

Government must work to avoid widening north-south divide in decentralised employment support, Localis warns

Tuesday 1 July, 2025

The government must make sure that plans to decentralise employment support to help get Britain back to work don't open up a north-south divide in regional economic performance, a new report from Localis has advised.

The warning is contained in a new research report from the think-tank entitled '**Guarantee of potential: place-based employment support within a new local policy ecosystem**' which analyses how councils and combined authorities should rise to the challenge of delivering the biggest reforms to employment support for a generation and help achieve a national long-term target of an 80 per cent national employment rate.

The report authors claim that although northern areas which have higher unemployment and levels of economic inactivity have used the power of their devolution deals to address sub-regional economic disparities, when southern counties with stronger economies and increased capacity implement their own devolved powers, there is a risk these regional gaps may widen.

Similarly, if revised funding formulas or political attention favour the country's big cities, coastal, rural and post-industrial parts of the country risk having their unique employment support needs overlooked, the study suggests.

Localis investigated in 'Guarantee of Potential', how decentralization of employment might be advantageously used for the benefit of a distinctly localist approach to tackling worklessness and in line with the government's agenda for devolution, public service integration and commissioning reform.

Report author and senior Localis researcher, Callin McLinden, said: "With record levels of economic inactivity and expedited devolution frameworks, local government is being asked to tackle worklessness with more responsibility, but lacks either sufficient capacity or resources to do so confidently.

"This report sets out a practical roadmap for transforming fragmented employment services into coherent, integrated, and place-based support systems; linking health, skills, and jobs in a locally tailored but nationally coordinated framework achieved through strategic design and procurement.

But without proper investment in local capacity, long-term funding certainty, and shared governance between Whitehall and localities, the potential to reduce worklessness risks becoming perpetually stunted."

Ayden Sims, CEO, AKG, said: "The report arrives at a pivotal moment, as the UK grapples with persistent economic inactivity and the need for more inclusive growth and offers a compelling case for enhanced local ownership, not as a theoretical ideal, but as a practical and necessary shift in how we design, fund, and deliver employment services.

"The findings underscore the value in empowering local authorities and strategic partnerships to lead the charge in tackling worklessness, particularly in communities that have been historically less well supported via previous approaches. It also flags the importance of having this future support strike the right balance between local empowerment and trust, alongside a consistent national offer, underpinned by strong accountability frameworks.

"What stands out most is the report's emphasis on integration, between employment, health, and skills and the recognition that good work is not just an economic outcome, but a determinant of wellbeing. The insights drawn from trailblazer regions and emerging local models show that when local leaders are given the tools and trust to innovate, alongside the practical support to ensure their visions can be realised and delivered, they can build services that are more responsive, more inclusive, and ultimately more effective."

END

Media:

Related
Sectors:

Business & Finance ::
Government :: Public Sector &
Legal ::

Related
Keywords:

Devolution :: Economy :: Local
Government :: Employment ::
Welfare :: Central Government ::

Scan Me:



Press enquiries:

Jonathan Werran, chief executive, Localis

(Telephone) 0870 448 1530 / (Mobile) 07967 100328 / (Email) jonathan.werran@localis.org.uk

Notes to Editors:

1. About Localis

Localis is an independent think-tank dedicated to issues related to politics, public service reform and localism. We carry out innovative research, hold events and facilitate an ever-growing network of members to stimulate and challenge the current orthodoxy of the governance of the UK.

<https://www.localis.org.uk/>

About AKG

AKG delivers joined-up support across employment, learning and health to help people in communities across the UK to reach their full potential. With deep local partnerships backed by a strong national infrastructure, AKG supports thousands of people every year through services designed by professionals and peers with lived experience. Our integrated approach enables individuals to overcome complex service needs, build skills and resilience, and find and sustain good work.

AKG is made up of four distinct parts, each playing a critical and interconnected role in providing support to those that need it. Through AKG Employment, we deliver a range of programmes designed to help those with complex barriers, including long-term unemployed and those with health conditions, to secure and sustain work; this includes acting as Prime provider in the DWP Restart Scheme. Our AKG Learning business delivers apprenticeship and skills development programmes to help people across the country develop their expertise and move on and up in work, including young people looking to get into work for the first time. AKG Health provides clinically led health support for people on a journey to work, helping them move past their health barriers and on a journey to wellness. Intuitive Thinking Skills, part of the AKG Group, deliver peer led behaviour change programmes, assisting those with complex challenges such as substance abuse, prison leavers and homelessness, to live more positive lives.

1. A copy of the final report can be downloaded here:

- 1. The report will be launched at the Local Government Association Conference 2025 from 3.00 p.m. to 4.00 p.m. at the Leonardo Hotel, Liverpool, with a panel debate.**

Speakers will include:

- **Amy Harhoff, Chief Executive, East Midlands Combined County Authority**
- **Cllr Ruth Bennett, Deputy Leader, Liverpool City Council**
- **Eloise Crockett, Work and Health Engagement Lead, NHS Confederation**
- **Ayden Sims, CEO, AKG UK**
- **Cllr Elizabeth Campbell, Leader, Royal Borough of Kensington and Chelsea**

[**Register here:**](#)

1. Report 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 roll out 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 disparities and achieve inclusive growth outcomes specific to the locality, periodically refreshing strategy based on economic changes, and in non-devolved areas, continue to make the case for more freedom.
- 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.

Company Contact:

—

Localis

T. 0870 448 1530

E. jonathan.werran@localis.org.uk

W. <https://www.localis.org.uk>

Additional Contact(s):

07967 100328

[View Online](#)

Additional Assets:

Localis - Guarantee of Potential

Newsroom: Visit our Newsroom for all the latest stories:

<https://www.localis.pressat.co.uk>