

Policy Paper

A COUNTER- INFLATIONARY JOB GUARANTEE FOR THE UNITED KINGDOM

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EXECUTIVE SUMMARY

This paper proposes a UK-wide voluntary Job Guarantee (JG) programme designed to eliminate involuntary unemployment, stabilise inflation, strengthen communities, and reduce the social and fiscal costs of unemployment.

The United Kingdom faces persistent labour market weaknesses that continue despite periods of seemingly strong headline employment. Long-term unemployment, underemployment, insecure work, the rise of involuntary part-time employment, and widespread in-work poverty reflect a structural shortage of stable, well-paid jobs. These conditions undermine social cohesion, weaken local economies, and impose substantial fiscal and social costs. At the same time, communities across the UK face unmet needs in areas such as care, environmental regeneration, public amenities, and social infrastructure. Addressing these gaps requires a systemic shift in labour-market policy.

This paper proposes the creation of a permanent, voluntary Job Guarantee (JG) for the UK: a publicly funded programme that offers employment at a socially inclusive wage, based on well-known standards (currently £15 per hour or £31,200 annually), to all individuals willing and able to work. The scheme would function as a counter-inflationary automatic stabiliser, replacing unemployment with a buffer stock of paid employment and anchoring wages and prices through a fixed, publicly determined labour standard. Thus, the JG is designed not merely as a social policy but as a macroeconomic tool that promotes full employment, stabilises inflation, and strengthens long-term productivity and inclusiveness.

The Job Guarantee has two primary objectives:

- Achieving and maintaining true full employment by providing an open-ended job offer to anyone seeking work.
- Enhancing price stability by establishing the JG wage as a nominal anchor, replacing reliance on unemployment as the main inflation-control mechanism.

Additional objectives include reducing poverty, strengthening communities, improving health outcomes, and advancing environmental sustainability through labour-intensive green and social projects.

Programme Structure

The JG is centrally funded but locally administered. With support from parliament, Jobcentre Plus and local authorities will develop project pipelines, assess proposals from eligible organisations and residents, match participants to approved roles, and ensure all work is additional and socially or environmentally beneficial. The JG wage will be reviewed annually, overseen by a newly constituted Job Guarantee Wage Commission (JGWC), and informed by cost-of-living developments, social inclusion benchmarks, and broader macroeconomic conditions, ensuring it remains both socially adequate and macroeconomically stabilising.

Phased implementation

The programme will be rolled out over four years:

- **Phase One (Years 1–2):** The first 6-9 months establish administrative capacity. Then partial regional rollout to

approximately 30% of UK local authorities, selected based on need, administrative capacity, and partnership readiness. This phase focuses on establishing systems, testing delivery models, and conducting operational and early-impact evaluations. During this period, access is prioritised for individuals experiencing unemployment or labour-market insecurity, with full universal priority access introduced in Year 4.

- **Phase Two (Years 3–4):** Expansion to full national coverage, embedding the JG as a permanent labour-market institution. Comprehensive monitoring and evaluation will follow, assessing economic, social, and environmental impacts. At the beginning of Year 4, priority access is extended to all work-eligible individuals.

This phased approach enables institutional learning, reduces administrative risk, and fosters the steady development of project pipelines.

Macroeconomic framework and impacts

The JG stabilises the economy by converting unemployment into paid employment, expanding during downturns and contracting as private demand recovers. The fixed JG wage serves as a nominal anchor for pay formation, replacing unemployment as the primary inflation-control mechanism and stabilising prices with far lower social cost. Modelling suggests any initial inflationary impact from raising the wage floor would be small, temporary, and within the Bank of England's typical tolerance range.

For analytical purposes, fiscal and economic impacts are modelled under a counterfactual scenario in which the Job Guarantee is fully implemented nationwide within a single year, rather than phased over four years as proposed. Under this assumption, gross programme costs are estimated at £24.7–£82.6 billion, with £17.9–£53.4 billion recouped through reduced benefit expenditure, higher income tax and National Insurance receipts, and health-related savings. This implies a net fiscal outcome of £6.8–£29.2 billion, equivalent to approximately £9,458–£12,135 per full-time participant. Aggregate output is estimated to rise by 0.6–2.6% in the first year, with private-sector employment increasing by 0.2–0.7% and social value generated of £12.3–£40.9 billion, corresponding to a social return on investment of 140–180%. Over the first five years, the programme is estimated to raise average annual GDP growth by approximately 1.3% under low uptake and 4.2% under high uptake, and to generate cumulative private-sector employment gains of approximately 1.6% and 5.3%, respectively. These effects reflect sustained wage-driven consumption, adjusted for import-demand leakages. Participation is expected to peak in the initial year before declining as workers transition back into private employment, with programme costs falling accordingly. In the high-uptake scenario, participation falls by roughly half within four years, illustrating the programme's automatic stabiliser function. In practice, the proposed phased rollout would spread these effects over several years, further reducing near-term fiscal and inflationary pressures.

Table 1: Summary of quantifiable costs and benefits in the first year of hypothetical full nationwide Job Guarantee implementation (modelling scenario).

Category	Low Uptake Scenario	High Uptake Scenario
Gross Programme Cost	£24.7 billion	£82.6 billion
Total Fiscal Savings (includes reduced benefit expenditure, income tax & NI revenue and health-related savings)	£17.9 billion	£53.4 billion
Net Fiscal Outcome	£6.8 billion	£29.2 billion
Net Fiscal Outcome per Full-Time Participant	approx. £9,458	approx. £12,135
Additional output due to an increase in aggregate demand	0.6%	2.6%
Increase in private-sector employment	0.2%	0.7%
Social Value generated	£12.3 billion	£40.9 billion
Social return on investment (SROI)	180%	140%

Wider impacts

Many broader benefits fall outside these calculations, suggesting that the true social return is likely considerably higher.

The JG is expected to deliver major improvements in:

- Family stability and child wellbeing
- Improved educational attainment and reduced absenteeism
- Crime reduction and community safety
- Skills preservation and long-term productivity gains
- Regional economic rebalancing

The JG supports net-zero commitments by funding labour-intensive environmental projects such as retrofitting, conservation, flood resilience, and ecosystem restoration, while alleviating regional inequalities by directing jobs to areas with the highest unemployment.

It also serves as a mechanism for a just transition, providing employment bridges for workers exiting high-carbon industries.

Conclusion

A UK-wide JG offers a transformative but practical solution to long-standing labour-market failures. It eliminates involuntary unemployment, stabilises inflation, improves health and wellbeing, and generates substantial fiscal and social returns. By guaranteeing secure, meaningful work to all who seek it, the programme provides a new foundation for inclusive, sustainable economic prosperity.

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1. INTRODUCTION

Although employment figures have at times appeared strong, the UK labour market continues to face long-term weaknesses. Even in periods of low unemployment, millions remain either jobless or in insecure, low-paid work. Furthermore, rising underemployment, the spread of gig and zero-hour contracts¹, and the persistence of in-work poverty show a clear mismatch between available jobs and people's needs. At the same time, demand for public and community services continues to grow, yet too few paid roles exist to meet it. The result is a recurring shortage of secure and decent employment, even in periods of growth, which carries lasting social and economic costs and deepens inequality over generations.

To address these challenges, a Job Guarantee (JG) is proposed to provide high-quality employment to all individuals willing and able to work. The initial wage would be informed by the most recent estimate of the Minimum Income Standard² (MIS), using it as a benchmark to determine a socially inclusive nationwide Job Guarantee wage. The scheme would function as a permanent counter-cyclical automatic stabiliser, expanding automatically when private employment contracts and contracting as private hiring strengthens. In doing so, it would maintain full employment, stabilise prices, and enhance social inclusion by ensuring that everyone who wants to work can contribute productively to their community.

JG roles would be created to deliver tangible social, environmental and economic benefits while supporting participants' skills and employability. These jobs would be in addition to existing public and private-sector employment, addressing unmet needs rather than substituting for existing public services or commercially viable activity. The programme would complement wider fiscal and industrial policy by ensuring full employment through direct public provision of work, while public and private investment focus on building a more resilient and productive economy.

Participation would carry both rights and responsibilities. Individuals would have the right to fair, paid employment and the corresponding duty to perform that work responsibly and in accordance with programme standards. The JG would operate alongside the current benefit system and would not require any change to existing entitlements. It is designed for those who are able and willing to work, while recognising that some people, such as those with dependents or special needs, may require additional income or care support to participate fully, and others may be unable to work and will continue to require adequate income protection.

While public investment remains essential for strengthening productivity, innovation, and long-term development, it cannot by itself eliminate unemployment. Large-scale projects and fiscal initiatives influence jobs mainly through national demand and are often subject to long planning cycles, leaving residual unemployment unaddressed. The Job Guarantee complements these policies by working from the bottom up, matching individuals who want work with immediate, socially valuable roles in their communities. Together, public investment and the JG create a coherent policy

¹ Although recent reforms have introduced a right to request predictable hours, zero-hours contracts continue to involve significant income volatility and weak effective security, leaving many workers functionally underemployed. (See [TUC - Hundreds of thousands of workers stuck on zero hours contracts "for years on end" | TUC](#)).

² The Minimum Income Standard (MIS) is developed by the Centre for Research in Social Policy at Loughborough University, supported by the Joseph Rowntree Foundation. It estimates the income different households need in the UK to achieve a minimum acceptable standard of living, based on detailed research with members of the public. For the latest report see Stone and Padley (2025).

framework in which investment promotes productivity and structural change, while the JG secures full employment, inclusion, and macroeconomic stability.

This paper builds on a well-established international literature on employment guarantees and counter-cyclical stabilisation, including (Antonopoulos *et al.*, 2014; Mosler and Silipo, 2016; Mitchell and Fazi, 2017; Tcherneva, 2018, 2020; Wray *et al.*, 2018), among others. Empirical evidence from public employment programmes in Argentina, India, and Austria demonstrates the viability of such schemes as tools for maintaining full employment while supporting macroeconomic stability. Full references are provided in the bibliography.

This policy paper evaluates the economic and institutional implications of introducing a nationwide, counter-inflationary JG for the United Kingdom. It outlines the programme's design principles, governance and implementation framework, and expected economic and social impacts. The analysis concludes with a quantitative assessment of costs and benefits, as well as recommendations for a phased national rollout.

2. POLICY OBJECTIVES AND DESIGN FEATURES

2.1 Core objectives

The JG is designed to ensure full employment and price stability by providing a standing offer of paid work at a socially inclusive wage to anyone willing and able to work. Its objectives are both economic and social: to eliminate involuntary unemployment, secure stable incomes, strengthen communities, and enhance overall macroeconomic resilience. The JG functions as an employment buffer that expands when private demand falls and contracts as it recovers, stabilising output, prices, and household incomes throughout the business cycle.

Economic and Social objectives

- **Full Employment:** Guarantee employment at a living wage to all who seek it.
- **Price Stability:** Anchor wages and prices by fixing the JG wage as a baseline labour price, replacing unemployment as the economy's nominal stabiliser.
- **Economic Stability:** Smooth fluctuations in aggregate demand through automatic counter-cyclical adjustments, supporting macroeconomic stability throughout the business cycle.
- **Income Security:** Establish a permanent income floor by ensuring that every worker has access to a job with fair pay and standard employment protections.
- **Social Value:** Strengthen local communities and promote equality by creating work opportunities that are accessible, purposeful, and socially beneficial.
- **Social Inclusion:** To reduce the social and economic costs associated with unemployment by providing an alternative pathway to paid work.
- **Environmental Renewal:** Direct employment toward projects that support sustainability, ecological restoration, and resilience against climate and resource pressures.

Core design features

- **The programme is centrally funded but locally administered.** The central government would finance the JG to ensure financial sustainability, and it would be administered primarily by local authorities, Jobcentre Plus, and accredited project-executing organisations.
- **It is universally accessible.** The JG would be open to all individuals eligible to work.
- **Offers a fair and inclusive wage.** The programme would provide employment at a socially inclusive wage, informed by the Minimum Income Standard and reviewed periodically in line with macroeconomic conditions and productivity growth.
- **It is permanent and voluntary.** Participation would be entirely voluntary. There are no time limits on participation, and participants may accept a JG job or continue seeking work elsewhere.
- **It is an add-on programme.** The JG would operate alongside the current benefits and unemployment insurance system (e.g. Jobseeker allowance), rather than replacing them. Individuals may choose to accept a JG position or remain in their existing arrangements.

- **It is not a “workfare” scheme.** Participation in the JG would not be a condition for receiving benefits. It is not a for-profit jobs programme or an employment subsidy for for-profit firms.
- **Provides a safety net and a transitional jobs programme.** The JG would serve both as a safety net, offering employment to anyone willing to work at the established wage level and with the standard statutory employment benefits applicable to all UK workers (including provisions such as paid leave, sick leave, pension, etc.), and as a transitional mechanism into private, public, or voluntary sector employment.
- **Meets people “Where they are” “as they are”.** A wide range of roles would be made available across sectors and skill levels, allowing participants to find work suited to their abilities and located near where they live, thereby supporting inclusive access.
- **Specifies employment rights and duties.** All participants are employed under standard terms and conditions, with full labour protections, fair treatment, and grievance procedures. In return, participants are expected to meet normal workplace standards of attendance, conduct, and performance.
- **Offers flexible arrangements.** The programme would offer part-time and flexible working patterns to accommodate caregivers, students, and others requiring adaptable employment, while also allowing participants the flexibility to attend job interviews or training opportunities in pursuit of other positions.
- **Non-replacement of existing services.** JG activities must not replace or displace existing public-sector jobs or commercially viable, accessible private-sector work. The programme’s purpose is to fill unmet needs, not to outsource existing functions.
- **Invests in people.** Participants would have access to training, education, and apprenticeships, primarily delivered as in-work training, to support skills development and enhance future employability.
- **Invests in communities.** The JG programme is intended to align available work opportunities with unmet community needs. Furthermore, its funding arrangements would help direct public investment toward areas with the greatest economic and social need, addressing regional economic imbalances.
- **Invests in the public good.** Employment would be decoupled from profit considerations. Projects would be selected for their contribution to community wellbeing and environmental enhancement, rather than for commercial viability.
- **Expands the definition of employment.** The JG would recognise and reward forms of community-enhancing activity that have historically fallen outside narrow definitions of employment, but which deliver significant social value.

3. KEY POLICY BENEFITS

The JG delivers a wide range of economic, social, and environmental benefits that extend well beyond employment itself. By guaranteeing access to meaningful, fairly paid work, the programme addresses systemic labour market failures while strengthening social cohesion and community resilience. The following key benefits illustrate the transformative potential of the JG across multiple dimensions of public policy.

- **Full employment:** The JG ensures that no individual who is ready, willing, and able to work is turned away.
- **High-quality employment:** The JG establishes a public benchmark for fair wages and decent working conditions. By setting this baseline, it encourages employers across the economy to offer more secure, better-paid work, reducing the prevalence of low-quality, precarious employment. This approach strengthens labour standards more effectively than regulation alone, which employers can sometimes circumvent through casualisation and evolving contractual practices.
- **Poverty reduction and income security:** Through the provision of stable, fairly paid employment, the JG directly reduces poverty and income insecurity. It provides an employment-based route out of poverty, particularly for households that are currently reliant on low-paid or irregular work.
- **Fairer income distribution:** The JG promotes income equity by raising wages at the lower end of the labour market, establishing a wage floor that supports fair pay across sectors and reducing income volatility for groups most vulnerable to economic downturns. The JG wage would be reviewed periodically to ensure that workers share fairly in the economy's overall growth and productivity gains. Together, these mechanisms compress wage inequality and improve overall job security.
- **Macroeconomic stabilisation:** The JG functions as an automatic stabiliser, expanding during downturns and contracting as private employment recovers. This counter-cyclical dynamic supports aggregate demand, stabilises household incomes, and contributes to long-term price and output stability.
- **Improved health and wellbeing:** Access to secure, meaningful work produces substantial health and social gains. Participation in JG employment is expected to reduce mental distress, improve physical health, and strengthen family stability. Evidence from similar programmes indicates declines in mortality and suicide, alongside better educational and developmental outcomes for children.
- **Social inclusion:** By offering guaranteed employment in every community, the JG restores participation and dignity to individuals excluded from the labour market. It fosters stronger social ties and reduces the stigma and long-term scarring associated with unemployment.
- **Community renewal:** JG projects address unmet local needs, expanding the supply of socially valuable services while reducing homelessness, crime, and social isolation. In doing so, the programme reinvests labour resources directly into community development and public wellbeing.
- **Supports environmental aims:** The JG directs employment toward projects that support ecological restoration, climate resilience, and the UK's wider Net Zero objectives. Example activities include conservation, energy-efficiency retrofitting, and urban greening.

4. PAST EXAMPLES OF JOB GUARANTEE PROGRAMMES

The JG concept is grounded in extensive international experience with public employment programmes designed to provide work, stabilise incomes, and strengthen communities. Evidence from comparable schemes demonstrates that well-targeted public employment can achieve high social returns when properly managed and adequately funded.

4.1 International experience

Argentina

The Plan Jefes y Jefas de Hogar Desocupados (Program for Unemployed Male and Female Heads of Households) was introduced in response to a severe economic crisis. This large-scale programme employed over two million people in community development, education, and environmental projects. Independent evaluations found significant reductions in poverty, improvements in school attendance, and enhanced social inclusion. The scheme also supported price stability by anchoring low-end wages during the recovery. The programme was phased out following economic recovery, which saw participation in the programme shrink substantially (Kostzer, 2008).

India

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) provided a legally guaranteed right to 100 days of paid work per household each year in rural areas. Evaluations show strong reductions in poverty, improved rural infrastructure, and increased female labour-force participation. Despite administrative challenges such as delayed wage payments and uneven local capacity, MGNREGA demonstrates the feasibility of operating an employment guarantee at a national scale. The programme remains in operation today (Azam, 2012).

Austria

The Marienthal and Aktion 8,000 initiatives were smaller-scale, conceptually similar programmes that offered direct employment to long-term unemployed workers. Evaluations showed positive effects on both economic and non-economic measures of wellbeing, as well as improved community engagement. The initiative effectively eliminated long-term unemployment in the locality, increased participants' incomes and life satisfaction, and yielded results compelling enough to secure additional financial commitment from the Austrian government for programme expansion. The pilot ended in June 2023 (Kasy and Lehner, 2022).

4.2 The United Kingdom experience

The UK has implemented several employment initiatives with partial similarities to a JG, such as the Future Jobs Fund (FJF) introduced by the Labour Government in 2009 (DWP, 2012), its proposed reintroduction during the 2015 general election, and the TUC's 2020 proposal for a new employment guarantee (TUC, 2020). However, these programmes differ materially from the scheme outlined in this document and share several design limitations.

First, previous schemes have not been universal, typically restricting eligibility by age group or unemployment duration. Second, they have relied on time-limited placements, commonly lasting six to twelve months, which weakens their

effectiveness as automatic stabilisers and limits their ability to address poverty and labour-market insecurity. Third, many have emphasised private-sector placements or wage subsidies rather than direct public employment, blurring the boundary between social policy and profit-oriented enterprise.

Among these, the TUC's proposal most closely aligns with the present framework, but it remains a conditional and time-limited guarantee, rather than a standing, universal offer of employment. As a result, its macroeconomic stabilising potential remains limited.

Taken together, the examples underscore both the feasibility and the challenges of past employment programmes. The UK's previous initiatives show clear political willingness to use public intervention to reduce unemployment but reveal design flaws, conditionality, time limits, and private-sector reliance that limit their stabilising and transformative capacity. In contrast, the cases of Argentina, India and Austria demonstrate that publicly funded, unconditional employment provision can deliver measurable gains in economic performance, social wellbeing, and community development.

5. WHAT QUALIFIES AS A JG JOB?

The JG functions as a transitional employment programme, providing paid work that delivers public value while supporting participants' skills and employability. All proposed projects and roles will therefore be assessed against the following criteria:

5.1 Project assessment criteria

Proposed projects will be assessed against the following criteria:

- **Public value:** Demonstrable social, environmental, or community benefit.
- **Non-displacement:** Activities must create new employment and not displace existing public sector work.
- **Additionality:** Activities proposed must provide additional services and not overlap with commercially viable and accessible private sector work.
- **Feasibility:** Clear deliverables, realistic timelines, and adequate resources.
- **Inclusivity:** Accessibility for all participants, including those facing barriers to work, such as disability, long-term health conditions, caring responsibilities, age, or socioeconomic disadvantage. Project-executing organisations must ensure that reasonable adjustments are made to support the participation of people with disabilities and uphold the principles of equality and non-discrimination.
- **Skill development:** Must offer opportunities for on-the-job training and mentoring.
- **Sustainability:** Long-term community and environmental benefits.

In addition, further criteria may be applied to ensure responsible resource utilisation, including compliance with environmental targets and any specific capital or infrastructure requirements set by the programme.

Role eligibility within approved projects

In addition to assessing projects as a whole, each proposed job role will be reviewed to ensure that it meets the programme's standards for public value, inclusivity, and additionality. Roles must make a direct contribution to the approved project's objectives and provide meaningful work consistent with the JG's purpose of serving community and environmental needs. Administrative or support roles that are essential to project delivery may be included (e.g., project coordination, record-keeping, or volunteer management), provided they do not duplicate existing public-sector positions or create for-profit activity.

All approved roles within these organisations' approved projects will be listed in the Community Jobs Bank, the database of JG employment opportunities maintained by Jobcentre Plus offices.

5.2 Principle of non-displacement of public sector jobs

Given the programme's flexible and voluntary nature, JG employment should focus on *non-essential* roles to avoid displacing core public functions or services already mandated by Parliament. To provide clarity, we define a non-essential job as one whose absence would not result in any of the following:

1. Compromising the immediate health or safety of individuals.

2. Disrupting the proper functioning of existing governmental institutions.
3. Directly infringing upon the constitutional rights of UK citizens.
4. Hindering the delivery of services that have been permanently mandated for public provision by Parliament.

5.3 Jobs overlapping with the private sector

The JG is not designed to compete with commercial enterprise, but to serve unmet social needs and correct labour-market failures where private provision is absent, inaccessible, or inadequate. A role that exists in the private sector may nevertheless be undertaken within the JG framework where one or more of the following criteria apply:

- **Unmet demand:** The service is not available in sufficient quantity or quality to meet community needs (for example, affordable home maintenance, tutoring, or elderly care in low-income areas).
- **Accessibility and affordability:** The service exists commercially but is priced beyond the reach of lower-income households or geographically unavailable in underserved regions.
- **Public purpose justification:** The activity delivers a clear social or environmental benefit that extends beyond individual customers, such as community retrofitting, green-space restoration, or public safety initiatives.
- **Complementary provision:** The JG project complements rather than replaces private activity (for example, providing free swimming or music lessons for children who would otherwise be excluded, or offering digital literacy support to elderly residents).
- **Market failure:** The private market has withdrawn from or under-provided a necessary service due to low profitability, despite ongoing public demand.

Where overlap exists, local authorities will assess proposals to ensure that:

- The JG activity is justified by unmet need or public benefit.
- It does not deliver goods or services for commercial sale or private profit.
- It operates in a manner consistent with fair labour and procurement standards.

This framework allows the JG to complement private-sector activity where appropriate, while ensuring that public funds are directed exclusively toward advancing social welfare and community resilience. Appendix B provides some examples of eligible JG roles.

6. IMPLEMENTATION

A phased approach to implementing the JG programme is recommended to ensure effective governance and institutional learning. Gradual expansion enables the development of administrative capacity, the refinement of operational procedures, and the careful monitoring of local and national impacts. This structured progression will facilitate the integration of lessons from the early stages, enabling continuous improvement in delivery and ensuring that the programme achieves its objectives efficiently across the UK.

6.1 Phased implementation and eligibility

The JG programme will be implemented in two main phases. Phase One (Years 1-2) will involve a partial regional roll-out designed to assess participation levels, administrative performance, and local economic impacts. And Phase Two (Years 3-4) will extend the programme to the national level, informed by the findings and lessons from the initial phase. Each Phase ends with its own distinct evaluation framework.

To manage administrative capacity and minimise transitional disruption during the initial rollout, Phase One will operate on a priority-sequenced placement basis rather than a strict eligibility threshold. Immediate access in Phase One will be available to:

- Individuals unemployed for six months or more
- Workers in the gig economy and platform-based employment
- Individuals on zero-hours contracts
- Agency and casual workers experiencing unstable hours or income insecurity
- Involuntary part-time workers seeking additional hours
- Workers on temporary or fixed-term contracts experiencing income volatility or underemployment

These groups are treated as functionally unemployed or underemployed for programme access, reflecting their heightened exposure to income insecurity and labour-market instability.

Individuals who are unemployed for less than six months and do not fall into the above categories may also participate in Phase One, where local capacity permits, particularly when early intervention is likely to prevent long-term unemployment or skills erosion.

The lowest priority during Phase One will be assigned to workers in stable, permanent employment earning at or above the statutory minimum wage, particularly in labour-intensive care and service sectors where retention and continuity of staffing are essential. These individuals will retain full access to the JG once universal priority access is introduced at the beginning of Year 4 in Phase Two.

Table 2: Phase One (Years 1–2). Eligibility and Priority Access.

Priority Level	Group	Access Status in Phase One	Rationale
Highest priority	Individuals unemployed for 6 months or more	Immediate access	The highest risk of long-term scarring, poverty, and detachment from the labour market.
High priority	Gig-economy and platform workers	Immediate access	Income volatility and weak employment protections
	Workers on zero-hours contracts	Immediate access	Functional underemployment and earnings insecurity
	Involuntary part-time workers seeking additional hours	Immediate access, subject to verification using existing administrative data	Underutilised labour capacity and income instability
	Temporary, fixed-term, or agency workers with unstable hours or income	Immediate access, subject to verification using existing administrative data	Elevated risk of income volatility and displacement during economic downturns
Medium priority	Individuals unemployed for less than 6 months	Access subject to local capacity	Early intervention where the risk of long-term unemployment is identified.

Priority status determines the order in which applicants are matched to available JG roles during Phase One.

Registration is open to all work-eligible individuals, but placement is capacity-constrained and sequenced to ensure labour-market stability and service continuity. Lower priority does not imply exclusion; it reflects deferred matching rather than restricted eligibility.

In practice, many employers are likely to begin adjusting employment practices toward JG minimum standards before the introduction of universal priority access, as the early phases of the rollout raise aggregate demand and strengthen business revenues. Higher and more predictable customer demand improves firms' capacity to absorb increased labour costs, reducing the risk of abrupt strain once the programme becomes universally priority accessible. This sequencing maintains programme integrity, supports employers through the transition, and ensures that the JG ultimately operates as an inclusive, nationwide public employment option.

6.2 Phase One: Initial partial regional implementation (Years 1-2)

Phase One establishes the operational foundations for permanent nationwide implementation. The programme will be launched in a diverse mix of urban, suburban, and rural areas to test delivery systems, refine administrative processes, and build local partnerships under real-world conditions. This phase focuses on strengthening institutional capacity and generating early evidence to inform national rollout. Local authorities should be selected according to transparent criteria that:

- Prioritises areas with high levels of poverty and unemployment, ensuring resources reach those most in need.
- Considers the administrative and institutional capacity of local authorities to deliver and manage the programme

effectively.

- Considers the availability of local partnership potential, signalling readiness for implementation.

It is proposed that five areas in Wales, Scotland, Northern Ireland, and England be included in the first phase.

- **Example of local authority areas for consideration in England:** Blackpool, Liverpool, Birmingham, Middlesbrough, and Hull (Kingston upon Hull).
- **Example of local authority areas for consideration in Wales:** Merthyr Tydfil, Blaenau Gwent, Neath Port Talbot, Rhondda Cynon Taf, and Caerphilly.
- **Example of local authority areas for consideration in Scotland:** Glasgow City, Dundee City, North Ayrshire, Inverclyde, and West Dunbartonshire.
- **Example of local authority areas for consideration in Northern Ireland:** Derry City & Strabane, Belfast, Newry Mourne & Down, Mid Ulster, and Fermanagh & Omagh.

Phase One implementation plan (Two-Year schedule)

Phase One will expand progressively over two years, reaching approximately 30 per cent of UK local authorities. This staged rollout supports institutional learning and allows delivery systems to scale incrementally.

The first six to nine months will focus on programme establishment, including accreditation of project-executing organisations, development of local project pipelines, Jobcentre Plus workforce preparation, implementation of monitoring systems, and operational setup of the Job Guarantee Wage Commission. Participant intake during the remainder of the first two-year period will be limited and prioritised, increasing as administrative capacity and project availability expand.

Table 3: Coverage and objectives of the first two years of the JG implementation.

Year	Coverage	Objectives
Year 1	The first 6–9 months will focus on building institutional capacity, retraining DWP staff, and establishing JGWC. Then, implementation in 20 areas (five per nation). All work-eligible individuals are eligible to take part in the programme on a priority-sequenced placement basis.	Establish delivery systems, test design features, refine operational standards, and collect baseline data. Inform operational evaluation.
Year 2	Expansion to approximately 25–30% of UK local authorities, focusing on areas with persistent unemployment and demonstrated capacity. Incorporate administrative lessons from Year 1.	Strengthen coordination mechanisms, workforce training, and local project design. Inform impact evaluation.

Phase One Evaluation Framework

Evaluation will be an ongoing process throughout Phase One, encompassing ongoing monitoring and two formal review stages to ensure accountability and continuous improvement. Local authorities will report regularly on delivery indicators such as participation and project progress, supported by data collection from Jobcentre Plus and programme partners.

- **Operational Evaluation (Months 9–15):** A mid-phase review assessing delivery performance, participation rates and administrative capacity. The purpose is to identify implementation challenges and refine delivery systems in the early stages.
- **Early Impact Evaluation (Months 18–24):** An end-of-phase assessment examining local labour-market effects, fiscal impacts, and community wellbeing outcomes. This evaluation will provide early evidence on effectiveness and inform design adjustments ahead of national rollout, while recognising that a full impact evaluation is only possible once nationwide implementation is complete.

Findings from both stages, along with continuous monitoring data, will inform refinements to programme design, coordination, and resource allocation prior to Phase Two expansion.

6.3 Phase Two: full nationwide implementation (Years 3-4)

Phase Two extends the programme from partial regional coverage to full nationwide implementation across the United Kingdom. This phase also completes the transition from priority-sequenced placement to universal priority access, embedding the Job Guarantee as a permanent labour-market institution in which all work-eligible individuals are matched to employment opportunities on equal terms.

Phase Two involves rapid scaling across all regions and is therefore expected to entail the highest operational demands and expenditure. This reflects both the expansion of geographic scope and the continued effort to engage individuals with histories of long-term unemployment, labour-market exclusion, or unstable attachment to work.

While integration of these individuals will already have begun in earlier phases, Phase Two consolidates this process, embedding the JG as a permanent feature of the labour market. As participation stabilises and private-sector demand strengthens, the programme's overall size is expected to adjust gradually, maintaining a balance between public and private employment. A full nationwide evaluation also becomes possible toward the end of Phase Two.

Phase Two implementation plan (Two-Year schedule)

Phase Two will extend the JG from partial to full national coverage over a further two-year period. This stage will build directly on the operational experience, institutional capacity, and partnerships established during Phase One, ensuring a smooth and sustainable transition to permanent implementation. As Phase Two progresses, each stage will incorporate lessons from earlier stages while expanding the scale of the programme. The planned schedule is outlined below.

Table 4: Coverage and objectives of the third and fourth years of the JG implementation.

Year	Coverage	Objectives
Year 3	Extension to 60–70% of UK local authorities, incorporating lessons from earlier stages.	Embed the JG as a core employment stabilisation tool; expand job diversity and partnership networks.
Year 4	Full national coverage. At the beginning of Year 4, universal priority access comes into effect, with all work-eligible individuals matched to Job Guarantee roles on equal terms	Establish a standing, nationwide Job Guarantee offering secure employment at a living wage to all who seek work

This timeline aligns with the electoral cycle, enabling the government to deliver tangible results within a single parliamentary term while laying the foundation for the long-term institutionalisation of the JG as a permanent labour market stabiliser.

Phase Two monitoring & evaluation framework

A comprehensive monitoring and evaluation (M&E) strategy should be implemented upon completion of Phase Two. Robust, ongoing M&E is essential to the success, credibility, and long-term sustainability of the JG programme.

Effective evaluation ensures that the programme delivers on its objectives and enables policymakers to continuously improve outcomes for participants and communities. Rigorous assessment also builds public trust, strengthens political support, and informs future policy development by providing a clear understanding of the programme’s social and economic impacts. Key areas of reporting will include:

- **Participation and take-up rates:** Ongoing assessment of job take-up levels, including comparison of participation rates across geographic areas and demographic groups, to gauge uptake and identify variations in demand.
- **Participant profiling:** Ongoing collection of data on who joins the programme, including characteristics such as age, gender, skills, and employment history, along with total participant numbers and flows.
- **Community impact:** Evaluation of improvements to the local physical environment (e.g., green space, maintenance, public amenities) and assessment of changes in community attitudes, cohesion and wellbeing.
- **Local migration and labour dynamics:** Monitoring of any inward movement of participants from surrounding areas seeking access to JG employment, and analysis of possible displacement effects.
- **Local multiplier effects:** Measurement of the programme’s wider economic impact within participating communities, including increased local spending and private sector employment effects.
- **Stakeholder perceptions:** Collection of qualitative and quantitative feedback from key stakeholders, including community organisations, trade unions, local authorities, and local business groups, to assess levels of support, highlight concerns, and build consensus.
- **Health indicators:** Tracking of health outcomes among participants and within the wider community (e.g., mental health, stress levels, morbidity), to assess the programme’s impact on public health and wellbeing.

- **Crime and public safety:** Assessment of any changes in local crime rates, anti-social behaviour and domestic violence associated with programme implementation.
- **Administrative performance:** Identification and review of operational challenges and best practices in programme delivery, including governance, reporting systems, coordination among delivery partners, and overall administrative efficiency.

7. MACROECONOMIC FRAMEWORK

This section outlines the macroeconomic rationale for the JG and the mechanisms through which it supports price stability and full employment. It explains how the JG wage functions as a nominal anchor within the UK's inflation-targeting framework, and how the programme operates as an automatic stabiliser over the business cycle. The section first describes the JG's stabilisation process, then sets out the wage-adjustment and review mechanism, and finally, presents an illustrative example of the programme's potential inflation impact.

7.1 The stabilisation process

This section outlines how the JG contributes to price stability and proposes refinements to the programme's design that enhance its anti-inflationary function. The JG contributes to macroeconomic stability in a number of ways:

- **Buffer stock mechanism for labour:** Similar to traditional commodity buffer stock schemes (e.g., those for wool or wheat), the JG stabilises the price of goods and services by stabilising the availability of employment and the general wage level. During economic downturns, when aggregate demand falls, and private employment contracts are disrupted, displaced workers can enter the JG pool. As the economy recovers, participants transition back into higher-paying private or conventional public jobs. In this way, the JG absorbs labour in recessions and releases it during expansions, smoothing employment, wages, and prices across the business cycle.
- **Conversion of unemployment into employment:** By transforming the existing pool of unemployed workers into a pool of employed workers, the JG facilitates hiring during upswings. Employers gain access to trained, experienced workers rather than recruiting from the long-term unemployed, reducing hiring frictions and supply bottlenecks. This mechanism enables the economy to respond more flexibly to demand growth without triggering inflationary wage pressures.
- **Efficient use of labour resources:** The JG maximises productive potential by ensuring that available labour resources are fully utilised. By maintaining continuous employment, it sustains aggregate output, preserves skills, and prevents the long-term productivity losses and social costs associated with unemployment.
- **Nominal anchor for prices:** A core feature of the JG is its function as a wage anchor. The programme provides employment at a publicly funded wage. This wage sets a benchmark for the labour market, establishing the minimum price of labour and promoting stability in pay formation across the economy. The JG wage is not fixed or arbitrary. It is designed to provide a modest yet adequate standard of living, adjusted annually through a formal process involving trade unions, employer organisations, and relevant government departments. This ensures that the benchmark wage remains consistent with broader macroeconomic conditions and retains its stabilising role over time. In the absence of a JG, unemployment performs this anchoring function, but with far greater social and economic cost.
- **Structural resilience:** Over the long run, the JG strengthens the economy's capacity to sustain full employment without inflation. By providing stable employment and structured training, it expands productive capacity and improves the economy's ability to absorb rising demand without generating supply bottlenecks or price pressures.

The table below outlines the stabilising JG response to downturns and expansions.

Table 5: The JG across the business cycle

Economic Phase	Private-Sector Conditions	JG Response	Macroeconomic Effect
Economic Downturn	Falling aggregate demand; private firms reduce hiring or lay off workers.	JG automatically expands to absorb displaced workers at the fixed JG wage.	Maintains household income and demand; prevents recessionary decline; stabilises employment and output.
Economic Recovery / Expansion	Rising private-sector demand, increased hiring, and investment.	JG contracts as participants transition into higher-paid private or public jobs.	Prevents overheating; releases labour back to the private sector; keeps wage growth aligned with productivity and overall price stability.

To perform its stabilising function effectively, the JG must offer a wage that anchors the labour market while remaining consistent with living standards and macroeconomic stability. The following section outlines how this wage is set and maintained.

7.2 Wage level and adjustment framework

Establishing the initial JG wage level

The JG wage should establish a clear floor across the labour market, set at a level that guarantees a socially acceptable standard of living while maintaining macroeconomic stability. Accordingly, the initial wage must enable workers to meet essential needs, including adequate nutrition, housing, utilities, transport, and a modest level of social participation and leisure.

It is proposed that the wage be uniform across all regions in the UK. A consistent national rate will help reduce regional disparities and discourage inter-city migration driven by wage differentials, thereby relieving pressure on housing and public services in urban hubs.

To determine this initial level, the Joseph Rowntree Foundation’s Minimum Income Standard (MIS) for the United Kingdom (Stone and Padley, 2025) is used as the primary benchmark. The MIS represents the income required for a single working-age adult to achieve an acceptable standard of living, making it a more appropriate benchmark than measures based solely on basic subsistence. The initial JG wage will be set based on the most recent available MIS at the time of implementation. Currently, this is approximately £30,465 per year, equivalent to £14.65 per hour. It is therefore proposed that this be rounded up to **£15 an hour** (or £31,200 per year). On the basis of the following:

- **Access to housing:** The MIS benchmark assumes social-housing rents, which may not reflect actual conditions across much of the UK, given limited supply. While housing affordability is central to living standards, raising the JG wage to fully cover private rents nationwide would risk setting an excessively high nominal floor,

potentially undermining its function as a non-inflationary anchor. It could also contribute to further rent inflation in high-demand areas. These issues are best addressed through complementary housing and planning policy, not wage escalation. A uniform national JG wage remains the fairest and most stable approach for establishing an income floor while broader policy measures target regional housing costs.

- **Savings buffer:** The MIS does not fully account for savings for infrequent but significant life expenses, such as weddings, funerals, preparing for a child, or saving for a home deposit, nor for modest discretionary spending, such as occasional foreign travel, which supports long-term social inclusion.

This modest rounding up provides an additional £735 per year, offering a small but meaningful savings buffer to accommodate these essential life events or alternative modest housing arrangements in most areas, while preserving the wage's role as a stable and non-inflationary labour-market anchor. Individuals with dependents or special needs may nevertheless experience a shortfall if relying entirely on this wage. It is therefore proposed that this be addressed through income supplements outside of the job guarantee.

The JG wage should also fully comply with existing employment legislation, including holiday pay, statutory sick pay, auto-enrolment pensions, and paid maternity, paternity, and adoption leave. Accordingly, an individual working 40 hours per week throughout the year would be entitled to 28 days of paid annual leave. Likewise, if the government's living wage is increased or a national shift toward a four-day working week is adopted, as suggested in recent policy proposals, extending this standard to JG roles would help establish a benchmark and encourage its swift adoption across the private sector.

Finally, JG participants will also be entitled to employer pension contributions, currently set at 3% of earnings between £6,240 and £50,270 (2025/2026). The complete JG wage package is outlined in the table below.

Table 6: Summary of benefits package proposed for the 1st year of JG implementation.

	Description	Value for a full-time job-guarantee participant (40 hrs/week)
Core Wages	Gross annual pay before taxes and deductions	£31,200
Workplace Pension	Automatic enrolment with both employee and employer contributions. Employer contribution: 3% (on qualifying earnings)	£748.80 (2024/2025)
Paid Annual Leave	Minimum statutory entitlement for full-time employees. Estimated pro rata based on average weekly hours over the year	28 days
Flexible Working Options	Eligible to request flexible or hybrid working arrangements	Includes part-time, compressed hours, flexitime, or term-time working (subject to operational needs)
Other Statutory Benefits	Standard UK employment protections and leave entitlements	Statutory Sick Pay (SSP), Maternity/Paternity/Adoption Leave and Pay
Total value of wage package	Combined value of salary, pension, leave, and statutory benefits	£31,948.80

To remain effective over time, the JG wage will be reviewed annually through an institutional process. The purpose of this review is to maintain consistency with living-cost developments while preserving the JG wage’s role as a stable labour-market benchmark for prices and employment. The annual review will assess movements in the cost of living, social inclusion benchmarks (including the Minimum Income Standard), distributional impacts across lower-paid workers, and broader macroeconomic conditions, including inflation and trend productivity growth. These will be treated as contextual information rather than as automatic determinants of wage adjustment. Within this framework, the JG wage is a policy-defined labour standard rather than a market-clearing price.

Annual wage review (tripartite review process)

Every year, a formal tripartite wage review will be conducted. The output of the annual review process will be recommendations to parliament on the JG wage. Final decisions on the wage level will be taken by the Government and approved by Parliament, consistent with existing UK minimum-wage governance arrangements. The review will involve representatives from trade unions, employer organisations, and relevant government departments, and will consider:

- **Social adequacy:** Ensuring that the wage continues to provide a decent standard of living, and remains above established social inclusion benchmarks, particularly the MIS.
- **Real income protection:** Assessing cost-of-living developments to prevent sustained erosion of purchasing power over time.

- **Macroeconomic alignment:** Ensuring the JG wage remains consistent with the inflation target and aggregate productivity trends.
- **Inflation outlook and phasing:** Considering future inflation forecasts and overall macroeconomic conditions. When inflation exceeds the target, wage adjustments should be phased in gradually to avoid amplifying inflationary pressures.

Capacity-to-pay considerations are not used to determine the JG wage, which is defined as a socially acceptable minimum income standard. Instead, capacity-to-pay is addressed through macroeconomic stabilisation, productivity gains, phased implementation, and support for aggregate demand. This approach recognises that while individual firms may face adjustment pressures, the economy as a whole is better served by setting clear social standards and allowing businesses to adapt accordingly, including through transitional support and productivity-enhancing investment where appropriate.

Exceptional adjustments to the JG wage

In the event of a major or sudden inflation shock, an early wage review may be convened to protect real earnings. Adjustments should be phased in gradually to avoid adding to inflationary pressures and may be deferred until price stability is restored. Temporary measures, such as one-off cost-of-living supplements, may be applied to protect real incomes while preserving the programme's stabilising function within the economy.

This framework ensures that the JG wage safeguards income stability while reinforcing the programme's central function as a price-stabilising mechanism.

The legal minimum wage

While the JG wage functions as the effective wage floor, the statutory minimum wage will continue to serve as a distinct legal backstop. The two should remain aligned but not identical, with the minimum wage set modestly below the JG rate (80-90% of the JG wage level) to preserve the Job Guarantee's role as a macroeconomic anchor rather than a universal legal mandate.

This alignment ensures that the JG raises effective labour standards across the economy while preserving the minimum wage's protective function for workers who choose not to participate in the programme.

Interaction with the benefit system

Participation in the JG is voluntary and does not replace existing income-support arrangements. Claimants who choose to remain on Universal Credit or legacy benefits without entering JG employment would continue to be subject to existing benefit rules. Where individuals take up JG employment, JG earnings would be treated as standard employment income for Universal Credit purposes, with existing taper rates applying. This ensures smooth transitions between benefits and employment without introducing additional conditionality or altering the existing structure of the benefit system.

7.3 The impact of the JG wage on inflation

Initial impact on prices

The introduction of the JG is expected to lift the effective wage floor and reduce precarious labour practices. While this may lead to a modest, one-off increase in prices as employers adjust to higher minimum labour costs and improved bargaining power among low-income workers, the effect is expected to be temporary and limited in scale. The initial price adjustment is likely to be smaller than the wage gains achieved by those at the lower end of the income distribution, resulting in a clear net improvement in living standards. After this short transitional period, which may last up to a year following full implementation, price levels are expected to stabilise as the JG operates as a counter-cyclical stabiliser in the economy. External or supply-side shocks may still arise, but these are inherently unpredictable and typically require discretionary policy responses. Over the medium to long term, inflation is expected to remain more stable and likely lower than in the absence of a JG.

Illustrative calculation

This subsection illustrates the potential cost-push effects of introducing the JG wage under a hypothetical first year of nationwide implementation. The following assumptions are applied:

1. We treat the JG wage as directly analogous to a statutory wage floor increase.
2. The JG raises the effective minimum wage by 23 per cent in the first year³ ($\Delta w_1 = 23\%$).
3. Assuming nationwide JG implementation within the first year, the wage increase primarily affects the lowest quintile of the wage distribution. i.e. roughly 20 per cent of total wage costs ($s = 0.2$)⁴.
4. Productivity growth increases from 0 to 1.5 per cent⁵ ($\Delta A_t = 1.5\%$).

The implied change in economy-wide change to unit labour costs (ULC) is given by:

$$\Delta ULC \approx s \cdot (\Delta w_t) - \Delta A_t = (0.2)(23) - 1.5 = +3.1\%$$

Using a standard ULC pass-through elasticity (ϵ) of 0.5⁶ between ULC and consumer prices, the resulting changes to the Consumer Price Index (ΔCPI) is given by:

$$\Delta CPI \approx \epsilon \cdot \Delta ULC = 0.5 \times (3.1\%) = +1.55\%$$

This stylised example suggests that even a substantial initial increase in the JG wage would generate only a limited and temporary impact on inflation, and within the Bank of England's normal tolerance range for short-term price

³ For the purpose of this calculation we compare the National Living Wage (currently £12.21 per hour) to the proposed JG wage (£15.00 per hour). This constitutes an increase of approximately 23%.

⁴ Based on data from the Office for National Statistics (ONS), Annual Survey of Hours and Earnings (ASHE), 2024, Table 7.1a. In 2024, median hourly pay for full-time employees was approximately £17.60, while the 20th-per centile wage stood at around £13.20. A Job Guarantee wage of £15 per hour therefore lies close to the 25th–30th per centile of the earnings distribution, directly affecting roughly the lowest 20–25 per cent of workers. These employees account for around one-fifth of the aggregate UK wage bill, making $s \approx 0.2$.

⁵ A medium-term productivity growth rate of 1.5 per cent per year is assumed, consistent with central estimates from the Office for Budget Responsibility (OBR, 2025) and the Bank of England Monetary Policy Report (BOE, 2025). Both institutions project potential output growth in the range of 1¼–1½ per cent, reflecting a gradual recovery from the post-2008 productivity slowdown. This assumption, therefore, represents a central-case scenario for UK trend productivity growth, balancing historical averages with recent empirical performance.

⁶ A short-run unit labour cost (ULC) pass-through elasticity of 0.5 is adopted as a central illustrative assumption. This value lies within the range typically used in applied macroeconomic analysis, capturing the moderate and partial transmission of labour-cost changes into consumer prices over the short term.

fluctuations. The programme’s design ensures that once the adjustment is absorbed, the JG functions as a stabilising anchor rather than a persistent source of cost-push inflation. In effect, the one-off price level shift reflects the economy’s transition toward fairer and more efficient labour-market conditions, after which inflation dynamics are expected to stabilise near the target rate. To the extent that the JG enhances productivity and labour-force participation, the upward pressure on unit labour costs is further mitigated.

Finally, because the implementation of the JG will be phased in, the associated price effects are expected to emerge gradually over several years, rather than all at once. The table below illustrates the impact of the JG wage on inflation as the programme is phased in. For this, we add the following assumptions:

1. The JG raises the effective minimum wage by 23 per cent in the first year⁷ ($\Delta w_t=23\%$).
2. In subsequent years, the JG wage is adjusted by the sum of productivity and the inflation target ($\Delta w_{t>1} = \Delta A_{t-1} + \pi^*$). This does not constitute a rule or commitment and is used solely to demonstrate plausible inflation dynamics of the policy.
3. Implementation is phased in gradually between Years 1-4. So that $s = 0.03, 0.07, 0.14$ and 0.2 . Respectively.
4. The inflation target is set at 2%.
5. Productivity growth gradually increases from 0% (in Year 0) to 1.5% (in Year 4) and then stays at that level.

Table 7: illustrative estimation of the JG wage annual impact on inflation.

Year	Assumed Coverage of national wage bill (s)	Assumed Productivity increase	Inflation target	JG annual wage increase	Cumulative ΔULC relative to Year 0 $\Delta ULC_c \approx s \cdot (\Delta w_c) - \Delta A_c$ [Annual in Brackets]	JG wage annual inflation impact $\Delta CPI_t \approx \epsilon \cdot \Delta ULC_t$
0	0	0.0%	2%	N/A	0	N/A
1	3%	0.0%	2%	23%	$(0.03)(23) - 0 =$ +0.69% [+0.69%]	$0.5 \times (0.69\%) =$ +0.35%
2	7%	0.5%	2%	2%	$(0.07)(23 + 2) - 0.5 =$ +1.25% [+0.56%]	$0.5 \times (0.56\%) =$ +0.28%
3	14%	1.0%	2%	2.5%	$(0.14)(23 + 2 + 2.5) - 1 =$ +2.85% [+1.6%]	$0.5 \times (1.6\%) =$ +0.8%
4	20%	1.5%	2%	3%	$(0.2)(23 + 2 + 2.5 + 3) - 1.5 =$ +4.6% [+1.75%]	$0.5 \times (1.75\%) =$ +0.88%
5	20%	1.5%	2%	3.5%	$(0.2)(23 + 2 + 2.5 + 3 + 3.5) - 1.5 =$ +5.3% [+0.7%]	$0.5 \times (0.7\%) =$ +0.35%

⁷ For the purpose of this calculation we compare the National Living Wage (currently £12.21 per hour) to the proposed JG wage (£15.00 per hour). This constitutes an increase of approximately 23%.

7.4 The JG and Monetary Policy

Under a JG framework, the primary nominal anchor for prices shifts from unemployment to the fixed JG wage. This represents a fundamental change in the operation of the macroeconomic policy regime. Whereas the Bank of England's current inflation-targeting framework relies on interest-rate adjustments to manage aggregate demand and the Non-Accelerating Inflation Rate of Unemployment (NAIRU) to anchor prices, the JG replaces this unemployment buffer with an employment buffer. The JG wage establishes a stable and transparent nominal benchmark that anchors the price level directly through the labour market.

Monetary policy continues to play a supporting role in managing credit conditions and ensuring financial stability, but it no longer bears the sole responsibility for maintaining price stability. In this setup, fiscal and monetary policy operate in coordination: fiscal policy secures full employment and wage stability from below, while monetary policy manages cyclical variations in spending from above. The JG anchors the real side of the economy (employment and wages), and the Bank of England fine-tunes the financial side (liquidity and credit). Together, they maintain macroeconomic stability without relying on unemployment as the main policy tool.

8. INSTITUTIONAL FRAMEWORK AND KEY RESPONSIBILITIES

8.1 Key responsibilities

Parliament

Parliament will be responsible for setting the programme's overarching statutory objectives, including full employment, price stability, and social inclusion. It will also provide the statutory foundation for the JG by establishing its wage mechanism and associated capital expenditure as a Standing Service under an Act of Parliament. This designation embeds the programme permanently within the United Kingdom's fiscal and labour-market framework, ensuring that it operates as an automatic stabiliser rather than a discretionary or time-limited intervention. As a Standing Service, JG expenditure will adjust automatically in response to labour-market conditions, expanding during economic downturns and contracting as private-sector employment recovers, without requiring annual reauthorisation through the Supply Estimates process. Parliament will approve adjustments to the JG wage following the annual wage review process, informed by recommendations from the Job Guarantee Wage Commission (JGWC), and will scrutinise annual reports on programme performance and employment outcomes.

Parliament will also retain responsibility for authorising any additional central funding required to support pay adjustments in existing public services arising from the introduction of the JG wage, if and when needed, including within local government and the NHS. Where maintaining recruitment, retention, and workforce stability necessitates upward pressure on public-sector pay, such adjustments would be funded through separate Parliamentary appropriations and would not be expected to be absorbed within existing departmental or local authority budgets. This ensures that the JG does not create unfunded mandates for public bodies and that responsibility for system-wide wage alignment remains centralised.

Upon the commencement of universal priority access (at the beginning of Year 4), the JG shall constitute a statutory right to a job offer for all work-eligible individuals. From this point, programme capacity must expand automatically in response to applications, consistent with the Job Guarantee's function as a standing public service and macroeconomic stabiliser. This provision ensures that the programme cannot be rendered ineffective through administrative rationing or discretionary capacity constraints once priority-based sequencing has ceased.

Parliament will retain the authority to amend the programme's statutory framework, including the timing of phase transitions, but any such changes must be enacted through explicit legislation. This requirement ensures transparency and democratic accountability for any decision to delay, modify, or limit access to the programme.

Department for work and pensions (DWP)

The DWP would oversee the national operation of the JG. Its responsibilities include:

- **Programme governance and oversight:** issuing broad national guidelines specifying eligible organisations, project types and roles, ensuring consistency with programme principles. Setting funding frameworks and performance standards for local implementation.

- **Accreditation register:** setting the national accreditation standards and maintaining a central register of approved project-executing organisations.
- **Final accreditation decision:** The DWP will receive accreditation recommendations from local authorities (via Jobcentre Plus) and will retain authority to confirm or revoke final approval.
- **Wage management:** chairing the annual wage review.
- **Monitoring and evaluation:** collecting data, publishing outcomes regularly, and ensuring continuous programme improvement.

The job guarantee wage commission (JGWC)

To minimise institutional duplication and capitalise on existing expertise, the functions of the United Kingdom’s Low Pay Commission (LPC) will be adapted to serve the objectives of the JG. The Commission will operate under a statutory duty to support Parliament’s full-employment and price-stability objectives, ensuring that wage policy remains consistent with democratically defined macroeconomic targets.

The LPC’s established tripartite framework, traditionally comprising representatives of employers, workers, and independent experts, will be reconstituted to include representatives from the Department for Work and Pensions (DWP). Under this revised mandate, the LPC will be reestablished as the Job Guarantee Wage Commission (JGWC), reporting to the HM Treasury with the Bank of England (BOE) participating in an advisory capacity to ensure monetary consistency.

Specifically, the Commission will: (1) conduct annual JG wage review and provide recommendations to Parliament on the appropriate JG wage consistent with programme objectives; (2) monitor wage differentials and sectoral spillover effects; (3) advise Parliament on regional and distributive impacts of JG operations; and (4) publish transparent data and analysis to sustain public and institutional confidence in the integrity of the programme.

The JGWC’s approach to wage determination will necessarily differ from that of the LPC. Under current arrangements, minimum-wage recommendations are constrained by the perceived trade-off between higher pay and potential job losses. The JG removes this constraint by ensuring that employment is always available at the JG wage to anyone willing and able to work. Consequently, the Commission’s focus shifts from managing unemployment risk to maintaining macroeconomic balance between wages, productivity, and prices. Rather than asking how high wages can rise without causing unemployment, the Commission will ask how the JG wage can evolve to preserve price stability, an equitable distribution of income and a minimum decent standard of living. The Commission will treat the JG wage as a values-based social floor, not a market-clearing price, and will prioritise social inclusion, real income protection, and macroeconomic stability over employer capacity-to-pay considerations. This reframing transforms wage setting from a defensive exercise in labour-market calibration into a proactive instrument of macroeconomic management, aligning wage policy directly with productivity performance and the inflation target.

The JGWC report will be formally laid before Parliament, accompanied by a ministerial response within three months to ensure transparency and public accountability. The approved JG wage will be recognised as a reference variable in fiscal and monetary assessments, with HM Treasury, the Bank of England, and the DWP required to take account of

the Commission's analysis when formulating policy. This integration embeds the JG wage as a core stabilising instrument within the United Kingdom's macroeconomic framework.

Local authorities and job centres

The JG will build upon, rather than replace, the existing administrative infrastructure. Jobcentre Plus offices, already central to unemployment support and services, will be strengthened to operate as employment hubs that directly connect individuals to JG roles. Within this framework, Local authorities and Jobcentre Plus offices will:

- **Refer project executing organisations for accreditation:** Local authorities, working with Jobcentre Plus, will conduct initial eligibility assessments of project-executing organisations. These assessments will verify that proposed organisations meet DWP-issued national eligibility and governance criteria. Eligible organisations will be formally recommended to the DWP for final approval and accreditation.
- **Register individual project coordinators proposing their own project:** Jobcentre Plus will serve as the primary point of registration and oversight for residents wishing to propose small-scale, individual-led JG projects. Unlike constituted organisations, individual applicants do not require local authority referral or DWP accreditation. Jobcentre Plus will assess the feasibility, safety, and public-purpose value of proposed activities, ensuring they meet the national programme criteria, and provide ongoing supervision, compliance monitoring, and support throughout project delivery.
- **Project approval:** invite and review proposals from participating organisations or individual project coordinators for employment initiatives serving clear public-purpose objectives.
- **Build community job banks:** assess proposals against established national criteria and establish community job banks, which serve as repositories of approved employment opportunities.
- **Match participants to jobs:** connect participants with suitable JG positions and provide guidance, support, and training referrals.
- **Oversight:** monitor project delivery and ensure compliance with programme standards, including additionality, safeguarding, and job quality. Flag entities for removal of accreditation if programme standards are not met.

Adjustment of public sector wages

The JG wage is established as a national labour-market floor and does not automatically reset existing public-sector pay scales. Pay determination within local government, the NHS, and other public services would continue to occur through established bargaining and review mechanisms. Where the introduction of the Job Guarantee places upward pressure on public-sector pay to maintain recruitment, retention, and workforce stability, any resulting adjustments would require separate central funding and would not be expected to be absorbed within existing local authority or NHS budgets.

For the same reason, JG roles are restricted to additional activities and may not be used to substitute for existing public-sector employment. This safeguard is particularly important in large public employers, where fiscal constraints could otherwise create incentives to replace core services with JG labour.

Project-executing organisations

Public institutions, non-governmental organisations (NGOs), cooperatives, and social enterprises will act as project-executing organisations (PEOs), hosting JG participants and implementing approved projects.

Once individuals are registered for the programme through Jobcentre Plus and matched to a suitable opportunity, they will be placed with one of these project-executing organisations. Eligibility will be limited to organisations and activities that deliver demonstrable social, environmental, or community benefit and that meet the criteria set by the DWP. Once accredited, organisations must renew their accreditation every three years to confirm continued eligibility, transparency, and adherence to JG principles. Eligible non-profit organisations will be identified at the local level through a structured assessment process and formally authorised for inclusion in the programme in accordance with broad national guidelines issued by the DWP.

Eligibility criteria

It is proposed that an organisation be considered eligible to act as a project-executing body if it meets the following baseline criteria:

- **Legal status:** Is a recognised UK legal entity, including local authorities, public bodies, registered charities, cooperatives, social enterprises, or other non-profit organisations.
- **Public-purpose alignment:** Demonstrates a mission and governance structure consistent with the objectives of the JG, including social inclusion, community benefit, or environmental improvement.
- **Non-profit orientation:** Operates on a not-for-profit or community-benefit basis. Any surpluses must be reinvested in programme delivery or social outcomes.
- **Financial integrity and transparency:** Maintains audited financial accounts and full disclosure of all income sources, expenditure, and remuneration structures.
- **Reasonable executive pay:** Has executive pay which is proportionate to organisational purpose and consistent with the public nature of the Job Guarantee. Total remuneration for senior executives must not exceed four times the full-time annual JG wage.
- **Operational capacity and transparency:** Has the means to provide comprehensive reporting on project operations, staffing, and the use of public funds, and agrees to participate in independent audits or spot checks as required by the Department for Work and Pensions (DWP).
- **Independence from private and political interests:**
 - Is not owned, controlled, or materially funded (directly or indirectly) by private commercial entities, individual benefactors, political parties, or organisations pursuing profit or political influence.
 - Funding from private sources is permissible only where it is minor, non-controlling, fully disclosed, and demonstrably free of any commercial or political conditions.
 - All donations, sponsorships, or third-party contributions exceeding a defined monetary threshold (to be set by regulation) must be declared in the organisation's annual report and made publicly accessible.
 - Employment compliance: Has no record of serious breaches of labour, equality, or health-and-safety legislation within the previous five years.

These standards ensure that project-executing organisations operate transparently, uphold the programme's public purpose, and maintain full accountability in the use of public funds.

Performance Standards and oversight

PEOs will bear primary responsibility for the successful delivery of approved JG projects and must meet defined performance standards. These institutions will enter into formal agreements outlining deliverables, timelines, and reporting obligations. Failure to meet agreed standards, including non-delivery of proposed activities or consistent non-compliance with programme guidelines, may result in financial penalties, withdrawal of funding, or suspension from the programme.

PEOs may implement appropriate mechanisms to address instances of non-engagement or persistent non-compliance by JG participants. These measures must be proportionate and supportive, promoting inclusion and accountability while ensuring interventions remain assistance-based rather than punitive. They may include individualised support plans, regular reviews, and engagement with additional services where necessary. In more serious cases, this may warrant removal from the project and temporary suspension from participation with the project-executing organisation. Any serious misconduct or breach of programme standards must be reported to the relevant local authority without delay. The local authority will review the matter and, where necessary, refer it to the DWP for further investigation or action.

Programme participants and community representation

Trade unions

Trade unions will contribute to the governance and oversight of employment standards within the JG. Their participation provides an organised representation of workers' interests and supports the consistent application of fair employment practices across project-executing organisations. Trade unions will hold a formal seat on the JGWC, alongside employer and government representatives, ensuring balanced input into decisions relating to the JG wage and associated employment conditions. Their responsibilities include:

- **Consultation and oversight:** Contribute to programme governance and policy development to maintain consistent employment standards and effective delivery.
- **Annual wage review participation:** Take part in the annual wage review process, providing evidence and recommendations on whether further adjustments to the JG wage are warranted to sustain a fair share of output, decent living standards and overall stability.
- **Safeguarding labour standards:** Work with programme administrators to prevent any erosion of wages, conditions, or employment rights, and ensure that JG roles complement rather than displace existing public employment.
- **Representation and support:** Provide representation to JG participants, facilitate dialogue with project-executing organisations, and assist in resolving workplace concerns.
- **Progression pathways:** Collaborate with project-executing organisations and relevant authorities to support

movement from JG positions into longer-term or higher-paid employment.

Through these functions, trade unions help ensure that the JG delivers quality employment, supports equitable income distribution, and reinforces its role as a stabilising mechanism within the economy.

Individual residents

Individuals participate in the JG programme. They are employees engaged in socially valuable work, entitled to fair pay, safe working conditions, and opportunities for professional development. In return, participants share responsibility for maintaining the integrity of the programme through:

- **Active engagement:** Regular attendance, completion of assigned tasks, and constructive participation.
- **Professional conduct:** Upholding standards of behaviour, equality, and respect.
- **Health, safety, and wellbeing:** Following workplace requirements and reporting concerns.
- **Communication:** Promptly notifying supervisors or Jobcentre Plus of issues affecting attendance or participation.
- **Skills development:** Taking part in any in-job training provided.
- **Cooperation:** Cooperating with performance reviews and contributing feedback to support programme improvement.

Participants are expected to uphold the same standards as other public employees while being supported through an inclusive framework that recognises individual circumstances and barriers to work.

Individual residents proposing their own projects

In addition to projects delivered through accredited project-executing organisations, individual residents may register as project coordinators to propose their own JG activities. This mechanism ensures that the programme remains accessible, community-driven, and responsive to needs identified directly by residents.

Individually initiated projects will be modest in scale. They may involve only the proposer or a small team of up to five participants and will generally run for no longer than six months. After completion, project coordinators may reapply for an extension or submit new proposals.

Individual projects must meet the same core eligibility criteria as those submitted by project-executing organisations, except that individually led projects may not involve care work, child-related work, or other safeguarding-intensive work. Such work must be routed through an accredited organisation. This prevents Jobcentre staff from inadvertently being burdened with safeguarding responsibilities.

Because individual applicants typically lack the governance structures, legal status, safeguarding systems and administrative capacity of constituted organisations, these projects will be supervised directly by Jobcentre Plus. This ensures that all health, safety, and compliance requirements are met without imposing excessive administrative burdens on individuals. Larger or more complex projects, those requiring multi-person teams, ongoing resource management, formal risk management procedures, or dedicated public funding, must instead be submitted through an eligible project-executing organisation, such as a local authority, charity, cooperative, or social enterprise.

Small, individually led projects pose relatively low risk as they do not manage public funds, have limited displacement potential, and involve simple activity reporting. They can therefore be effectively overseen by Jobcentre Plus within existing institutional frameworks.

To maintain programme integrity, individual project coordinators and team members who repeatedly fail to meet agreed project objectives or who demonstrate persistent non-compliance with programme standards may be temporarily restricted from submitting new proposals or participating in individual-led proposals. Such individuals will remain eligible to participate in the JG programme as employees and may take part in projects delivered by accredited project-executing organisations. This ensures that corrective measures are proportionate, safeguarding programme quality without limiting access to employment.

Application in the Devolved Nations

The JG will operate on a UK-wide basis with central funding, while respecting the existing devolution settlements in Scotland, Wales, and Northern Ireland. Programme expenditure, including wages and core operational costs, will be financed by the UK Government and will not be met through reductions in devolved administrations' block grants, nor through reallocation within devolved budgets.

Because employment support and income maintenance are reserved functions, JG expenditure will be treated as UK-wide labour-market spending. As such, programme funding will sit outside the Barnett formula, ensuring that increases in JG participation do not mechanically reduce devolved budgets as spending expands. This approach preserves fiscal neutrality for devolved governments while enabling the programme to function as an automatic stabiliser across the United Kingdom as a whole.

The operation of the JG is nevertheless expected to have significant indirect budgetary effects for devolved administrations. By reducing unemployment, income insecurity, and labour-market volatility, the programme is likely to ease pressure on devolved public services, particularly health services, housing support, and local authority budgets. These effects create additional fiscal space within devolved budgets, supporting improved service delivery or enabling redeployment of resources toward devolved policy priorities.

Devolved governments will retain full discretion over whether to complement the JG and, if so, how to do so, through additional training provision, sector-specific pathways, or locally tailored employment initiatives. Participation in such enhancements is not required for the operation of the baseline programme and will remain a devolved policy choice. Administrative delivery will be coordinated with devolved institutions to ensure alignment with existing employment and skills strategies, while maintaining consistent national minimum standards for wages, employment conditions, and access.

8.2 Institutional risks and mitigation

The success of the JG depends on institutional capacity, coordination, and continuity. While the core functions, funding, delivery, and oversight, can build on existing structures (DWP, Jobcentre Plus, local authorities), several risks require active mitigation. These are described in Table 8.

Table 8: Table of potential institutional risks and associated mitigation strategy.

Identified Risk	Description	Mitigation Strategy
Administrative capacity	The DWP, Local authorities and Jobcentres may initially lack staff or systems to manage large-scale project accreditation and monitoring.	Under a JG, the large DWP and Jobcentre Plus capacity currently spent enforcing conditionality and administering sanctions would be redirected towards administering JG proposals. A phased rollout enables capacity building, with early-stage pilots incorporating administrative evaluation. Dedicated DWP Implementation Unit to provide standardised templates, improved IT systems, and training. To avoid burdening Jobcentre Plus staff with safeguarding responsibilities, individually led projects should not involve care work, child-related work, or other safeguarding-intensive work unless they are routed through an accredited organisation.
Project quality and additionality	Risk that local JG projects drift into low-value or replacement work.	Mandatory public-value assessments and independent audits. Funding tied to demonstrated community or environmental outcomes.
Data and evaluation gaps	Without robust data, programme impact could be misjudged or politically misrepresented.	Require real-time data reporting via the DWP's existing labour-market data systems. Annual independent evaluation published to Parliament.
Weak Financial Controls	Poor expenditure tracking or misuse of public funds across diverse project-executing organisations.	Standardised financial reporting templates, randomised audits, and clear sanctions including suspension of accreditation.
Political discontinuity	Programme could be weakened or reversed with a change of government.	Enshrine the JG as a Standing Service under statute. Annual ministerial reporting to Parliament to secure continuity.
Public communication	Misperception that JG is "make-work" or compulsory workfare.	Central communications strategy emphasising voluntariness, community value, and economic stabilisation role.
Competitive wage pressure in labour-intensive sectors	Because the JG wage is a freely available employment alternative, some labour-intensive, low-wage sectors (e.g., hospitality, retail, cleaning) may face upward wage pressure as they compete to retain workers. challenges could create short-term adjustment pressures.	Ensure clear communication that the JG wage is a voluntary market anchor, not a statutory wage floor. Phase implementation provides a transition period to allow firms time to adjust. Provide productivity-enhancement support for low-wage sectors could be provided. Require the JGWC to monitor sectoral impacts and recommend early interventions if adverse pressures emerge.

9. EXPECTED IMPACTS AND EVALUATION

This section outlines expected participation in the JG, projected fiscal costs and savings, and the main economic and social impacts of nationwide implementation. The estimates are based on ONS labour market data and recent empirical studies on the economic and social costs of unemployment. Unless otherwise stated, results in this section assume an initial JG wage based on the MIS of £15 per hour. Appendix D presents illustrative sensitivity analysis under a lower initial JG wage for comparative purposes only; the £15 per hour design is retained as the preferred policy specification.

9.1 Programme participation

Who are the unemployed and underemployed?

Figure 1 summarises the demographic and labour-market characteristics of unemployed workers used in the programme's participation modelling, covering gender, age, ethnicity, disability, and industrial sector.

The data indicates a moderate gender imbalance, with unemployment (especially long-term unemployment) somewhat higher among men, while women nevertheless constitute a substantial share of the unemployed population. It is expected that JG participation will include both displaced male workers and women experiencing unemployment or unstable labour-market attachment.

Unemployment is also heavily concentrated among younger age groups, particularly teenagers and young adults, highlighting the scale of early labour-market exclusion and the risk of long-term scarring. However, unemployment is not confined to youth. A significant proportion of affected individuals are of prime working age, indicating that JG demand will also reflect mid-career displacement and recurrent job insecurity.

Sectoral patterns show unemployment disproportionately concentrated in consumer-facing and lower-wage service industries, including hospitality, administrative services, retail, and transport-related activities. By contrast, unemployment rates are substantially lower in core public services such as health, education, and public administration. This distribution supports the programme's emphasis on community, care, environmental, and locally anchored roles that complement rather than displace existing employment.

Beyond these headline dimensions, national labour-market evidence consistently shows elevated unemployment and economic inactivity among ethnic minority communities and people with disabilities or long-term health conditions. Many individuals within these groups are excluded from employment despite being able to work with appropriate flexibility and workplace adjustments. These structural disparities underscore the need for an inclusive employment guarantee that accommodates diverse capacities and circumstances.

Finally, unemployment exhibits pronounced geographic variation, with higher concentrations in London and several regions of the Midlands and North, and lower rates across much of the South, Scotland, and Northern Ireland. This uneven distribution underscores the JG's potential to reduce regional disparities by creating employment where people live, while easing pressure for internal migration toward high-demand urban centres where housing and public services are already under strain.

Although London records one of the highest unemployment rates, the real purchasing power of the JG wage is likely to be lower there due to its higher cost of living. By guaranteeing employment across all regions at a uniform wage, the programme reduces the economic necessity of relocating to cities like London solely to find work⁸. Over time, this may dampen net migration flows toward high-demand urban centres and modestly rebalance regional labour-market pressures, easing strain on housing and public services at the margin.

Taken together, these patterns demonstrate that prospective JG participants are not a homogeneous group of “workless” individuals. Rather, they comprise a diverse population, including young labour-market entrants, displaced service-sector workers, residents of structurally weaker regions, and individuals of diverse ethnic backgrounds.

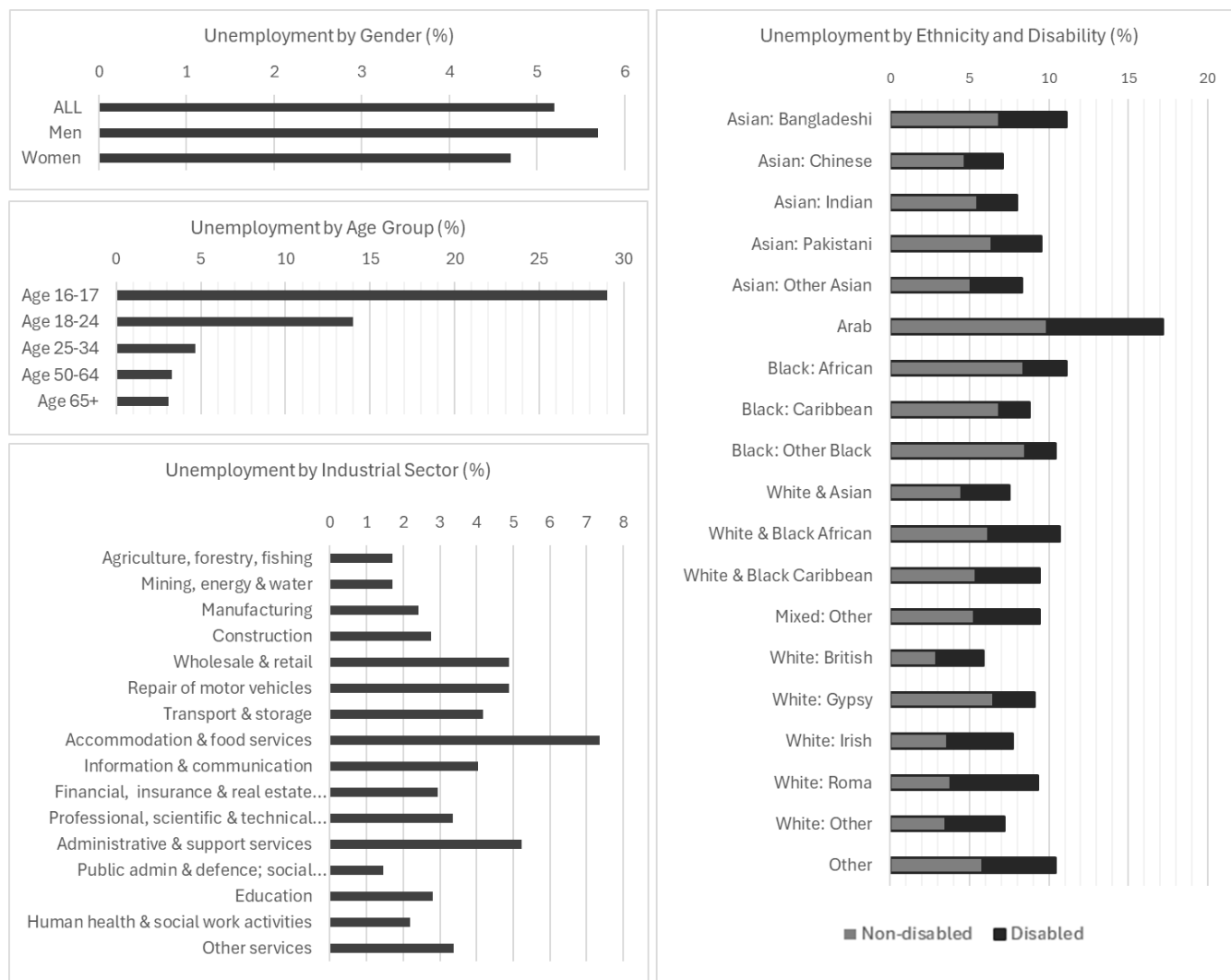


Figure 1: Demographic of unemployed workers likely to benefit from the JG programme. The figure presents unemployment characteristics by gender, age group, disability status, ethnicity, and industrial sector, based on the programme’s modelling inputs. It illustrates the concentration of unemployment among younger workers, ethnic minorities, those with long-term health conditions and its disproportionate incidence in lower-wage service sectors. These patterns inform the design of the Job Guarantee’s locally administered delivery model and its emphasis on flexible, community-based employment across a wide range of skill levels.

⁸ Internal migration within the UK is often influenced by labour-market opportunities. Census analysis shows that people, particularly young and working-age adults, move between regions for work and other economic reasons, with employment cited as a main motivation for longer-distance moves. Internal migration flows account for over a million moves per year and are comparatively large among younger and higher-skilled workers, reflecting economically driven relocation patterns (Xu, 2025).

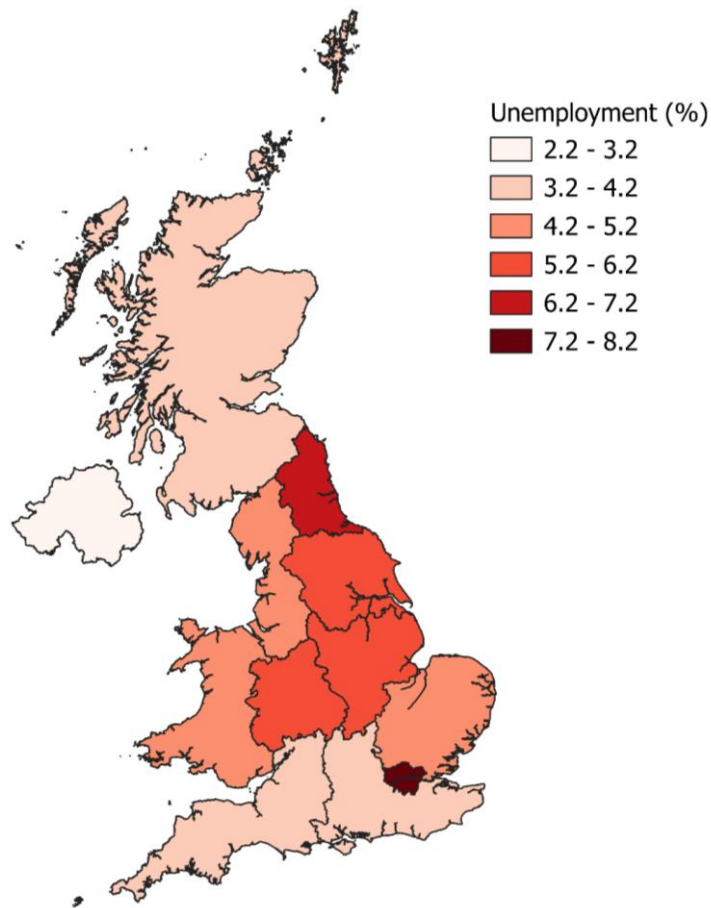


Figure 2: Regional distribution of unemployment rates across the United Kingdom. The map illustrates variation in unemployment rates by region, grouped into percentage bands, highlighting the areas likely to receive relatively higher levels of Job Guarantee funding under a demand-led allocation framework. Darker shading indicates higher unemployment rates, with elevated levels visible in parts of the Midlands, the North of England, and London, while lower rates are observed across much of the South West, Scotland, and Northern Ireland.

Programme participation scenarios

The JG is designed to eliminate involuntary unemployment by providing a standing offer of work. Participation, however, may differ from headline unemployment figures, as some individuals who are unemployed or underemployed may choose not to participate, while others currently outside the labour force may join. To capture this uncertainty, we present two scenarios that capture the expected range of participation outcomes.

- A low-uptake scenario (lower bound) which includes:
 - Individuals unemployed for more than six months, on the assumption that the likelihood of accepting a JG position increases with the duration of unemployment
- A high-uptake scenario (upper bound) which includes:
 - All individuals in the low-uptake scenario
 - Hidden unemployment, estimated at 50% of claimant unemployment as per Beatty *et al.*, (2022).
 - Discouraged workers who report wanting a job.
 - All underemployment (aggregated underemployed hours).

Both scenarios assume the JG is introduced under current economic conditions, all else being equal. If launched alongside significant public investment, participation would likely fall as broader job creation absorbs much of the available labour. This would likely also allow JG participation to reach its steady-state participatory level more rapidly.

Table 9 summarises the estimated participation levels for each scenario. Overall, between 722,000 and 4.29 million people could directly participate in the JG, equivalent to 2.4 million full-time equivalent (FTE)⁹ positions in the high-uptake case.

Table 9: Estimated participation for low-uptake and high-uptake scenarios.

	Value	Included in low uptake scenario	Included in high uptake scenario
Official unemployment (longer than 6 months)	722,000	722,000	722,000
Hidden unemployment (50% of official claimant count)	839,500	-	839,500
Discouraged worker (economically inactive but wants a job)	40,000	-	40,000
Underemployed individuals	2,687,000 (806,384 FTE)	-	2,687,000 (806,384 FTE)
TOTAL uptake	n/a	722,000	4,289,446 (2,407,884 FTE)

9.2 Expected social outcomes

Unemployment imposes substantial social and economic costs. Evidence from the UK and internationally shows strong associations between joblessness and declines in mental and physical health, family stability, crime victimisation, and substance misuse (TUC, 2010). Local authorities also face higher service demand when unemployment rises.

By providing immediate access to meaningful work, the JG is expected to:

- Improve mental and physical health outcomes
- Strengthen family and community stability
- Reduce substance misuse and related harms
- Lower demand for reactive public services
- Increase social cohesion and participation

⁹ The full time equivalent (FTE) is estimated by multiplying the number of underemployed individuals (ONS estimates from 2025) times the average number of additional hours work desired (ONS estimates from 2008-2014 show this to be about 12 hours per individual per week), divided by 40 hours per week.

These impacts are both socially significant and fiscally relevant because they reduce pressure on health, welfare, and social-care systems.

9.3 Estimate of fiscal costs

All costs and savings presented in this section are calculated assuming immediate nationwide implementation. This approach is adopted for analytical simplicity and yields conservative estimates, as a phased rollout would reduce gross expenditure and smooth the adjustment of savings over time.

Wages

The wage bill is the primary fiscal cost of the JG. The programme pays a socially inclusive wage of £15 per hour (£31,200 per year) plus standard employment protections, including employer pension contributions, which add approximately 2.4% to gross costs. This wage is consistent with the framework established in Section 7, as it reflects the Minimum Income Standard, serves as a nominal anchor, and adjusts annually in line with productivity and the inflation target. Two factors drive total wage costs:

1. Number of participants (varies by scenario)
2. Hours worked (full-time, part-time, or mixed patterns)

Total estimated gross wage expenditure, including pension contributions, is:

- £23.0 billion (low uptake).
- £76.6 billion (high uptake).

These amounts represent gross wage expenditure before fiscal returns and automatic savings.¹⁰

Capital costs

Capital expenditure supports project delivery. Using a benchmark of 10% of the wage bill for the total programme-specific capital requirements¹¹, capital expenditure is estimated at:

- £1.8 billion (low uptake)
- £6.0 billion (high uptake)

If required, capital costs can be moderated by prioritising labour-intensive work, using existing public sector assets, and avoiding high-cost imported equipment, while ensuring roles remain meaningful and productive.

9.4 Estimate of fiscal savings

The JG generates several automatic fiscal savings:

¹⁰ Employer National Insurance contributions are excluded from the gross cost calculations because they are returned directly to HM Treasury. Including them would inflate the apparent cost of the programme without changing the net fiscal balance, so they are omitted for accuracy.

¹¹ The assumption of 8% of the total wage bill as capital expenditure reflects programme-specific delivery capital (tools, facilities, systems, and project setup). This ratio balances the need for modest new investment with extensive reuse of existing public-sector capacity and local delivery institutions.

1. **Reduced benefit expenditure:** JG participants no longer receive unemployment-related benefits.
2. **Income tax and National Insurance contributions:** With most participants earning above current tax thresholds, a significant portion of wage expenditure returns to HM Treasury automatically in the form of income tax and national insurance contributions.
3. **Health-related cost reductions:** These are estimated using the Quality-Adjusted Life Year (QALY) framework. A QALY is a standard health economics measure that combines both the quantity and quality of life into a single metric. One QALY represents one year of life in perfect health; years lived in less than full health are weighted between 0 (equivalent to death) and 1 (perfect health) according to health-related quality-of-life measures derived from validated instruments such as EQ-5D (NICE, 2013). QALYs capture improvements across multiple dimensions, including physical health, mental health, mobility, pain, functional capacity, and ability to participate in daily activities.¹²

Two monetary valuations per QALY are applied. First, a fiscal component reflecting reduced healthcare utilisation and public health expenditure is estimated conservatively using health-system cost parameters. Second, a broader social valuation of health improvement is applied using a societal willingness-to-pay benchmark consistent with *HM Treasury Green Book* guidance, implying a value of around £70,000 per QALY (in 2022 prices). The fiscal component reflects potential public-sector savings, while the broader valuation captures the full social value of improved health associated with reduced unemployment.

Health gains are monetised using the upper bound of NICE’s cost-effectiveness threshold £30,000 per QALY (NICE, 2013). This benchmark reflects the value the NHS is generally willing to allocate to secure one additional quality-adjusted life year within a fixed health budget. While this figure does not represent immediately cashable savings to the Treasury, it provides a policy-consistent estimate of the health-system value of improved outcomes. Sustained reductions in healthcare utilisation associated with lower unemployment are therefore expected to ease expenditure pressures within the NHS and generate real resource capacity over time, contributing to creating fiscal headroom even where annual budgets remain fixed.

The divergence between the NICE threshold and the Green Book valuation reflects the difference between a health-sector opportunity-cost benchmark and an economy-wide measure of society’s willingness to pay for reductions in mortality and morbidity and is therefore included in the estimates for social value generated by the JG.

Multiplier-induced tax revenues (first year): The wage income generated by the JG is expected to produce additional economic activity through standard fiscal multiplier effects. As participants spend their earnings, this supports output, employment, and taxable transactions in the wider economy. The first-round indirect effects are conservatively incorporated by estimating the additional tax revenues (e.g. income tax, VAT, corporation tax, and

¹² The QALY framework is appropriate in this context because unemployment is strongly associated with poorer mental and physical health outcomes, higher morbidity, and increased healthcare utilisation. These are widely used by the NHS and the National Institute for Health and Care Excellence (NICE) to assess the cost-effectiveness of medical interventions, allowing health benefits to be expressed in monetary terms using established “willingness-to-pay” thresholds.

National Insurance contributions) arising from the induced increase in aggregate demand. Only first-year multiplier effects are included.

Total estimated fiscal savings therefore range from:

- £17.9 billion (low uptake)
- £53.4 billion (high uptake)

9.5 Net fiscal outcome

The full breakdown of costs and net fiscal outcomes is provided in Table 10. Net position yields costs of:

- £6.8 billion (low uptake)
- £29.2 billion (high uptake)

This corresponds to a net fiscal cost of:

- £9,458 per participant (low uptake)
- £12,135 per participant (high uptake)

Table 10: First year net fiscal outcomes of running a JG at the nationwide level.

Fiscal costs	Low uptake scenario	High uptake scenario
Gross JG wage cost (inc. employer pension contributions)	£22,973,684,198	£76,617,675,911
Capital requirements as a percentage of JG wage bill	8%	8%
JG capital cost	£1,802,112,000	£6,010,077,965
Total (Gross) fiscal cost	£24,775,796,198	£82,627,753,876
Fiscal savings	Low uptake scenario	High uptake scenario
Income tax + NI revenue from wages	£3,111,646,720	£10,377,401,286
Expected reduction in unemployment and benefit spending	£10,324,600,000	£25,647,154,000
Expected health-related fiscal savings ¹³	£863,512,000	£6,777,590,926
Multiplier-induced tax revenues (first year) ¹⁴	£2,478,563,768	£10,605,686,763
Total fiscal savings	£17,947,059,988	£53,407,832,975
Net position		
Net JG cost	£6,828,736,211	£29,219,920,901
Net JG cost per full-time participant (pp)	£9,458	£12,135

¹³ The model assumes a conservative annual health utility improvement of 0.0675 on a 0–1 scale (equivalent to 0.0675 QALYs per participant-year), which is the assumption made by Public Health England for similar studies estimating the benefits of moving an individual from unemployment into sustainable employment (Mallender *et al.*, 2017).

¹⁴ The standard Keynesian fiscal multiplier is adjusted for leakages through imports. An import intensity of 0.25 is used as an approximation of the marginal propensity to import, reflecting the UK's relatively high degree of trade openness, alongside an average effective tax rate of 35.3% for the UK economy.

9.6 Quantifying the social benefits

Value of work (VOW)

The work JG participants undertake generates social value and constitutes additional output. To estimate this, we apply a conservative assumption that participants initially operate at 50% of the productivity of comparable non-JG employment. This reflects the reality that many participants will be returning from periods of long-term unemployment and may require time to rebuild work routines, confidence, and skills. This assumption deliberately understates likely output. Evidence from Austria's Marienthal and Aktion 8,000 initiatives, programmes closely aligned with the JG model, shows that participants typically reach 60–80% of standard productivity within the first year of stable employment (Kasy and Lehner, 2022). Consequently, the 50% benchmark used here should be regarded as a lower-bound estimate. Applying this productivity assumption yields the following estimates of the VOW in the first full year of implementation:

- £10.1 billion (low uptake)
- £33.5 billion (high uptake)

Table 11: First year Value of Work (VOW) estimates

	Low uptake scenario	High uptake scenario
Social benefit from VOW output	Low uptake scenario	High uptake scenario
Assumed work efficiency	50%	50%
VOW output pp (per hour)	£ 7.50	£ 7.50
Total VOW	£10,050,240,000	£33,517,742,496

Social Return on Investment (SROI)

The social benefits of the JG yield a social return on investment (SROI) of approximately 180% under a low-uptake scenario and 140% under a high-uptake scenario. The disparity between these two outcomes reflects that the net cost per participant increases as uptake rises, owing to a larger proportion of participants not currently receiving any unemployment benefit in the higher-uptake case.

These estimates are conservative. They exclude a range of social benefits that are difficult to quantify but are likely to be substantial (including improvements in family stability, crime reduction, and environmental gains). As such, they represent only the directly measurable components of programme value. Incorporating the broader social impacts of JG employment would significantly increase the programme's total value and SROI.

Table 12: Social benefit value per year and social return on investment (SROI) estimates

	Low uptake scenario	High uptake scenario
Total VoW	£10,050,240,000	£33,517,742,496
Monetary value of Social QALY	£2,232,063,000	£7,443,972,768
Total Social Benefit	£12,282,303,000	£40,961,715,264
Total SROI (%)	180%	140%

9.7 Impact of aggregate demand on output and employment

By channelling public expenditure into areas with elevated unemployment, the JG programme can stimulate local economic activity. Participants are typically drawn from lower-income brackets and therefore tend to spend a large share of their earnings, thereby boosting demand, supporting sustainable economic growth, and catalysing private-sector job creation.

The estimates are based on an assumed disposable income marginal propensity to consume of 0.92 (Canbary and Grant, 2019). The JG is estimated to boost annual GDP growth by an average of 1.3% (low uptake) and 4.2% (high uptake) during the first 5 years of implementation. Using Okun's law¹⁵ this stimulus is expected to increase employment by 1.6% (low uptake) and 5.27% (high uptake). These projections are consistent with the relatively strong growth rates observed in Argentina during the implementation of the *Jefes y Jefas* programme, during which annual GDP growth averaged around 9%. While this performance cannot be attributed solely to the programme, its implementation may have contributed to the recovery, lending additional credibility to the estimates.

Annual figures are shown in Table 13. As private hiring expands, the JG pool contracts automatically, reducing programme costs and the programme's impact on GDP and employment in later years.

The figure below illustrates the projected participation path of the programme under low- and high-uptake scenarios, alongside observed participation in Argentina's *Jefes y jefas de hogar* programme (Kostzer, 2008). This shows a similar evolution path for the participation rate. In the high-uptake scenario, participation rises sharply to just under two million in the first year before declining steadily, falling to approximately 400,000 by year six. In the low-uptake scenario, participation peaks at around 700,000 in year one and then contracts gradually over the projection period, reaching roughly 330,000 by year nine.

In both scenarios, participation is expected to stabilise over time at a residual level reflecting normal labour market transitions and structural adjustment dynamics. The precise long-run size of the programme cannot be determined ex ante and will depend on macroeconomic conditions, productivity growth, and the strength of private-sector labour demand.

¹⁵ Okun's law provides an empirical relationship between changes in real GDP and changes in unemployment. For the UK, coefficients typically range between -0.2 and -0.4, depending on the period and estimation method. The figures used here reflect the central tendency of published estimates and should be interpreted as indicative rather than predictive.

The Argentine programme displays a similar trajectory: rapid initial expansion followed by sustained but gradual contraction. The resemblance in overall shape provides an empirical benchmark that supports the plausibility of the modelled participation dynamics.

Table 13: Estimated impact of JG on GDP growth and private sector employment for low uptake and high uptake scenarios

Year	Low-uptake		
	Pre-multiplier NET JG Spending ¹⁶ (£millions)	GDP growth due to JG wage- induced consumption	Increase in private sector employment
1	£9,307	0.6%	0.15%
2	£9,031	1.1%	0.27%
3	£8,554	1.4%	0.34%
4	£7,939	1.6%	0.39%
5	£7,240	1.7%	0.41%
6	£6,497	1.7%	0.42%
Year	High-uptake		
	Pre-multiplier NET JG Spending (£millions)	GDP growth due to JG wage- induced consumption	Increase in private sector employment
1	£39,826	2.6%	0.66%
2	£34,760	4.3%	1.08%
3	£26,518	5.0%	1.25%
4	£16,928	4.9%	1.23%
5	£7,539	4.2%	1.05%

¹⁶ This figure excludes indirect fiscal savings generated through fiscal multiplier effects. Net JG spending is reported before multiplier impacts are realised, to avoid double-counting.

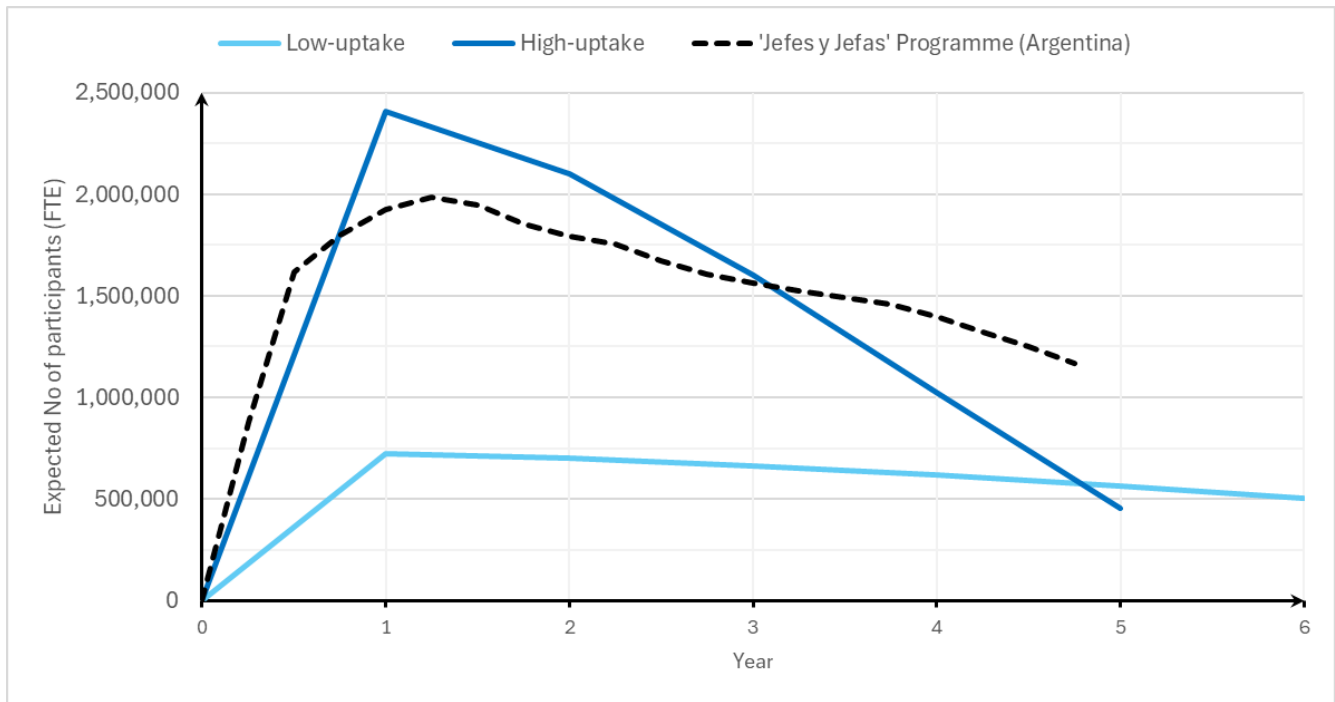


Figure 3: Estimated evolution of the programme under low-uptake and high-uptake scenarios. In both cases, JG expenditure declines as participation falls. Under the high-uptake scenario, initial participation is higher but decreases more sharply, halving within the first five years. Under the low-uptake scenario, initial participation and costs are lower, but the programme contracts more gradually over time. Observed participation data from Argentina's *Jefes y jefas de hogar* programme are included for comparison (Kostzer, 2008).

9.8 Environmental and sustainability impacts

The JG can play a pivotal role in meeting the United Kingdom's Net Zero by 2050 target while creating secure, high-quality employment across all regions. By mobilising underutilised labour rather than competing for scarce private resources, it channels work towards socially and environmentally valuable activities that markets often overlook, such as home energy retrofits, community renewable energy schemes, sustainable transport, reforestation, soil rehabilitation, and flood management. These projects reduce emissions, restore ecosystems, and build local resilience to climate change while sustaining full employment and price stability.

Integrating environmental priorities into JG accreditation criteria will align local delivery with the national Net Zero Strategy. The Department for Energy Security and Net Zero (DESNZ), in collaboration with the Department for Work and Pensions (DWP), could convene an environmental advisory panel to define eligible climate-relevant work, monitor the aggregate emissions impacts, and report annually to Parliament.

Finally, the JG advances a just transition by providing an employment bridge for workers in high-carbon industries¹⁷ and enabling full employment even as overall material throughput stabilises. Shorter standard hours can further align employment levels with sustainable production and energy-use goals.

¹⁷ While the JG provides an employment bridge, workers in sunset or high-carbon industries generally require additional support (such as industry-specific transition programmes, retraining frameworks, financial protections, and negotiated redeployment pathways) to ensure a genuinely just transition.

10. CLOSING REMARKS

A JG offers a simple but transformative commitment: when someone is ready and willing to work, society guarantees access to secure, meaningful, fairly paid employment. It is a public employment option, analogous to the collective guarantees already in place in healthcare, education, and retirement security.

The evidence presented in this paper shows that a UK-wide JG is not only feasible but economically advantageous. Depending on participation, the programme's net fiscal impact ranges from £6.8 billion to £29.2 billion. This reflects reduced spending on unemployment benefits, higher tax revenues, and lower healthcare expenditure. The social value of the work undertaken (conservatively estimated at £10 to £33.5 billion in the first year) yields a total social return on investment of 180-140 per cent respectively. Many broader benefits, including crime reduction, community renewal, and improvements to family life, fall outside these calculations, suggesting that the true social return is likely considerably higher.

The programme would be phased in over four years, allowing delivery systems, partnerships, and project pipelines to mature gradually. The JG wage would be reviewed annually against established living-standards benchmarks, including the Minimum Income Standard (MIS) produced by the Joseph Rowntree Foundation, alongside macroeconomic indicators such as productivity growth, labour market conditions, and inflation forecasts, ensuring that it remains consistent with both social adequacy and macroeconomic stability. Unlike previous employment programmes, this design is universal, voluntary, non-displacing, and permanently embedded within the UK's macroeconomic stabilisation framework.

Unemployment imposes severe costs: lost income, deteriorating physical and mental health, reduced lifetime earnings, community decline, and intergenerational disadvantage. These harms rarely appear in fiscal accounts, yet they shape economic potential and social cohesion for decades. By contrast, the JG converts these losses into gains: stable employment, stronger families, more resilient communities, and sustained local economic activity. It directs income where it is spent most productively, anchoring recovery and supporting private-sector activity.

The UK faces a critical juncture. Rising inequality, insecure work, and regional disparities threaten not only economic performance but also confidence in democratic institutions. A Job Guarantee provides a practical, affordable, and politically credible means to reverse these trends. By ensuring that everyone who seeks work can contribute to their community, it establishes a new foundation for inclusive prosperity, one built on security, dignity, and shared economic purpose.

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APPENDIX A: GLOSSARY OF TERMS AND ABBREVIATIONS

Table 14: Institutional and policy terms

Term	Definition
Additionality	Requirement that JG jobs provide new, socially valuable activities rather than replacing existing public or private work.
Automatic stabiliser	A fiscal mechanism that expands or contracts automatically with economic conditions (e.g., unemployment benefits or JG spending), without requiring new policy decisions.
Buffer stock of employed labour	The pool of JG workers that expands in recessions and contracts in expansions, stabilising wages and prices without relying on unemployment.
Community Job Bank	Local register of approved JG projects and job roles, maintained by Jobcentre Plus and local authorities.
Counter-inflationary mechanism	Policy design whereby the JG wage anchors prices by fixing a nominal wage floor, replacing unemployment as the main tool used to stabilise inflation.
Department for Work and Pensions (DWP)	Government department responsible for national JG governance, oversight, accreditation standards, and monitoring.
Job Guarantee (JG)	A permanent, voluntary public employment option at a socially inclusive wage, available to all willing and able to work, functioning as a macroeconomic stabiliser.
Job Guarantee Wage Commission (JGWC)	Tripartite body (government, unions, employers, independent experts) responsible for annual JG wage reviews.
Jobcentre Plus	UK public employment service that registers participants, matches workers to JG roles, and coordinates local project delivery.
Minimum Income Standard (MIS)	Benchmark estimating the income required for a socially acceptable living standard in the UK; used to set the initial JG wage.
Non-displacement principle	Safeguard ensuring JG employment does not replace or undercut existing public-sector roles or commercially viable private-sector work.
Project-Executing Organisation (PEO)	Public body, non-profit, cooperative, or social enterprise accredited to host JG workers and deliver approved projects.
Public-purpose criteria	Eligibility standards require that JG projects deliver clear social, environmental, or community benefits.
Standing Service	A statutory expenditure commitment that operates permanently without annual reauthorisation; proposed status for the JG.
Annual wage review	Formal review of the JG wage to ensure ongoing alignment with cost-of-living productivity and adequacy measures.
Unit Labour Costs (ULC)	A measure of labour cost per unit of output, used to assess potential inflation impacts of wage adjustments.
Value of Work (VOW)	Estimated economic and social value generated by JG participants, calculated using conservative productivity assumptions.

APPENDIX B: EXAMPLES OF ELIGIBLE ACTIVITIES

The following non-exhaustive list highlights the range of work suitable for inclusion under the JG programme.

Activities are designed to enhance local environments, strengthen communities, and improve quality of life. Some may eventually demonstrate sufficient long-term value to warrant integration into permanent public service provision, while others may remain part of the JG:

- Creation and maintenance of public parks and green spaces
- Urban tree planting and biodiversity restoration
- Assisting with home insulation, energy efficiency, and other decarbonisation work
- Local recycling, repair, and circular economy initiatives
- Environmental cleanup and waste management activities
- Community food production and distribution
- Community arts, cultural, and historical projects
- Community events and public leisure infrastructure improvement
- Digital literacy support for elderly or isolated residents
- Lifelong learning and local training opportunities.
- English language practice and support for foreign nationals.
- After-school tutoring, music, and swimming lessons (when not replacing school staff).
- Support for dementia care and respite activities for carers
- Bee- and bird-friendly habitat creation
- Pre-winter home safety and maintenance checks

APPENDIX C: UNEMPLOYMENT BENEFIT CLAIMS CALCULATION

The table below presents the benefit entitlements for both unemployed individuals (Cases 2 and 4) and hidden unemployed individuals (Cases 1 and 3) as per Beatty *et al.* (2022). There are benefits that JG participants would be forgoing if they chose to join the programme. While benefit levels vary across UK regions, the figures used here are based on rates outside London, which are considered more representative of typical benefit levels nationwide.

Table 15: Sample cases for total unemployment-related benefits received by the unemployed and the hidden unemployed

	Inside London		Outside London	
	Case 1 (Claiming limited work capability)	Case 2 (no limited work capability)	Case 3 (Claiming limited work capability)	Case 4 (no limited work capability)
Universal Credit	£400	£400	£400	£400
Limited capability for work-related activity	£423	£-	£329	£-
Council tax support (Band C)	£113	£113	£120	£120
Housing Benefit	£1,000	£1,000	£672	£672
Total per month	£1,936	£1,513	£1,521	£1,192

APPENDIX D: CALCULATIONS FOR ALTERNATIVE DESIGN WITH INITIAL JG WAGES SET AT THE CURRENT MINIMUM WAGE LEVEL

This appendix presents illustrative calculations for an alternative Job Guarantee design in which the initial JG wage is set at a lower wage floor, in this case, the current statutory minimum wage (£12.21 per hour). The purpose is to demonstrate the sensitivity of fiscal outcomes, inflation, output, employment, and participation dynamics to a lower initial wage floor, using the same modelling framework and assumptions applied in the main analysis.

Table 16: First year net fiscal outcomes of running a JG at the nationwide level.

Fiscal costs	Low uptake scenario	High uptake scenario
Gross JG wage cost (inc. employer pension contributions)	£18,676,033,204	£62,284,927,701
Total (Gross) fiscal cost	£20,143,137,204	£67,177,747,583
Total fiscal savings	£16,332,408,101	£48,022,938,071
Net JG cost	£3,810,729,103	£19,154,809,512
Net JG cost per full-time participant (pp)	£5,278	£7,955
Social Returns	Low uptake scenario	High uptake scenario
Total Social Benefit ¹⁸	£10,413,989,154	£34,730,852,877
Total SROI (%)	273%	181%

Table 17: Illustrative estimates of annual inflation impacts under a phased Job Guarantee with the initial JG wage set at the current minimum wage (£12.21). Subsequent wage adjustments follow the inflation target and productivity growth.

Year	Assumed Coverage of national wage bill (s)	Assumed Productivity increase	Inflation target	JG annual wage increase	Cumulative ΔULC relative to Year 0 $\Delta ULC_c \approx s \cdot (\Delta w_c) - \Delta A_c$ [Annual in Brackets]	JG wage annual inflation impact $\Delta CPI_t \approx \epsilon \cdot \Delta ULC_t$
0	0	0.0%	2%	N/A	0	N/A
1	3%	0.0%	2%	0%	$(0.03)(0) - 0 =$ +0.0% [+0.0%]	$0.5 \times (0.0\%) =$ +0.000%
2	7%	0.5%	2%	2%	$(0.07)(2) - 0.5 =$ -0.36% [-0.36%]	$0.5 \times (-0.36\%) =$ -0.180%
3	14%	1.0%	2%	2.5%	$(0.14)(2 + 2.5) - 1 =$ -0.37% [-0.01%]	$0.5 \times (-0.01\%) =$ -0.005%
4	20%	1.5%	2%	3%	$(0.2)(2 + 2.5 + 3) - 1.5 =$ +0.0% [+0.37%]	$0.5 \times (0.37\%) =$ +0.185%
5	20%	1.5%	2%	3.5%	$(0.2)(2 + 2.5 + 3 + 3.5) - 1.5 =$ +0.7% [+0.33%]	$0.5 \times (0.33\%) =$ +0.165%

¹⁸ Productivity assumptions are held constant across scenarios. Lower wages reduce the measured monetary value of work (VoW) under a wage-based valuation method.

Tables 17 and 18 present estimated inflation impacts and first-year pre-multiplier net JG spending under the alternative minimum-wage JG design. Lowering the initial JG wage reduces short-run inflationary pressure and headline fiscal costs but also results in proportionally smaller output and employment gains.

While setting a lower initial JG wage reduces headline costs in the early years, the medium-term expenditure profile is driven primarily by participation dynamics rather than the wage level itself. As private-sector hiring strengthens, JG participation declines rapidly under both designs, causing spending paths to converge. In the high-uptake scenario, pre-multiplier NET JG spending falls to around £7 billion by Year 5 under both wage settings. This implies that lowering the initial wage floor offers little medium-term fiscal advantage, while materially weakening the programme’s immediate demand stimulus, poverty-reduction impact, and income stabilisation effects. In this sense, a lower-wage design represents a false economy: it substantially reduces early benefits but delivers only modest longer-run savings.

As shown in Figure 4, participation rises rapidly in the initial phase before declining as private-sector hiring strengthens, with programme costs falling accordingly. Under the high-uptake scenario, participation approximately halves within the first five years, whereas under low uptake it is more gradual. These dynamics illustrate the Job Guarantee’s automatic stabiliser function, with spending adjusting endogenously to labour-market conditions

Table 18: Estimated impact of JG on GDP growth and private sector employment for low uptake and high uptake scenarios for alternative JG design where initial JG wages are set at the current minimum wage level of £12.21 per hour.

Year	Low-uptake		
	Pre-multiplier NET JG Spending (£millions) ¹⁹	GDP growth due to JG wage-induced consumption	Increase in private sector employment
1	£5,194	0.5%	0.12%
2	£5,079	0.8%	0.20%
3	£4,879	1.0%	0.26%
4	£4,620	1.2%	0.30%
5	£4,322	1.3%	0.32%
6	£4,001	1.3%	0.33%
Year	High-uptake		
	Pre-multiplier NET JG Spending (£millions)	GDP growth due to JG wage-induced consumption	Increase in private sector employment
1	£26,107	2.3%	0.58%
2	£23,195	3.8%	0.95%
3	£18,409	4.5%	1.13%
4	£12,746	4.5%	1.13%
5	£7,051	4.0%	1.01%
6	£1,968	3.2%	0.81%

¹⁹ This figure excludes indirect savings generated through fiscal multiplier effects. Net JG spending is reported prior to multiplier impacts to avoid double counting.

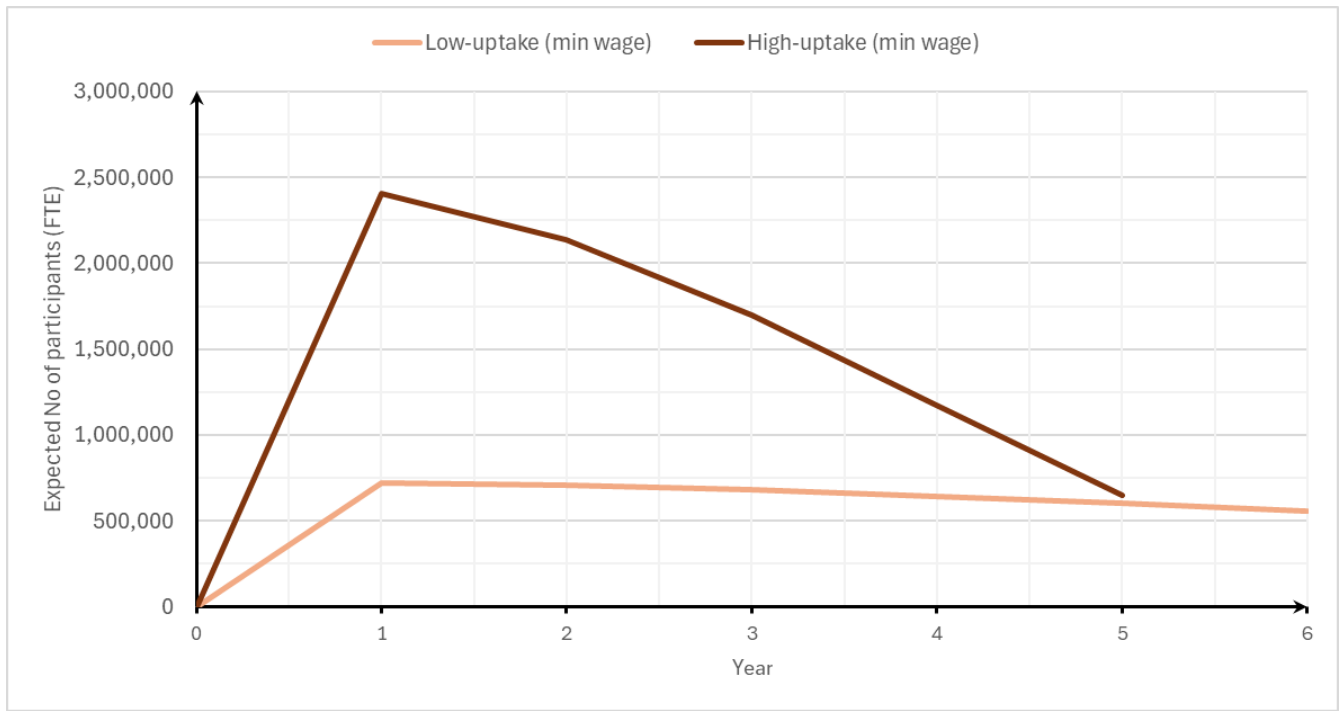


Figure 4: Estimated evolution of the programme under low-uptake and high-uptake scenarios. In both cases, JG expenditure declines as participation falls. Under the high-uptake scenario, initial participation is higher but decreases more sharply, halving within the first five years. Under the low-uptake scenario, initial participation and costs are lower, but the programme contracts more gradually over time.

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