

The National Employment Service - White Paper

A proposal to connect work, skills and paid community contribution into a single, dignified system - and to test it honestly before building it at scale.

Discussion draft · version 1.2 · June 2026. Prepared under *The Pragma Method* - an approach for turning long-unsolved problems into implementation-ready policy on graded evidence and across the political spectrum. It is presented for development and public deliberation, not as a finished government position: it **sets out options and the evidence for them, and does not advocate their adoption.** Whether the country wants this, and how much of it, is for the public and Parliament to decide. As a living proposal it is kept current as government moves - see [Living updates](#).

How to read the evidence grades. Each factual claim below is graded for the strength of the evidence behind it: **A** robust causal (a randomised trial or clean natural experiment, replicated) · **B** strong observational (large administrative data, quasi-experimental) · **C** weak or indirect (a single study, modelling, or contested) · **D** contested or absent. Every claim carries a grade and a source; full citations are in the [Evidence Annex](#).

Executive summary

Britain runs unemployment, labour shortages and unmet community need at the same time. Around 9.3 million working-age people are economically inactive, long-term sickness now the largest single driver at over 2.8 million; roughly 1.5 million more are unemployed and nearly a million young people are not in education, employment or training (NEET) (the Office for National Statistics (ONS), Grade A for the counts). Alongside this sits work of real social value that no market will pay for - companionship for isolated older people, environmental repair, youth mentoring, the upkeep of local culture - and a support system so fragmented that a person who loses their footing has to assemble help from a dozen disconnected doors.

The National Employment Service (NES) is the connective layer that none of the existing bodies owns. It does not replace Jobcentre Plus, Skills England, the National Careers Service, the Mayoral authorities or the colleges. It uses them, and adds the two things missing: an integrated route through them for the person, and **paid, additional, socially-valuable work** where the market provides none.

This proposal is built on two missions - **Better Work and Skills**, and **Paid Community Contribution** - delivered through a voluntary, made-to-pay offer at the Real Living Wage, with a lean national spine and local delivery. It folds in a reform of how work pays (the Universal Credit taper and cliff-edges that currently punish taking a job), a federated and consent-based way of seeing a person's skills without building a national database, and an evaluation framework designed in before the first participant starts.

It is honest about three hard things.

First, NES is not self-funding, and this paper never claims it is. On deliberately conservative, evidence-grounded assumptions, a paid placement costs about £26,000 a year gross and carries a real, permanent net cost to the Exchequer of roughly £13,850-£15,850 - about £4.2-4.8 billion a year at 300,000 placements. The societal benefit-cost ratio is approximately **0.97 - essentially break-even** - with a plausible range of 0.59 to 1.46.

Second, that means the case is partly a value question, not only a technical one. The spreadsheet gives the price and a plausible-but-unproven social return. Whether that trade is worth making - how much non-market work the state should pay for, and at what wage - turns on the worth of dignity, contribution and community, which are real and only partly monetisable. That is a question for the public, not for the appraisal.

Third, the evidence is good enough to justify a serious pilot, not a national rollout. So the proposal is pilot-first: a £1-1.8 billion, 3-year test across four or five regions that **measures** the uncertain benefits rather than assuming them, and that builds three pieces of national infrastructure useful even if NES never scales. The decision to go national is gated on a *proven* benefit-cost ratio and a cross-departmental funding settlement.

The rest of this paper sets out the problem, the design, the evidence behind each choice, the honest cost, the institutional and funding model, the pilot, an adversarial three-perspective review, the measures of success, and the implementation route.

1. The problem

The systems meant to help people into work, retraining and contribution are split across jobcentres, benefits administration, colleges, local government, charities, private recruiters and cultural bodies. A person facing unemployment, underemployment or a career disruption usually has to navigate them alone. Job-search help sits apart from retraining; benefits administration apart from community participation; creative and cultural routes outside employment policy altogether.

The numbers (ONS *Labour Market Overview*; Grade A for the counts, though point-in-time and to be refreshed before publication):

- **~9.3 million** working-age people economically inactive - about one in five aged 16-64.
- **>2.8 million** inactive through long-term sickness - now the largest single driver.
- **~1.5 million** unemployed.
- **~900,000** young people not in education, employment or training.

These coexist with persistent shortages in health and social care, construction and the technical trades. Employer investment in training is at or near its lowest since records began. And a large body of socially valuable work goes undone for want of anyone to pay for it.

A clarification this paper will hold to: the addressable pool for *paid placements* is much smaller than 9.3 million. Many inactive people do not want, or cannot do, paid work; some are retired or studying; some need health treatment first. The placements this paper costs are aimed at the **far-from-market** cohort - perhaps 1.5 million on a working estimate - and the much larger group reachable by lighter-touch support is served more cheaply (see §6). The honest size of the paid-placement programme is one of the things the pilot exists to establish (§8).

2. Why markets and government have not resolved it

The core failure is one of **coordination**. Matching people, training, vacancies, caring needs and local opportunity requires many actors to move together, and no single employer, recruiter or college has the incentive or the reach to assemble the whole. It compounds a known externality - firms under-invest in

transferable skills because a rival can poach the trained worker - and a public-goods problem: work of high social value but low commercial return is structurally under-provided.

Government has not fixed it for reasons that are structural, not accidental:

- **Churn.** Employment, skills and welfare policy has seen a long succession of programmes launched and wound down, which teaches employers, providers and individuals not to commit.
- **Split ownership.** The pieces sit in different departments, tiers of government and sectors, none responsible for the whole, so fragmentation reproduces itself.
- **The wrong-pocket, wrong-horizon shape.** The payoff from helping someone into durable work or contribution accrues over years and across budgets - lower benefits, higher tax, less pressure on health and social care - while the cost is immediate and concentrated. This is the classic shape of a problem that gets managed rather than solved, and it returns as the central financing challenge in §7.

This also answers "why a new body". The gap is not strategy (Skills England exists) or advice (the National Careers Service exists) or benefits administration (the Department for Work and Pensions (DWP) exists). It is the **integration-and-paid-contribution layer** that genuinely exists nowhere. The strongest version of the objection - that this could be done by mandate and data-sharing without a new institution - is taken seriously and answered in §10.

3. What NES is - identity and the two missions

NES is a **contribution-centred institution**: the person-level delivery layer that connects a fragmented landscape, plus the funder of paid work the market will not do. Its founding discipline is to **use the infrastructure that exists and add only the missing connective layer** - not to compete with Skills England's strategy, the Mayors' devolved skills budgets, the colleges, the National Careers Service or Jobcentre Plus.

It has **two missions**:

Mission 1 - Better Work and Skills. Integrated, dignity-first support into work and retraining, using the existing apprenticeship framework and skills levy and adding the wraparound and route-in that are currently missing. It is **sector-agnostic**: it supports people toward whatever there is genuine demand for - care, construction, digital, the creative industries, any path - without privileging one over another. Access to creative *careers* sits here, as one path among many, with no special privilege over care, construction or any other.

Mission 2 - Paid Community Contribution. Paid, additional, socially-valuable work the market will not fund - including cultural *contribution* work such as archives, community arts, libraries and heritage. This is the expensive, novel and value-laden part of the proposal, and most of this paper's honesty is spent on it.

4. How it works

4.1 Participation: voluntary, made-to-pay, default-on

Participation is **voluntary**, with **no sanctions** and **no bolting onto Universal Credit conditionality**. NES is explicitly not workfare. The lever is not the stick but removing the disincentive to take part and making the offer the active default - strong outreach, a social expectation to participate, opt-out rather than opt-in.

This is an evidence-led choice, not only a values one. The Work and Health Programme's randomised evaluation found the **voluntary group gained 3-5 percentage points of employment while the mandatory group showed no significant effect** (Grade A, from a randomised controlled trial (RCT, the gold-standard 'does X cause Y' experiment)) - voluntary beats mandatory even for a disability cohort. Austria's Marienthal job-guarantee RCT found that wellbeing rose *merely from knowing the guarantee existed*, before anyone took a place (Grade A internal validity; Grade C external, N=62).

4.2 NES as the proving ground for make-work-pay reform

The disincentive to work is fundamentally a **Universal Credit design problem** - the taper and the cliff-edges - not an NES problem. So NES pilots a **universal make-work-pay guarantee** that applies to *all* work, whether an NES role or a market job found through NES, so participants are always clearly better off than inactivity. This deliberately avoids an NES-only perk, which would make NES out-compete ordinary jobs. It means NES is, in part, a vehicle for welfare reform - which raises its profile, cost and stakes, and is accepted as such.

4.3 The wage

Participants are paid a **real wage, treated as genuine employment** - not "claimants doing activity". The aspiration is the **Real Living Wage** (£12.60/hour outside London at the time of writing), not the statutory minimum: paying the minimum and assuming Universal Credit top-ups would have the state model the very free-riding on in-work benefits that NES exists to end. The wage should **not exceed** the Real Living Wage, to avoid pulling people out of ordinary entry-level jobs. Hours are **graduated** so people with health conditions or caring responsibilities take part at the level they can manage; the costing assumes a part-time-skewed average of 25 hours.

Honest caveat: while the market floor sits at the statutory minimum and NES pays the Real Living Wage, NES roles are modestly more attractive than equivalent market jobs. The make-work-pay reform, the additionality rules and the non-market nature of the work soften this, but it is real until the reform pulls the market floor up. The cost of the Real Living Wage premium is small nationally - about £600 per placement a year over the statutory minimum (costing model, §7).

4.4 The work - sourcing and additionality

Roles come from a blend of:

- **(a) Local commissioning panels** - councils, community bodies and unions identifying genuine unmet local need, combining local knowledge with a built-in displacement guard; and
- **(b) Dedicated non-market work entities** on the model of France's 'zero long-term unemployment zones' scheme (*Territoires zéro chômeur de longue durée*, TZCLD), whose entire purpose is work the market and existing services do not do, so additionality is **structural** rather than policed after the fact.

Pure host-organisation bidding - the Future Jobs Fund and Kickstart model, where additionality is most gamed - is used only at the margins, if at all. The reason is in the evidence: Kickstart carried an estimated **54% deadweight** (placements that would have happened anyway), and the National Audit Office's standing criticism was that additionality was never measured in real time (Grade B/C). Community and contribution roles have *structurally lower* deadweight because the work would not otherwise exist - but only if the non-competition rule is enforced.

There is **no firewall** against public-service-type work where it is genuinely needed; ringfencing needed work away from people who would do it well would be perverse, and local-government underfunding is a distinct problem in its own right. The integrity of that position rests on three safeguards:

1. **The additionality test is about *funded posts*, not work type.** NES cannot substitute for an existing or planned funded post, and a host cannot cut paid staff and backfill with NES placements.
2. **Union and sector sign-off** on each role at the local panel.
3. **Scaffold, not permanent substitute.** Where NES reveals a genuine *standing* need, that is evidence the service should be properly funded - not a licence to keep it on cheap transitional labour. NES surfaces unmet need and pressures for it to be resourced, which makes it a lever *against* austerity, not a tool that entrenches it.

4.5 Transitional or permanent - both, by circumstance, with a hard rider

NES work is genuine, valuable paid work, worthwhile in itself. A market job is a welcome outcome **where it is realistic**, never a goal imposed or the measure of success. NES is a permanent, dignified, non-segregated home for paid contribution for those the market has no realistic place for - both individuals (significant lifelong disability) and **whole communities where the economic base collapsed** (the coalfields, steel and manufacturing towns), where the binding constraint is that the jobs do not exist at all.

The evidence imposes a hard rider on this. Germany's job-creation schemes (known as ABM, from the German Arbeitsbeschaffungsmaßnahmen) - subsidised work *outside* the regular labour market - produced **persistently negative effects on subsequent regular employment** across decades, by de-skilling and stigmatising relative to the open market (Grade B). The German *dual system* succeeds for the opposite reason: work-based learning embedded in real employers with structured progression. So the design carries a rule: for anyone who *can* move toward the market, the default must be **progression-oriented, real-employer-involved, skill-building** placement - not sheltered, dead-end work. Permanent placement is reserved for those who genuinely cannot reach the market. Getting this wrong does not merely waste money; it actively harms the employable.

For the far-from-market and disability cohort specifically, the strongest evidence base in employment support is **Individual Placement and Support (IPS), a well-tested method of helping people into work**: competitive employment of **55% versus 25%** for controls across roughly 30 RCTs (Grade A), at a fidelity-dependent cost of about £3,000-£5,000 per participant a year. NES adopts an IPS component at "Good"-or-better fidelity for this cohort rather than treating it as homogeneous.

4.6 Relationship to regional economic strategy

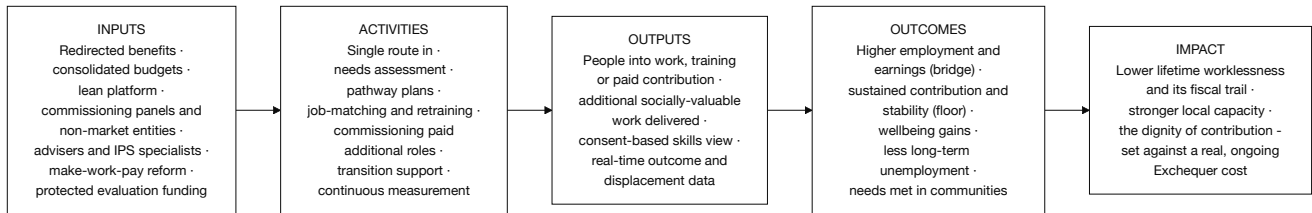
NES is **both bridge and floor, varying by place**, and it **integrates with - but does not substitute for - economic and industrial strategy**. Where a strategy creates real demand - say, a national housing programme bottlenecked by a documented shortage of construction trades - NES is a **bridge**: apprenticeships training people for jobs that genuinely exist. Where the market has gone and nothing is replacing it, NES is the **permanent floor**. NES is the workforce-and-skills engine that plugs into economic strategy; it is not regional economic policy itself (that is infrastructure, investment and industry), and must not pretend to be.

4.7 The data layer (no national database)

To help a person, NES needs a view of their skills, qualifications and history - but it does **not** build a national skills database to get one, and it is not an identity scheme. The model is **federated, opt-in and consent-based**. Data stays in its source systems - the Department for Education's (DfE) Learning Records Service, His Majesty's Revenue and Customs (HMRC), DWP, and anything the person adds themselves - and NES surfaces a unified view **on consent**, acting as a broker on demand, not the controller of a new national master store. This is the cheapest, least duplicative and least attackable version. It still needs

lawful gateways (data-sharing agreements, Data Protection Impact Assessments, likely the Digital Economy Act's public-service-delivery powers), but that is far smaller and lower-risk than a national database. Opt-in means partial coverage, which is consistent with the voluntary ethos.

4.8 Theory of change (logic model)



5. The evidence base

NES is unusual among employment proposals in resting on a deep evaluation literature. The headline lessons, graded:

- **Paid work beats advice.** Programmes giving actual employment outperform advisory-only support, especially for the inactive. The **Future Jobs Fund** (2009-11, ~105,000 subsidised community-sector jobs) raised unsubsidised employment by **+11 percentage points at two years** and appraised at **+£7,750 net societal benefit per participant** against a **-£3,100 net Exchequer cost** (Grade B). Its fatal flaw was sequencing: it was cancelled *before* its evaluation reported - a mistake §8 is built to avoid.
- **Voluntary beats mandatory** (Work and Health Programme RCT, Grade A) - confirmed in §4.1.
- **Don't use payment-by-results for the placement phase.** The Work Programme's payment-by-results model cream-skimmed away from the hardest to help - exactly NES's point - because the funding for the hardest group (those on Employment and Support Allowance (ESA), the benefit for people whose health limits their ability to work) (~£550-690 against £1,170 planned) was too low to serve them (Grade B/C).
- **Post-placement support drives durability, and only shows over ~5 years.** The Employment Retention and Advancement (ERA) trial - a demonstration RCT - found sustained gains for long-term-unemployed men with a return of **£4.01 per £1**, appearing over a five-year horizon (Grade A). Treat placement-end as the start of a transition phase, not the exit.
- **Community/contribution roles have structurally lower deadweight** than market-sector subsidy (Kickstart's 54% is the warning; Grade B/C) - a genuine additionality advantage *if* the non-competition rule holds.
- **The job-guarantee model is validated but unproven at scale.** France's **TZCLD** is the closest analogue: voluntary, living-wage, non-market work in depressed areas, with a strict non-competition rule. Its scientific committee found it "**far from budget neutral**" at a **net cost of €11,000-€14,000 per job-year** (Grade C+/B-). Austria's **Moriental** RCT eliminated long-term unemployment in the district, raised income +44%, improved wellbeing and showed **no displacement**, at €29,841 per participant a year (Grade A internal, C external). Both validate the core; neither proves national scale; both confirm the honest message: **do not claim budget neutrality**.
- **The German ABM caution** is the most important design constraint (Grade B; see §4.5).
- **IPS** for the disability cohort: 55% vs 25% (Grade A; §4.5).

- **Wellbeing.** The non-pecuniary gain of employment - the psychological benefit *over and above income* - is about **+0.46 of a WELLBY (a wellbeing-adjusted life-year, the standard unit governments use to value changes in wellbeing) per year** (Clark et al., within-person fixed-effects panel of >100,000 people; Grade B), valued at the Green Book's central **£13,000 per WELLBY** (Grade B/C). That is roughly **£5,980 per person a year**, and it is the single largest soft term in the costing - which is why §7 grounds it in this figure rather than a more optimistic guess.

The international comparators (TZCLD net €11-14k; Marienthal gross €29,841) bracket NES's modelled ~£26,000 gross / ~£14,000-16,000 net per placement, which is a useful external check that the numbers are in the right region.

6. Two cohorts, two cost structures

The £26,000 paid placement is the expensive, far-from-market core. The much larger group reachable through **Mission 1's lighter-touch support** - job-matching, retraining, sector-based fast-tracks - costs far less per head. Sector-Based Work Academies, for example, deliver **+13 percentage points of employment at two years** at a unit cost of roughly **£428** (Grade B/C), and are a fast-track for the job-ready bridge cohort. This paper costs only the expensive paid-placement cohort; **Mission 1 support is costed separately** in the Mission-1 costing, and is both materially cheaper and - on the evidence from comparable programmes - cost-effective on Exchequer as well as societal terms.

The distinction matters for the verdict in §7: the *bridge* cohort (closer to the market, time-aware, progression-oriented) and the *permanent-floor* cohort (far-from-market individuals and collapsed-market places) have genuinely different economics, and conflating them hides the truth.

7. The honest cost, and the value question

This is the section that should be read most carefully. The full cost model, its assumptions and the appraisal behind these figures are published openly (see the cost-benefit model and the costing memo). It is a deliberately conservative, Green Book-style framing model, with soft benefits held to Grade C.

7.1 Per placement, per year (Real Living Wage, 25 hours/week)

Gross cost ≈ **£26,122**, made up of:

Component	Amount
Employment (gross pay £16,380 × 1.25 employer on-cost)	£20,475
Wraparound (adviser caseload, training, childcare/travel)	£3,000
Platform operating cost (per head)	£300
Delivery overhead	£2,348
Gross cost / placement / year	£26,122

Net positions, central assumptions:

Measure	Central	Range (conservative-optimistic)
Net cost to the paying department (excludes savings landing elsewhere)	£15,846	£19,304 - £11,459
Net cost to whole government (includes other-department savings)	£13,846	£18,304 - £7,959
Net benefit to society	+£866	-£11,304 - +£11,641
Societal benefit-cost ratio (BCR, the value returned per pound spent)	0.97	0.59 - 1.46

7.2 Two honest conclusions

To society, NES is roughly break-even on current evidence - BCR \approx 0.97. That is *plausible, not proven*: it rests on the Grade-C output and wellbeing terms, and strip those out (the conservative column) and society makes a loss. Valuing wellbeing optimistically would put the ratio above 1 (net positive); grounding it in the actual evidence (§5) brings it down to break-even, and this paper deliberately reports the more conservative, evidence-grounded figure.

To the Exchequer, NES is a clear net cost in every scenario - roughly £13,850 to £15,850 per placement a year. It does not pay for itself. Anyone who calls NES "self-funding" is overclaiming, and this institute will not.

7.3 At scale

Placements	Gross / year	Exchequer net / year (whole-gov - paying-dept)	Societal net / year
150,000	£3.9bn	£2.1bn - £2.4bn	+£0.13bn
300,000	£7.8bn	£4.15bn - £4.75bn	+£0.26bn
500,000	£13.1bn	£6.9bn - £7.9bn	+£0.43bn

The 300,000 figure is a **stipulated default** - roughly 20% uptake of a ~1.5 million far-from-market pool - not a derivation. The true number depends on take-up, which the pilot measures (§8). One-off **setup** (the lean platform build, mobilisation, standing up entities) is **separate and roughly £150-500 million** - a fraction of a single year's running cost, not part of the £4 billion.

7.4 The gap between the two BCRs is the wrong-pocket problem

Society roughly breaks even while the Exchequer carries a permanent cost, because much of the benefit - the value of the work, wellbeing, downstream health, social-care and justice savings - accrues to participants, communities and *other departments*, not to the line that pays the wage. This is exactly the Future Jobs Fund pattern, and it is why the financing design (§8, and the Implementation Plan) calls for a cross-departmental settlement rather than expecting one department to fund it from its own savings.

7.5 The two cohorts diverge over time

The annual model understates the **bridge** cohort's multi-year return. Real schemes' societal BCRs *rise* with the horizon - Kickstart from £1.18 at two years to £3.15 at five - because of the post-placement

employment tail that an annual snapshot does not credit and that ERA shows takes ~5 years to appear. For those who transition to unsubsidised work, the true multi-year return is likely clearly positive. For the **permanent-floor** cohort, the annual ~break-even is the relevant figure, and the case rests on wellbeing, social value and dignity - which is precisely where the value question bites.

7.6 The value question, surfaced honestly

A basic discipline of honest policy is to keep empirical and value questions apart, and never to present a value choice as a technical necessity. The empirical questions here - what does it cost, what does it return - are answered above, with their uncertainty. What the appraisal **cannot** settle is whether the trade is worth making:

How much non-market work should the state pay for, at what wage, and is the per-participant social value worth the per-participant Exchequer cost?

That turns on the worth of dignity and contribution in communities the market has left, which are real and only partly monetisable. It is a value question, and it should be put to the public and their representatives through a structured public deliberation rather than settled implicitly inside the design. The honest pitch is therefore: "*NES is plausibly good value for society and a genuine, ongoing cost to the Exchequer; here is the price, here is the evidenced value, and the question of whether it is worth it is yours.*"

8. Institutional form, funding, and the pilot

8.1 Institutional form

A **hybrid**: a **lean national spine** (the shared platform, standards, the make-work-pay reform, funding flows and the evaluation) plus **local commissioning and delivery** (Mayors, councils, dedicated entities). The national spine is what delivers social mobility across council boundaries - a purely local model traps people in their own council's labour market - and economies of scale a council-by-council build could never reach. The national piece owns only what needs national consistency; delivery is local and respects devolution. **Geography**: England-led on delivery; UK-wide on the reserved make-work-pay / Universal Credit element; Scotland, Wales and Northern Ireland free to adopt the model, since employment support and skills are devolved (for example Fair Start Scotland). The detailed boundary map against the existing landscape is in the [Implementation Plan](#).

8.2 Funding - a neutral core and a public-choice menu

The funding is layered and **deliberately non-partisan**, because the funding choice is itself a partisanship choice (a wealth-tax flag would brand NES left and lose half the coalition) and a charitable-eligibility choice (balanced options are educational; prescribing a contested tax is closer to a political purpose). Both point the same way.

A neutral core that codes NES nowhere on the spectrum and funds the baseline: redirect participants' passive benefits into active wages; consolidate today's fragmented employment-and-skills budgets; recover dodged tax (Pillar Two, the Diverted Profits Tax, avoidance enforcement); a "departmental funnel" replacing some consultancy spend with trained public-workforce delivery capacity; and invest-to-save.

An evidence-graded public-choice menu for greater ambition: additional revenue options - a wealth tax, an AI/automation levy, capital-gains alignment, windfall taxes - each presented neutrally with an honest graded estimate of what it reliably raises and at what risk, and each flagged where it is a *value* choice. **NES**

does not prescribe a funding mechanism. A fiscal-conservative government can fund the core from redirection; a progressive one can add a wealth tax; both use the same NES.

The honest hard part is **scoring, not economics**: much of the "it pays back" case lands in *other* departments over a longer horizon than Treasury scoring windows, so the economics can be near-neutral while the score still shows a large upfront cost. Solving the score needs a **cross-departmental funding settlement** and a **prove-then-scale** approach - which is the pilot.

8.3 The pilot - prove the BCR, and build no-regret infrastructure

The evidence justifies a serious test, not a national rollout. The pilot's job is to **convert the Grade-C assumptions into Grade-A measured evidence** - take-up, the wellbeing gain, the value of the work, displacement, and the rate of transition to unsubsidised work - so that any national decision rests on what NES actually does. (Full design: [NES_Pilot_Design.md](#).)

- **Scale:** ~12,000 paid placements across **4-5 deliberately mixed regions** (collapsed-market, coastal, rural and at least one urban), sized so the bridge cohort has ~5,000-10,000 - the statistical power needed to detect a 5-percentage-point transition effect, so the result is one a Treasury and a sceptical opposition would believe. Plus a larger, cheaper Mission-1 throughput.
- **Duration:** ~3 years of operation, with evaluation tracking continuing to a **5-year window** (the post-placement tail appears late).
- **Embedded, pre-registered evaluation:** outcomes, comparison groups and estimators registered before launch; randomised waitlists where oversubscribed (clean RCT variation); staggered regional rollout analysed with Callaway-Sant'Anna (2021) group-time difference-in-differences; **entropy balancing, not propensity-score matching** (King & Nielsen 2019); displacement **measured directly** via linked employer-employee data and control areas; **wellbeing (measured by ONS4, the Office for National Statistics' four standard life-satisfaction questions) as a primary outcome**; no extrapolation beyond five years.
- **Three no-regret, dual-use assets** that retain national value even if NES never scales: a **real-time evaluation capability** (structurally fixing the Future Jobs Fund's "evidence too late" failure); a **federated cross-boundary matching layer** that *extends* DWP's Find a Job with paid community placements and a mobility dimension; and the **federated, consent-based skills-data layer** of §4.7.
- **Cost:** ~£1-1.8 billion over three years - comparable to Kickstart (~£1.9bn), and an order of magnitude below the ~£4 billion-a-year national steady state.

Decision gates:

1. **Gate 1 - proceed to live pilot:** legal authority and data-sharing gateways in place; the lean infrastructure live; commissioning panels and additionality safeguards operating; the evaluation protocol published; baseline measured.
2. **Gate 2 - expand within the pilot:** positive interim outcomes; no material displacement; placement quality and additionality holding; take-up in range.
3. **Gate 3 - national scale:** the **BCR proven** on *measured* wellbeing, output, displacement and transition; a stable platform; and a **confirmed cross-departmental funding settlement**. Absent these, NES does not scale - and the no-regret infrastructure still stands.

9. Measures of success

Success **cannot** be headlined by "% into market jobs". That would gut the model, invite gaming, and is meaningless where no market jobs exist. The measures are **multi-dimensional and adjusted for how far each person starts from the market**:

- **Wellbeing** (ONS4 life-satisfaction, baseline/6/12/24 months, treatment vs control) - a primary outcome, not an afterthought.
- **Sustained unsubsidised employment** for the bridge cohort, tracked over five years.
- **Social value of the work delivered**, independently valued.
- **Displacement and additionality**, measured directly - target effectively zero.
- **Take-up** against the eligible pool.
- **Stability and retention** for the floor cohort (the relevant success measure where transition is not the goal).
- **Capability and skills gains**.
- **Downstream effects** on benefits, health and justice, via linked administrative data.

An **independent evaluator** is commissioned before launch, with a statutory, protected evaluation budget so the evidence survives a spending review.

10. Adversarial review - three perspectives and the strongest case against

The proposal is stress-tested from three political perspectives, reporting where they agree (robust) and where they disagree (shown, not dropped), and the strongest case against it is set out as forcefully as its own advocates would put it.

Fiscal-conservative reading. Objections: a permanent ~£4bn/year cost; a new quango; displacement of real jobs; the risk of a low-productivity parking scheme. Reassurances it values: redirecting passive benefits into productive activity; the funded-post additionality test; the make-work-pay reform attacking welfare dependency at its root; invest-to-save and tax recovery in the neutral core; and above all pilot-first, which de-risks the bet and refuses to spend £4bn on an unproven assumption.

Social-democratic reading. It values the dignity-first design, the Real Living Wage, paid contribution, regional justice and the explicit rejection of workfare. Its objections push the *other* way: that voluntary, non-universal coverage is too thin; that the offer could become a low-wage ghetto; that break-even is too modest an ambition. The progression-and-real-employer default and the federated (not segregated) delivery answer the ghetto worry; the menu lets a government of this disposition fund more ambition.

Libertarian reading. Objections: state job-creation crowding out private activity; a national skills database as a surveillance vector; labour-market distortion. Reassurances it values: participation is voluntary with no compulsion; the data layer is federated, consent-based and broker-only, with **no national database**; additionality confines NES to work the market does not do; and the Real Living Wage cap avoids bidding labour away from private employers.

Where the three agree (robust): voluntary not mandatory; use existing infrastructure; additionality enforced; pilot before scale; honest costing; federated not centralised data. These are the load-bearing commitments, and all three perspectives can sign them.

Where they disagree (the live questions): the value question of §7.6 (is the Exchequer cost worth it?); the right *scale*; and whether permanent placement is a dignified floor or a trap. The funding menu deliberately removes the *mechanism* disagreement by not prescribing one.

The strongest case against NES. *It is a large new institution duplicating Jobcentre Plus, Skills England and the Mayors' devolved functions; the coordination it promises could be achieved by mandate and data-sharing without a new body; a national skills data layer concentrates surveillance and risks crowding out civil society; the German ABM evidence warns that public job-creation outside the market can actively harm the employable; and the honest costing shows break-even-to-society and a permanent Exchequer cost - so why do it at all?*

This is a serious case, and the design answers each part rather than dismissing it. The integration-and-paid-contribution layer genuinely exists nowhere, so it is not duplication (§2-3); mandate-without-delivery has been tried, and the fragmentation persisted (§2); the data layer is deliberately federated and consent-based precisely to drop the surveillance vector (§4.7); the ABM caution is designed-in through the progression-and-real-employer default and the narrow reservation of permanent placement (§4.5); and the costing's honesty is the point - the value question is routed to the public (§7.6), the pilot proves or disproves the BCR before any national commitment (§8.3), and the no-regret assets retain value even if the answer is no. What that case correctly establishes is that NES should **not** be built at national scale on present evidence. The proposal agrees, which is why it is pilot-first.

11. Implementation summary

The full operational detail - legislation, delivery body and boundary map, the funding model and incidence, the first hundred days, the critical-path dependencies, the decision gates and the explicit exit conditions - is in the [Implementation Plan](#). In outline:

- **Legislation:** a statutory remit and duties; the employment-law status of placements (worker rights, contract type); and the data-sharing legal gateways and Data Protection Impact Assessment (DPIA, the formal check of privacy risks a data project must carry out) the federated layer needs.
- **Delivery body:** the lean national spine as an arm's-length body with cross-departmental sponsorship, plus local commissioning; the boundary map against the existing landscape.
- **Funding:** the neutral core, the public-choice menu, and the cross-departmental settlement that solves the wrong-pocket score.
- **Sequencing:** the three evidence-gated gates of §8.3, with the embedded evaluation funded and protected from the outset.
- **Exit conditions:** if the pilot disproves the BCR and the value question is answered "no", NES does not scale; the no-regret infrastructure is retained and the placements wound down with transition support.

12. Open questions

Honesty requires naming what is not yet settled:

- **Legal structure is undecided** and is the founder's call. Whether "implementation-ready legislation, presented neutrally" clears the charity-law political-purpose bar is genuinely at the edge and needs a charity-law solicitor. Nothing in this paper presumes charitable status; the "present options, do not advocate" posture is what keeps that route open.

- **The pilot regions are not yet named** - the selection criteria are in the Pilot Design; the specific four or five are still to choose.
 - **The true programme size** depends on take-up, which the pilot measures.
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Living updates (Method B8)

Under the Pragma Method, a proposal is a living document: as government publishes reports, inquiries and legislation, the institute publishes a short non-partisan note on how the proposal bears on them, and revises the proposal where the new evidence improves on its own. Every version is retained and each change recorded.

- **June 2026 (v1.2) - the government's AI-and-jobs package.** Around London Tech Week the government set out a coordinated set of measures joining up artificial intelligence, skills and work (the Department for Science, Innovation and Technology (DSIT) with DWP): an AI "jobcentre in your pocket" and AI-in-job-search guidance; GOV.UK Chat (an AI assistant across benefits/housing/childcare/tax guidance, meant to help people claim what they are owed); free AI skills bootcamps, the TechFirst programme, a £20m Early Careers Jobs Alliance, and a North East pilot of six months' paid work via the Jobs Guarantee; all on top of the £820m Youth Guarantee. This is the government building the joined-up way-in-to-work layer NES proposed, and piloting paid job guarantees at the scale NES argued such commitments should be tested at first. No change to the NES design follows (NES already proposes these, all-ages and permanent); the commentary sets out where they agree, where NES would add discipline (measure-don't-assume evaluation, genuine additionality, a consent-first data layer, honest costing), and the connection to AI itself. Published as [The government's AI-and-jobs package and the National Employment Service](#); the Early Careers Jobs Alliance report (autumn 2026) and the pilots' results will be assessed against NES here.
 - **June 2026 (v1.1) - the Milburn Review of young people and work.** The government's interim report *Young people and work* (Alan Milburn for DWP, 28 May 2026) diagnosed a "generational fault line" in young people's transition into work: nearly a million young people not in education, employment or training (potentially 1.25 million within five years), a whole-system coordination failure, health as the central driver, a spend of roughly £25 on benefits for every £1 on employment support, and a finding that most affected young people want to work. This diagnosis maps closely onto the problem NES was built to address. A full non-partisan commentary - where the review and NES agree, where they differ, what NES adds, and the connection to the care workforce - is published as [The National Employment Service and the Milburn Review](#). No change to the NES design followed from the *interim* report (it diagnoses rather than recommends); the review's **solutions** report, expected early autumn 2026, will be assessed against NES on publication, with any revisions recorded here.
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Annexes and sources

- **Evidence Annex** - every claim above, with A-D grades and full citations.
- **Costing** and **cost-benefit model** - the re-runnable appraisal.
- **Pilot Design** - the full pilot blueprint and evaluation protocol.
- **Implementation Plan** and **Public Summary** - the companion artefacts.

Key sources (full list in the Evidence Annex): DWP Future Jobs Fund evaluation (2012); DWP Work Programme, Work and Health Programme, Restart and Kickstart evaluations; ERA Research Report 765; the Sector-based Work Academy Programme (SWAP) Quantitative Impact Assessment (QIA) (2025); France Stratégie/DARES (the French government's strategy unit and its labour-statistics office) on TZCLD (2024); Kasy & Lehner on Marienthal (IZA Discussion Paper 16088); IZA Discussion Paper 2100 on the Hartz reforms and Germany's ABM job-creation schemes; IPS meta-analyses (Campbell 2019; BJPsych 2024); Clark et al., Origins of Happiness; HM Treasury Green Book and its wellbeing supplement; King & Nielsen (2019); Hainmueller (2012); Callaway & Sant'Anna (2021); ONS Labour Market Overview.