



WorkDirections®



In work, better off: next steps to full employment

A RESPONSE FROM WORKDIRECTIONS UK –
A MEMBER OF THE INGEUS GROUP OF COMPANIES
OCTOBER 2007



Summary

WorkDirections has been providing high quality welfare-to-work services in the UK since November 2002. We deliver services to long-term unemployed people and lone parents through four Employment Zones and two Private Sector Led New Deal programmes in London, Nottingham and Birmingham, and deliver the UK's largest single New Deal for Disabled People programme for Incapacity Benefits recipients in Birmingham. In December we launch six Pathways to Work operations, working with Incapacity Benefits claimants in London, Nottinghamshire, Birmingham and Solihull, and Edinburgh, Lothian and Borders. As Ingeus, we deliver welfare-to-work programmes in France and Germany, and have a 19-year history of operating in Australia. This diverse delivery background has provided us with a first-hand experience of best practice in this field as well as the opportunity to understand better how and where effectiveness (of both process and performance) could be improved.

We are delighted to have the opportunity to submit this response to the July 2007 green paper, 'In work, better off'. We are at an important stage in welfare reform. Following a decade of work-first programmes, pilots and evaluations, the green paper identifies the need for a 'step change' in approach. In this response, as well as answering the specific consultation questions, we consider the suggestions made to deliver this step change. We also present ideas and recommendations, at both procurement and delivery level, that have been developed as a result of our international experience in delivering work-focused employment programmes to benefit claimants.

We have divided our response into five sections:

- Support and conditionality
- Delivery
- Work that works
- Facilitating progression
- Contracting principles

Support and conditionality

It has been our experience that many of the clients who have positively engaged with our programmes, and indeed moved through them to sustainable employment, were initially reluctant. These are people with multiple disadvantages, amongst the most socially excluded and chronically disengaged in the country – the very people for whom the programmes we deliver have been designed. Our challenge has been to defy the low expectations people have of such support and of themselves and to provide a quality service which they want to use and feel motivated by; successful advisors they trust; and a professional setting they feel comfortable and respected in. It is evidently much easier to support people's transition from benefits to sustainable employment if they are engaged with, enthused and empowered by the process.

For this reason we have long argued the importance of **mandating engagement** with inactive groups.

"I think them pushing me here was the kick up the bum that I needed."
Jobseeker's Allowance client, Brent Employment Zone, 2007

"I don't mind coming here. Sometimes when I've got a nine o'clock appointment, that means me getting up at seven to leave the house at eight...because it will be worthwhile, because I know that could be the day I go there and send off my CV and I get the job." Jobseeker's Allowance client, Brent Employment Zone, 2007

We know that Work Focused Interviews, alongside our own proactive outreach work in places such as schools, GP surgeries and shopping centres, have been key to informing claimants of both Income Support and Incapacity Benefits of the options and opportunities that exist for them. Almost 60% of lone parents joining WorkDirections since May 2006 have been referred to us by Jobcentre Plus. The vast majority of these will have been as a result of a Work Focused Interview.

Between 2004 and 2006 we delivered an outreach programme for Incapacity Benefits claimants in South London. It targeted people from Black and Minority Ethnic communities who were eligible for New Deal for Disabled People, but had not engaged with that programme. In a focus group clients told us that they were unaware of existing programmes available in their area. When asked how they would feel about being asked to attend Work Focused Interviews their response was overwhelmingly positive. They perceived such intervention as a fair requirement in exchange for benefits (suggesting they occur quarterly) and suggested that such intervention would have helped them return to work sooner. It is important to add that they stressed the need for those conducting the interviews to have sufficient expertise and understanding of them, the labour market and additional support services, as well as the flexibility to respond to these needs.

We recognise the danger that increasing conditionality may exacerbate social exclusion where it results in sanctions or people choosing to leave benefits. However, this needs to be weighed against the chronic levels of disengagement experienced by many in these groups. This means that **mandatory interviews provide perhaps the only opportunity to give people information about their future options.**

We broadly support increasing conditionality through targeted engagement – including the use of Work Focused Interviews and good quality, flexible pre-employment support. Any increase in conditionality needs to be matched by a commitment to assist clients to tackle their complex constraints. We do have some concerns about delivering this increased support to lone parents simply through a benefits transfer to Jobseeker’s Allowance and the access to Flexible New Deal that will facilitate. Certainly there are a number of areas within the Jobseeker’s Agreement, particularly with regards to availability for an immediate start, working hours and reasons for leaving work that a lone parent would find difficult to commit to.

We currently offer services to lone parents at all our New Deal and Employment Zone sites. They access a similar service to clients on Jobseeker’s Allowance but, importantly, they are supported by lone parent specialist advisors. Initially some advisors carried mixed caseloads, but the decision to have specialist advisors has seen a marked improvement in engagement and job outcomes in all sites.

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We ran five focus groups with lone parents (voluntarily registered with WorkDirections for between 8 and 16 weeks) in four sites during 2006-2007. Alongside the general finding that they deem the service helpful and supportive, it is clearly apparent that periodic non-attendance is a consequence of occasional lack of motivation, circumstances temporarily being beyond their control, or equivocation about whether this is the right time to be looking for a job. In some cases, lone parents have unstable or difficult relationships with ex-partners.

In these cases clients value, and respond to, a prompt reminder that the service is still available. This is effective when it is supportive rather than punitive or recriminating, and when it is made clear that they are still welcome and their non-attendance will not be perceived as a failure.

Consultation questions

1. At the moment, lone parents are entitled to Income Support until their youngest child is 16. Is it right that this age should be reduced?

A qualified yes.

A condition of this age limit adjustment is that excellent support to find work is available and appropriate. Easy access to a variety of high quality and flexible childcare options is required. Financial incentives and the process for claiming them need to be simplified. The focus needs to be on promoting employment rather than applying sanctions.

There needs to be a clear and consistent message from all government departments about the expectations of parents, not only in terms of employment, but also time spent with children and, for example, involvement with school and homework.

If lone parents were to claim Jobseeker's Allowance, the requirements would need to be adjusted to take account of time needed to find and settle children into childcare. This would make an immediate job start difficult. During the school year there are 12 weeks of school holidays plus five inset days. This leaves lone parents with 13 weeks of non-school time to manage. This is a substantial period of time in which to find quality care for school-age children while the parent is working, expected to attend Flexible New Deal or work experience. For parents of disabled children, more flexibility may be required as school hours may differ from the norm.



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If the requirements need to be reduced, or left to the discretion of the advisor in order to be fair, is Jobseeker's Allowance the best option, or should more conditions be added to Income Support?

The lone parents we see are extremely concerned about how to construct a timetable that would balance childcare and parenting responsibilities with travel to and from work, emergency arrangements in case of children who are ill and, in many cases, part-time study, which for many is rightly seen as a way to improve their employment prospects in the longer term. Fitting these pieces together in the context of a school week is best done in an environment where the client feels empowered and engaged, something that would be threatened by the early use of sanctions.

2. What would the minimum age be?

Twelve.

We feel lone parents should be supported and encouraged to return to work throughout their children's lives, and would want to see the provision of information about programmes and other support made available throughout this time. However, we think changes to benefits should be restricted to families where the youngest child is at secondary school.

In exchange for more specialist support, are we right to ask more of those who have been unemployed and receiving benefit the longest?

Yes.

This support needs to be of high quality, otherwise it becomes counterproductive. We advocate incentivising providers to work with those furthest from the labour market through the use of a target accelerator. This would see providers paid more for each specified increment of the available caseload they placed into work.¹

12. Should there be any exceptions to this approach of increased conditionality and increased support?

There needs to be capacity in the system to develop support to best meet individuals' needs. This level of flexibility requires transparent performance management underpinned by a robust contract management regime in order to ensure equity.

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¹ For a more detailed description of the target accelerator see 'Buying quality performance' (2006), WorkDirections UK (Jane Mansour and Richard Johnson)

For people claiming Incapacity Benefits, the Personal Capacity Assessment serves, amongst other things, as a process to determine a reasonable number of hours that a person might work. For lone parents too, circumstances will vary enormously: the number of children a parent has to care for, the location and number of schools their children may be attending, the stability of the home situation, their children's health and well-being, and perhaps a parent's commitment to part-time study, as a flexible way to invest in future work prospects. In essence, lone parents need a kind of work capacity assessment process that takes those circumstances into account, and/or a review and appeal process where the expectations of job search activity and work hours can be contested by the clients.

The need for this becomes increasingly important if lone parents move onto Jobseeker's Allowance and progress through 'directed' job search to the Gateway and Flexible New Deal.

13. Is a structured, progressive regime of support and conditionality at fixed intervals the right approach?

It provides a useful framework which indicates when additional levels of conditionality and support are triggered. However, in order to be responsive to need, providers (including Jobcentre Plus) need the capacity both to fast- and slow-track clients without incurring penalty. However, such a system needs independent, transparent oversight to ensure it is not abused. This of course raises the question of who would conduct these activities. Increasing discretion in this way will necessitate an overhaul of existing contract management and performance inspection systems.

Further exploration of the support and conditionality regime is required in order to assess how the sequence of assessment and advice by Jobcentre Plus will result in a decision to refer fast-track clients to Flexible New Deal, or to refer them to the Adult Careers Service. Questions that arise are how skills assessment and service choices would be presented to clients, whether and how both skills and work search strands might work jointly for them, and what kinds of outcome definitions and fees for Flexible New Deal providers this would then imply.



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Delivery

Effective delivery – the service provided to individuals – sits at the heart of realising the aspirations of this green paper. It is essential that the client sits at the heart of the programme. The flexibility to design interventions to meet the needs of each individual is fundamental. This does not mean a menu of provision which, however broad, is restrictive. Instead it necessitates a programme structure which empowers both client and advisor and enables them together to create a series of activities and interventions they feel will be most effective in supporting a transition to sustainable employment.

This requires better procurement practice that is closely aligned with policy intent.

Young people aged between 18 and 24 currently access New Deal provision once they reach six months of unemployment. The model described in the green paper groups all Jobseeker's Allowance clients together; they will access a Jobcentre Plus-delivered Gateway at six months, and Flexible New Deal at 12 months. This raises questions as to whether young people will receive less support, or will be supported more slowly, under the new system. It may be necessary to ensure the eligibility of young people for fast-tracking onto Flexible New Deal after six months out of work.

4. More frequent Work Focused Interviews are currently offered to lone parents in the two years before their eligibility to Income Support is lost. As the age of the youngest child is reduced, should other forms of support be provided and over what period prior to loss of eligibility?

We advocate a transition between benefits, with lone parents receiving increasing levels of intervention and support as their child reaches 12 years. Two years seems a reasonable period for this transition.

The transition needs to combine information sessions, Work Focused Interviews, opportunities to network and specialist interventions. These should also be available to lone parents considering returning to work at any time.

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Certainly, lone parents should be invited to a skills assessment by a careers advisor as described in World Class Skills, the Government's response to the Leitch Review. A learning environment may provide lone parents with a crucial first step back towards engaging with the world of work. Help with childcare needs to be provided in the same way as it is for parents returning to work.

Lone parents should be able to access Condition Management Programmes delivered through their local Pathways to Work programme if this support is appropriate. WorkDirections delivers Cognitive Behaviour Therapy and physiotherapy as part of our embedded approach to Pathways, and some lone parents would certainly benefit from this specialist help as they started the return to work process. We know that stress, depression and anxiety are real issues for many lone parents. The numbers currently leaving Income Support for Incapacity Benefit once their youngest child reaches 16 also attest to the need for this additional provision.

Focus groups have shown us how interesting and valuable lone parents find it to exchange their experiences, and share their stories and aspirations despite their differences. Groups which facilitate the exchange of ideas and questions about returning to work - on subjects such as childcare, skills and training options, employers' obligations to offer flexible working hours and industries offering part-time jobs - would help engagement.

Recognising the range of interests and priorities for different lone parents, the content for engagement strategies should be based on the following forms of appeal:

- **Financial** - An opportunity to do in-work-better-off calculations, perhaps alongside the offer of financial and/or debt management advice
- **Social** - An opportunity to engage socially in groups with other lone parents with a view to sharing employment aspirations and work histories, and exchanging ideas about combining parenting commitments with work. (The mode of such a group gathering is just as important as the content, the principal idea being to allow the expertise to lie with lone parents rather than the 'advising/persuading' state)
- **Educational** - An opportunity to review skills and qualifications and plan for the ones needed in the future
- **Career planning** - An opportunity to review previous employment and plan a future career based on knowledge of job opportunities and prospects.



WorkDirections delivers Cognitive Behaviour Therapy and physiotherapy as part of our embedded approach to Pathways



5. For lone parents who move onto Jobcentre Plus when they lose Income Support eligibility, what forms of support (in addition to those provided to Jobcentre Plus claimants who are not lone parents) should be available if the proposed changes are made?

There are considerable financial incentives for lone parents who start work. However, the process for claiming them is complex. For a lone parent moving into part-time work it is not unusual to have to complete seven different forms: for Housing and Council Tax Benefit; to stop Income Support; to claim in-work credit; to claim a job grant; to claim four weeks' Housing Benefit run-on; a form for extra help with childcare costs and a form to claim working tax credit. Each of these needs evidence, and it is not possible to claim them all concurrently. For example, tax credits need to be awarded before Housing Benefit can be applied for. These forms cannot be completed in advance. The vast majority of our clients are unable to fill in these forms unaided as they are often long and confusing (the Housing Benefit form is over 40 A4 pages in length). Ensuring a client receives everything they are entitled to means liaising with a number of different central and local government departments and agencies. Provider support is important to enable people to negotiate the bureaucratic maze; without this, lone parents are at risk of failing to take up offered jobs, or leaving if anticipated funding does not arrive.

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8. Are any special provisions required for lone parents who move onto benefits other than Jobcentre Plus (eg Employment Support Allowance or Carer's Allowance)

The needs of lone parents, particularly with respect to childcare and flexible, appropriate work, remain the same irrespective of benefit. However, there may also be a need for discretion with regards to having to 'sign on' every fortnight in addition to any other programme commitments, if childcare arrangements cannot be managed around this.

9. In addition to the improvements in childcare provision and the right to request flexible working, is there further support that should be provided to help lone parents into work and support them whilst there?

Provision needs to be delivered from environments that are at once commercial, professional, inclusive and empowering and, in the case of lone parents, child friendly. It is important that offices convey an attitude of respect and support, even before the first interaction occurs.

At WorkDirections UK we use the term ‘constraints’ rather than ‘barriers’ to work. This is because barriers are often talked about as if once overcome, the individual can transition easily into work. This is rarely the case. For most people, the issues they faced whilst out of work will still exist when they have a job. We find it more productive to work with people to develop strategies for managing these constraints throughout the transition to work, and once work starts.

An appropriate example for lone parents is childcare. A ‘barrier’ approach would suggest that once suitable childcare has been sourced the problem has been overcome. However, for that solution to be sustainable, thought needs to be given to how issues that might arise once the individual is in work will be dealt with (for example, if either the child or the carer is sick). Unless contingency plans are in place, a lone parent may have to leave their employment for such events.

Progression in work could additionally be supported by funding childcare for lone parents who undertake study alongside work, providing continued access to jobsearch facilities, in-work reviews and funding for those who wish to undertake study not available through Train to Gain. WorkDirections currently makes these options available to clients through its Graduate Commitment. This enables clients to continue to access our resources, including advisors, once they are in work. Some clients return after a significant period of time to refresh their CV or look for a different job.

11. What more could we do to help ethnic minority women, particularly of Pakistani and Bangladeshi origin, overcome specific barriers they face?

Client engagement is paramount. This involves designing outreach that is successful in integrating with mainstream programme provision, and the ongoing engagement of a client on an employment programme. Our experience suggests that for those clients who come from an ethnic minority group, efforts to support sustainability in employment appear to be particularly important. This reinforces the need for procurement to be sustainability-centred.

The personalisation and flexibility of the Employment Zone model has seen a higher rate of success with ethnic minority clients than other employment programmes. This is particularly so in the case of 18 to 24-year-olds. An important lesson is that the ability to localise needs to go beyond Jobcentre Plus District or programme level to empowering each individual advisor.



At WorkDirections UK we use the term ‘constraints’ rather than ‘barriers’ to work



It is essential that any training accessed is work-focused to ensure employment programmes perform to their full potential.

The move towards area-based approaches must be tempered with strong guidance on how to procure successful welfare-to-work programmes. There is a large evidence base on this subject and it is important that localisation does not result in each locality reinventing the wheel; though precise problems may differ from area to area, it is clear that the solutions to address them must share core features such as flexibility and outcome-based funding.

14. Is a structured, progressive regime of support and conditionality at fixed intervals the right approach?

Yes, as long as the fixed points act as a framework. It will be important, however, for Jobcentre Plus and contracted providers to have sufficient discretion to adapt the structure according to individuals' circumstances and capacities.

15. Should some people be enabled or required to enter the Gateway stage more quickly than others, taking account of their employment history or needs? Which groups should be fast-tracked?

We are wary of making assessments of people based on 'group' characteristics rather than individual needs. Similarities and differences between clients exist across benefit and 'barrier' groupings.

The proposals in the green paper highlight the need for effective early assessment for the purpose of referral to appropriate services, or fast-tracking. This means that early and review interviews by Jobcentre Plus need adequate resourcing.

We advocate that such a system should facilitate a swifter transition to the Flexible New Deal rather than Gateway in order to maximise opportunities for success.

16. Should we require a period of work experience from those who do not succeed in getting work after benefiting from a more intensive level of help from specialist providers? How can we best ensure that this work experience is beneficial?

It is fundamentally important that any work experience undertaken by clients is relevant, meaningful, and takes account of their preferences and interests. It is our experience that clients engage positively with the opportunity for voluntary work experience where they can see and understand the benefit such an option will bring to their jobsearch.

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“I’m already doing voluntary work. I enjoy it. I love it. I meet loads of people. I’ve got enthusiasm to meet people.”

Jobseeker’s Allowance client, Nottingham, 2007

It is easy to underestimate the despair that can be felt by repeated failure in the labour market. A voluntary placement can both re-motivate those who feel their chance has gone, and encourage others to look at different options.

“I’ve applied for over 1,000 jobs with my CV application form; nothing back basically...We need the experience. We all need experience and we haven’t got it. And everything’s changed from ten years ago.”

Jobseeker’s Allowance client, Nottingham, 2007

We are concerned that four weeks does not offer enough time for an individual to update skills and make new contacts. It is also a very short period in which to inculcate new work habits. If this work experience is to be beneficial to both the client and the organisation hosting them it is important it is of sufficient length, which will differ from person to person. WorkDirections’ lone parents clients who currently use voluntary work as a stepping stone to paid work average seven weeks on a placement. Setting the length at four weeks carries inherent dangers – it may be perceived as designed to make life difficult for the client in the hope that they will sign off rather than as positive support. This perception will have an impact on engagement and on the host organisation’s experience.

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Engaging clients in the process of designing their own placement pays dividends in terms of commitment and long-term benefit. WorkDirections’ New Deal clients for whom the existing internal and external Intensive Activity Period options are not appropriate can commission their own provision. It is very flexible. It is comprised of a work placement, external developmental activities and training based upon their job goal. It is devised in conjunction with their advisor. It is worth noting that this approach, which ensures that voluntary work is of real value, can take considerable time to organise. To maximise benefit, it needs to be delivered alongside ongoing jobsearch activity.

There are a number of factors we would highlight as being important to ensuring a period of work experience is a success for client and employer:

- Involve the client in identifying, applying for and planning a placement
- Ensure there is a choice from a variety of industries and occupations
- Consider ensuring that people can undertake work experience placements with at least one other person, where people may need extra support due to language barriers or lack of familiarity with the workplace
- Make it possible to change if the placement does not work out
- Balance attendance at a placement with advisor support, allowing jobsearch to continue

“... because of my lack of experience she said, why don't you do voluntary? And at first I was like...go away. I don't want nothing to do with voluntary because you don't get paid. But she said just consider it. So I went to the voluntary service in Nottingham and...I phoned up one place and I'm actually doing voluntary work twice a week for an organisation, and so far I would say that's helped me more than anything else, because it's given me something to get up for in the morning. And you feel like you've got a purpose, even though I'm not getting payment for it, what I'm doing is I'm using my skills to help somebody that hasn't got...somebody in their organisation that can do it for them. And so far, since I've been there, they've all said the same thing; that I was a godsend at that point in time; that they needed somebody that could do graphics.”

Jobseeker's Allowance client, Nottingham, 2007

Work that works

The green paper notes ‘the attractiveness of our flexible labour market’. Central to achieving successful, sustainable employment for disadvantaged groups and particularly lone parents and those with health conditions, is ensuring that flexibility is available to employees too.

For many lone parents a key part of the decision of whether or not to return to work is the suitability of the job and how well it fits in with the needs of their children. These tend to change as children grow up. We have found that there are three key transition points: when the youngest child is two; the start of primary school and the start of secondary school.

Flexible hours are fundamentally important and often make the difference to an individual’s success in finding sustainable employment. They can, however, be difficult to find.

Local Employer Partnerships (LEPs) offer an excellent opportunity to identify more suitable opportunities for lone parents. The green paper suggests that employers ‘may also [be] ask[ed]’ to provide flexible opportunities. **This needs to be a central tenet of the Jobs Pledge.** Many of the employers that have already signed up currently make their vacancies available through Jobcentre Plus and other providers. The key to sustainability is that work fits with the needs of clients. For lone parents, and people on Incapacity Benefits, flexibility is fundamentally important. The LEPs represent a great opportunity to work with employers to develop strategies that enable people from these vulnerable groups to get and keep a job with hours that meet their needs.

It is also the case that those with the lowest skills and/or qualifications tend to access the most temporary and unstable jobs in the labour market. The LEPs offer an opportunity to work with employers, and to challenge them to improve the prospects resulting from such jobs. This can be done through the use of existing initiatives such as Train to Gain.



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It is not enough for the LEPs to offer guaranteed interviews and pre-employment support. Many of the organisations that have signed the pledge are ones with whom both Jobcentre Plus and providers are already placing clients. Finding the vacancy is rarely the problem. Far more difficult is finding an opportunity with sufficient flexibility to enable the client to continue to meet their family commitments or manage their health. A Jobs Pledge would have significantly more impact if employers were recruited on their working practices – flexibility and opportunities for progression.

Consultation questions

6. Jobcentre Plus recipients can, in certain circumstances, restrict their search for work to a minimum of 16 hours per week. Should additional flexibilities be available if the proposed changes are made?

There is a question about whether lone parents of school-aged children be allowed to restrict their hours to school hours during term-time. This becomes increasingly important if the parents of primary school-aged children are affected by the changes.

The leaving work rules need to be reassessed in the light of the proposed changes. Lone parents will leave a job if they are not happy with their childcare arrangement, or if it falls through for any reason. Support may be required to help overcome these issues to ensure that exiting the labour force is temporary rather than permanent.

It is difficult to overemphasise how essential quality childcare is to ensuring a sustained return to work for any parent. Finding quality childcare can take time, many places have waiting lists, and immediate starts and wrap-around childcare for those wanting to work full-time, are hard to find. There is also a need for a settling-in period – usually one or two weeks – for the child, during which time it would be very difficult for the parent to work. Many of the jobs available to those lone parents who are low or unskilled require immediate start dates, making them difficult to access.

Again, the Local Employer Partnerships (LEPs) provide an opportunity to ask employers to consider ways in which jobs can be made more accessible for disadvantaged applicants such as lone parents. A stronger challenge to existing recruitment practices is required, with the possibility of a longer time frame between job offer and start date for those needing to organise childcare.

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7. What form might a 'better off in work' assurance for lone parents take?

Ensuring the current process is smoother and easier to access would make a considerable difference. The system needs to be more navigable. Better data sharing could help – for example a declaration of your new job and hours at Jobcentre Plus could trigger a tax credits claim, or reporting a decrease in hours to tax credits could trigger a claim to Income Support. Currently people have to declare the same change in circumstances to a number of different agencies. City Strategies could lead in creating 'benefit hubs' for residents.

The green paper refers to the Australian policy of obligating lone parents with children over six to accept an offer of employment which makes them financially better off than on benefits. The Department states that it is 'attracted to this idea'.

We thought there would be some value in outlining how the system in Australia works.

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City Strategies
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- A job will be considered to be financially suitable for principal carer parents if they will be at least A\$50 per fortnight better off after taking into account the costs associated with working. This means unless the principal carer parent is at least A\$1300 financially better off each year after the costs associated with working, they will not be required to accept a particular job or continue in a particular job.
- A principal carer parent will not be required to accept a job offer and/or will be able to leave a job and search for another job if they are not at least A\$50 per fortnight better off after taking into account a range of factors including:
 - income tax liabilities
 - the drop in Income Support payment as a result of the earned income
 - out-of-pocket childcare costs incurred in order to undertake the work
 - travel costs to and from work (after taking into account any assistance provided by the Job Seeker account and noting the reasonable costs of travel test)
 - any increase in public housing rent (only if the parent is living in State Government-subsidised or provided public housing and either on Newstart Allowance (single or partnered) or Parenting payment Partnered.

Sustainability and progression

Sustainability and progression are different although the policy implications of encouraging both do overlap.

It has been demonstrated that increasing the rate of sustainability of lone parents so that it matches that of other groups would in itself provide such a significant boost to the employment rate that targets could be met without increasing the rate of lone parents starting work.²

The work-first approach and programmes focused specifically at lone parents have had some considerable success at getting people into work. However, this success should only really be considered in the context of the sustainability of the outcomes gained. Sustainability is currently only measured to 13 weeks. We recommend that it is measured at 13, 26 and 52 weeks. We suggest that providers are paid for meeting these measures and that their performance against them is published.

The onus is currently on providers to produce written evidence from employers evidencing a sustained outcome. This is a labour intensive process – it is not uncommon for programmes to have to employ staff specifically for this task, and is inefficient - significant numbers of clients do not want employers to know that they found work through an employment programme so will not allow providers to contact them. Evidence of continued employment could be collected through the Work and Pensions Longitudinal Study. This would be both more efficient and more accurate, and enable measurement over longer time frames.

If the policy objective is sustainable employment and procurement mechanisms are put in place to ensure they are the performance outcomes demanded, measured and purchased, then it is likely that programmes will be designed to meet that goal. We advocate outcome-based contracting with payments heavily weighted towards sustainability payments.

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² Lone parents cycling between work and benefits - Evans, Harkness & Ortiz (DWP, 2004)

The question of how we ensure that those in part-time and/or low-paid work do not remain in poverty sits at the heart of the pledge to eliminate child poverty by 2020. Existing research suggests that low-paid jobs only have a small probability of acting as stepping stones to better remunerated opportunities. Reasons identified for non-progression include individual desire to advance in work, and an inability to advance in the labour market without assistance.³

These reasons can be addressed through pre-employment interventions, in particular getting the initial job match right; through longer-term career planning; and also by developing jobsearch skills among the individuals accessing the programmes. The importance of this for lone parents is magnified because the level of in-work benefits means that for some time real increases in salary will only see a marginal return as means-tested benefits taper. This needs to be clearly explained to lone parents entering work so that they are aware of the salary increases that would be required to meet their desired earnings goal.

World Class Skills, Implementing the Leitch Review of Skills in England was published on the same day as the green paper. We do have some concerns about the ways in which the two strategies will integrate. It is not clear how the referrals to the skills advisor and accessing of skills provision will link in with the Gateway and Flexible New Deal process. The case for the skills and employment agendas to be integrated has long been made. However, there is a danger that the proposed system will support existing parallel delivery rather than challenge it. In order for skills interventions to have, and to be perceived to have, real value for employers and clients, work and skills opportunities need to be offered concurrently. There is a danger that clients' needs could be lost if Jobcentre Plus, the Adults Careers Service and private and voluntary sector providers have competing objectives.

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³ Lone parents cycling between work and benefits - Evans, Harkness & Ortiz (DWP, 2004); From job seekers to job keepers: job retention, advancement and the role of in-work support programmes - Kellard, Adelman, Cebulla and Heaver (DWP, 2002)

The green paper is not clear on how its proposals will integrate with Leitch, leaving a number of outstanding questions. These include several logistical issues:

- How will data sharing be managed between different organisations with different data capture systems?
- How will responsibility for client support shift between Jobcentre Plus, contracted providers and the Adult Careers Service over time (eg months 0-12, Flexible New Deal, when in work)?
- Will eligibility for skills assistance change depending on the position of the client in the overall programme?
- Will fast-tracking have an impact on what can be accessed? How will this be measured so that changes can be made to improve performance and synchronicity?
- How does the skills strategy apply to people accessing Pathways to Work? And to lone parents on Income Support?
- Will private and voluntary sector providers be able to access skills funding and, if so, will any training they purchase have to be authorised, or qualification driven? It is our experience that quality skills provision does not necessarily include a qualification.

It is also important to note that some clients are quite well-skilled and qualified. The issue may be the length of time out of work, or gaining recognition for overseas qualifications.

“I have a lot of qualifications: IT, maths, and science. Sometimes if I go into shops with my CV they never call me back as they say I’m too highly qualified so they can’t take me.”

Jobseeker’s Allowance client, Haringey, 2007

“In Nigeria I taught adults, I taught children in secondary school, I taught English as a second language, I did quite a lot. I just found that when I came here it didn’t seem to hold much weight. So, you find yourself trying to rebuild your career or enter at a very elementary level again and having to build it up again and that’s quite frustrating, realising that all the wealth of experience you have is not something that’s recognised.”

Lone parent client, Southwark, 2007

Consultation questions

9. In addition to the improvements in childcare provision and the right to request flexible working, is there further support that should be provided to help lone parents into work and support them whilst there?

Childcare support for people undertaking study alongside work would help those who are motivated to pursue their careers in such a way. Train to Gain offers skills training during the working day, but this is not necessarily appropriate for everyone. Many of the clients we work with take their first job while they attend a training course for what might be a very different career. This approach – work first, with a commitment to sustainable solutions – ensures clients have both qualifications and recent work experience when applying for potentially more competitive positions.

Additional support could be ensured through targeting and funding providers to deliver sustainable employment solutions of 52, rather than 13, weeks. Stretching outcome-based payments would require providers to think creatively about how they could best achieve in-work support. This may be through a series of interventions, through providing access to ongoing support, or by no intervention at all. Empowering the client to find the right job and imparting the knowledge and information required successfully to navigate the labour market on an ongoing basis should receive the same reward as more interventionist strategies.

10. What more could we do to help working families – especially those from the most disadvantaged backgrounds – improve their earnings and lift themselves out of poverty?

Skills interventions are only one option, but they do need to have real value; a sequential approach artificially disaggregates information and experience and is less effective than providing work and skills opportunities concurrently. We are concerned that the proposed new funding structures do not encourage a holistic approach to learning interventions, particularly as required outcomes may vary considerably between funding bodies and Government departments.

Funding for skills acquisition linked to work should be brokered through a single agency which understands the needs of both clients and employers.

This is likely to increase the amount of learning occurring in non-‘employment programme’ settings. Learning in more diverse (particularly professional/vocational) environments will promote the development of positive social capital, and is likely to result in employers placing more value in the



Additional support could be ensured through targeting and funding providers to deliver sustainable employment solutions of 52, rather than 13, weeks



qualifications gained. It should also encourage the purchasing of learning opportunities that clients can continue to access after job placement.

Employment programmes need to prevent social exclusion as well as provide solutions to those disconnected from the labour market. Those people caught in a cycle of low-paying work and unemployment need to be identified and fast-tracked to additional support if required.

All clients on time-limited tax credits should be contacted eight weeks before the credit ends. They should be invited in for a 'financial health check' in order to ascertain whether any changes to their employment arrangements are required to ensure working remains financially viable.

There is a need to balance local service delivery and challenge the isolation and limited aspirations of those accessing the services. Successful Employment Zone providers deliver from professional premises in commercial centres, enhancing this with outreach services and links with organisations working with people where they live.

The reality for many working people is that they work some distance from where they live. However, welfare-to-work services are often designed on the assumption that unemployed people will not travel. This needs to be challenged; people's aspirations should not be limited to their micro-labour market experience. For many, there are increased opportunities once the geographical area in which jobs are sought is widened.

We also believe there is immense value in enabling and encouraging partners of unemployed people who have children to access some of the support and financial incentives that are available to lone parents.

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Contracting principles

We firmly endorse the key principles behind the contracting approach described in the green paper: quality provision; competition to drive value; outcome-based contracts with increased flexibility for providers; and minimum standards of support for all. We understand that the Department for Work and Pensions is in the midst of an exercise to review and renew the strategy for employment programme contracting. Whilst not asked explicitly to address the question of contracting in this consultation, we thought there would be value in sharing our thoughts and experience in this area.

The green paper proposes an approach which would see clients being referred to a specialist provider after 12 months of unemployment. This provider could come from the public, private or voluntary sector. This raises the question of how this provision would be tendered.

Would certain areas be set aside for public sector delivery as with Pathways to Work? If so, how would comparative performance be fairly measured and Jobcentre Plus's logistical advantages be controlled for? It is currently very difficult to perform accurate cost-benefit analysis across Jobcentre Plus and contracted-out services. One of the roles of competition is described as 'service improvement' – within the above model, would poor performance by Jobcentre Plus see contracts removed and put out to tender? Would Jobcentre Plus be able to tender to deliver in other areas if contracts were removed from the private and voluntary sectors in similar circumstances?

Would Jobcentre Plus have to bid against the private and voluntary sectors to deliver Flexible New Deal? How could this be done fairly? How could a purchaser/provider split best be achieved? Would a separate agency need to be created in the same way, for example, as Employment National was in Australia?

Questions from the green paper

What are the capabilities we need to see in a high performing supply chain of providers? How can we use commissioning to assure and strengthen the quality of these capabilities? What is the role of prime contracting in that?

The Department for Work and Pensions needs to achieve a balance between variety and diversity in its provider market with the efficiency that arises from aggregating business levels.

This can be achieved by ensuring what is purchased matches with expressed policy objectives; allowing providers flexibility to meet clearly defined outcomes; and transparent and comparative performance measurement with agreed consequences for both exceptional and poor performance. There is a need to build capacity amongst both potential contractors and contract managers.

The key question is what the Department's objectives are for a prime contractor commissioning strategy. At its most basic, a successful prime contractor requires a strong core delivery capability. The degree to which this is self-contained or outsourced through an effective supply chain should be left to the discretion of the tendering organisation, and contracts awarded on what the Department perceives to be the best model.

How do we strike the right balance of risk and reward so that we encourage investment and innovation, without making the position of vital, but smaller, players unsustainable?

The balance is best struck by incentivising providers to achieve sustainable employment. We would argue that this means measuring and rewarding employment over 52 rather than 13 weeks. Measuring over this time period means that providers need to support clients not only to find work, but also to be able to manage the constraints they face out of work once in employment.

Targeting providers in this way would mean that those smaller organisations that offer quality services become an integral part of the delivery model for larger, prime contractors. We strongly disagree with the concept of fixing the numbers of contracts that are available for the different sectors to bid for. Guaranteeing proportions of available contracts for either the voluntary or the private sector, irrespective of the quality of what is offered, or past performance, is not the best way to ensure the individual receives the excellent service they are entitled to expect.

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How do we encourage the behaviours that make a difference between a productive and unproductive prime contractor role?

The contract management needs to be mature, clear and transparent. The messages to providers from contract managers need to be closely aligned with policy objectives.

Performance management needs to be open and transparent, which should be facilitated by the proposed star ratings system. However, star ratings are only part of this process rather than the panacea.

Those providers who are failing to deliver adequate levels of performance should be offered support to improve. If that fails to have significant impact then the consequences for continued poor performance need to be clear – and open. Continued failure to improve despite support being given should result in the removal of contracts.

The sharing of best practice amongst providers needs to be encouraged, not only through forums but also through site visits.

What is the appropriate geographical level for first tier or prime contractors – and is the answer uniform across the country?

This is to a significant degree dependent on the reason for introducing the prime contractor model. The answer will differ depending on whether the emphasis is on delivery, sub-contract management or funding. There is an additional question about whether prime contractors will be required to demonstrate inclusivity through partnerships with smaller voluntary sector providers. We would reiterate that it does not make sense to restrict the ability of any provider to maximise their effectiveness through creating artificial constraints in the procurement process.

There is an additional question about whether there needs to be choice at the prime contractor level if that organisation can demonstrate the ability to deliver real choice to clients. This would require them to deliver a variety of services able to match a wide range of individual needs.

The optimum geographical level to be contracted will depend significantly on whether monopoly or multiple competing provider contracts are contemplated. The monopoly contract has the advantage of better coordination with Local Employer Partnerships and skills strategies (to the extent that this will be possible for Flexible New Deal providers). It also offers the scope for providers to consolidate and develop more sophisticated commissioning skills and strategies.



Performance management needs to be open and transparent, which should be facilitated by the proposed star ratings system



However, this could be accompanied by the risk that such a monopoly provider's added value would exist only in terms of contract and systems management rather than direct service delivery. In principle, it seems best for organisations to integrate their interests with those of their clients, and to learn first-hand from direct service delivery.

The obligation of lead contractors to offer business to other organisations should be limited to, and defined by, their capacity to move clients into sustainable employment and facilitate ongoing progression. Whether lead contractors are monopoly contractors or are competing with others in a given area, the challenge remains the same.

For these reasons, WorkDirections recommends that the Department for Work and Pensions should test both kinds of contracts for different areas of geographical coverage. This would also allow for different configurations of employer partnerships already existing in the City Strategies and for future further development of locally developed employment and skills planning.

Assuming that the prime contractor would have a monopoly contract then the geographic area should be smaller than a Region. Any monopoly provider would need to have included in its contract terms a clear requirement for choice and diversity of provision for clients, and processes to ensure that clients' choices could be accommodated.

There is a difference between delivering services in rural and urban areas. Within cities there is more scope for multiple providers as even within small geographical localities there are significant numbers of claimants making economies of scale possible and investment in high quality infrastructure financially realistic. In rural areas, where claimants are more spread out and more bases required, it is less financially viable to deliver through multiple providers.

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How do we ensure that our contracting supports integration with local and area initiatives and with wider public services that play a role in helping people back to work?

Support for those moving from welfare into sustainable work could be much enhanced through more integration between what should be complementary public services. Health and skills have been the focus of recent reform, and relationships need to continue to be built in these areas. As conditionality for lone parents increases, so links with the Department for Children, Schools and Families need to be strengthened; from consistency of message about time spent with children to the practicalities of quality childcare provision, closer partnership working should pay dividends.

The challenge is to design targets that align multiple departmental objectives, whether they are for employment and earnings progression; skills and qualifications; reducing re-offending or improving access to childcare.

There is a key role for Jobcentre Plus District Managers in ensuring local initiatives are complementary rather than competing. Prime contractors need to work with District Managers at both operational and strategic levels to ensure the integrity of contracts, a level of stability, and cooperation between existing and emerging local programmes.

City Strategies are an important part of this. It is essential that they work with new and existing programmes to deliver better outcomes for residents.

How do we ensure that we are incentivising and paying for sustainable job outcomes?

There are currently a number of different funding mechanisms being used to pay for employment programmes. Though often combined in different permutations, at their simplest level they are: outcome funding; milestone payment and guaranteed payments.

Outcome funding is a very clear driver of performance as long as providers are rewarded when policy objectives are met. In order for this to work effectively, however, it is essential that the correct outcomes are identified. There are a number of dangers with outcome funding, including the introduction of perverse incentives and the (unwitting) encouragement of 'creaming'.



There is a key role for Jobcentre Plus District Managers in ensuring local initiatives are complementary rather than competing



In order to ensure that the incentives and funding are right, it is fundamental that the outcome targets are explicit and sufficiently testing, and that potential rewards are enough to encourage market entry.

We advocate use of a target accelerator model to reward providers for moving significantly beyond current levels of success. The basic principle of this funding model is that the further you reach into a client group, the harder they become to help, so it will cost more to achieve the outcomes and therefore the fee paid needs to increase.

How do we ensure that the outcome of our commissioning strategy is a narrowing of the gap between individuals, groups and localities and the average?

The commissioning strategy needs to be long-term and closely integrated with other policy initiatives being developed to reduce social exclusion. Despite the rhetoric on joined-up working, from the client perspective services remain fragmented and sequential with even basic information needing to be repeated several times.

If a client assessment is introduced it is important that the process records individual client characteristics and monitors outcomes against risk indicators for long-term unemployment. This information is critical to establish those that are most at risk and to monitor the outcomes that are being achieved for them.

What can we build into our approach for contracting to make the customer a more active participant in the system?

The two most obvious forms of information, apart from office location and any specialist services on offer, would be job outcomes information and client satisfaction ratings for services. Focus group research with WorkDirections clients has clearly confirmed the validity of these kinds of indicators, particularly for those with previous employment service experiences. To promote client engagement, choice should be accommodated as far as possible, though market share of providers should also be monitored and moderated alongside information about outcomes and (if applicable) unit costs.

Assuming that prime contractors are multiple competing providers, contract terms (for the DWP-provider contract) would need to incorporate the basis on which market share is to be achieved between providers. This should include the impact of clients' choices and preferences. The same principle, however, for informing choice should be observed, including the opportunity (where on-referral to other provision occurs) for clients to be informed about the available options.



Like the Government, most Jobseeker's Allowance claimants aspire to sustained, well-paid employment with opportunities for progression



Competition and choice

Focus group research undertaken by WorkDirections UK with three groups of clients during 2007⁴ has delivered the resounding message that even in the case of mandated participation requirements, clients are keen to gain or retain the right to choose provider.

The experiences and opinions of clients in focus groups lends support to the argument that people should continue to be given the opportunity to choose a provider when referred to a job broker by Jobcentre Plus. The attendance of long-term Jobcentre Plus claimants is mandatory, looking for work can involve repeated rejections and, for many, the financial benefits of the work on offer in the immediate future seem questionable. Given these combined circumstances, the quality of the service experience becomes critical.

The opportunity to choose a service at all, and by implication the opportunity to choose the best service, is a powerful support to the maintenance of dignity and feeling of being respected. The fact that many mandated clients do not value or take up the opportunity to choose a provider at the point of referral from the Jobcentre does not mean that they do not want a job, or that they are incapable of taking an interest in whether the provider they are given might help them achieve that. The ten focus groups conducted by WorkDirections during 2006 and 2007 illustrate how acutely aware clients are about which provider supports them most effectively and how. It also illustrates how initial reluctance to participate does not limit that awareness or distort judgement about what constitutes good service.

Like the Government, most Jobseeker's Allowance claimants aspire to sustained, well-paid employment with opportunities for progression. The many small and sometimes intangible aspects of good service, contributing to people's willingness to engage and get a job, provide critically important performance information. Too complex to measure in a service designed to respond flexibly to individuals' needs, it can most readily be captured by giving customers the opportunity to vote with their feet.

"They value your opinions. They value you as a person and realise that each individual has a choice to make." Lone parent, Southwark, 2007

"Once you've taken that decision [to go to a particular provider], whether it works for you or not, it's your responsibility and you are in a better position to accept that as your responsibility." Lone parent, Southwark, 2007

⁴ Focus groups were conducted during August and September of 2007 with lone parents in Southwark, Jobseeker's Allowance mandatory clients in Brent, and NDDP clients in Birmingham. They were designed specifically to explore policy questions related to choice and voice in employment services. This followed ten focus groups conducted with WorkDirections clients in Nottingham, Birmingham, Haringey, Southwark and Brent during 2006 and 2007.

WorkDirections UK and Ingeus

WorkDirections UK is a member of the Ingeus Group of Companies which provides effective, accountable welfare-to-work services. The Group, which has been operating since 1989, delivers services in the UK, France and Germany.

WorkDirections UK produces original research, responses to government consultations and business development activity in the countries in which we operate.

- Launched in the UK in November 2002, WorkDirections UK supports socially excluded and disadvantaged individuals to find suitable and sustainable employment.
- Our welfare-to-work operations assist people who have become long-term unemployed, as well as single parents, and those who are not working as a result of health issues.
- WorkDirections delivers **Private Sector Led New Deal** programmes in Central and West London, as well as **Employment Zones** in Nottingham, Birmingham, Brent, Haringey and Southwark. In addition, services for people on Incapacity Benefits are provided through our **New Deal for Disabled People** programme in Birmingham and **Incapacity Benefit Employment Project** in Brent.
- From December 2007, WorkDirections UK will deliver six **Pathways to Work** programmes and allow us to support over 98,000 Incapacity Benefits claimants to find jobs over three years.

For more information about any of the issues raised in this response please contact:

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