

# The National Employment Service

Connecting work, skills and paid community contribution - and testing it honestly before building it at scale

*Discussion draft · prepared under The Pragma Method · presents options and the evidence, and does not advocate adoption*

# The problem

- 9.3m working-age people economically inactive (2.8m through long-term sickness); ~1.5m unemployed; ~900k young people not in education, employment or training
- Yet shortages persist - care, construction, the technical trades - and valuable community work goes undone for want of anyone to pay for it
- Support is fragmented: job-search, retraining, benefits and community participation all sit apart, and people navigate them alone

# What NES is

- The connective layer no existing body owns - it uses Skills England, the National Careers Service, DWP, the Mayoral authorities and the colleges, and adds what is missing
- Two missions: (1) Better Work and Skills; (2) Paid Community Contribution
- A single route through the system for the person, plus paid, additional work the market will not fund

# How it works

- Voluntary, made-to-pay, default-on - no sanctions, not workfare
- Real Living Wage, treated as genuine employment; graduated hours for health and caring needs
- Work always pays - NES pilots a fix to the Universal Credit taper and cliff-edges
- Additionality engineered, not asserted: the funded-post test, union sign-off, no backfilling of cut jobs

# Transitional or permanent - both, by circumstance

- Bridge: progression-oriented, real-employer placements for those who can reach the market
- Floor: a permanent, dignified home for those the market cannot place - severe disability, or whole collapsed-market towns
- The hard rider, from the evidence: sheltered, dead-end work actively harms the employable - so progression and real employers are the default, and permanent placement is reserved

# The evidence

- Paid work beats advice - the Future Jobs Fund raised employment +11pp and returned +£7,750 of societal value per head (Grade B)
- Voluntary beats mandatory - the Work and Health Programme randomised trial (Grade A)
- The closest models - France's TZCLD and Austria's Marienthal - work, but are NOT budget-neutral
- Post-placement support drives durable gains over ~5 years (the ERA trial: £4.01 per £1, Grade A)

# The honest cost

- A paid placement costs about £26,000 a year
- A real, permanent cost to the Exchequer of ~£14,000-16,000 per placement - about £4bn a year at 300,000 placements
- Societal value: roughly break-even (benefit-cost ratio ~0.97; range 0.59-1.46)
- NES is NOT self-funding - and this proposal never claims it is

# Two missions, two economics

- Mission 1 (lighter-touch support): cheap (~£1,200/head) and cost-effective on BOTH societal and Exchequer terms
- Mission 2 (paid placements): expensive, societal break-even, a real Exchequer cost
- Costed separately so neither claim leans on the other

# The value question

- The price and the evidenced return are settled; whether the trade is worth making is not
- How much should the state pay for valuable work in communities the market has left - and is it worth a real, ongoing cost to the public purse?
- That is a value judgement for the public and Parliament, not for the appraisal

# Funding

- A neutral core: redirected benefits, consolidated budgets, recovered tax, invest-to-save
- A public-choice menu for more ambition (a wealth tax, an AI levy, and others) - each graded; NES prescribes no tax
- The real hurdle is scoring, not economics - the 'wrong pocket' - so it needs a cross-departmental settlement and prove-then-scale

# The pilot - prove it before building it

- ~12,000 paid placements, 4-5 deliberately mixed regions, ~£1-1.8bn over three years
- Measures the uncertain benefits - take-up, wellbeing, displacement, transition - rather than assuming them
- A pre-registered evaluation built in before the first participant
- Three no-regret assets - real-time evaluation, a better job-matching layer, a consent-based skills view - useful even if NES never scales

# The decision is gated

- Gate 1 - go live: legal authority, data gateways, baseline measured, evaluation protocol published
- Gate 2 - expand: positive interim outcomes, no material displacement
- Gate 3 - national scale: the benefit-cost ratio PROVEN on measured evidence, plus a confirmed cross-departmental funding settlement
- Absent Gate 3, NES does not scale - and the no-regret infrastructure still stands

# Tested from every side

- Stress-tested from fiscal-conservative, social-democratic and libertarian readings - agreements and disagreements both reported
- Where they agree: voluntary; use existing infrastructure; additionality; pilot-first; honest costing; no national database
- The strongest case against NES is stated in full - and answered

# Measures of success

- Multi-dimensional and adjusted for distance from the market - NOT a '% into jobs' headline
- Wellbeing (primary), sustained employment (bridge), social value of the work, displacement (target ~zero), stability (floor)
- An independent evaluator, with a protected statutory budget

# The ask

- Run the pilot: prove or disprove the value for money before any national commitment
- The decision is gated, evidence-led, and de-risked by infrastructure that is useful either way
- The honest pitch: plausibly good value for society, and a genuine ongoing cost to the Exchequer - here is the price and the evidence; you decide if it is worth it