



The job centre is not working

Reform Jobcentre Plus and Reconnect Job Seekers with Job Creators

The job centre is 100 years old this month, but research by the Federation of Small Businesses (FSB) reveals that it no longer reflects the needs of the majority of job seekers and job creators in the 21st Century.

Jobcentre Plus has become a targets-driven organisation that is perceived to be more about processing benefits than actually supporting work. Among small businesses, which make up 84 per cent of employers in the UK, less than 20 per cent use the job centre to recruit¹. This means the vast majority of jobs are not advertised in the job centre, which should be the most comprehensive free national advertising service for employers.

Businesses are instead advertising and using employment agencies costing thousands of pounds. In 2002, the Office of National Statistics (ONS) estimated that only 44 per cent of all job vacancies are advertised through Jobcentre Plus. The FSB's data suggests this figure is far lower for small businesses vacancies.

Small businesses are responsible for a disproportionate number of job vacancies but the job centre is currently failing to engage with this sector. Only 1.7 per cent of small businesses are part of the Local Employment Partnership, the Government's flagship offer to business from Jobcentre Plus. Equally, there is almost no contact between the Business Link network and Jobcentre Plus.

There are a number of changes that could be made to encourage small businesses to take on more employees. Access to more information and advice about recruiting staff was a key area identified by 18.7 per cent of small businesses. This figure rose to a quarter, among respondents who currently do not employ anyone. The job centre should be able to offer employers access to help and advice during recruitment. This would increase the number of jobs available and help employers get it right first time.

Support should not stop after recruitment. Two thirds of people on job seekers allowance are repeat claimants; which suggests not enough is being done to help keep people in work once they have got there. This includes advice for the business as well as the employee to make

¹ FSB employment Survey July 2009



sure that when people come off benefits and move into work, they stay there. Despite the recession it is important for the business and the individual that jobs are sustainable to stop anyone getting stuck in a cycle of unemployment.

There clearly needs to be greater synergy between Jobcentre Plus, Business Link and the Local Employment Partnership. In particular, the latter needs to be drastically reformed to make it work for employers of small numbers of staff rather than subsidising the recruitment activities of big businesses and large HR departments.

In 2007/8 Jobcentre Plus cost £3.36 billion. The FSB does not believe that this service is offering value for money to small businesses or to job seekers. Only a tiny minority of jobs are advertised through the service, and flagship services are targeted at large businesses rather than increasing recruitment opportunities where they are needed.

Private sector providers that work with the long term unemployed estimate that 70 per cent of their clients find work in the smallest businesses. They do this by tailoring their services and targeting their recruitment activity.²

The FSB recommends:

- **Making sure Jobcentre Plus is about employment, not just benefits:**

To drive forward enterprise and economic growth in the UK, Jobcentre Plus, Businesslink and Skills boards need to work together. This will give job centres a better focus on business needs and the skills that are really needed locally for employment.

This would enable Jobcentre Plus and Business Link to support the business as it goes through recruitment, and offer help after employment to keep people in work for longer. An FSB member said:

“More focus should be placed on ensuring that the candidate is given the maximum help achieving their goals, this in turn can only benefit employers.”

- **Introducing a dedicated small business manager:**

Employers of large numbers of staff who use Jobcentre Plus are allocated a dedicated local manager who works to understand its business needs and refer suitable applicants. Small businesses that recruit less frequently clearly cannot have this same level of dedicated

² Small businesses are statistically more likely to employ the under skilled and long term unemployed. Small businesses serve as a bridge back into mainstream employment. See, Small Businesses in the UK, Westminster Business School Report, [http://www.fsb.org.uk/policy/images/fsbwestminster01%2012%20\(3\).pdf](http://www.fsb.org.uk/policy/images/fsbwestminster01%2012%20(3).pdf)



service. However there should be a dedicated small business manager in each job centre who understands the circumstances and needs specific to small businesses.

Having a named contact made a huge difference to the opinion of FSB members in qualitative research. Members who had struggled to find someone locally to talk to have the lowest levels of satisfaction with the Jobcentre Plus service.

A dedicated small business manager would also be more aware of the needs of the business and be able to ensure that candidates were fully qualified for the job they were applying for. Many FSB members commented on the quality of applicants they receive from the job centre and the time and stress this causes them.

“My advert for cleaning staff specifies ‘possessing both own transport (legal and licensed) and prior experience.’ I have received at least three calls daily for the past two weeks via the jobcentre from people without a car and without prior experience. Good on the applicants for trying their luck, but it’s no fun having to disappoint so many people so frequently.”

“I find it very time wasting when I stress that a particular job requires previous experience or some form of qualification, then people turn up who have no experience or qualifications because they say the job centre told them they had to apply. I had 55 applicants for my last vacancy, only five had the necessary qualifications.”

- **Providing funding and training for small businesses**

The FSB is concerned that the lion’s share of public money for training goes to large businesses and multinationals. Over £500 million is spent every year on Train to Gain but only 10 per cent of small businesses have used it and those that have express very low levels of satisfaction with the training it provides. Yet this is the sector that struggles most to afford private sector training.

This represents a wasted opportunity. Government should commission research to look at how funding allocated to unemployment, training and business support initiatives is spent to ensure that it is not merely subsidising activities, which would be taking place with or without public funding.

- **Overhauling the Jobcentre Plus website to make it fit for 21st century recruitment**

Recruitment has increasingly moved online but the Jobcentre Plus website for advertising jobs is not fit for purpose in the 21st century. An FSB member said:



“The online service is pretty inflexible for a company such as ours. You have to categorise your requirements under headings, whereas the people we want could come from a wider selection - depending on their experience etc.”

To offer a service that employers and job seekers expect, the Jobcentre Plus website needs to:

- 1) Offer a working search function
- 2) Allow Jobseekers to upload CVs
- 3) Filter applicants for jobs so only suitable applicants apply to employers
- 4) Be capable of emailing job seekers when suitable jobs are posted online

Small Business Recruitment:

Unsurprisingly the majority of small businesses recruit informally, relying on staff recommendations or local contacts to find new employees. Many FSB members find this an easy method of finding a reliable member of staff.

Method of Recruitment	Per cent
Informally (through word of mouth)	47
Through existing staff	31
Advertise in local paper	22
Jobcentre	20
Recruitment agency	12
Jobs website - Such as Gumtree or Fish4Jobs	10
Own website	8
Card/ notice in business	6
Actively headhunt staff from other businesses	4
Advertise in national paper	2
Internet based networking sites – such as facebook or twitter	1
Other	7

The majority of members who marked ‘other’ recruit through speculative applications and specialist press.



Interestingly, these methods of recruitment have also created a very varied staff base in small businesses, which tend to have a diverse work force, with more women and people with lower qualifications making up a greater proportion of the workforce than in larger businesses.

“I found my last employee because his mum said he was good with computers and asked if we had any work for him. He’s 16 and he does not have any qualifications, but after six months trying him out in different areas he’s now settled and has become a really valuable member of the team who is genuinely enthusiastic about his work.”

In qualitative research many members commented on approaching Jobcentre Plus to hire members of staff with disabilities. The willingness of small businesses to employ people who are traditionally more disadvantaged in the work force makes them a useful bridge into long term employment.

One member commented:

“I am surprised that the ‘brand’ of Jobcentre Plus is not more prominent in the SME market, because small companies can waste, and I mean WASTE, thousands of pounds using recruitment methods such as local advertising and employment agencies.”

Use of Jobcentre Plus for recruitment varied by sector, with 25 per cent of hospitality businesses using Jobcentre Plus, but only nine per cent of the financial services market. This suggests that the service currently available has limited appeal and relevance for some sectors. FSB members who reported highest levels of satisfaction with were generally looking for less qualified members of staff.

Of those members who do use Jobcentre Plus eight per cent rated it as ‘very effective’ compared to eight per cent rating it ‘very ineffective’. Overall 38 per cent of members who use Jobcentre Plus rated it ‘ineffective’ or ‘very ineffective’. Members who did not use the service commented that they did not believe that it offered a relevant recruitment service, or that it could be relied on to supply candidates that the business needed. Yet, advertising in newspapers costs businesses thousands of pounds a year and only reach a limited audience.

One quarter of small businesses have encountered skills barriers when seeking to recruit new employees. These are often technical skills, however generic skills such as literacy, numeracy and communication are also reported as being generally lacking by 10 per cent of businesses. In 2008 the FSB found that only 10 per cent of businesses have used Train to Gain, the



governments training offer to business, and that it had the lowest levels of satisfaction of any training source.

Employment Survey 2009 Results:

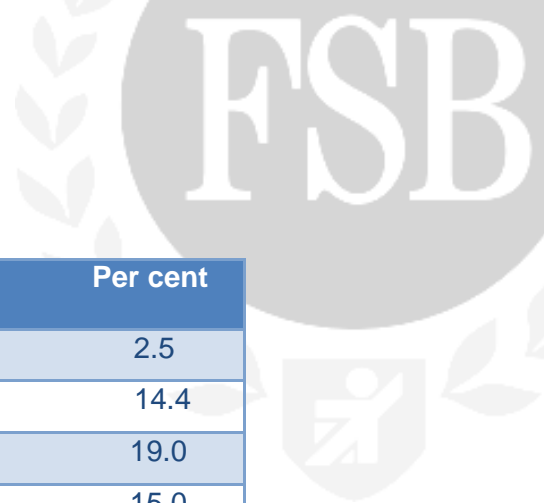
Over 3,000 FSB members responded to the Employment Survey that was conducted in June 2009.

The majority of respondents were micro businesses with 1 – 4 employees. The businesses without employees were asked different questions.

Number of Employees	Per cent
0	23.8
1 – 5	45.6
6 – 10	14.6
11 – 20	9.8
21 – 50	4.8
51 – 249	1.4

Recruitment – businesses with employees

How do you find new members of staff?	Per cent
Informally (through word of mouth)	46.5
Through existing staff	31.0
Advertise in local paper	21.9
Job Centre	19.7
Recruitment agency	11.6
Jobs website	10.4
Own website	7.9
Card/ notice in business	6.2
Actively headhunt staff from other businesses	4.4
Advertise in national paper	1.5
Internet based networking sites – such as facebook or twitter	1.3
Other	7.1



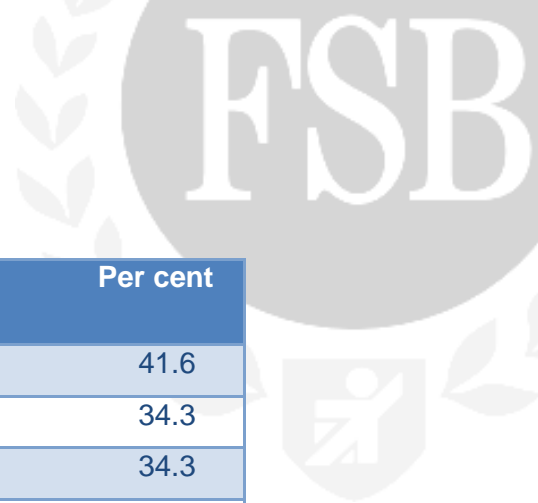
How do you Rate Jobcentre Plus?	Per cent
Very effective	2.5
Effective	14.4
Ineffective	19.0
Very ineffective	15.0
Don't know	49.1

Are You Part of a Local Employment Partnership?	Per cent
Yes	1.8
No	82.2
Don't have one	15.9

Is there a change that the Government could make that would encourage you to take on another member of staff in your business?	Per cent
Cutting payroll taxes – i.e. National Insurance	44.1
Reducing business taxes (e.g. corporation tax, business rates)	41.2
Incentivising employment through tax breaks	35.4
Making it 2 years before unfair dismissal applies	33.1
More support / advice for small businesses recruiting staff	18.7
Supporting unpaid 3 month work placements for graduates	18.6
Expanding apprenticeships	14.6
Other, please specify	8.9

Recruitment - businesses without employees

Would you like to be able to employ staff in your business?	Per cent
Yes	57.7
No	42.3



If you have previously employed staff - what is stopping you from being an employer now?	Per cent
Reduction in trade could no longer support staff	41.6
Complying with legislation	34.3
Amount of paperwork involved	34.3
Change in business made it more practical not to have staff	32.6
Difficulty of employing staff	20.5
Business closed	7.2
Difficulty retaining staff	3.1
Other, please specify	28.8

Is there a change that the Government could make to encourage you to employ someone in your business?	Per cent
Cutting payroll taxes – i.e. National Insurance	44.7
Incentivising employment through tax breaks	43.7
Reducing business taxes (e.g capital gains tax, business rates)	38.6
Making it 2 years before unfair dismissal applies	36.6
More support for businesses recruiting staff	24.8
Supporting unpaid 3 month work placements for graduates	24.8
Expanding apprenticeships	20.5
Other	13.8

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