

# Work in Progress:

Unlocking the value of adult careers guidance

February 2025

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## Summary

Finding the right next job isn't always easy, and the support of skilled career guidance professionals can make a huge difference to helping someone progress in their careers and make the best use of their skills. But while we have transformed the career guidance offer for younger people in recent decades, we haven't yet done the same for adult career guidance in England, despite the fact that existing adult workers (rather than new school and college leavers) will make up the overwhelming bulk of our future workforce.

There is a strong case for taking a more proactive approach, in which the government uses adult career guidance as an enabler to proactively help a wider range of individuals - especially those in work - to develop their careers across their working lives. This would have substantial benefits for individuals, in terms of their financial security and wellbeing, and for the economy as a whole in terms of improved productivity and economic growth. Modelling for this report indicates the potential scale of impact this could have.

Recent data shows the UK has one of the highest rates of 'skills mismatch' - the difference between the skills people have and their potential value in the labour market - in the OECD, especially where workers are overskilled or overqualified for their role. Career guidance could help to reduce this by supporting people to move into more appropriate roles.

Closing the gap with France, which has a better rate of skills matching, by 20% over the next five years would be worth almost £15 billion to the economy in today's prices - three times total spending on adult skills in England.

It could also support workers who are not currently a focus for publicly funded career guidance but who are particularly likely to benefit from this – approximately 4.5 million adults who either; want to take on new or better paid work; are in roles at risk of automation or decline; or who are very unhappy at work.

Improving outcomes for 10% of workers in these three groups could generate over half a billion of value to the Treasury in increased tax contributions and reduced benefit bills over the next five years, as well as billions more in increased economic output.

The Government has recognised the benefits of improving career guidance in its ambitions to reform the welfare and employment system. It intends to do this by creating a new National Jobs and Careers Service which would bring together the currently separate functions of the National Careers Service and Jobcentre Plus. This has great potential to improve the delivery of adult career guidance by rebranding and extending the reach of the government funded offer to new groups and shifting perceptions of it across society and the wider economy.

However, these ambitions face several practical challenges, including integrating different service cultures and ensuring reform fixes the structural barriers that limit the current government offer. To address these, this report

proposes seven design principles for how the new National Jobs and Careers Service should implement a new approach to career guidance, arguing that it needs to:

1. Rebrand and extend the reach of publicly funded career guidance to a wider range of people
2. Proactively target those who could benefit from career guidance
3. Invest in capacity, technology and the workforce
4. Provide high profile leadership for the career guidance sector
5. Deliver a national service in a local context
6. Integrate into wider government policy
7. Focus on long term impact

# 1. About this research

Phoenix Insights is a think tank from Phoenix Group, the UK's largest long-term savings and retirement business, dedicated to catalysing the changes we need to see in society if more of us are to be able to make the most of the opportunities of longer lives. A key element of this is supporting people to stay in good work for as long as they want and need. Understanding why the UK is seeing dramatic changes in workforce participation amongst over 50s is therefore a central concern.

We have done extensive research in this area including:

- An initial poll of 3,345 UK adults aged 16-75, conducted by Ipsos Mori, that looked into how citizens feel about switching careers in midlife and what would incentivise and support them to do so<sup>1</sup>
- A report which proposed the case for a universal employment support authored by Demos<sup>2</sup>
- A roundtable led by Public First on what research can and should be done to enable people to better manage their careers. This included leading academics, researchers, provider representatives and local authorities.

This research has prompted us to explore the proposed creation of the National Jobs and Careers Service and the opportunities and challenges which arise from this, especially the potential impact on people in their mid and later life.

We commissioned Public First to support us with this report, through:

- A literature review of relevant evidence and practice;
- Workshops with a small group of academic experts;
- Interviews with a wider group of policy experts, career guidance practitioners, civil servants and other key stakeholders; and
- Economic modelling (a full methodology can be found in the appendix).

## Acknowledgement

We would like to thank everyone who participated in this research. We would particularly like to thank Katharine Horler, Dr Chris Percy and Professor Tristram Hooley for their continued support and advice in developing the report.

Phoenix Insights also coordinates the 'Careers can change' campaign which aims to make it easier for people to make successful career changes. The campaign is supported by a coalition of experts and partners including Now Teach, Career Returners, Career Shifters, Enterprise Nation, 20 First, Brave Starts and the Learning and Work Institute.

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<sup>1</sup>Phoenix Insights (2023) [Careers advice for longer lives](#)

<sup>2</sup>Phillips, A. (2022) [Working Together: The case for universal employment support](#)

## About Public First

Public First is a global strategic consultancy that works to help organisations better understand public opinion, analyse economic trends and craft new policy proposals. It has worked directly with some of the world's biggest companies, government departments, top universities and major charities to produce bespoke, original policy proposals and reports derived from an evidence base of economic analysis and public opinion research. Public First is a member of the British Polling Council and Company Partners of the Market Research Society, whose rules and guidelines it adheres to.

## 2. The case for a new approach to adult career guidance

### Adult career guidance is directly relevant to the UK's deep and growing labour market challenges

The UK faces a mixture of long-standing labour market challenges as well as new ones emerging from technological, demographic and social change, many of which are interrelated. These are a significant factor in holding back the country's economic growth, as well as having a profound impact on the financial security and wellbeing of people and communities. Better work and careers also matter for people's ability to change their earning and saving potential. Over half of all Defined Contribution pension savers retiring between 2025 and 2060 are expected to be either not saving enough for the retirement they expect, or are on track for an inadequate retirement.<sup>3</sup>

Meeting these challenges requires a range of interventions to improve and modernise training and skills, employment rights and employment support - issues which have all been the focus of significant policy attention in recent years.

Within this policy mix, however, the role of adult career guidance has been less well explored, despite a strong and growing evidence base that it can lead to economic and social benefits and provides a consistently positive return on investment<sup>4</sup>.

#### What is career guidance?

Career guidance supports individuals and groups to discover more about work, leisure and learning and to consider their place in the world and plan for their futures. It helps individuals to make learning choices, to find and keep work and to manage their working lives as part of their broader lives. It takes many forms including education in the curriculum, one-to-one counselling interventions, experiential learning and the provision of information or online services<sup>5</sup>.

### Career guidance has the potential to help address many of the most acute issues facing the UK's labour market, including:

#### Boosting productivity

One cause of the UK's slow productivity growth over recent years has been a mismatch in the labour market between the skills that workers have and the skills required from jobs. By providing workers with information and guidance that will help them find a job that better matches their skills, workers are likely to become more productive and contribute

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3 Tomorrow's problem? Analysing the future impact of DC pension undersaving, Phoenix Insights (2024)

4 Hooley, T., Percy, C., & Neary, S. (2023) Investing in careers: What is career guidance worth? iCeGS, University of Derby.

5 Hooley, T et al (2023)

more to the economy. This support can also accelerate career progress, helping people to earn more, faster and make a greater contribution to the economy. Career guidance which can support the movement of workers to more productive parts of the economy will become particularly important as the economy enters a more disruptive phase.

### Smoothing the skills transition

Megatrends such as technological change, automation and the green transition are set to significantly change the skills and jobs that the economy demands. Around 12 million people in England work in occupations that are projected to decline between now and 2035, with more than a million jobs in these occupations potentially disappearing<sup>6</sup>, and almost two thirds of roles could be augmented by Artificial Intelligence<sup>7</sup>. 1 in 5 jobs are estimated to require skills which will experience demand growth or reduction as a result of the green transition. Since the vast majority of these impacts will be felt by existing workers, rather than those entering the workforce, adult career guidance is especially relevant in helping prepare for this change. This may be by supporting people to upskill, move roles or retrain entirely to match their skills to new opportunities - increasing economic output by ensuring productive new roles can be filled and reducing lost output from people being out of work for extended periods of time.

### Reducing the number of economically inactive people

Economic inactivity has risen sharply in recent years, making the UK an outlier amongst G7 countries<sup>8</sup>. Tackling this issue requires better support to help those out of the workforce re-enter it, as well as supporting more people to stay in work. Career guidance can help in both cases - for example by helping those with long-term health conditions find employment better suited to their needs or overcome barriers to work, and by supporting late-career workers to develop a career plan that helps them remain in work for longer. This has the potential to both increase economic output and reduce the pressure on public spending from the benefits bill.

### Improving people's experience of work

Academic studies have shown a strong correlation between people's wellbeing at work and their productivity<sup>9</sup>. In a society affected by rising rates of mental health problems and other health issues, career guidance can help people experiencing these challenges to identify and address them, or to find new work if that is what is needed.

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6 Scott, M., Boccock, L., Del Pozo Segura J. M. & Hillary, J. (2024) Shifting sands: Anticipating changes in the future labour market and supporting the workers at greatest risk

7 Public First (2024) AI Works

8 Department for Work and Pensions (2024) Get Britain Working White Paper

9 Krekel, C., Ward, G., & De Neve, J-E. (2019) Employee Wellbeing, Productivity, and Firm Performance. Saïd Business School

## Supporting longer working lives

An ageing population means that people are more likely to have to change their careers over time to reflect both their own personal circumstances and wider shifts in the economy. However, as people age, they are less likely to experience job mobility<sup>10</sup> and more likely to be working in declining occupations<sup>11</sup>. The OECD have recently highlighted that the UK lacks robust support mechanisms to help older workers to help navigate career changes and lifelong learning<sup>12</sup>. Its wider research shows that there is a positive correlation between mid-career mobility and labour market attachment later on in life<sup>13</sup>. Career guidance can support this by helping people to remain in productive employment as they age - boosting their wellbeing, securing them for retirement and helping them exit the labour market in a way that meets their needs and ensures effective inter-generational handover of skills, rather than dropping out of it early.

## Current government provision for adult career guidance is underutilised as a public policy tool.

In England, the government currently funds the National Careers Service (NCS) to provide free and impartial careers advice, information and guidance to anyone aged over 13.

### About the National Careers Service

The National Careers Service provides high quality, free and impartial careers advice, information and guidance designed to help people make decisions on learning, training and work.

It consists of a universal digital offer, multi-channel service delivered by trained careers advisers. Careers advisers deliver guidance through telephone calls and face-to-face sessions.

Face to face sessions are delivered through careers advisers based in the local community, including being co-located in Jobcentre Plus offices, community settings, such as community centres, training providers, libraries, and within employer settings.

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<sup>10</sup> N, Cominetti, R, Costa, A, Eyles, T, Moev. & G, Ventura., (2021) Changing jobs?: Change in the UK labour market and the role of worker mobility, The Economy 2030 Inquiry,

<sup>11</sup> Scott, M. et al (2024)

<sup>12</sup> OECD (2024), Promoting Better Career Mobility for Longer Working Lives in the United Kingdom, Ageing and Employment Policies, OECD Publishing

<sup>13</sup> OECD (2024), Promoting Better Career Choices for Longer Working Lives: Stepping Up Not Stepping Out, Ageing and Employment Policies, OECD Publishing



The service provided by the National Careers Service is consistently highly rated by both telephone and face-to-face users, with 93% agreeing that it was 'good'<sup>14</sup>. The careers advisers it employs are also highly trained professionals - typically more highly qualified than work coaches delivering employment support via Job Centre Plus.

However, despite the potential of the service, its impact is limited in three key ways:

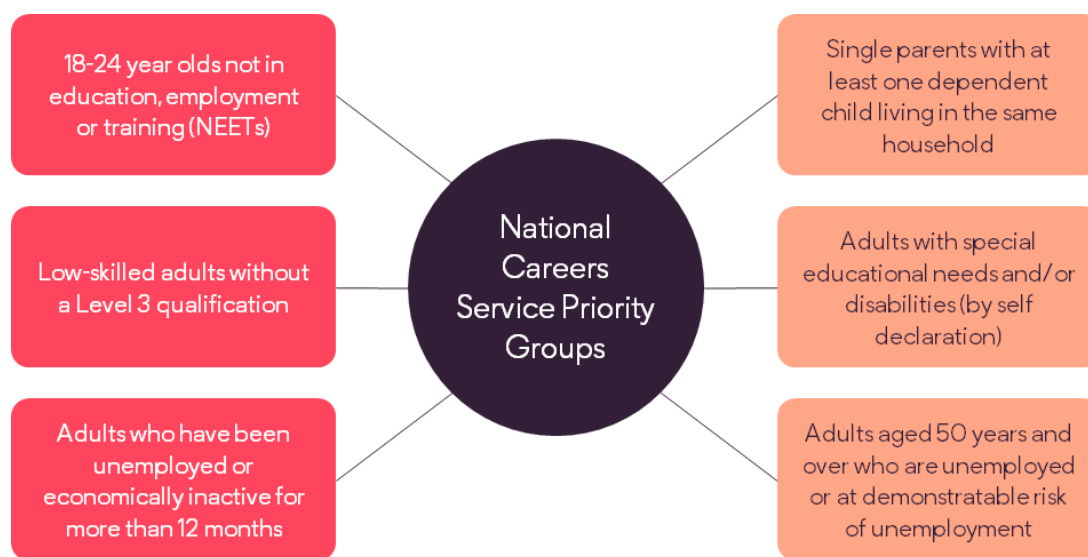
### 1. A lack of investment

Firstly, a relative lack of funding limits both the reach of the NCS and the services it is able to provide. Though official figures are not regularly published, the NCS' budget is estimated to be between £50-90 million a year<sup>15</sup> and it is understood to have the capacity to reach around 500,000 people via telephone and face to face services annually<sup>16</sup>.

This is reflective of generally low levels of public investment in adult career support, which is estimated to have been cut by around 25% since 2009<sup>17</sup>.

This means the NCS cannot act as a genuinely universal service. In practice, most of its funding is focused on a set of 'priority groups', which providers are incentivised to focus on through a 'payment by results' model, rather than the wider population<sup>18</sup>.

#### National Careers Service Priority groups as of April 2024<sup>19</sup>



14 Albone, J., Thompson, D. & Coltman, N. (2023) National Careers Service Customer Satisfaction and Progression Annual Report 2022-2023

15 £90m estimate given in Hooley, T et al; £50m estimate given in Philips, A. (2024) Open Door Policy: Why the New Government Should Introduce an Employment Advice Guarantee

16 Estimate taken from Hooley, T et al (2023)

17 Hooley, T et al (2023) suggest total public spending of £26 per person, per year in 2023 on the delivery of career guidance to adults, compared to £35 in 2009 (adjusted for inflation)

18 Pye Tait Consulting (2022) Career Guidance for Adults: Evidence Gathering

19 Department for Education (2024) Funding rules for the National Careers Service, April 2024

The nature of these groups means in turn that the NCS is effectively focused on supporting people who are out of work. Only around 20% of those using face to face or telephone services describe themselves as ‘in work’<sup>20</sup>, with previous evaluations also showing that over 7 in 10 users are unemployed<sup>21</sup>. Even as a more targeted service, this leaves out important groups in work who could benefit from it - notably those in precarious employment, those at risk of redundancy and those who are underemployed either in terms of skills or time.

When people do access NCS, the lack of funding and the incentives placed on providers mean their interactions with it tend to be limited, with seven in ten customers engaging in just one telephone call or face to face meeting - rather than the 4 or 5 sessions the evidence suggests is necessary for careers guidance to be most effective<sup>22</sup>. These interactions focus predominantly on basic tasks linked to progressing into employment, with ‘help with CV writing’ remaining the most popular reason for using NCS’ telephone and face-to-face services<sup>23</sup>.

## 2. A lack of awareness amongst the public

Levels of awareness amongst the public of what career guidance is or how it can benefit them are generally low. Polling for Phoenix Insights has found that though 44% of adults would be interested in getting information about career options, the same proportion had never thought about getting careers advice previously<sup>24</sup>. Other research has found that despite one in three people wanting access to careers and employment advice, only one in seven have used a public service to get this in the last two years<sup>25</sup>.

This creates a clear gap between public appetite for adult career guidance and its availability - which the NCS does not currently have the capacity to fill. Its narrow targeting and limited ability to proactively engage a wider part of the population means it is not genuinely a universal service but effectively one just for those who have fallen out of the bottom of the labour market. As a result, a number of those we spoke to for this report described the NCS as the government's ‘best kept secret’.

This can be seen in public visibility of the NCS, with only 34% of people in England saying they are aware of it - a much lower proportion than is the case for public careers services in the other home nations<sup>26</sup>.

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20 Albone, J. et al (2023)

21 Lane, M., Conlon, G., Peycheva, V., Mantovani, I., & Chan, S. (2017) An economic evaluation of the National Careers Service Research report, London Economics

22 Brown, S., & Krane, N. (2000) Four (or five) sessions and a cloud of dust: Old assumptions and new observations about career counseling. in Handbook of counseling psychology (3rd ed). John Wiley & Sons, Inc.

23 Albone, J. et al (2023)

24 Phoenix Insights (2023)

25 Philips, A. (2024)

26 Career Development Institute (2024) Valuing Careers report

It is also evident in how people access NCS. Evaluations of the service showing by far the most common reason given for this is hearing about it through Job Centre Plus (64%), which in practice will often be as a result of being referred by a work coach and/or as a requirement of accessing employment benefits. By contrast, far fewer people using NCS say they found it online (8%) or through a friend (7%)<sup>27</sup>.

This leaves large groups of the wider population unaware of the potential benefits of career guidance, especially those who may need it most. Recent polling has found that those who feel least positive about their career to date and have a lower income level are also the least engaged in thinking about their career, and least optimistic about its development<sup>28</sup>.

### 3. A lack of focus on career guidance as a policy issue

Adult career guidance and its potential use as a policy lever has also been underappreciated by successive governments, despite the efforts of those working for NCS and the career development sector.

Over the last decade and a half, far more focus has been placed on the provision of career guidance for young people, including through reforms and funding to establish the Careers and Enterprise Company, embed the Gatsby benchmarks as a standard for quality career support in schools and colleges and legislation to raise awareness of apprenticeships. Though investment in youth career guidance has fallen substantially since 2010, it is estimated to be over twice per head as high as that provided for adults<sup>29</sup>.

Though the previous government did increase funding for the NCS during the COVID pandemic, this was time limited and focused on serving existing priority groups, rather than a wider range of the population<sup>30</sup>. It also did not update its all-age strategy for careers since the previous one was published in 2017<sup>31</sup>, issuing only a brief response to independent recommendations made on the future of the system<sup>32</sup>.

This relative lack of interest is in contrast to practise seen in other countries. The other home nations all have more comprehensive adult career guidance offers, with the Nordic countries, France and Germany also considered exemplars<sup>33</sup>. This means that though the government has made encouraging moves towards reform and investment, the system of publicly funded career guidance in England starts some way behind those in similar countries.

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27 Albone, J. et al (2023)

28 Career Development Institute (2024)

29 Hooley, T et al (2023)

30 Career Development Policy Group (2020) Career Guidance and the Plan for Jobs - Ensuring Impact

31 DfE (2017) Careers strategy

32 DfE(2022) Careers guidance system: letters from Sir John Holman and Robert Halfon

33 Pye Tait Consulting (2022)

## A more proactive approach to adult career guidance could help grow the economy and support the government in achieving its missions

There is a strong case for reforming the current adult career guidance system so that it acts as an *enabler*, which proactively helps individuals into and through 'good' work, with benefits for them individually and for the economy as a whole.

Such a vision is in keeping with the broad international consensus around the value of investing in career guidance, which has been recommended by the OECD and other bodies<sup>34</sup>.

A reformed system could help support the government's plans to take a more strategic approach to managing the economy - for example by helping more people move into the roles and gain the skills identified as priorities by Skills England, national growth sectors identified by the Industrial Strategy or regional priorities within Local Skills Improvement Plans.

It could also support the delivery of each of the government's 5 missions to:

1. Kickstart economic growth, by improving the allocation of skills across the economy and supporting people to move into more productive roles;
2. Break down barriers to opportunity, by enabling people from all backgrounds to access better paid and more highly skilled employment;
3. Build an NHS fit for the future, by helping to recruit and develop the workforce necessary for this;
4. Safer streets, by supporting more people to access secure employment;
5. Make Britain a clean energy superpower, by helping to transform the workforce within the energy sector.

The government could also use adult career guidance to take a much more proactive role in supporting individuals *before* they are affected negatively by changes in the workplace, such as automation, or their own circumstances, such as declining physical or mental health.

In this sense, reform could be seen as complementing the government's wider focus on prevention - prominent in both its planned reforms to the welfare system but also plans for health care and education - and its willingness to invest in measures which support this.

Shifting policy in this way would require a much stronger focus on delivering careers guidance to adults who are already in work, as experts in the sector have previously suggested<sup>35</sup>.

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<sup>34</sup>Cedefop, European Commission, ETF, ILO, OECD, UNESCO (2021) Investing in career guidance

<sup>35</sup>Career Development Policy Group (2024) Career Guidance Guarantee; DfE (2022) Careers guidance system: letters from Sir John Holman and Robert Halfon

### 3. Estimating the potential of a new approach

To illustrate the potential value of a more proactive approach to adult career guidance, we have used economic modelling to show how it could improve outcomes for groups identified by The Gatsby Foundation who are not currently covered by the NCS' priority groups but who could benefit from this<sup>36</sup>.

This is not intended to be a direct valuation of the benefits of a reformed NCS or the impact of any specific policy but helps give a realistic 'size of the prize' that could be enabled through the provision of better career guidance.

Whilst the corresponding expansion of resources and activity to deliver these economic and fiscal benefits would bring increased costs, these figures give a sense of the very substantial benefits which a new and improved approach to career guidance could bring. A full methodology is provided in the Appendix.

Our modelling focuses on the impact which better career guidance could have on three groups identified by the Gatsby Foundation, as well as on the workforce overall:

#### a. Supporting "Work Changers" to take on new or better paid work

**Who?** Around 1.4 million people aged over 18 who are in work but are actively seeking a new job to replace their existing job.

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**How?** Career guidance could help more of this group identify the best potential job matches, support them with application and interview advice, and help them secure higher paid work more suited to their skillset.

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**Potential benefit?** If improved career guidance helped 10% of this group to find and start a new job over the next five years, this would be equivalent to successfully supporting 28,000 workers a year. We estimate this would provide a boost of approximately £570 million to the UK's Gross Domestic Product (GDP) by helping 140,000 workers enjoy the wage boost associated with finding new work<sup>37</sup>. We also estimate these workers moving into higher paid jobs would also generate an additional £420 million of exchequer revenue over 5 years through income tax and national insurance<sup>38</sup>.

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<sup>36</sup> Percy, C (2022) The demand for adult career guidance in England: Market sizing against a typology of needs

<sup>37</sup> This is an increase in annual output and so will be experienced by the economy each subsequent year

<sup>38</sup> These figures combine productivity figures published by the Office for National Statistics (ONS), estimates of the relationship between job change and earnings (from analysis carried out by the ONS on the Annual Survey of Hours and Earnings (ASHE)), and apply them to the Gatsby Typology analysis. Full methodologies for all economic modelling carried out as part of this project are provided in the Appendix

## b. Supporting “Workers at Risk” to avoid redundancy

**Who?** Around 3.7 million people aged over 18 who are in permanent work but whose situation is precarious due to their occupation being at risk of automation or decline. We estimate that just under 1 million of these workers are at risk of being made redundant before 2030.

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**How?** Career guidance can help prepare people in this situation to transition to new jobs or augment their skills so that they are able to meet the demands of our future economy. By helping workers to be proactive and search for new, stable work on their own terms, rather than having it thrust on them by redundancy, career guidance could help reduce the amount of time people spend out of work as well as the economic output lost during the transition.

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**Potential benefit?** If improved career guidance helped 10% of the group identified as at risk of redundancy before 2030, this would be equivalent to successfully supporting 20,000 workers “at risk” for each of the next five years.

We estimate that if this reduced the amount of time this group spent out of work due to changes to their employment by 50%, it would save the economy £1.9 billion in lost economic output<sup>39</sup>. We also estimate that this reduced amount of time spent out of work would save the exchequer £80 million in Job Seekers Allowance (JSA) payments<sup>40</sup>.

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<sup>39</sup>Our modelling applies diffusion analysis to the total number of ‘at risk’ workers to estimate the number at risk of redundancy before 2030. To calculate the economic cost of these redundancies. We combined research that estimates the average amount of time those made redundant typically spend out of work with ONS productivity estimates.

<sup>40</sup>We assume 50% of those made redundant claim either UC or JSA during their time out of work

### c. Supporting people “Very Unhappy at Work” to improve their wellbeing

**Who?** Around 2.3 million people aged over 18 who are in work but very dissatisfied, anxious, or depressed with their work or very worried about current finances.

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**How?** Adult career guidance that helps these people to enjoy work again, either by making changes within their current job or by helping them find a new job, would help to mitigate this problem. Poor mental health across the UK workforce is estimated to cost employers around £51 billion per annum<sup>41</sup>, with stress, depression and anxiety accounting for 16.4 lost working days each year<sup>42</sup>. This also contributes to further pressure on overstretched NHS mental health services.

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**Potential benefit?** If improved career guidance helped 10% of the group identified as being unhappy in work due to anxiety or depression, this would be equivalent to supporting 43,000 of these workers into new work for each of the next five years.

We estimate that helping these workers find jobs which improved their wellbeing and allowed them to reach their full potential, would allow **the economy to gain by as much as £2.5 billion per year through improved productivity and output**<sup>43</sup>. We calculated this by drawing on ONS research that estimates the average productivity loss of those with mental health issues, applied this to average productivity estimates, and aggregated up using a reasonable estimate of the number of people that could be positively impacted.

The scenarios described above envisage around 91,000 people from the different groups described being supported and achieving positive outcomes each year - or less than 2,000 a week. Given the NCS currently reaches around 500,000 people annually through telephone and face-to-face services, this represents an ambitious but achievable indication of what the impact of an improved and expanded service might look like<sup>44</sup>.

Whilst not designed to be a full prediction of return on investment, the modelling described above gives a sense of the potential benefits for these specific groups, the economy and the exchequer. In total, they would provide a minimum

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41 Deloitte (2024) Mental health and employers: The case for employers to invest in supporting working parents and a mentally healthy workplace

42 Health and Safety Executive (2024) Working days lost in Great Britain 2023-2024

43 This modelling draws on literature that estimates the productivity cost of mental health and applies it to the “very unhappy at work” Gatsby typology. The full methodology for all economic modelling included in this report is provided in the Appendix.

44 Estimate taken from Hooley, T. et al (2023)

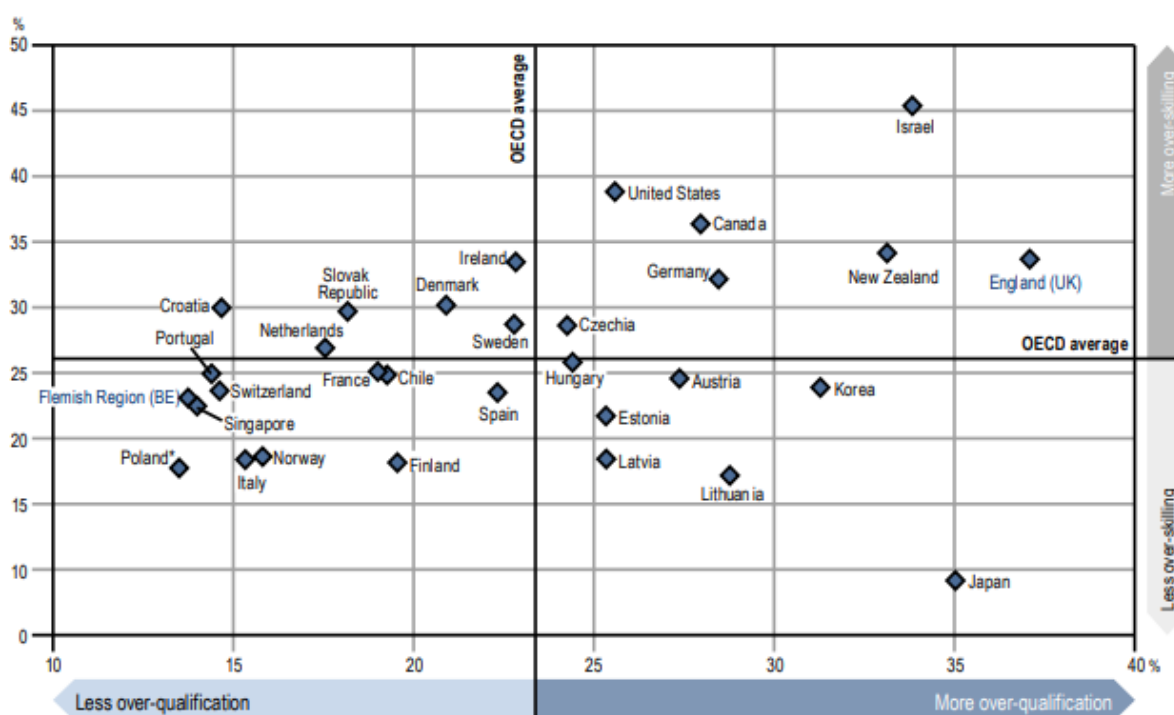
of half a billion of value to the Treasury over 5 years due to increased income tax contribution of those on higher wages and reduced Job Seeker’s Allowance (JSA) payments of those who spend less time out of work.

#### d. Improving skills matching to boost productivity and economic growth

Career guidance also has a much wider potential to support economic growth especially through better aligning skills and jobs in the labour market. Previous analysis of OECD data has shown both the negative impacts of skills mismatching on productivity and the potential for public policy to improve this<sup>45</sup>. By better matching skills to jobs, career guidance has the potential to significantly impact productivity and increase economic growth.

OECD data published in December 2024 shows that England has a particular challenge with skills and qualification mismatching. 37% of workers in England are overqualified for their current job, the highest proportion in the OECD, whilst 34% are overskilled, well above the OECD average of 26%<sup>46</sup>. Skills mismatching has also been highlighted as an issue by Skills England, the body established in 2024 to coordinate skills policy in England<sup>47</sup>.

#### Comparison of over-qualification and over-skilling amongst employed adults aged 25-65 who are not self-employed, OECD Adult Skills Survey<sup>48</sup>



45 Adalet McGowan, M. and D. Andrews (2015), Labour Market Mismatch and Labour Productivity: Evidence from PIAAC Data, OECD Economics Department Working Papers, No. 1209; Adalet McGowan, M. and D. Andrews (2015) Skill Mismatch and Public Policy in OECD Countries, OECD Economics Department Working Papers, No. 1210

46 OECD (2024), Do Adults Have the Skills They Need to Thrive in a Changing World?: Survey of Adult Skills 2023

47 Skills England (2024) Driving Growth and Widening Opportunities

48 OECD (2024)



Career guidance can help correct for this skills mismatch - especially through helping people who are overskilled move into a more appropriate job, where these are available.

Drawing on previous OECD analysis of the impact of skills mismatching, our modelling shows that moving the UK towards matching best-in-class nations on skills matching, such as France, could have significant economic benefits<sup>49</sup>. We estimate that closing the skills mismatch gap with France over the next five years by 20% would be worth almost £15 billion to the economy in today's prices - three times total spending on adult skills in the UK<sup>50</sup>.

The mechanism through which this productivity gain is captured is mainly the reallocation of surplus skills from one firm to another within the same industry. Our modelling suggests that over £70 billion of economic value is lost every year because of skills overmatch, where individuals have skills that could be employed more effectively elsewhere in the same industry. For example, there may be a company with a particularly well skilled accounts team whose employees could be better employed in another more productive, expanding firm in more strategic roles. In this scenario the more productive firm grows, thus increasing the average productivity of the sector. Career guidance that helps individuals to recognize when they are in this situation and help them identify opportunities more suited to their skillset would help turn some of this economic cost into economic growth.

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49 Adalet McGowan, M. and D. Andrews (2015) Skill Mismatch and Public Policy in OECD Countries, OECD Economics Department Working Papers, No. 1210  
50 £15bn calculated using evidence from OECD research that links industry-level skills mismatch to total factor productivity using the OECD's previous Survey of Adult Skills (PIAAC), and estimates of UK GDP from the ONS (see Appendix for full methodology); adult skills spending estimate taken from Adult Education and Skills, IFS. The measures of overmatch in France and the UK used in this calculation are from the 2015 analysis and not the more recent OECD paper published in 2024, for which this analysis has not yet been completed.

## 4. Towards a new National Jobs and Careers Service

The new UK government was elected with a clear ambition to reform the welfare and employment system. Its manifesto committed to, “bring Jobcentre Plus and the National Careers Service together to provide a National Jobs and Careers Service (NJCS), focused on getting people into work and helping them get on at work”<sup>51</sup>.

This was positioned as a key enabler of the 5 ‘missions’ the Labour Party had identified as defining its approach to government, in particular a mission to increase economic growth.

In November 2024, the government published the ‘Get Britain Working’ white paper, which had a strong emphasis on shifting the focus of the welfare system away from monitoring and managing benefit claims towards supporting people’s skills and careers, including those in work<sup>52</sup>.

In setting out a blueprint for the proposed jobs and career service in England, the white paper acknowledges “several fundamental problems with how both Jobcentre Plus and the National Careers Service currently operate and align services” and that the services have “insufficiently unlocked progression and career opportunities”.

The objectives given for the new service include improving earnings by enabling individuals to make informed choices about their careers and access higher paid, higher quality, and more productive work and improving engagement by ensuring the service is accessible to all, not just benefit recipients. These will be explored through a pathfinder initiative starting in early 2025 to test more enhanced collaboration between Jobcentre Plus and the National Careers Service.

The framing of the white paper is encouraging, pointing to an enhanced role for adult career guidance, which is focussed on a wider section of the population and better integrated into government plans to improve growth and boost skills generally.

However, the proposal for a new National Jobs and Careers Service brings both opportunities and challenges, which need to be carefully considered as part of plans for reform. Previous attempts to make wholesale changes to careers services, though well-intentioned, have not always been successful and in some cases have led to a worsening of outcomes.

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<sup>51</sup> Labour Party (2024) General Election manifesto

<sup>52</sup> DWP (2024)

## Opportunities

Moving services under one umbrella provides a chance to:

### **Integrate employment and career guidance so it moves past the 'any job' model**

A reformed service can be designed to focus on interventions which will support people to move into and progress into 'good work', rather than whatever is available, by focusing on a broader range of people's experiences, issues with work and their career trajectory as a whole.

### **Rebrand and extend the reach of publicly funded career guidance to a wider range of people, including those in work**

Reform creates an opportunity to rebrand the current adult career guidance offer, helping to engage beyond the groups it currently focuses on. Finding ways to make engaging with publicly funded career guidance an aspirational activity, which adults from across society engage in, will be crucial to this appeal.

### **Make better use of job centres as a hub for career guidance activity**

Though some face-to-face National Careers Service offerings are currently delivered in job centres; their role in delivering services is almost exclusively aimed at those who are out of work, which limits who can engage with the offer. The reform of job centres, if managed correctly, could provide a network of physical hubs for people to see and engage in a range of career development activities in their community, though others will also be needed.

### **Reframe career guidance as an opportunity for investment**

As well as resetting the relationship with the public, reform is also an opportunity to shift perceptions of adult career guidance within government and the wider economy towards something which is seen as a tool which can support growth and a necessary complement to reforms to improve the provision of skills, productivity and job creation. This has the potential to improve how well integrated career guidance is into these plans and its prominence in public policy debates.

## Challenges

However, the creation of a new National Jobs and Careers Service also brings significant challenges, including that:

### Employment support continues to dominate the focus of policy and funding

Currently, employment support and the benefit system receive significantly more public investment and policy attention than career guidance. Given the acute challenge of rising levels of economic inactivity, there is a risk that this continues and that the NJCS could very easily continue to focus overwhelmingly on those not in work. This is reflected to some extent in the 'Get Britain Working' white paper, which has more to say about employment support than career support for those in work. There is a risk that career guidance becomes a second tier service within the NJCS, to which employment advisers can refer, and that it does not receive the investment required to genuinely expand the number of people engaging with it, given the tight fiscal backdrop. Spending on welfare in the government's first Budget was overwhelmingly focused on 'back to work' initiatives, which may set a pattern for the upcoming Spending Review<sup>53</sup>.

### Integration with employment support damages perceptions of career guidance

Whilst people's experience of using the National Careers Service and career guidance more widely is generally positive, polling shows that Job Centres are generally perceived negatively<sup>54</sup>. Without significant effort to shift these attitudes by reforming the atmosphere of job centres themselves and creating other hubs for career guidance activity within the community, there is a risk that government funded career guidance for the general population being more closely associated with them damages public perceptions of it, and further limits engagement with it.

### A loss of professionalism

Career advisers working for the NCS are typically better qualified and more highly paid than the work coaches delivering employment support services in Job Centre Plus. It is crucial that the new service does not lead to career guidance being given by a less qualified workforce, or unnecessary duplication. The government will need to ensure that responsibilities within the service are clearly delineated, with appropriate training and quality assurance put in place to prevent any loss of professionalism in the career guidance people receive.

### Practical challenges of integrating different services and cultures

Realising the potential benefits of one service will depend on effectively merging very different organisational and professional cultures. These will manifest themselves in a range of practical challenges, from data sharing to staff buy-

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53 HM Treasury (2024) Autumn Budget

54 Philips, A (2024)

in, which been highlighted in previous attempts to bring employment and career support together<sup>55</sup>. One recent evaluation of initiatives to co-locate DWP services found that though staff were supportive in principle, many felt that these had not been properly planned, which limited the potential benefits<sup>56</sup>.

### Aligning departmental responsibilities for career guidance

The 'Get Britain Working' white paper acknowledges that a weakness of the current approach is that there are no shared, measurable outcomes between DWP and the DfE for effective careers guidance on skills and careers or appropriate joint governance arrangements. However, it does not specify how responsibilities for the NJCS will be divided between the departments, or how this will impact policy for career guidance policy more widely. This will need careful management to not undermine continuity between policy for career guidance aimed at young people, which is likely to stay in DfE, and that for adults.

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<sup>55</sup> DfE (2022) Careers guidance system: letters from Sir John Holman and Robert Halfon

<sup>56</sup> DWP (2024) Jobcentre co-location research: qualitative study

## 5. Implementing a new approach

The 'Get Britain Working' white paper sets out a positive vision for a system of employment and career support which would support people to move into and progress through well paid, productive and rewarding employment.

However, implementing this effectively through a new National Jobs and Careers Service will be challenging and, inevitably, require the blueprint identified in the paper to be developed in significantly more detail.

To guide this, we suggest in this section seven design principles which should underpin how the new NJCS is created to ensure it leads to genuine improvements in the delivery of career guidance. These are that the new service should aim to:

1. Rebrand and extend the reach of career guidance to a wider range of people
2. Proactively target those who could benefit from career guidance
3. Invest in capacity, technology and the workforce
4. Provide high profile leadership for the career guidance sector
5. Deliver a national service in a local context
6. Integrate into wider government policy
7. Focus on long term impact

These are that the service should:

### 1. Rebrand and extend the reach of publicly funded career guidance

The new NJCS should move beyond the current focus on a limited number of priority groups to become a service which supports a much wider range of people, including those in work, to develop their careers throughout their lives.

This would help fulfil the ambition of the 'Get Britain Working' white paper to create a system where "career development and acquiring new skills are the norm"<sup>57</sup>.

This means putting in place the resources for the NJCS to offer a genuinely universal service of careers advice to all those who want to access it - in line with the 'careers advice guarantee' which others have argued for previously<sup>58</sup>.

Given low awareness of the NCS currently and the potential barriers created by merging this with the job centres, which are not universally accessible and are viewed negatively by many, this will require very significant effort to rebrand the NJCS as a service which a wider proportion of the population feels it can and wants to engage with.

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57 DWP (2024)

58 Career Development Policy Group (2024); Philips, A (2024)

This will entail significant financial investment in branding and communications. Developing a refreshed and consistent national brand will be crucial if the NJCS is to expand uptake and ensure that access to these is equal for all. These communications will need to be supported by leadership from politicians and those running the service to amplify this.

A rebranded service will also need capital investment in the physical locations it uses, especially in upgrading job centres to make them more accessible and attractive and developing new opportunities to co-locate services in places and with organisations used and trusted by those in work. Reaching those in work will also require a greater focus on links with employers and the use of workplace-based career coaching, which evaluations show have potential significant benefits for individuals and their employers<sup>59</sup>.

The new service should be driven by targets that incentivise it to meaningfully engage with a wider range of people - with an ambition to grow the number of these engagements significantly beyond current levels.

## 2. Proactively target those who could benefit from career guidance

Alongside delivering a genuinely universal service, the NJCS should target its careers offer at segments of the population who are in work but who could particularly benefit from careers support.

As previous sections of this report have argued, these could include people who are facing redundancy, workers of all ages in occupations at significant risk of automation or decline, workers affected by physical or mental health challenges and those in low paid employment.

To ensure take up, it will need to proactively engage these groups, in the same way as other services which the state actively wants people to take up, such as public health services or free childcare.

This could be delivered through campaigns focused on the needs of different groups, with better use of the data government holds to target them at times when they are likely to be particularly in need of careers advice or open to considering their career options. This could include, for example, signposting people to the NJCS at moments linked to:

- Relevant life events - such as when they have children, return to work or when their children turn 18;
- Their employment status - such as when they have been in receipt of statutory sick pay for an extended period or are made redundant;
- Their financial situation - such as if the wages listed on their annual P60 form fall below a certain threshold; and
- Reviews of work and life plans - such as mid-life career reviews at age 50 or later life career reviews at age 60.

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<sup>59</sup> Carter, A. & Hirsh, W. (2024) Career Coaching: A case study in evaluating impact, Institute for Employment Studies

A reformed service should also work more closely with skills providers to reach those in training, as well as using links with trade unions and groups such as Citizens Advice or Pension Wise, who can help reach target groups.

### 3. Invest in capacity, technology and the workforce

Making career guidance through the NJCS genuinely accessible to a wider proportion of the public will require a step-change in its resources. This means overall funding moving back towards the levels of real term investment seen in previous years and in other countries.

Fundamentally, this means funding a higher number of guidance sessions between careers advisers and individuals, so these are sufficient to cover a greater volume of users. It also means developing the ways in which they interact beyond one to one meetings or telephone calls to other career guidance activities that have been shown to be impactful, such as group sessions, short careers and employability courses, and work experience.

There are also opportunities to invest in technology which improves the provision of career guidance at scale and allows this to be delivered at a lower marginal cost. The DWP white paper acknowledges this, setting out ambitions for a “radically enhanced digital offer where people can access support through the channels that best meet their needs”<sup>60</sup> - though it describes this mainly in the context of more accessible, effective career support.

This should mean using an improved website for the NJCS to act as a single ‘front door’ for a range of different local and national career guidance services<sup>61</sup>, as well as improving web chat functions so they can offer a more personalised and richer service. Better use of technologies, such as Artificial Intelligence, have the potential to provide automated, personalised advice, streamline people’s experience of interacting with the service and ensure time spent with a careers adviser is as productive as possible, rather than focusing on administration.

As mentioned above, capital investment will also be needed to improve the physical environment in which face to face career guidance takes place. This will be especially important in making Job Centres more attractive to those not used to using them but also to develop the potential of other access points to the service, for example, community facilities, for those who do not live close to one of these or who prefer to use them.

As the ‘Get Britain Working’ white paper recognises, an improved career guidance service will also depend on investing in the skills of those delivering it. However, the career guidance profession currently faces significant challenges with recruitment and retention, with surveys of careers professionals showing many feel the sector is undervalued, underfunded and poorly understood<sup>62</sup>. The NJCS should take a leading role in reversing this, primarily through ensuring that those delivering career guidance through it are qualified to Level 6, as in the other home nations.

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60 DWP (2024)

61 Philips, A (2024)

62 Career Development Institute (2024) #CDIBigListen #6: profession benchmark



#### 4. Provide high profile leadership for the career guidance sector

The current status of the NCS as the government's 'best kept secret' is not just a barrier to how it is accessed by citizens. It also limits the extent to which careers guidance is seen as an effective policy tool and something that the government and wider society should value.

The new NJCS should aim to have far greater visibility than the current NCS. The new service should benefit from higher profile leadership, which operates at a more senior level within Whitehall than now. This could be supported through a board or high-level steering group which supports and challenges the NJCS' leadership and helps link it to industry and the careers support sector, as has been a feature of careers policy in the past.

Its work should be underpinned by much greater transparency than is currently the case, through the regular publication of information on its objectives and activities, which allows its performance to be held accountable.

Higher profile leadership should also help to make the case inside and outside of government for why career development matters. Whilst it operates a different model, this is a notable strength of the Careers and Enterprise Company compared to the current NCS, with its advocacy helping to engage education providers and employers with the Gatsby benchmarks. The NJCS should aim to lead a similar public conversation about the value of adult career guidance and how it can be delivered effectively.

A starting point for this should be the creation of a new careers strategy, in order to bring greater prominence and coherence to the broader landscape of careers support - which ranges from provision in schools, colleges and universities to the work of local councils, charities and private companies.

The NJCS can and should play a role in leading an often fragmented sector which can be difficult for individuals to navigate, and ensure the service sits effectively within it. This could include the strategy establishing common quality standards, creating a common taxonomy for career guidance, and developing a consistent information and data architecture, as suggested by the Holman review<sup>63</sup>.

The government should also consider how it can promote effective career development more widely through leading by example. This could include ensuring the Growth and Skills Levy incentivises training and development for all workers, supporting organisations which enable people to move into public sector roles later in life, such as Now Teach, and championing the use of career guidance to solve public policy challenges, such as recruiting town planners to enable greater housebuilding or the staff a reformed NHS needs.

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63 DfE (2022) Careers guidance system: letters from Sir John Holman and Robert Halfon

## Careers can change campaign

The Careers can change campaign aims to make it easier for people to make successful career changes.

Set up by Phoenix Insights in May 2022, the campaign is supported by a range of experts and partners including Now Teach, Career Returners, Career Shifters, Enterprise Nation, 20 First, Brave Starts and the Learning and Work Institute.

## 5. Deliver a national service in a local context

The 'Get Britain Working' White Paper describes how the new NJCS will be a national, universal service but also one where "the principle of localism will run all the way through" it<sup>64</sup>. This balance is welcome.

Recognising that the vast majority of career choices are made within a local labour market and, the experience of successful employment programmes, a new service will need both a national ambition and architecture alongside greater place-based ownership that allows for local variation<sup>65</sup>.

The Strategic Authorities which the government has identified in its vision for devolution in England would be a natural fit for this<sup>66</sup>. The areas they represent tend to correlate to local labour markets, they already have responsibility for careers activity for young people through Careers Hubs, which could help smooth the transition into adult services, and in many places are delivering innovative initiatives on adult career guidance.

This points to the NJCS maintaining a national service but increasingly aligning it with and delivering it through Strategic Authorities or Local Authorities - for example, by shifting the NCS' current contracts for delivering career support towards these geographies. The NJCS itself will also require clearly identified local leadership at this level, with sufficient responsibility and authority to contribute to local economic and labour market planning activities.

As part of a shift towards a new model of support which proactively targets new groups, the NJCS could pilot different approaches at a Strategic Authority level, allowing them to design interventions that meet the particular challenges of their area and use the advantages that local government has in delivering a more preventative approach to policy<sup>67</sup> and innovating new services<sup>68</sup>. This would complement the wider powers over skills and economic planning which the government plans to devolve to them.

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64 DWP (2024)

65 Pathways to Work Commission (2024) Final report

66 Ministry of Housing, Communities and Local Government (2024) English Devolution White Paper

67 Centre for Progressive Policy (2024) Preventative Public Services

68 Labour Together (2024) Public Service Reform and Devolution

The NJCS should also actively support the Local Growth Plans which are due to be developed in every region, though to do so it will be important to invest in the capacity of areas not covered by Strategic Authorities or where local delivery of careers activity is weaker, so as not to create cold spots for provision.

The design of each local offer would of course vary by area but should acknowledge the need to create a series of pathways to access career guidance by 'meeting people where they are'. As others have suggested, an ideal service should be accessible online, on the high street and on the door step<sup>69</sup>.

In practice, this should mean using the Job Centre network but also other touch points where people who could benefit from career guidance interact with state or community services, or where they are used to receiving trusted advice.

As the 'Get Britain Working' white paper acknowledges, co-locating career guidance services delivered by the NJCS in a range of locations relevant to the groups the service is trying to reach could help it reach a wider group. For example, children's centres, nurseries and parent hubs could be used to support those returning to work, whilst community centres or health centres could be appropriate settings for adults experiencing health challenges and other issues affecting their work. Further Education colleges and training providers are a natural setting for engaging those already undertaking training or who might be open to a career change. Relationships between the NJCS and employers could also be used to create opportunities for those in work to engage with career advice - especially in large organisations undergoing change, such as the NHS.

Though the current NCS does provide examples of these kinds of co-located services, providers we spoke to for this report told us that in practice delivering them is difficult since there is limited incentive for them to do so or for partners to engage. Finding ways to address this through the NJCS' funding model and contracting should be a focus of the new service. Again, the ability of devolved authorities to draw on highly local links could support these models.

## 6. Integrate into wider government policy

The government's adult careers guidance offer should actively support its plans for the economy and ambitions to get more people into good work.

The 'Get Britain Working' white paper sets out an ambition for the NJCS to be aligned to the sectors and skills identified by Skills England and the Industrial Strategy Council as priorities, as well as Local Growth Plans of different regions, once these have been agreed.

However, much of the discussion in the paper focuses on essential skills, when there is an opportunity to take a more ambitious and proactive approach, including supporting those in work and/or who could access highly skilled

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<sup>69</sup> Commission on the Future of Employment Support (2024) Working for the Future: Final report

employment in growth sectors. For example, the service might target workers in industries that have been identified as being at risk of decline or significant change, to offer support to access skills in growth industries.

The NJCS could also help facilitate other, broader policy objectives, such as helping more parents to return to work after starting a family, retaining workers in public services which experience high rates of attrition, such as teaching, and reducing the level of precarious employment.

The NJCS also has an important role to play in supporting the uptake and delivery of government initiatives aimed at reskilling and improving people's ability to enjoy 'good' work, such as the Lifelong Learning Entitlement.

This would support a shift away from a focus on supporting people to find what work is available towards a focus on what is most likely to benefit them and the economy in the long term. It would also provide a new source of insight back to policymakers on how people perceive different sectors and experience movement into them, which is lacking currently.

Career guidance has the potential to support the delivery of a range of other government programmes and initiatives. The government's proposed Youth Guarantee is especially relevant here since the NJCS can play an important role in helping to ensure young people have access to the relevant information and guidance which helps them select from the range of work, training and education available through it. But career guidance should also be baked into the various trailblazer schemes currently being designed to support the public's health, work and skills.

Underpinning all this, there will be a need for better data collection and data sharing, so that services can work together and insights from the NJCS can be put to use. This will require investment from the government itself, given that currently much less useful data is collected than could be - for example, in which subjects people are progressing onto skills training - and places the burden for what data collection is made on providers.

## 7. Focus on long term impact

One pillar of the NJCS envisaged by the white paper is that it will have a clear focus on "supporting progression and good work" - with a goal to help people enjoy more rewarding working lives<sup>70</sup>.

This is an admirable ambition but achieving it will require structural change in the way the new service is designed and the incentives within it, so that these are focused on achieving long-term impact.

Whilst the current 'payment by results' model used by the NCS has a strong focus on discrete outcomes, providers and others also told us it can skew incentives for how these are achieved and encourage an overly short-term approach -

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<sup>70</sup> DWP (2024)

for example, completing CVs or undertaking any type of training - which is not always in the best interest of those accessing the service.

To change this, the future NJCS should be underpinned by a funding model which more effectively incentivises the delivery of high quality career advice and sustained interaction with it over time, which evidence shows is most likely to be effective<sup>71</sup>. This could include testing approaches underpinned by social impact investment and other mechanisms.

With existing delivery contracts for the NCS coming to an end, the NJCS has an opportunity to review current funding arrangements and consider how the terms of these can be adjusted, or even whether services should be brought back in-house.

Whatever model is selected, incentivising a focus on longer-term outcomes will also require a different approach to data collection and evaluation. Currently, the service collects relatively little data but also places the burden of this on providers, without providing a strong incentive for them to do so. For example, providers are not asked to record how different groups engage with training or what specific training customers engage with.

In future, there is an opportunity for the new service to invest in the centralised collection of much richer data about its impact on individuals, track this over a longer period, and to link it to evaluation of performance. This could be linked to the Longitudinal Education Outcomes dataset which shows the impact of education pathways, and other data sharing initiatives.

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<sup>71</sup>Brown, S., & Krane, N. (2000)

## 6. A timetable for change

The design principles outlined in the previous section of the report set out a broad and ambitious vision for reform.

Moving towards this much more active model of career support will take time and is itself just one part of much wider reform to the employment and benefits system envisaged by the creation of the National Jobs and Careers Service.

To reflect this, we suggest below, in three stages, which change could take place, aligned to the government's fiscal planning cycle. Within these, we have highlighted priorities for reform and investment, which mirror the design principles set out earlier in the report:

### Short-term (by the end of 2025):

#### Prioritise funding for expanded career support in the upcoming Spending Review

Through a joint spending bid from DfE and DWP which will enable a new approach over the next spending review period.

#### Expand the National Careers Service's existing priority groups

Including a wider range of those who could benefit from career guidance but who are not accessing government funded provision currently, especially those in work. Initial priorities could include people aged under 50 whose work is at risk of decline/automation, and those going through redundancy.

#### Develop a new Careers Strategy

Setting out how the National Jobs and Careers Service will sit within the wider career development sector and providing a strategic direction and investment for the sector's development.

#### Consult on the design of the National Jobs and Careers Service

Enabling the career guidance sector to input on issues identified in this report and potential models for the organisation of the new service.

#### Integrate career guidance into wider government plans

Setting out a more proactive role for adult career guidance in the emerging proposals for Skills England, the Industrial Strategy and other relevant policy programmes.

## Medium-term (over the period of the multi-year Spending Review to be agreed in 2025):

### Develop new approaches to the delivery of career guidance at a regional level in England

Building on the trials promised in the DWP white paper and ensuring career guidance is reflected in the framework for devolution to Strategic Authorities and the negotiation of integrated settlements.

### Invest in improving the branding of the National Jobs and Careers Service

To ensure it is attractive to a wider range of the population, including by upgrading Job Centres and developing other co-located models, and developing an effective online presence.

### Invest in the training of all those delivering career guidance through the National Jobs and Careers Service

By initiating a rolling programme of training to ensure this is delivered by qualified careers professionals and is quality assured.

### Review the funding model

Aligning this with new devolved geographies and reviewing options for alternatives to the current payment by results approach.

### Test the use of proactive campaigns

Which engage a wider group of potential beneficiaries with the offer of career guidance. These could focus on in-work groups mentioned in the report, or the sector and skill priorities identified as priorities by the Industrial Strategy and Skills England.

## Long-term (by 2030):

### Invest in data

In order to allow the NJCS and other public services to share data, use this to proactively target groups who could benefit from support and track the long-term outcomes of this.

### Invest in the use of technology

To drive innovation in the NJCS' digital offer, especially the potential of AI to offer automated advice.

### Invest in the workforce

Providing the necessary pay, retention incentives and qualification pathways for the progression and development of staff within the new service.



## Appendix: Economic modelling methodologies

In this report we refer to a number of estimates for how improving adult career guidance could benefit individuals and the economy, based on groups that the Gatsby Foundation has identified as likely to benefit from this. These are not linked to any specific policy but should be viewed as an estimate of the *likely scale of impact* of successfully addressing the relevant issue.

### Increase in annual economic output from policies that help workers into new employment

For this calculation, we take Gatsby's estimate of the number of people who are actively seeking new or additional work and adjust down to capture only those who are looking for work to replace their current job<sup>72</sup>. Then the percentage of this group who are looking for a new job to replace their existing job is applied. We then apply evidence of the earnings premium associated with getting a new job from research carried out by the ONS<sup>73</sup>. This is combined with ONS productivity estimates to calculate the aggregate increase in productivity if all of these workers were to change jobs, and spread these GVA benefits over five years. Our estimate is therefore the forecast economic value were 20% of the "job changers" group to change jobs over the next five years.

### Economic value of policies which reduce the amount of time those made redundant spend outside of work

This calculation starts with Gatsby's estimate of the number of people whose work is precarious due to non-permanency and automation, and adjusts down to estimate only those at risk due to automation<sup>74</sup>. We model this job loss over 25 years using evidence from Goldman Sachs on the likely pace of impact that automation is going to have on the job market. From here we apply a diffusion model to estimate how many of these workers are at risk over the next 5 years. Analysis from the Department for Work and Pensions that estimates the average amount of time that people who are made redundant spend out of work is then applied<sup>75</sup>. Finally, we assume that policy intervention could help reduce the time they spend out of work by 50% and that these interventions are able to do this for 20% of this group.

### Increase in economic output from policies that help those suffering from depression and anxiety into work that alleviates their symptoms and allows them to be more productive

Again, this analysis builds on evidence from Gatsby to estimate the number of people who are dissatisfied, anxious or depressed in work, and adjusting to capture only those in paid employment. By drawing on ONS data on labour market

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72 Percy, C. (2022)

73 Office for National Statistics (2022) Job changers and stayers, understanding earnings, UK: April 2012 to April 2021

74 Percy, C. (2022)

75 Green, A., Hoyos, M., Li, Y. & Owen, D. (2011) Job Search Study: Literature review and analysis of the Labour Force Survey

GVA and employment an estimate of average GVA per worker is then calculated<sup>76</sup>. We estimate the impact on productivity of a worker having depression or anxiety using a variety of research sources<sup>77,78</sup>. The estimate of GVA per worker is then applied to estimate the output cost per worker, before scaling up to a UK wide economic cost. Finally, we estimate the economic value of Government policies that successfully help 10% of these employees into work that doesn't hinder their ability to be productive, spread over a five year period.

### Increase in economic output from improving the skills matching within the UK labour markets

To estimate the economic cost of poor job matching in the UK Labour Market we draw on estimates of the extent to which workers are inefficiently allocated based on the skills that they have. We draw on econometric analysis carried out by McGowan and Andrews (2015)<sup>79</sup> that makes use of data from the OECD Survey of Adult Skills (PIAAC)<sup>80</sup>.

This analysis estimates the association between skills mismatch and total factor productivity by drawing upon cross-country and cross-sector data from across the OECD. We use an estimate of the impact of overskilling on productivity because it is thought an expanded careers service could help to correct for this misallocation through helping people who are overskilled move into more appropriate jobs. Reducing underskilling on the other hand would also take significant investment in skills training.

We combine results from the economic analysis described above with estimates of the Gross Value Added by sector in the UK sourced from ONS data<sup>81</sup>. This allows us to calculate estimates of the economic cost of misallocation of skills by sector in the UK economy. We estimate the impact of Government Policies that successfully improve skills to jobs matching by reducing skills mismatch by 0.7% over a five year period. This is the same as closing the gap with the 'best in class' OECD country by approximately 20%.

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76 Office for National Statistics (2022)

77 Oswald, A., Proto, E., & Sgroi, D. (2015) Happiness and productivity. *Journal of Labor Economics*, 33 (4)

78 Happiness and productivity research 2 Stepanek, M., Jahanshahi, K., & Millard, F (2019) Individual, Workplace, and Combined Effects Modeling of Employee Productivity Loss. *Journal of Occupational and Environmental Medicine* 61(6)

79 Adalet McGowan, M. and D. Andrews (2015), Labour Market Mismatch and Labour Productivity: Evidence from PIAAC Data, OECD Economics Department Working Papers, No. 1209

80 OECD, Survey of Adult Skills (PIAAC) 1st Cycle

81 Office for National Statistics (2024) Gross Value Added

## Summary of potential areas of benefit

Benefit	Who benefits	How	Time frame	Page
A potential <b>£570 million boost</b> to the UK economy by successfully supporting career changers to change job	Work changers  UK economy	The Gatsby Foundation have identified 1.4 million “ <b>work changers</b> ” - people aged over 18 who are in work but are actively seeking a new job to replace their existing job - who could benefit from better career guidance. Were improved career guidance to help 10% of this group to find and start a job over the next five years, these individuals and the economy would benefit from a wage boost associated with finding new work to the tune of £570 million over the next five years.	Cumulative over five years / by 2030	13
Potentially <b>£420 million in additional exchequer revenue</b> over 5 years through income tax and national insurance by successfully supporting career changers to change job	HMT/Government	The Gatsby Foundation have identified 1.4 million “ <b>work changers</b> ” - people aged over 18 who are in work but are actively seeking a new job to replace their existing job - who could benefit from better career guidance. Were improved career guidance to help 10% of this group to find and start a job over the next five years, these individuals would benefit from a wage boost that would earn the exchequer £420 million over the next five years.	Cumulative over five years / by 2030	13
<b>£1.9 billion could be saved</b> in lost economic output by successfully supporting workers at risk of redundancy	Workers at risk  UK economy	The Gatsby Foundation have identified 3.7 million “ <b>workers at risk</b> ” - people aged over 18 who are in permanent work but whose situation is precarious due to their occupation being at risk of automation or decline - who could benefit from better career guidance. We estimate that just under 1 million of these workers are at risk of being made redundant before 2030. Were improved career guidance to successfully support 10% of this group before 2030 by reducing by 50% the amount of time they spend out of work, this would be worth £1.9 billion to the economy in saved economic output.	Cumulative over five years / by 2030	14

Benefit	Who benefits	How	Time frame	Page
£80 million could be saved in Job Seekers Allowance payments by successfully supporting workers at risk of redundancy	HMT/Government	The Gatsby Foundation have identified 3.7 million “workers at risk” - people aged over 18 who are in permanent work but whose situation is precarious due to their occupation being at risk of automation or decline - who could benefit from better career guidance. We estimate that just under 1 million of these workers are at risk of being made redundant before 2030. Were improved career guidance to successfully support 10% of this group by reducing by 50% the amount of time they spent out of work, this would save the exchequer £80 million.	Cumulative over five years / by 2030	14
Potentially up to £2.5 billion boost to the economy by supporting people very unhappy at work	UK economy	The Gatsby Foundation have identified 2.3 million people who are “very unhappy at work” - due to anxiety or depression - who could benefit from better career guidance. Were improved career guidance to successfully support 10% of these workers to find jobs which improved their wellbeing and allowed them to reach their full potential, this would be worth £2.5 billion to the economy in improved productivity and output.	Annual - once workers in new roles	15
Potentially a £15 billion boost to the economy by reducing rates of skills mismatching in the economy	UK economy	Over £70 billion of economic value is lost to the UK economy every year because of skills overmatching, where individuals have skills that could be employed more effectively elsewhere in the same industry. The UK does relatively poorly on skills matching in its economy compared to best in class nations like France. Closing the gap on skills mismatching with France over the next five years by 20% would be worth almost £15 billion to the economy in today's prices.	Annual - once workers in new roles	17