



An emergency ten point  
plan to tackle  
unemployment

## An emergency ten point plan to tackle unemployment

Unemployment continues to increase at its fastest rate for over a decade. We are entering a major recession, and the figures will almost certainly get worse over future months. Not only will rising unemployment cause enormous hardship to individuals and their families but it will also worsen the crisis in cash flow and confidence. Rising unemployment leaves the unemployed with less money to spend but also greatly heightens a sense of insecurity amongst those still in a job. It is under these conditions that recession deepens and becomes ever harder to escape.

We therefore believe that the Government must be bold in tackling unemployment. This will need further major interventions in the banking and financial systems to get sensible credit flowing again within the economy as a crucial factor in rebuilding confidence. There is a huge job also still to do to coordinate action with the other major G20 economies. In addition however, emergency action could be taken that will increase the chances that unemployed people have of finding work, reduce the future social and economic costs from long-term unemployment and enable us to move into recovery faster.

The TUC therefore believe that there are ten urgent steps the Government must take now to reduce the impact of unemployment and increase the chances of unemployed people moving back into work. These focus on the following areas:

- offering comprehensive support to those facing redundancy, tailored to individual circumstances;
- ensuring workers receive fair redundancy settlements, providing them with the best possible chance of re-training;
- improving access to training and jobsearch support;
- supporting those facing long-term unemployment.

### **Offer comprehensive and tailored support for those facing redundancy**

1. **Reform benefit rules that force workers who are laid-off to give up their jobs:** Until 1996 workers who were temporarily laid-off could claim Unemployment Benefit (UB) for as long as the lay-off lasted. They had to be available for their normal job but there was no rule requiring them to give it up eventually. Similarly, when firms introduced short-term working, workers could claim UB for the weeks when they were not in work. When JSA replaced UB these rules changed. Since 1996 there has been a 13-week period when the old rules apply, but after that claimants are expected to be available for full-time jobs even if it means giving up their existing job. It is clear from recent analysis that new claimants and the longer-term unemployed are already

spending significantly longer on JSA than they could have expected to at the beginning of last year. But current rules mean that workers with real jobs will have to give them up to look for jobs that do not exist. Government should rescind these rules and return to the system that existed under Unemployment Benefit.

2. **Support any apprentice facing redundancy to complete their programme:** During the downturn action to challenge unemployment among young people and the low skilled will be particularly important. Apprentices are potentially vulnerable. While the Government has already taken steps in the construction industry to match apprentices at risk of redundancy with new employers, apprentices in other sectors also face the risk of losing their jobs and not completing their training. Action is therefore needed within and across sectors to support apprentices. This could also help fill the skills gaps that remain in many sectors and support longer term development as we move out of recession. Government, working with partners including unions, should ensure that any apprentice can complete their training and stay in work. This may be with another employer in the same sector, or apprentices could transfer to other sectors with similar skill-sets. Sector compacts, agreements on skills funding between Government and sector skills councils, should urgently incorporate these approaches.
  
3. **Ensure that workers at risk of losing their jobs can access Train to Gain:** Train to Gain is the Government's flagship programme for enabling workers to access workplace training, and new flexibilities have already been introduced in response to the recession. More workers with existing qualifications can now access training, and unemployed people who are new recruits have improved opportunities to make use of the scheme. But the TUC is proposing that the flexibilities being applied to Train to Gain should be taken a step further. The programme should be extended to all workers at risk of redundancy, regardless of the size of the organisations they work for.
  
4. **Make use of trade union representatives' skills:** Workplace representatives are usually well aware of trends in the businesses they organise, making them well placed to act as an important source of intelligence during the recession. For example, working with unions to obtain early access for the Rapid Response Service could help extend the period during which pre-redundancy support can be offered to workers. Trade union reps are also well placed to advise workers facing redundancy on the training and benefit entitlements that they may have, their employment rights and on how to access vacancies with other employers in the sector. Government should fund new training for union

reps to better enable them to provide redundancy support, help with job-search and sign-posting to useful free services. It will also be important to ensure that Government skills and redundancy services take account of the role that reps can play in ensuring that those in need can access training and job search support.

### **Ensure fair redundancy settlements**

5. **Increase Statutory Redundancy Pay (SRP):** For workers who lose their jobs redundancy pay can be used to fund re-training and provide the springboard into a new career. But the value of SRP has been allowed to stagnate – and it is only available to workers with two years of service. The maximum amount you are legally entitled to is calculated as so many weeks’ pay for each year of service (the number of weeks varies according to your age), but there is a maximum limit to what counts as a week’s pay – this is currently set at £330 per week. This severely limits the amount of redundancy pay available for anyone other than low-paid staff. The rules about tax and SRP also need updating. Redundancy pay under £30,000 is not taxed; above that it is liable to income tax. This tax limit was raised to £30,000 in 1988, but it has remained at that level for the past twenty years. Government should honour its 2005 manifesto pledge and raise the statutory weekly limit for calculating redundancy pay. The TUC has proposed that this should be raised to at least £500. In addition the length of service needed to qualify should be cut to one year and the tax limit should be raised to £50,000 (giving SRP the same value as it held in 1998).
  
6. **Improve compliance with insolvency procedures to ensure that unions are consulted:** There is a need to strengthen insolvency rules to ensure that when a business is under threat of closure administrators comply with their legal duties to consult properly and effectively with unions and workplace representatives about likely collective redundancies and explore options for salvaging companies or redeploying staff. When a company is placed into administration, the administrator effectively steps into the employers' shoes and therefore must comply with employment law responsibilities. This includes carrying out genuine consultation with recognised unions or elected workplace reps before issuing any redundancy notices. Unions will use this consultation to try to save jobs, explore options for redeployment, explore training opportunities for staff and to try to secure substantial financial packages for those losing employment. Where administrators fail to consult properly unions can seek substantial compensation for affected employees. Too often administrators lack knowledge and experience of good employment relations. As a result opportunities for employee voice and for protecting workers'

interests are lost. Better guidance should be issued by Government emphasising the importance of compliance with employment law and on communicating with unions and workplace reps. In addition, administrators should be required to train their staff in good employment relations.

### **Improve access to training and jobsearch support**

7. **Reform benefit rules to increase access to training:** At present benefit rules can prohibit workers from receiving Jobseekers Allowance if they are engaged in training for more than 16 hours a week. The Adult Learning Option pilots trialled flexibilities which allowed adults claiming benefits to take up full-time study for their first Level 2 qualification, but these are limited in their scope and have not been rolled out nationally. Particularly in the context of the current downturn rules restricting access to training do not make sense – there are not always jobs for people engaged in training to go to. Benefit rules should be revised to enable more claimants to take up a wider range of training. The 16-hour rule should be urgently revised, at least for the duration of the economic downturn. Government should roll out a revised model of the Option nationally, to enable more claimants to pursue a wider range of training options.
  
8. **Improve the Rapid Response Service:** At present the Jobcentre Plus (JCP) RRS, which has responsibility for helping workers affected by major redundancies, is marketed only as a service to employers. We believe that it could play a much stronger role helping workers whose jobs are at risk but who have not yet become unemployed. JCP should therefore treat people in employment as equal stakeholders with businesses, and offer advice, immediate access to benefit entitlements, advice on where job opportunities are still available, which skills and qualifications offer the best route to employment and help applying for jobs. Increasing capacity, fully incorporating access to training and ensuring that the service develops new models to deal with redundancies across multiple sites, will also be important to delivering a fast and effective service. People who are newly unemployed should also be fully supported to seek and apply for new jobs. Government should continue to increase resources for the RRS, and to ensure that it works flexibly with both employers and individuals to respond to large scale redundancies.

9. **Invest in Job Clubs:** Providing access to well-resourced Job Clubs, which could be run by Jobcentre Plus, where individuals can work in an office environment, making use of IT access, stationary and job vacancy information to seek new employment opportunities, can make the job search process more focused and easier to undertake. It is also important that all possible vacancy routes are accessible to jobseekers. Jobcentre Plus could build more links with other potential job networks – for example via local community job networks and employment agencies. Government should increase investment in Job Clubs, and to make every effort to identify existing vacancies and signpost unemployed people to them.

### **Support the long-term unemployed**

10. **Develop new programmes to support long-term unemployed people back to work:** As the recession deepens we will begin to see a sharp increase in long-term unemployment. The costs of extended time out of the labour market are high for individuals, their families and wider society. Initiatives are therefore needed to maximise the chances of those who have been out of work for over 12 months moving into jobs. One option is develop intermediate labour markets, provide temporary waged employment on projects of value to local communities in a genuine work environment combined with continuous support. They aim to assist with the transition to permanent employment, enabling people to compete effectively for mainstream jobs – but great care needs to be taken to ensure that they do not take real jobs out of the economy.

Job subsidy programmes provide another means to tackle long-term unemployment. While large-scale job subsidy schemes may provide an effective means to encourage employers to take on unemployed workers, there are big risks associated with such programmes. Evaluations show that deadweight costs can be high (where employers who would have recruited anyway receive the subsidy) and that they can also prevent those who have been unemployed for a shorter time from accessing employment – or in the worst case can even lead to existing workers being made redundant and being replaced with subsidised staff. While the TUC believe that getting support to the long-term unemployed is vital, we also emphasise that taking careful account of previous evidence, and developing new programmes in partnership with unions and employers, will be vital to success. Government should develop a new Jobs Task Group to oversee the design and implementation of new initiatives to support the long-term unemployed.

