps linked directly to regional employer needs, ensuring alignment between skills provision and regional job market demands. This reduces fragmentation, ensures a seamless service user experience, and enables holistic, regionally tailored solutions to worklessness.
- Investing in training, second expertise from central government or the regional private and third sectors, and fostering peer-learning between regions, can help **bridge gaps and build local capacity**. The North East Combined Authority is preparing for devolution by developing its skills and employment strategy in advance, ensuring constituent councils are proactively equipped to manage devolved employment services.
- **Developing strong governance structures** that bring together political leaders, operational managers and officers, and key local partner organisations and stakeholders, can ensure clarity in decision-making, prevent duplication, and maintain a mutual focus on outcomes. For example, Liverpool City Region's Households into Work initiative is overseen by a governance board that includes local authorities, DWP and employers, ensuring joint accountability and alignment across the region.
- A major enduring challenge in devolved employment support is ensuring different agencies and departments **share data effectively**. Strong data-sharing agreements, co-located teams, case management systems, and regionally integrated platforms, facilitate better coordination, and reduce inefficient service duplication. Greater Manchester's integrated case management system coordinates employment, skills, and health services, allowing agencies to track participant data across multiple institutions and support pathways.

2.3 Challenges and risks

While devolving employment services through integrated, place-based delivery models like the GMCA's Live Well approach promises tailored support and more effective local solutions, realising these benefits depends fundamentally on how well policy aspirations align with practical realities. England's uneven labour market landscape means local capabilities to deliver employment support vary widely, raising important considerations about capacity, coordination, and funding stability that must be carefully navigated. Successfully transferring responsibilities from Whitehall to local institutions requires more than just structural changes; it demands attention to the underlying institutional frameworks, strategic coherence, and resourced commitments that determine whether localised policies can translate effectively into improved employment outcomes.

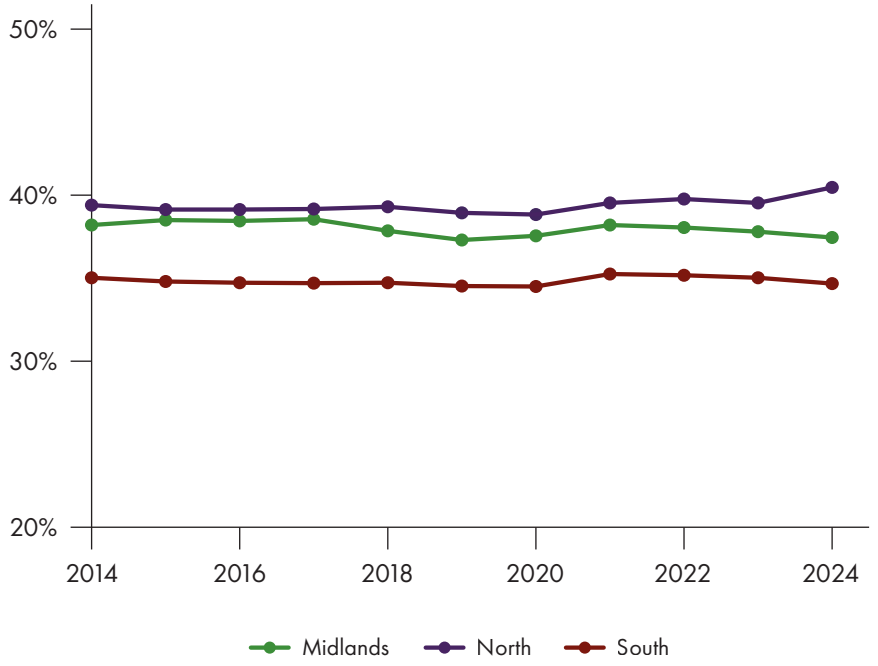
Geographic disparities

A core challenge is that England's regions vary greatly in economic conditions and local capacity. Devolution to date has primarily benefited major city-regions with established working relationships. Rural and small-town areas have often been left with less. This raises concerns that a "devolution-by-default" framework could still produce uneven outcomes, particularly on matters of employment support. For instance, combined authorities like the GMCA and WMCA have built up the institutions, staff, and operational capacity to manage large skills and employment programmes, whereas some rural counties or smaller towns lack equivalent capacity and experiences. It has been observed that places which secured devolution deals early, typically already had above-average local government staffing and resources, while many authorities without deals tended to have weaker capacity, implying that those most in need of powers are likely to struggle the most in utilising them strategically[32].

32 Newman & Hoole (2024) – The intersection of productivity and governance capacity in spatial inequality: the case of England's devolution periphery

Figure 5. Economic inactivity: North, South and Midlands

Percentage of 16+ population, 2014-2024



Source: Annual Population Survey

A north-south divide with regard to unemployment and economic inactivity is also still very much at play. Many northern areas have higher unemployment or economic inactivity, and devolution has long been seen as a tool to address such disparities. But if southern counties, with generally stronger economies, are quicker to implement new devolved powers, given their increased capacity, there is a risk of widening regional gaps in employment support quality. Likewise, rural communities face distinct barriers that locally-designed employment services must overcome — nuances that may not necessarily be captured by becoming subsumed into a devolution deal with the nearest urban centres. If funding formulas or political attention favours big cities, other areas could be overlooked in their unique needs for employment support. Ensuring

that devolution truly reaches every corner, and that coastal, rural, and post-industrial communities get the tailored support they need, will be a delicate task, one that all tiers of governance must be willing to come together and account for.

Institutional and systemic barriers

Beyond geography, there are systemic hurdles in shifting employment services from a centralised model to a devolved one. One major issue is the extent of the system's bureaucratic fragmentation[33]. Currently, employment support in England is a patchwork of national and local initiatives. Jobcentre Plus, managed by the DWP, delivers core benefits and job-brokerage, whilst separate centrally-funded schemes (such as the Work and Health Programme or Restart) are contracted out to providers over large regions. At the same time, local councils and charities run their own initiatives (often funded by the UK Shared Prosperity Fund, and to a much greater extent previously, by EU funds).

This complexity already leads to inconsistent coverage and duplicated efforts. Devolving more control to combined authorities aims to simplify this by enabling more proximity to place-based coordination, but it is by no means an automatic process. During a transition to devolved employment support, multiple layers are likely to continue their operations. For example, even if a mayor gets the budget for "non-Jobcentre Plus employment support", the local Jobcentres, still run by the DWP nationally, will need to cooperate closely, or services would become confused and remain siloed. Aligning these will require new governance mechanisms and data-sharing. Encouragingly, recent devolution agreements include commitments to joint boards, and better data integration between the DWP and local authorities. Without such coordination, there is a risk that local efforts could be undermined by parallel national initiatives or vice versa.

Another key barrier is funding inconsistency and constraints. Local leaders often bemoan that funding for employment and skills has come in the form of short-term grants with many strings attached. For instance, when the Adult Education Budget was devolved, it had already been cut by 45 percent over the decade to 2019, seriously limiting what mayors could eventually do with it[34]. The 2025 Spending Review partly addresses this concern, rolling out five integrated settlements for mayors – beginning with the Greater Manchester and West Midlands combined authorities – and funding

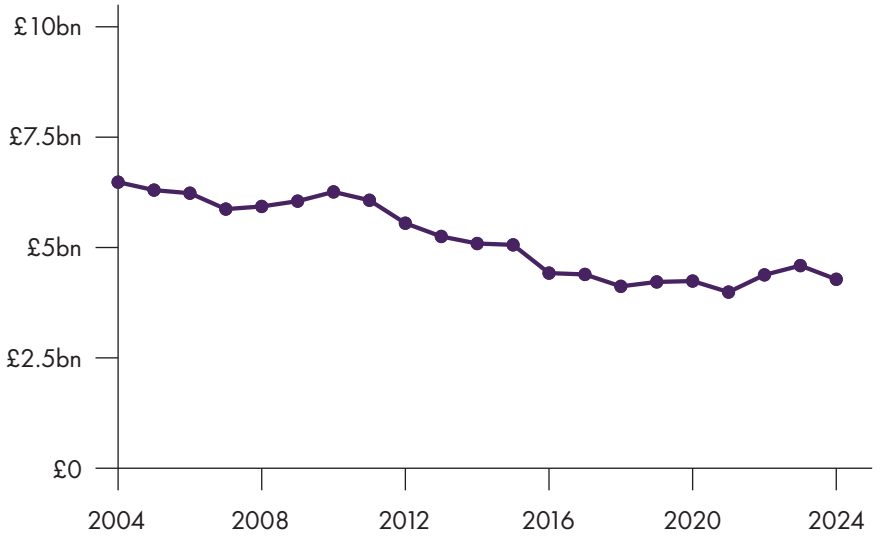
33 Heseltine Institute (2024) – Devolution of employment support: Call for evidence

34 Clayton (2019) – Disparities and devolution: How can the next government close divides in skills and employment?

through a Devolution Priority Programme, as well as a decade-long Local Growth Fund for high-potential northern and Midlands city regions[35]. However, these mechanisms will still need to be fully resourced and sustained if devolved employment mandates are to translate into real local capacity.

Central government recommendation #2: The government must build on the Spending Review's commitments to integrated settlements and long-term capital funding by ensuring all areas, not just mayoral city-regions, benefit from devolved, multi-year funding and governance for employment support.

Figure 6. Public spending on adult education and skills
2004-2024



Source: Institute for Fiscal Studies

35 HM Treasury (2025) – Spending Review 2025

Local capacity and governance challenges

Devolving power to local bodies assumes they have the capability to deliver employment support effectively, in a system that is still outputs-orientated. Not all local areas possess the same level of expertise, capability and capacity to effectively design and deliver localised employment policies. As such, local providers may struggle if commissioning, in particular, continues to favour big contracts. The West Yorkshire Combined Authority has observed that huge nationally procured contracts often sideline smaller community-based providers of services, whereas a more local-by-local commissioning model could involve them better[36]. However, local commissioning itself can be challenging: setting up fair tenders, monitoring performance, and innovating beyond the old "payment-by-results" models requires skill.

There is also a risk of variability, essentially, a postcode lottery. If one mayoral region designs an excellent employment initiative and another flounders, citizens in different places will not get the same help. This risk is inherent in devolution, but it can be mitigated by sharing best practices and having some national standards. To this end, it has been suggested that maintaining common outcome metrics and data across regions will be critical to benchmarking performance[37].

Another potential risk is governance and accountability. Devolution deals create new centres of power, mayors, combined authority boards, et cetera, which must coordinate with existing institutions like county councils, local enterprise partnerships, and the DWP itself. In some areas, there could be power struggles or confusion over roles. Political risk is also a factor. Devolution pushes responsibility downward, so local leaders will be on the hook for outcomes. If unemployment in a region fails to improve, central government departments might blame the mayor, and vice versa. This dynamic can either incentivise creative action or lead to finger-pointing.

36 West Yorkshire Combined Authority (2024) – Written evidence from the West Yorkshire Combined Authority DES0047

37 Heseltine Institute (2024) – Devolution of employment support: Call for evidence

CHAPTER THREE

Employment and health integration

Over the past two decades, successive governments and policymakers have increasingly recognised the interdependence of health, skills, and employment outcomes. Major reviews and strategies have highlighted that good employment is beneficial for health, and conversely, that ill health can be a barrier to work. For instance, Dame Carol Black's 2008 Working for a Healthier Tomorrow and the 2010 Marmot Review on health inequalities were both early key reports emphasising employment as a key determinant of health, setting the stage for subsequent policy and strategies aiming to integrate health support with skills and employment services, with local government consistently identified as having key responsibilities to this end.

Key points

- Mid-2010s policy and devolution have led to an increasing integration of employment, health and skills, exemplified by Greater Manchester's Working Well initiative.
- The GBW White Paper further deepens integration by combining NHS, local government, and employment service providers, primarily through the *Integrated Care System* governance structure, focusing particularly on supporting residents with long-term health conditions into work.
- New local initiatives, such as *Work Well* pilots and Connect to Work programmes, are being established, embedding health-employment coordination within mayoral combined authority areas and ICS structures.
- Structural fragmentation and short-term, siloed funding streams, limited sustainable integration across NHS, local government and service providers as it stands.
- Severe NHS and local authority workforce shortages, combined with regional disparities in existing infrastructure and integration experience, threaten consistent and equitable implementation.

3.1 Policy context for local health and employment integration

The mid-2010s saw a wave of initial devolution deals that empowered certain city-regions to shape employment and skills provision. Greater Manchester, in particular, built on an earlier local pilot, the Working Well initiative (started in 2014), which was pioneering as a system of integrated health, skills and employment provision for people disengaged from the labour market. Working Well's "test-and-learn" pilot informed both informed national policy, and demonstrated the practical value of local integration, personalisation, and multi-agency coordination[38].

3.1.1 The turn to integrated care

In the 2020s, successive national strategic documents further acknowledged and institutionalised the need to prevent health-related job loss through better employer support and occupational health access, complementing the integration beginning

38 LGA (2023) – Work, health and growth: A guide for local councils

to take shape at the service delivery level. By 2023, a more unified approach to cross-departmental coordination on health and employment integration was evident. The government convened a Labour Market Advisory Board (including health and economics experts) and signalled that the forthcoming GBW White Paper is a joint effort of the Treasury, DWP, and Department of Health and Social Care, and the Department for Education, reflecting the cross-cutting nature of the issue.

The 2024 Back to Work Plan, essentially laying the groundwork for the GBW White Paper, introduced several initiatives that merge health, skills and employment support. For example, it proposed a new National Jobs and Careers Service (combining Jobcentre Plus and the National Careers Service) that must "connect with local services"; and a nationwide Youth Guarantee for education and training[39]. Importantly, it promised new locally-led programmes: mayors and local areas would lead Work, Health and Skills plans, and *Work Well* pilots and Connect to Work support for those inactive due to ill-health, would be launched.

Parallel to these developments, the NHS formally joined this integration journey, with local authorities again key partners to this end. The creation of Integrated Care Systems (ICSs) formalised partnerships between the NHS, local authorities, and other relevant agencies, to plan joined-up health and care services in each respective area. By 2022, 42 ICSs were established across England as statutory bodies, bringing together NHS providers, commissioners, councils, and community organisations. While ICSs primarily focus on integrating health and social care, they are also tasked with improving population health and tackling wider determinants such as employment and skills.

Within every ICS area is an Integrated Care Board (ICB), comprised of several key local leaders, which is responsible for producing five-year strategies for health services for the locality, joint with local providers of NHS services[40]. These strategies often acknowledge that supporting people into good jobs is a route to better health outcomes and reduced health inequalities. For example, ICSs and their NHS partners are increasingly seen as 'anchor institutions' in their own right, ones that can boost local skills and employment by offering apprenticeships, hiring locally, and working with job services—all linked to a wider, locally-defined health and social care integration strategy[41]. This blurs traditional boundaries; local government leads on economic development and skills, while the NHS contributes as a major employer and

39 LGA (2024) – Invest 2035: The UK's Modern Industrial Strategy
40 NHS England (2024) – What are integrated care systems?
41 NHS Employers (2023) – Supporting integrated care systems to be anchor employers

by referring patients to work-related support (e.g., social prescribing, or vocational support for those with mental health conditions).

3.1.2 The GBW White Paper and health integration

The GBW White Paper outlines how employment, health, and skills will be more tightly integrated, with local government and ICSs playing a central role in delivery. The GBW White Paper notes in particular that there are 600,000 people with long-term health conditions who are keen to be in work[42], requiring diverse and extensive support across the process of finding work, and support that meets their needs. As such, the trajectory of GBW interventions to tackle inactivity due to ill-health is to:

- Target the health of the population.
- Marshal local leaders to integrate work, health and skills.
- Ensure that employers are able to recruit and retain workers with health conditions or disabilities.
- Reform health and disability benefits[43].

Initially, the first intervention will take the form of 8,500 new mental health staff and 40,000 more elective NHS appointments each week, and efforts to shave down waiting times, with one particular musculoskeletal (MSK) health programme—MSK being one of the most prevalent conditions for those inactive due to long-term sickness, particularly older working-age people—integrated with ICB leaders as part of a community delivery programme. Jobcentre Plus and other locally-led employment support are also going to work to ensure people receive end-to-end services in areas with the highest numbers of people off work sick.

A more place-based approach is evident within the white paper, which the LGA has argued "can be best delivered through a Work Local model" where councils are empowered to shape relevant services for their area[44]. Indeed, local government is set to be a lead partner in new programmes like Connect to Work (a supported employment programme for economically inactive residents) and the NHS ICBs will lead on *Work Well* health-employment initiatives. **This represents a culmination of years of incremental policy moves toward devolution and integration of health, skills, and employment service delivery.**

42 Ibid.
43 Ibid.
44 LGA (2024) – Invest 2035: The UK's Modern Industrial Strategy

Central government recommendation #3: Central government should further integrate central health, skills and welfare policy to address barriers to work, jointly tackling the issues of ill-health, skills gaps, and caring responsibilities that keep people out of work and often stuck in poverty.

For at least three of the eight trailblazer areas, the GBW White Paper has introduced additional funding to the tune of a shared £45m for inclusion of the ICSs across a set of "agreed outcomes, shared governance and a commitment to robust evaluation and learning." As such, those mayoral authority trailblazer areas are more likely to see a joined-up and place-based approach to employment support that actively engages with health services. Looking to intervention three, Connect to Work will ensure the outcome of better employment support for disabled people in every delivery area – not only places with devolved responsibilities and funding, but across the board – ensuring that people are supported to find work and stay in work, and therefore engaging with the government's promise of a more 'inclusive economy' across the country[45].

To this end, local authorities and ICSs are gearing up for the implementation of anticipated changes by building on their initial experiences. Many areas have formed or revived multi-agency boards to map out their work and health initiatives in advance. For example, several ICSs have started joint planning with their constituent upper-tier councils and DWP district managers to develop their Work, Health and Skills plans, as referenced in the Back to Work Plan[46]. In existing mayoral combined authority areas, councils are preparing by identifying target cohorts, and establishing referral routes from GP practices and community health teams into the employment support on offer. In the Greater Manchester and West Midlands combined authorities, this effort is boosted by the fact that the funding will be part of their integrated settlements – combining funding pots from central government that give them flexibility[47].

ICSs are also set to play a direct role, particularly in the upcoming *Work Well* pilots, which appear to be health-led employment support programmes likely run through NHS channels. In anticipation, some ICSs have created roles such as "Work and Health Programme Leads" or are expanding social prescribing services to specifically include employment outcomes. For instance, an ICS may pilot having employment

45 DWP (2024) – Connect to Work: Grant Guidance for England
46 LGA (2024) – Invest 2035: The UK's Modern Industrial Strategy
47 LGA (2024) – Autumn Budget 2024: LGA briefing

advisors in GP surgeries (as was trialled in Sheffield City Region's health-led employment trial) or enhancing mental health therapy services with integrated job coaching. North East London Health and Care Partnership (the ICS for the North East London area) also offers a case study of focusing on specific vulnerable groups: it worked with constituent local authorities to create opportunities in the health sector for care-experienced young people, designing a pathway for those leaving care to get jobs or apprenticeships in the NHS[48].

3.2 Challenges and risks

Implementing an integrated approach to health, skills and employment at the local level according to the aforementioned legislative framework is ambitious, and several challenges and risks must be navigated. These span structural and funding constraints, external economic factors, geographic disparities, and bureaucratic barriers.

Structural and funding challenges

One major hurdle is the fragmentation of budgets and responsibilities across different institutions. Local government, the NHS and ICSs, and the DWP, each have separate funding streams and accountability structures, so aligning these for joint initiatives can be complex. Local authorities have faced over a decade of austere budgets, which has put non-statutory services like employment support and economic development under immense pressure. Crucially, funding for schemes often comes as short-term grants, leading to an increased number of staff on fixed-term contracts, and high turnover. This instability undermines continuity — integrating health and employment support requires sustained investment, yet current financing is often far too piecemeal. As the Health Foundation note, achieving real integration will require sustained investment strategically spent, through effective, enabled collaborative partnerships[49].

The Spending Review provided a somewhat clearer, though still incomplete, financial bridge between employment and health. Through the Pathways to Work green paper, personalised, joint employment-health support for anyone on out-of-work benefits with a limiting condition has been reaffirmed and committed to, underpinned by new DWP funding that rises to £400m in 2028-29 and £1bn by 2029-30[50,51]. A multi-year

48 NHS Employers (2022) – Addressing local inequalities through employment
49 Health Foundation (2024) – Health Foundation responds to the government's 'Get Britain Working' White Paper
50 DWP (2025) – Pathways to Work: Reforming Benefits and Support to Get Britain Working
51 HM Treasury (2025) – Spending Review 2025

allocation such as this signals a welcome move away from fragile pilots towards a more sustained, cross-agency provision.

Moreover, the Review confirms that NHS England will be absorbed into the Department of Health and Social Care, but gives negligible detail on the future architecture or resourcing of ICSs, which, as they stand, sit within NHS England jurisdiction. ICSs are, and could continue to be, pivotal brokers between strategic mayoral authorities and non-mayoral councils (in addition to other local and regional health and work service stakeholders), aiding in aligning pooled budgets with place-based prevention agendas. However, without clarity on their mandate and funding after the DHSC merger, this promise is now more aspirational than it is assured.

Within ICSs, funding is currently largely allocated for healthcare services, and there may be limited dedicated funds to invest in employment or skills interventions (which traditionally lie outside NHS remit). If not managed collaboratively, this can lead to a "wrong pockets" problem, where one agency bears the cost, while another reaps the benefit (e.g. the NHS paying for a vocational rehabilitation programme that reduces welfare costs, or vice versa). Overcoming this requires innovative pooled budgets or co-commissioning agreements, which are administratively challenging to set up. The trailblazer combined authority deals for some regions such as Manchester and the West Midlands did aim to address this by providing combined funding settlements for work and health, but other areas do not yet have this flexibility. If mainstream funding mechanisms are not adjusted, local partnerships risk relying on short-lived pilot funds, making long-term planning and sustainable improvements difficult.

Workforce constraints

Another critical risk is whether there is sufficient workforce to deliver integrated services. The NHS is in the midst of a well-documented staffing crisis: as of mid-2024, there were approximately 112,800 vacancies in NHS England (a 7.7 percent vacancy rate)[52]. Key frontline roles (doctors, nurses, mental health professionals) are notably understaffed, which can limit the ability of ICSs to prioritise new preventative initiatives like employment support integration. Simply put, overwhelmed healthcare staff may not have the capacity to take on additional responsibilities such as advising patients on employment, or coordinating with job services. Similarly, local government teams have shrunk significantly due to austerity. The local government workforce

52 Full Fact (2024) – NHS staffing: explained

has contracted by about 40 percent in the past decade, with 94 percent of councils reporting difficulties in recruiting and retaining skilled staff[53].

Beyond these immediate pressures, immediate integration requires some specialist roles that can bridge disparate systems, such as disability employment advisors, occupational health professionals, mental health employment specialists, and community link workers, to name a few. However, there is a severe risk of shortages in these roles. The NHS *Long Term Workforce Plan* and similar initiatives acknowledge the need to expand certain professions, but until this materialises equitably on a regional basis, workforce constraints will slow down the implementation of ICSs and other integration practicalities. Therefore, capacity building is essential. Staff need training on new ways of working (e.g. work coaches understanding health conditions, or GPs understanding the benefits system) to collaborate effectively. Without addressing these workload and training issues, there is a further risk of front-line buy-in being far too limited, as integrated working can initially be more time-consuming for staff already stretched thin by ongoing workforce constraints.

Economic and labour market fluctuations

The success of work-health integration is partly dependent on the wider economic and labour market context. As noted, a major driver for current government policy is the surge in economic inactivity due to long-term ill-health after the COVID-19 pandemic. This trend raises both the urgency and the difficulty of implementation. On the one hand, it creates momentum for initiatives like GBW, since getting 2.5 million back towards work would boost the economy. On the other, it means local services are dealing with a larger caseload of people with complex health needs. If labour market conditions are such that there are plentiful job vacancies, as was the case in 2022-2023 in some sectors, then integrating support may translate into real job outcomes for participants. However, if the economy tips into recession, or hiring freezes, even the best integration efforts will struggle to secure employment for clients, which risks sapping morale and political support.

Additionally, fluctuations in funding tied to economic cycles pose a risk. For example, emergency funding was injected during the pandemic (for retraining, or the *Kickstart* youth theme), but as the economy recovered, many of these programmes ended. Should unemployment rise sharply again, the DWP may prioritise mainstream job-matching over the more intensive, longer-term work with health-impaired claimants. Conversely, with very low unemployment, employers might become more willing to hire people with

53 LGA (2024) – Invest 2035: The UK's Modern Industrial Strategy

health conditions—but that low unemployment can also lead to government complacency in funding support. Thus, integration efforts need to be resilient to these swings, with plans on how steady support can be maintained through both down- and up-turns.

On skills within the workforce specifically, the 2025 Spending Review has committed an additional £1.2bn per year by 2028-29 for skills, which includes funding to support over 1.3m 16-17 year olds in accessing high quality training, as well as the training of up to 60,000 construction workers. Moreover, measures within the Immigration White Paper are also touted to help reduce reliance on overseas labour, and ensure regional workforces have the requisite skills. If successful and properly resourced, these reforms have the potential to stabilise labour market fluctuations that continue to frustrate worklessness drives, and local authorities should be in close collaboration with strategic mayoral authorities and the government (DWP in particular) on where skills funding could be best placed within their localities.

Political and administrative barriers

Integrating services that have historically been separate also faces notable bureaucratic and political hurdles. At the central government level, responsibilities are split between multiple departments: DWP for employment, DHSC/NHS England for health, DfE for skills, DLU for local government, each with its own targets and culture. Achieving genuine joint-working will require overcoming siloed thinking and possibly sharing both credit and budgets between departments, which Whitehall and local councils have found challenging in the past. Changes in political leadership or priorities also poses a risk. Integrated approaches often require a long-term vision and patience for results, two aspects that the political system can struggle to account for. If ministerial or council leader focus shifts, the whole integration agenda could lose momentum, or fail to materialise in certain localities.

Administratively, one key barrier is data sharing and IT systems. Effective integration would ideally allow employment services, health services, and councils to share relevant information about clients – with consent and proper safeguards – to coordinate care. In practice, data protection concerns and incompatible systems, as well as the rapid rise of expensive AI and advanced data analysis systems, make this difficult to achieve wholesale. For instance, the NHS and DWP do not currently have routine data-sharing at the frontline level: a work coach or local authority might not know a client's health history unless the client discloses, and a GP may not be aware their patient is on a local employment programme. However, initiatives to create shared case management systems or referral pathways often encounter legal and technical complexities. Overcoming these requires clear protocols, legislative assurances, and trust between agencies, which take time to establish and proliferate.

Another barrier can be differing performance metrics and incentives. The NHS is driven by health outcomes, with no formal mandate to achieve job outcomes, whereas DWP and local government contractors are paid for job outcomes, not health improvements. Local authorities and ICSs will need to develop joint outcome frameworks so that all partners are working toward the same goals (for example, measures of well-being and employment combined). Until that happens, and is proliferated evenly across regions, there's a risk of misaligned priorities; an employment advisor might push someone to take a job quickly, while a health professional may advise waiting until their condition stabilises. GBW reforms and other integration efforts should seek to reconcile these approaches through user-centred planning, but this is very challenging in target-driven accountability systems.

Lessons for health integration

The research roundtable sessions and interviews for this report brought forward a number of guiding principles for successful integration of health, employment and skills at the local level.

Strong partnership governance	Successful integration examples feature formal partnership arrangements—whether local integration boards, multi-agency taskforces, or dedicated cross-sector teams. Regular meetings, clear roles (e.g. a local lead in each area), and shared plans are essential. They create accountability, and ensure no single agency is left trying to solve problems alone. Governance that includes both political leaders and operational managers helps maintain momentum and buy-in.
Co-design and flexibility	Strong initiatives are co-designed with input from stakeholders across sectors, ensuring services meet real needs. They also allow flexibility for local tailoring and user-centric delivery, improving relevance and uptake. When rolling out GBW reforms and other national programmes, building in such local co-design elements can replicate these successes.

Pooling of resources	Joint commissioning or pooling funds (as seen in Greater Manchester's *Early Help* co-funding) can overcome the siloed budgeting problem. It gives all partners a stake, and can unlock additional partners (e.g. health partners contributing therapy services into employment programmes). Even where formal pooling is not possible, aligning separate funding streams onto a common client group achieves a similar effect.
Information sharing and navigators	Successful integrations often deploy "navigators" or link workers, who straddle organisations. The key worker model in employment support is one example. This person's specific remit is to help the individual navigate both health and job services. In return, they act as a single point of contact for other professionals involved, improving coordination. Some areas also develop shared referral forms or data systems to ensure smooth handovers (though data sharing does remain tricky, workarounds like case conferences and co-location help).
Leadership and culture	High-level leadership (through mayors, council executives, ICS chairs, et cetera) sets the tone that integration is a priority, which prompts and encourages front-line teams to collaborate. But equally important is fostering a culture of teamwork among practitioners—for example, employment advisors feeling part of NHS-led teams, and vice versa. Cross-training and joint events can also build mutual understanding. In the Midlands, for example, securing senior leadership buy-in and investing in collaboration infrastructure was credited with enabling the trust needed for their ICS to deliver on ambitious employment targets as anchor institutions.

Managing challenges proactively	Across all successful examples, transparency and proactivity in facing challenges is evident. Greater Manchester has had to tackle issues like engaging GPs, addressing this by having the *Health and Social Care Partnership* facilitate discussions to set up clear GP referral pathways into Working Well early help. Lancashire recognised a need to improve their coordination between partners, existing relationships via the ICS helped, and they further leveraged the local LEP and DWP's networks to reach people more quickly and efficiently. Such examples show that common barriers (referrals, multi-agency coordination, developing trust, et cetera) can be overcome with deliberate strategies, and that piloting at smaller scale first ("test and learn") allows adjustment before scaling up.

CHAPTER FOUR

Commissioning and procurement

A variety of employment services are commissioned by local authorities, including advice and guidance services, job search assistance, and supported employment programmes for people with long-term barriers to the labour market[54]. Services of this kind are often provided in partnership with private or third sector organisations and local training providers. Councils pay for some of these smaller-scale services using their revenue expenditure budget, while the general framework for adult skills provision is a mix of national and sub-regional expenditure.

54 DWP (2022) – Local Supported Employment: guidance for local authorities

Councils commission for skills provision primarily through the AEB, which amounts to about £1.5bn annually across the country[55]. Around 60 percent of this expenditure is devolved to mayoral combined authorities and the Greater London Authority, with the remaining money allocated to councils and directly to providers via the Education and Skills Funding Agency[56], which is to be folded into the DfE in 2025. Through this commissioning budget, local authorities – particularly those with direct control of spend through AEB devolution – have a significant amount of buying power in procuring for the provision of qualifications to adults, from basic skills to A-Level equivalent.

Key points

- The Procurement Act 2023 replaces rigid EU regulations with a UK-specific framework, prioritising flexibility, local strategic alignment, and social value (e.g., the "Most Advantageous Tender" criterion).
- The Act also encourages tailored procurement processes, reserved contracts for socially valuable providers, and enhanced transparency through centralised digital reporting.
- Empowers local authorities to integrate the delivery of employment support and other strategic goals into contracts through innovative commissioning and procurement models, now enabled by the Act's provisions.
- Funding complexity and fragmentation may limit this strategic commissioning potential and disrupt both the efficacy and longevity of employment support programmes driven by partnerships and procurement.
- Similarly, administrative burdens, insufficient local procurement capacity, and a lack of staff training on new provisions, risks seriously undermining the Act's intended flexibility, innovation, and strategic potential in tackling worklessness.

55 Local Government Association (2021) – Education Committee's report: A plan for an adult skills and lifelong learning revolution, House of Commons, Thursday 15 April 2021

56 Lewis & Bolton (2023) – Further education funding in England

4.1 Procurement Act 2023

With the Procurement Act 2023 coming into force under the current government, public procurement rules have been overhauled. This new framework changes how councils and combined authorities purchase services, placing greater emphasis on social value and localised public benefits. Replacing EU-derived regulations, several important changes have been ushered in.

4.1.1 Overview of reforms

The table below provides a non-exhaustive, but nonetheless instructive list of key changes at a glance[57]:

Key change	Explanation and implications for local authority commissioning and procurement
Legal framework	Moves from EU-derived Public Contracts Regulations (PCR) to UK-specific legislation (Procurement Act). Maintains core principles (fairness, transparency) but tailored explicitly for post-Brexit UK priorities, allowing greater strategic alignment with local policy goals.
Prescriptive to flexible procedures	Replaces rigid EU procurement procedures (open, restricted, competitive dialogue) with a new "competitive flexible procedure", allowing local authorities to design bespoke procurement processes, facilitating innovative service design through contracts, especially beneficial for complex local employment or community projects.
Thresholds and light-touch continuity	Spending thresholds remain aligned internationally (~£633,540 including VAT for light-touch services). The separate "light-touch regime" is simplified: specific services (e.g. employment support) maintain procedural flexibility, allowing councils substantial freedom to tailor procurements above threshold to local needs.

57 Legislation.gov.uk – Procurement Act 2023

MEAT vs. MAT	Shifts award criterion from *'Most Economically Advantageous Tender'* (MEAT) to *'Most Advantageous Tender'* (MAT), explicitly broadening evaluation beyond cost to include social value, public benefit and quality. This change significantly encourages authorities to favour bids that demonstrate community and social impact, even if not at the lowest cost.
Social purpose tools	Expands provisions, allowing councils to reserve contracts specifically for organisations better positioned to deliver social value. Enhances authorities' ability to directly use procurement as a policy lever to promote wider strategic and social goals, such as employment for marginalised groups, or specifically supporting local VCSE organisations in delivering employment support.
In-house versus outsourcing	Introduces a *Public Interest Test* requiring authorities, or at least central government contracting authorities, to systematically evaluate insourcing versus outsourcing, encouraging a greater consideration of service delivery, directly or through a hybridised model. This aligns with broader policy trends, notably under the new government, seeking to promote local authority delivery of services to maximise public value, and avoid multiplying outsourcing failures any further.
Transparency and governance	Greatly expands transparency requirements, mandating publication of procurement pipelines, contract awards and performance indicators via a central digital platform. Also strengthens public accountability, enhancing scrutiny by residents, suppliers, and oversight bodies, but increases administrative demands on local procurement teams, which must be accounted for as part of a broader transitional support for the sector.

SME and local supplier access	Simplifies supplier registration processes and mandates faster payments to suppliers, explicitly benefiting SMEs and local community providers. These measures aim to diversify local supply chains by fostering participation from smaller, community-based organisations, thus broadening who can feasibly bid for and deliver public services.

It is important to understand how these changes differ from the previous procurement framework to maximise their strategic benefits, and avoid the legal and inefficiency pitfalls of abiding by outdated legislation.

- **Flexibility:** The old Public Contracts Regulations (PCR) required fixed procedures; the new Act allows custom procedures for most contracts.
- **Award focus:** The PCR emphasised 'Most Economically Advantageous Tender' (MEAT); the Procurement Act uses the broader focus of 'Most Advantageous Tender' (MAT), emphasising the weighting of quality and public value.
- **Social contracts:** The old 'light-touch regime' was above £663k with some flexibilities; the new Act's 'light-touch' exemptions are above £663k, with even fewer restrictions.
- **Reserved contracts:** The old framework allowed for certain health and social contracts to be reserved for mutuals and supported factories; the new Act allows *any* contract to be reserved to supported general employment providers, and light-touch exemptions to mutuals.
- **Governance:** The old framework had OJEU notices, with a distinct lack of meaningful performance reporting; the new Act is a sea change in accountability, mandating more notices, and annual contract performance reports.
- **Policy integration:** The old regime had public procurement separate from policy, aside from the Social Value Act's consideration duty; the new legislation ties into the strategic priorities of National Procurement Policy, enabling stronger guidance, such as requiring a job creation criteria, and stronger social value requirements.

Comprehensive guidance on the intricacies of the Procurement Act is available online via the Cabinet Office[58].

58 Cabinet Office (2025) – Procurement Act 2023: Guidance documents

4.1.2 Implications of the Act for tackling worklessness

Advocates for reform see the Act as a key opportunity for harnessing procurement for social good and local growth. This perspective is especially relevant to employment support services, where contracts directly affect the job prospects and conditions of both service users and those employed to deliver services. There is hope that by embedding requirements like paying living wages, offering apprenticeships, or improving job security, public procurement can uplift standards in the employment support industry itself, as many front-line advisors in past initiatives were on low pay and insecure contracts. Localis has previously argued that councils must seek to use the Procurement Act to drive 'social prosperity' by tailoring contracts to local economic needs[59]. These ideas align with a broader policy narrative around public procurement as a driver of 'inclusive growth', where economic development initiatives (like getting people into work) also strive to reduce inequality, and deliver on key strategic policy goals.

The new regime's stress on public benefit and social value means that contracts to address unemployment can be more explicitly outcome-orientated—a notion that large swathes of the local government sector have been ahead of the curve on for some time now. Nonetheless, commissioners now have a concrete legal basis to bake in requirements that providers demonstrate how they will move people into sustainable jobs, improve skills, and even deliver various co-benefits, such as improved well-being and other social provisions, into tenders. As the MAT concept values quality and results over cheapest cost, a local bidder proposing innovative methods to help long-term unemployed, even if it is at a slightly higher cost, stands a better chance than under the old cost-driven regime. This encourages a market where providers compete on effectiveness and co-benefits, e.g. job placement rates or long-term earnings gains, rather than just on price-cutting. Over time, if rolled out and utilised well, this should drive up the quality of employment services available, particularly if powers to this end, and more integrated settlements, are forthcoming.

Many employment support contracts from local authorities now include social value commitments, such as commitments from suppliers to hiring local residents as staff, providing work experience for service users, or partnering with the local VCSE sector. The Act further cements social value as a statutory requirement in procurement. Previously, Labour have made commitments to ensure social value is made mandatory

59 Localis (2024) – New Values

in design, and not just a passing consideration[60]. This can directly contribute to reducing worklessness by ensuring the service delivery itself can create jobs and training. **In essence, how a service is delivered, who gets employed to deliver the service, and what supply chain is used, discretion of which has been enabled by the Procurement Act, can all be utilised to tackle economic inactivity, alongside what services deliver through direct support for residents, if local strategic governance is savvy enough to this effect.**

Local authority recommendation #3: Councils must use key local authority levers, including planning, procurement, and convening of anchor institutions, strategically to stimulate job creation and inclusive hiring.

Section 32 of the Procurement Act allows reserving contracts for supported employment providers. This is a powerful tool for councils as contracting authorities to promote employment access for those who suffer particularly acute barriers. A local authority addressing high unemployment among people with those with disabilities, for instance, may now reserve an employment training contract for organisations that specialise in supporting disabled jobseekers. By doing so, this not only helps end-beneficiaries through the service, but also supports the provider's mission of employing disabled staff. To this end, the government explicitly states this section allows public procurement to improve employment prospects for people facing barriers[61]. In practical terms, this could see more contracts intentionally steered toward community-led organisations and local VCSE sectors, ones that, given their proximity to communities, have an acute understanding of local worklessness challenges.

Given worklessness often has local causes: an area's industrial decline, poor transport links, health issues in specific communities, et cetera, the longstanding centralised, one-size-fits-all series of initiatives, predominantly from the DWP, has often fallen short—and more recent success stories in Manchester and the West Midlands are the result of the department devolving increasing amounts of funding and responsibilities. The Act's flexibility, and soft devolution of the power to design contracts in line with local strategic goals, enables more localised, innovative employment interventions. Established combined authorities, and upcoming Strategic Authorities, empowered

60 Labour (2024) – Labour's plan to make work pay
61 Cabinet Office (2024) – Guidance: Reserving contracts for supported employment providers

over employment support, can co-design their own initiatives with local partners that integrate employment support with local health, housing and skills services, with ICSs emerging as a key governance structure in achieving these ends. For example, as the West Midlands did with its Thrive into Work IPS scheme, a regional authority could launch a programme for economically inactive people with health conditions, and procure it in a way that encourages partnership between employment specialists and the NHS. This means resulting services can grow to be increasingly likely to fit what local people actually need from employment, improving outcomes, and reducing long-term inactivity.

On the other hand, many note that new laws alone do not guarantee change. There are critics who worry that 'maximising public benefit' is too vague to enforce real differences[62], or that without significant investment in capacity, smaller councils will struggle to implement the lofty goals of the Act. To truly impact local communities, authorities need to embrace the spirit of the Act, not just the letter. This means leadership buy-in, training procurement and commissioning teams, and actively engaging local VSCE sectors as core partners. If councils treat the Act as bare compliance, opportunities for innovation and social impact will be missed. This critical policy discourse highlights the need for cultural change and operational models in public procurement, viewing it as a strategic function tied to placemaking, rather than a bureaucratic hurdle.

To fulfil a genuinely mission-led approach to worklessness that can best demonstrate the potential of the Procurement Act's reforms, contracting authorities under central government control should set an example by starting to monitor supply chains with a view towards incentivising good, stable jobs for residents, and, consequently, integrating strategic employment goals into relevant, respective contracts. Done in collaboration with local authorities, this could set a powerful precedent for central-local cooperation on worklessness, as well as fulfilling the Procurement Act's potential to tackle issues of strategic importance and embed mission-led governance in public contracts across all tiers of government.

62 Sutton (2025) – Procurement as a tool for public good

Central government recommendation #4: Government must continue to leverage procurement and regulatory levers to incentivise inclusive employment from the centre, seeking to drive the creation of good jobs and training opportunities through public contracts, and business done with government.

4.2 Local commissioning and procurement of employment services

The new procurement framework empowers local authority commissioners to be more creative, strategic, and purposeful in tackling worklessness. Employment support services can be commissioned not only to deliver job outcomes, but also to embody employment-adjacent social value requirements; employment and skills outreach to economically inactive communities, strengthening community providers, tailoring interventions to local realities, et cetera.

4.2.1 Commissioning models and localist approaches in practice

With new freedoms under the Act, local authorities can explore a range of commissioning models for employment support services. The following are a non-exhaustive set of localist approaches and models, with examples, that illustrate how procurement can be altered or leveraged to improve local outcomes, particularly with regard to employment.

Local authorities have a choice between formal procurement or issuing grants to fund third-party services. Procurement leads to contracts with specified outputs or outcomes, enforceable performance terms, et cetera. Grants can be a more flexible funding option, particularly for those with integrated settlements, to, say, a community group addressing unemployment. Under the new Act, if a council is paying for a service for its own requirements, that is a public contract and should be tendered; however, truly discretionary grants, where the provider designs and offers a project, may lie outside procurement law.

Many councils will continue to use grants for small community-led employment projects to foster more grassroots solutions (e.g. funding a local charity to run a job-readiness mentorship initiative), while using formal procurement for larger, regional programmes. This mix from constituent local authorities and combined (Strategic) authorities can embody a localist approach by empowering hyperlocal community initiatives via grants, alongside bigger contracted provisions at the regional level. Governance is therefore key. Councils must ensure these grant awards are still fair and achieve credible value, even if not through a tender.

A common design approach for employment service contracts is paying providers based on outcomes through 'payment by results' (PbR) contracts. The Work Programme (2011-2017) prominently used PbR contracts nationally. Local commissioners can also use PbR or hybrid models (service fees plus outcome bonuses). Under the Procurement Act, there is nothing barring such models. In fact, the focus on outcomes dovetails well with PbR structures. However, councils should carefully craft these contracts to ensure social value is not sacrificed for 'parking' or 'creaming' behaviours, where providers focus only on easier cases. With the government's emphasis on not just any job, but 'making work pay' and improving job quality, future commissioning may increasingly tie payments to quality of outcome rather than just raw job entry numbers. A practical example, to this end, is an outcome-based contract where a provider gets a bonus for each participant who not only gets a job, but is still in stable employment a year later, with a real living wage.

Instead of procuring a single leader provider, some authorities have been adopting alliance models: forming a partnership of multiple organisations to deliver an integrated service. Greater Manchester's InWork GM partnership, delivering the Pioneer programme is one example; a prime contractor, Ingeus, teamed up with a local non-profit, The Growth Company, to blend their expertise in alignment with the authority's strategic workforce goals[63]. An alliance contract such as this can share risks and rewards among partners, all working towards the achievement of key strategic goals. The new procurement rules make it easier to set criteria that encourage partnerships—for example, awarding higher scores to consortia, or requiring a mix of large and small providers in bids. This approach can keep service provision embedded in local networks of private, public, and voluntary sectors, working together towards delivering strategic employment goals. Another similar model is when multiple charities form a consortium to bid jointly, which authorities can facilitate via supplier engagement events, and by allowing the lotting of contracts so that smaller organisations can handle a portion. The new Act encourages the breaking of contracts down into lots as a means of giving SMEs and VCSEs a stronger chance where appropriate.

A more localist approach to commissioning employment services may also mean delivering service through council-owned companies or in-house teams. Councils may consider creating their own employment support units or LATCos, particularly those receiving integrated settlements. For instance, a combined (Strategic) authority could set up a company employing career advisers and job coaches, instead of contracting a for-profit provider outright. Procurement law generally exempts *in-house* provision,

63 GMCA – Working Well: Pioneer

as no procurement is needed if a council provides a good or service itself, or via a wholly-owned company meeting certain criteria.

Within New Values, a previous Localis report exploring the potential of the Procurement Act for local public service contracts, we suggested that LATCos can offer "…greater control over services and employment of staff, while operating in a more commercial environment"[64]. Some areas may pilot this by 'reshoring' services, bringing them back under local public administrative and managerial control, if it promises better coordination or quality. As outright insourcing requires capacity, expertise, and navigating tricky pension regulations, hybrid approaches such as this, that bring the administrative and managerial control of contracts back into the local public sector, whilst leveraging local private and third sectors for the execution and delivery of said contracts, can see employment services contracts deliver more social prosperity, capturing both resident well-being and local economic growth.

To handle multiple small contracts or referrals, authorities may use a 'dynamic purchasing system' (DPS), an electronic system open to all qualified suppliers, allowing micro-competitions for each placement or service. The DWP itself uses a DPS (the CAEHRS framework) for some provisions. A local illustration would be a combined (Strategic) authority setting up a DPS for ad-hoc vocational training courses or specialist employability coaching, enabling them to quickly mobilise providers when specific needs arise. The Procurement Act continues to allow DPS and frameworks, now under simpler rules; often treated as just another competitive flexible procedure. This practical model is useful in involving numerous local providers, including very small VCSE organisations, because once they are on the DPS, they can have access to steady work without repeated full tenders. By keeping money circulating among local providers, this aligns with principles of inclusive growth, works in tackling regional inequalities, and allows services to be adjusted dynamically to community needs as they evolve.

Co-commissioning employment services with other services in a holistic approach, is championed by the likes of the GMCA and WMCA[65]. To this end, a combined (Strategic) authority could commission an initiative that addresses both unemployment and homelessness together, via a partnership of a job placement provider and a housing charity. Procurement-wise, this can be achieved through a single contract with multiple lots, or a consortium bid, as noted. The Act's flexibility

64 Localis (2024) – New Values

65 Scott et al. (2024) – Commissioning and co-production in health and care services in the United Kingdom and Ireland: An exploratory literature review

supports such cross-cutting procurements, whereas before, differing procurement rules for services complicated things. Moreover, with the NHS's separate *Provider Selection Regime* (for clinical services) now in effect[66], councils, health bodies and ICSs will carefully decide which regime applies for any joint health-employment initiatives. Generally, non-clinical employment support will fall under the Procurement Act, making it fairly straightforward for councils and the NHS to collaborate by agreeing one lead commissioner.

In applying such models, authorities must remain mindful of procurement rules. Even flexibility has limits, e.g. avoiding outright favouring of a local firm without due process. The Procurement Act does, however, provide a toolkit of options and fewer constraints than the previous regime. But it also requires professionalism, strategic thinking and operational capacity to use its options well. Ultimately, where it is a contracted-out initiative, an insourced team, or a public-private partnership, the measure of success must relate to local people getting the help they need to secure good jobs and improve their lives.

4.3 Challenges and risks

Even with improved legislation, local authorities still face significant implementation challenges when procuring commissioning employment support services strategically, and in a way that makes best use of new legislative provisions found within the Procurement Act.

Inadequate funding

Funding for employment initiatives has too often been short-term, fragmented and insufficient. Many councils have been juggling multiple small grants from various departments in their attempts to help tackle worklessness, impeding strategic planning and efficient commissioning. The lack of single, long-term funding streams has forced local bodies into frequent re-bidding, piecemeal programmes, or long-term, poorly managed contracts where administrative and managerial control over outcomes is outsourced away from any public scrutiny, increasing costs and entrenching service gaps. Whilst integrated settlements are a welcome and promising sign, without pooled and predictable budgets, it is difficult for local authorities to invest in robust employment support or to attract providers for sustained partnerships.

66 Cabinet Office (2024) – Guidance: Light Touch Contracts

Policy complexity

Furthermore, both employment and public procurement policy have been bureaucratically complex and fragmented across agencies, and although the Procurement Act is designed to simplify the system significantly, the administrative complexity of transitioning to operating within new legislative frameworks cannot be underestimated. As recently as 2023, a consultation found that at least five central government departments handle various employment and skills initiatives, with very little coordination among them or with local authorities[67]. This cluttered landscape does not simply go away with the introduction of new legislation, and will continue to lead to overlapping services and confusion if not accounted for. From a commissioning standpoint, navigating different programme rules and procurement processes is onerous. Smaller councils in particular will struggle with the "patchwork of… portals" and procedures needed to bid for, or commission services[68]. For service users themselves, disjointed provision is 'demoralising'—people often do not know where to get help, or are passed between various programmes[69]. Such administrative inefficiencies have and will continue to undermine the efficacy of employment support, no matter how well each contract is procured.

Misalignment between central and local priorities still poses a challenge. Under a centralised model, local leaders have limited say, which can breed initiatives that do not fit local needs, or lose local political support. Conversely, full devolution without coordination can risk a further "confusing fragmentation" of services across the country[70]. There is a delicate balance. Local innovation should not come at the cost of a postcode lottery. Changes in political leadership or policy, whether nationally, regionally, or locally, also introduce uncertainty. To this end, a national initiative may be pulled or redesigned with a change in government, disrupting locally commissioned services. Building a strong central-local partnership and accounting for political contingency are crucial to manging these political risks, and ensuring all parties remain committed to ongoing programmes and commissioning strategies.

Although the new Act explicitly aims to simplify matters, public procurement is still a heavily regulated process, and local officers must ensure compliance to avoid legal challenges. The new Procurement Act simplifies rules in theory, but it is still "very

67 Institute for Employment Studies (2023) – Work in Progress: Interim Report

68 Savur & Paxton (2025) – The Procurement Act is an opportunity for government to reap the benefits of transparency

69 Ames (2023) – LGA: 'Radical shift' towards local employment support needed

70 GMCA – Written evidence from Greater Manchester Combined Authority DES0046

technical" and will demand the widespread training of staff in new procedures[71]. Mistakes in following newly required tender processes, or new transparency obligations, can result in costly procurement disputes or contract invalidation. Additionally, when bringing services in-house or partnering in new ways, councils must consider TUPE (staff transfer) laws and data protection when sharing client information.

Lack of strategic commissioning capacity

While the Act provides more flexibility (e.g. no standstill needed on certain awards), departing from traditional processes will still invite scrutiny. As local authorities have a tendency to err on the side of caution legally, the potential for innovation and a more strategic approach to procurement will be slowed down without appropriate capacity-building and support in transition. Clarifying guidelines, as further recommended for DWP, and councils with devolved employment support schemes, is necessary to mitigate the legal and regulatory hurdles of the new Act.

Effectively commissioning employment services requires expertise in contract design, market engagement, and performance management—capacities that vary significantly across local government. Some areas, especially smaller or less resourced councils, lack dedicated commissioning teams, or experience with complex outcome-based contracts. There is concern that simply devolving programmes to councils that "have no better capacity" or in some case *less* capacity than central government departments, will not improve results[72]. In practice, many councils need to build up staff skills in procurement and contract management of employment initiatives. This includes understanding the provider market, often characterised by large private welfare-to-work companies and local VCSE organisations, setting realistic outcome targets, and coordinating with other local services like health or skills providers. Without sufficient administrative and managerial capacity, with supplementary funding, local commissioners may struggle to deliver on their new responsibilities, leading to inconsistent service quality. Thus, investing in training, peer learning networks, and expanding commissioning teams, is critical so that decentralised commissioning can translate into better outcomes nationwide.

71 House of Lords (2022) – Procurement Bill [debated on Monday 28 November 2022]

72 Future Governance Forum (2024) – Support for the future: Making a devolved employment support system work

Transitionary challenges

Prior to these overarching challenges, local and combined authorities are adjusting to a new procurement regime in the immediate term, as well as anticipating local government reorganisation to varying degrees. There have been several delays and refinements (the Act's implementation was postponed many times), leaving some authorities in limbo. By February 2025, the Act was now live, but not all pending procurements could wait. Some 2024 procurements will have had to proceed under old rules, adding to the patchwork of contracts under different regimes for the past few years. The Cabinet Office has issued guidance and training, but practitioners note that the "go-live" of the new regime requires updating templates, internal processes, and even IT systems, to interface with the central platform[73].

Practical implications include potential initiative slowdowns or mistakes, as people get up to speed with the new regime. Organisations like the LGA have called for clarity and support, particularly for smaller councils that do not have in-house legal teams well-versed in procurement law. Over 2025, transitional teething issues are to be expected, but early adopters of more strategic commissioning strategies in employment services, such as the GMCA's co-commissioning model, are already showcasing improved strategic outcomes.

73 KPMG (2024) – How will the new Procurement Act 2023 impact local authorities?

CHAPTER FIVE

Recommendations

Each of the below recommendations recognises whether central-local agreements or outright legislative changes are necessary. In sum, central government's role henceforth should be to set the right frameworks—funding, incentives, integration, and partnerships—and then empower and work with local actors to deliver on the ambition of Get Britain Working in an inclusive way.

Throughout these recommendations, differences in local authority type are also considered. Mayoral combined (Strategic) authorities will use their convening authority and devolved powers to drive such initiatives region-wide, while non-devolved councils can band together or work through county structures to achieve similar ends. The key is flexibility—each local area should use the tools it has, from partnerships to procurement, to boost employment for its residents.

5.1 Central government

Government must **commit to facilitating coordination and innovation through central-local partnerships.** Even with more devolution, central government has a critical role in convening, learning, and supporting local efforts to boost employment.

- **Immediate:** Government should set up a formal partnership forum between the DWP, MHCLG, and local government, building on the idea of a joint national board. This forum should meet regularly from 2025 onward to troubleshoot the implementation issues of new initiatives like the Local Get Britain Working Plans or Youth Guarantee pilots. It should include representatives from combined (Strategic) authorities, non-devolved councils, and other relevant departments.
- **Medium-term:** By 2026, central government should develop common outcome metrics and data systems co-designed by both central and local bodies, particularly ICSs—notably measures for tracking economic inactivity reductions, job sustainment, progression and quality, will be of particular importance. Central government should also develop and support a data-sharing agreement so that local authorities with employment responsibilities can access relevant DWP and DfE data to target support. Additionally, it should consider new funding mechanisms like outcome-based grant or matched funding; if a local area demonstrably increases employment among a hard-to-help group, central government could re-invest a portion of fiscal savings back into that area's initiatives as an incentive for innovation.
- **Long-term:** Over the course of this parliament, the government should work to foster a culture of continuous improvement in employment support through effective central-local networks. Beyond 2028, a partnership forum should become a permanent, possibly statutory feature of governmental employment support, one that advises on policy changes, and aligns national policy with local needs. To this end, central government should remain a backstop and enabler, providing technical assistance, intervening if outcomes seriously falter in an area, and spreading best practices between places with devolved responsibilities.

The government must **build on the Spending Review's commitments to integrated settlements and long-term capital funding** by ensuring all areas, *not just mayoral city-regions*, benefit from devolved, multi-year funding and governance for employment support.

- **Immediate:** The government should resource and proceed with multi-year funding settlements for employment support initiatives, beyond the one-year UK Shared Prosperity Fund allocations, and consolidate the jumble of national schemes into a single pot for local use. This must include a clear pathway for expanding flexible, place-based funding pots beyond current deals, ensuring every locality can plan and deliver services with capacity, certainty, and coherence. Government should also push on with expanding the new Local Get Britain Working Plans to all areas—including non-devolved councils already working in partnership.
- **Medium-term:** The government must seek to devolve additional budgets and powers through new devolution deals or legislation, so that by 2027, local government (strategic mayoral authorities and groups of non-devolved councils) has the capacity to target and distribute key employment and skills funding, even if initiatives are national in scope. This may require specific agreements or legislative changes to empower councils outside of existing deals to plan and deliver adult skills locally, using the AEB and other means.
- **Long-term:** Successive governments must seek to establish a fully place-based employment and skills system by 2030. In such a system, local government is the lead commissioner accountable for employment outcomes, whilst central government provides effective formula-based funding and supportive regulation. Over time, this means integrating related budgets (health-related employment, youth initiatives, et cetera) into integrated settlements, and the single local pot.

Central government should **further integrate central health, skills and welfare policy to address barriers to work**, jointly tackling the linked issues of ill-health, skills gaps, and caring responsibilities, that keep people out of work and often stuck in poverty.

- **Immediate:** The government should push on with and properly resource cross-department pilot projects that embed employment advisers in health settings, and vice versa. Simultaneously, the DWP and DfE should convene to align skills initiatives with employment support, and consider improving support for carers (such as increases in childcare funding or Universal Credit flexibilities) so that they are more secure in seeking part-time or flexible work.
- **Medium-term:** Central government ought to integrate services through policy reforms. By 2027, they should seek to create central joint commissioning frameworks, where larger-scale funding for employment support of people with health conditions is pooled between the DWP, the NHS, and regional authorities. This should also include expanding the scope of Working Well style initiatives nationwide, drawing on Greater Manchester's blended health, skills, and employment model.
    - **Central-local collaboration is crucial.** Central government should work towards setting outcome targets (like reducing health-related inactivity by X percent) while local partnerships, with control over funding, design and implement delivery. To this end, the new Youth Guarantee should be implemented in close coordination with local authorities, e.g. closely supporting the eight trailblazers in 2025, and making preparations for rolling out a national Youth Guarantee in the following years.
- **Long-term:** Successive governments should seek to embed a **whole-person, whole-system** approach in national strategy and legislation, and this government should consider a late-term legislative change to mandate data-sharing across DWP, NHS, and regional authorities for tracking outcomes, and possibly create a duty for such agencies to cooperate on employment outcomes, similar to existing duties around care or safeguarding.

Government must continue to **leverage procurement and regulatory levers to incentivise inclusive employment from the centre**, seeking to drive the creation of good jobs and training opportunities through public contracts, and business done with government.

- **Immediate:** Central government should issue further guidance on the Procurement Act to all contracting authorities on maximising 'public benefit' in contracts. Government should also set an example by immediately requiring that all new major contracts (e.g. infrastructure, nationwide services, et cetera) include social value criteria such as local job creation, apprenticeship schemes, or the upskilling and recruitment of particularly economically inactive groups.
- **Medium-term:** Adjacent government departments must strengthen and formalise inclusive employment requirements. By 2026, the government should update the National Procurement Policy Statement to mandate a minimum 15 to 20 percent weighted evaluation for social value in all significant procurements. They should also introduce specific metrics, such as requiring bidders on central government contracts to outline how they will support disabled or unemployed people into work, as part of 'maximising public benefit'. In parallel, the government will need to monitor and publish results to ensure accountability. If necessary, central departments should consider pursuing legislative change to bolster the Social Value Act, or embed these targets directly in procurement regulations, so that future governments uphold them.
- **Long-term:** The government should work to broaden the use of regulatory levers for inclusive growth, and explore incentives or requirements beyond procurement, such as using the tax system, or tweaking the Apprenticeship Levy to reward businesses that hire and train those furthest from the labour market. Central government should also encourage sectors to adopt charters for good employment, similar to Greater Manchester's Good Employment Charter, but at a national scale.

5.2 Local authorities

Local authorities should seek to lead and collaborate within **coordinated local partnerships to provide one-stop support for jobseekers and the economically inactive.** Local authorities should convene all relevant partners in developing integrated employment support hubs tailored to their respective area or region.

- **Immediate:** Local authorities should seek to form or take part in a local employment and skills taskforce (if not already in place), preferably within or branching out from an ICS governance arrangement, with representation from councils, Jobcentre Plus, NHS/local health partners, colleges, and major local employers. Councils who reside within or near a strategic mayoral authority should seek to align their plans with the respective strategic framework and integrated settlement outlined by SR25. New LGBWPs should be up and running in every area within the next year or two. Non-devolved areas should collaborate across district and county lines to set up joint employment hubs, ensuring that even without a combined (Strategic) authority, a coordinated service can be developed, implemented, and improved upon.
- **Medium-term:** Councils that have not already, must develop place-based strategies that align with broader economic plans and DWP outcomes. Every local area should aspire to have an employment and skills plan, or incorporate relevant measures into local Industrial/Growth Plans, that identifies key local industries, skills needs, and target groups for support. Such a plan should guide the partnership's work and be refreshed annually.
    - Combined (Strategic) authorities can build on devolved initiatives, such as through integrating the AEB with employment support, to create clear pathways into local growth sectors. In counties or districts without devolution, use vehicles like joint committees or voluntary partnerships to pool funds from UKSPF, DWP's grants, and local budgets. A crucial element is engaging employers in these plans so that training provision can match real job opportunities.
    - Such authorities should further invest in training frontline staff across organisations to work together, and use shared case management systems, so that participants experience a seamless service offer. This requires collaboration with central agencies (DWP, the NHS) but local government should be a proactive driver, demonstrating the efficiency of a single local support system as envisioned in the LGA's Work Local model.

- **Long-term:** Local government, as a sector, must seek to institutionalise these local partnerships as part of the country's public service fabric. By 2030, the sector should aim for fully integrated local employment services, governed by either a combined (Strategic) authority, or a coalition of councils. Success would mean that employment support is 'place-based' by default. The exact form can vary, but the principle is that local government sustains and develops its convening role, ensuring all partners continue to collaborate to help people into work. Over time, such partnerships should also focus on in-work progression (not just job entry), making local labour markets more inclusive and productive long-term.

Local government should **tailor support to local needs**, using on-the-ground knowledge to target those facing the greatest barriers, but within a **shared national learning framework**.

- **Immediate:** Local authorities should use granular local data and lived-experience insight to identify priority groups and places, and deploy proven interventions accordingly. Many councils already deliver discretionary support, funded through EU legacy pots or UKSPF. These, along with any new funding streams, should be strategically deployed, using underspend or new allocations to fill identifiable gaps locally. Local insight must also inform the development of LGBWPs, ensuring they respond credibly to lived conditions, and demonstrate alignment with national missions.
- **Medium-term:** Local authorities should test, refine, and scale targeted interventions, while working together to establish baseline offers and evaluation principles that can enable consistency across areas. Wherever possible, successful innovations should be shared and adapted across areas, strengthening a community of practice among councils on tackling worklessness.
- **Long-term:** By 2030, tailored local action should have tangibly reduced employment inequalities within and between areas, with councils ideally reporting against shared impact metrics. Local strategies should continue to be refreshed regularly, responsive to macro shifts (e.g. automation) and embedded within wider inclusive growth plans. Councils within devolved areas should be leveraging integration powers (e.g., housing, transport, et cetera) to embed employment support within whole-place, cross-boundary strategy. Non-devolved councils should use evidence from tailored pilots to continue strengthening their case for additional levers.

- In devolved areas, such councils should use the additional levers at disposal; a combined (Strategic) authority may integrate transport policy or housing policy with its employment and skills work. In non-devolved areas, authorities should continue to make the case, backed by evidence from local pilots, for more freedom to act on employment support.
- The guiding principle should be to **contextualise** employment support. Coastal towns, rural districts, and urban sprawls all have acute experiences of worklessness, each with different solutions only identifiable by local proximity and governance autonomy.

Councils must **use key local authority levers, including planning, procurement and convening of anchor institutions, strategically, to stimulate job creation and inclusive hiring.**

- **Immediate:** Local authorities must update council procurement strategy to align with the Procurement Act and maximise employment-adjacent social value requirements as a matter of priority. Starting as soon as possible, every tender issued by a local authority, or an alliance of councils, above threshold, should include clear social value requirements. With the Act's stronger mandate, these requirements should be standardised and elevated further. Local authorities should also provide training for procurement officers on how to weight and enforce these criteria.
  - **Central-local collaboration** may be needed on some aspects, like defining 'local' in law, or avoiding conflicts with procurement rules in transition, but 'local', this is within newly ascribed local powers.
  - Additionally, authorities should use planning agreements (Section 106 obligations in England) creatively for large developments, a renegotiation of local employment agreements so that a portion of jobs during construction and operation go to local unemployed residents, and that developers fund pre-employment training for them.

- **Medium-term:** Authorities should seek to convene local anchor institutions to commit to inclusive employment. By 2026-27, aim to form a local anchor network if one does not exist already (perhaps under an ICS arrangement), bringing together local public and private employers (e.g., councils, NHS trusts, universities, major firms, and SMEs) to agree on actions like targeted hiring from disadvantaged groups, providing internships to local young, or adopting the real living wage. CAs like the WMCA, and city regions like Leeds, have pioneered 'inclusive growth' partnerships of this kind.
    - Local authorities should either join existing regional charters or establish their own, and actively promote them to local businesses. In practice, this may involve offering recognition awards or publicity for businesses that train and hire unemployed people, or collaborating with Chambers of Commerce to host job fairs in deprived areas.
- **Long-term:** The sector should work toward embedding a culture of social responsibility in the local economy, supported by local, ideally devolved, policy frameworks. By 2030, procurement and planning processes in the local area should be routinely delivering community benefits. Local authorities should explore creating local bylaws or charters (if permitted) that formalise commitments from anchors. If legislative backing is needed, work with central government to obtain it, but much can be done through convening, soft power, and leadership.

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