



WorkDirections UK's response to the Select Committee on Child Poverty

**Response to the Department for Work and Pensions
September 2007**



WorkDirections UK is a member of the Ingeus Group of Companies

Response to the Department for Work and Pensions Select Committee from WorkDirections UK

Summary

- This response focuses on the experience of lone parents seeking work, and makes fifteen recommendations for improvements in the current system
- The recommendations are divided into five areas - programme design; benefits and bureaucracy; childcare; flexible hours and progression in work
- In ‘Programme design - delivering sustainable outcomes’, recommendations include:
 - Increasing the definition of sustainable employment from 13 to 52 weeks
 - Collecting evidence of this sustainability through the Work and Pensions Longitudinal Study
 - Outcome based funding regimes based on sustainability
 - Mandating engagement rather than activity
 - Building Flexible New Deal around individual needs, not a menu of provision
 - Ensuring lone parents have a choice of provider
- In ‘Benefits and Bureaucracy’, we recommend:
 - Using the City Strategies initiative to create ‘benefits hubs’
 - Rolling out a guarantor system for childcare deposits
 - Protecting ‘soft benefits’ when lone parents move into work
- In ‘Childcare’, the recommendations made include:
 - Using Local Employer Partnerships to ensure parents have time to ensure childcare is in place before commencing work
 - Acknowledging the role of informal childcare
- In ‘Flexible Hours’, we recommend that:
 - Flexibility sits at the centre of the Jobs Pledge
 - LEPs work with employers to reduce the instability of the jobs offered through them
- In ‘Progression in Work’, our recommendations include:
 - Integrating the funding and delivery of the employment and skills agendas
 - Providing additional support to those coming to the end of a time-limited in-work credit

About WorkDirections UK

- WorkDirections UK is part of the Australian-owned Ingeus group of companies which provides effective, accountable **welfare-to-work** services. The Group, which has been operating since 1989, now delivers services through subsidiaries in the UK, France and Germany
- 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, lone parents and those that are not working as a result of health issues
- WorkDirections delivers **Employment Zone** provision to lone parents and people who are long-term unemployed in Nottingham, Birmingham, Brent, Haringey and Southwark, as well as **Private Sector Led New Deal** in Central and West London. In addition, services for people on Incapacity Benefits are provided through our **New Deal for Disabled People** programme in Birmingham. In December we commence delivery of **Pathways to Work** in Edinburgh, Lothian and Borders, Birmingham and Solihull, Nottinghamshire, and 11 central London Boroughs
- We produce original research and responses to policy initiatives and consultations which can be found in the 'about us' section of our website - www.workdirections.co.uk

Factual information

- Since they first entered our programmes in 2004 we have seen over 7000 lone parents
- Over the past 12 months our conversion rate to jobs has been 38%
- Sustainability (measured as 13 weeks in work) is 81%

Recommendations

Programme design - delivering sustainable outcomes

1. Government programmes are intended to deliver good quality, sustainable employment outcomes. Most employment programmes, whether they are delivered by the public, private and voluntary sector share some basic content. This includes: a 'work-first' approach; advisors working with caseloads of varying sizes with access to discretionary funds; jobsearch facilities made available to clients; and vacancy sourcing and reverse marketing activities undertaken by advisor and client. Some training tends to be available - either motivational or vocational, or a combination of both.
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.
3. **Recommendation one:** *Length of time in work needs to be measured beyond 13 weeks. We recommend that it should be captured at 13, 26 and 52 weeks.*
4. 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.
5. **Recommendation two:** *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 timeframes.*
6. 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. Recent contracting decisions do not match policy rhetoric. For example in 2005 the New Deal for Disabled People contracts were changed - from an outcome fee that was divided equally between a start in work and 13 weeks in employment to a single outcome fee at job start.
7. **Recommendation three:** *If the policy objective is sustainable employment, then it is essential that this is what is purchased. An outcome-based funding regime should ensure providers have the flexibility and opportunity to innovate in order to deliver quality outcomes.*

8. Some of the methods used by WorkDirections UK in all our programmes to help to improve sustainability of outcomes include: embedding specialist support; providing a commercial, professional service in an inclusive, empowering environment; breaking the patterns and habits of not working and making a commitment to all ‘graduates’ that they can return at any point to make use of our services to look for ‘the next’ job.
9. 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 in work. We find it more productive to work with people to develop strategies for managing these constraints throughout the transition to work, and once in a job. An appropriate example for lone parents is childcare. A ‘barrier’ approach would suggest that once suitable childcare has been sourced the problem had been overcome. However, for that solution to be sustainable thought needs to be paid 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 should an issue arise.
10. It is our experience that clients respond positively to the opportunities presented by employment programmes: “I don’t want to stay like this, because the longer you stay like this the more you feel like you are nobody. A sense of purpose gives you direction and fulfilment, and that’s what I’m looking for” [Lone parent, Haringey, 2007].
11. ***Recommendation four:*** Any element of compulsion should be to engagement rather than activity. Mandatory engagement through, for example, a Work Focused Interview, should be a positive experience providing lone parents with access to information, enabling them to decide whether work is right for them at that point.
12. 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.
13. ***Recommendation five:*** Flexible New Deal needs to encourage innovative responses to individuals’ needs rather than limiting intervention to a menu of provision.
14. In focus groups we have undertaken this summer it has been apparent that choice of provider is very important to lone parents. One participant’s response, indicative of many others, was that choice showed: “They [the Government] value your opinions, they value you as

a person and realise that each individual has a choice to make” [Lone parent, Southwark, 2007].

15. **Recommendation six:** *Provide those accessing provision with a choice of provider, and the resources to make an informed choice.*

Benefits and bureaucracy

16. 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 4 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 department 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.
17. Local partnerships really can help. We have a Service Level Agreement with the revenues and benefits team in Southwark, and this has significantly improved the housing benefit process. At the moment there is a working group to codify the success in order to replicate it.
18. Delays and mistakes occur regularly - sometimes as a result of error on the part of the department involved and sometimes as a result of client errors and confusion. It all adds greatly to the stress of adjusting to work.
19. **Recommendation seven:** *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.*
20. In-work benefits, like wages, are paid retrospectively. This can cause problems as much childcare tends to require both a deposit and monthly payments in advance. For a lone parent in London this can mean finding up to £2000 before starting work.

21. **Recommendation eight:** *A guarantor system, between the state and the childcare provider so that the individual can pay once credits arrive without the provider fearing that they will be left out of pocket. There is a model in operation in Southwark, London, led by the local childcare support team.*
22. There are considerable financial incentives in place to support lone parents returning to work. However some of the hidden costs include losing the free access to activities (for example free bus travel in London, and reduced or free access to leisure centres) that are triggered by a benefit claim. The loss of such benefits is often keenly felt by both parents and children.
23. **Recommendation nine:** *Enable parents to continue to access some 'soft benefits' such as free bus travel or access to leisure centres. This could be achieved through extending these benefits to those claiming tax credits.*
24. 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.

Childcare

25. Quality childcare is essential 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.
26. **Recommendation ten:** *The Local Employer Partnerships (LEPs) 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 timeframe between job offer and start date for those needing to organise childcare.*
27. There is a need to understand and acknowledge the important role of informal childcare and support. Our experience is that parents that come from a background of multi-generational unemployment are the most likely to distrust formal childcare provision, in great part due to a general mistrust of authority. This can lead to concerns about using a Children's Centre if Social Services also operate out of the same building. It may also mean a reluctance to use nurseries due to a lack of experience of them amongst family and friends.
28. **Recommendation eleven:** *More consideration needs to be given to ways of acknowledging, and potentially providing financial support for,*

informal childcare arrangements. Such ‘acknowledgement’ needs to include facilitating the integration of informal carers into existing childcare structures as and if appropriate.

Flexible hours

29. For many lone parents key to the decision of whether to return to work is the suitability of the job and how well it fits in with the needs of their children. 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. Parents’ needs tend to change as their children grow older. 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.

30. *Recommendation twelve: The Local Employer Partnerships (LEPs) proposed by the Prime Minister and detailed in the 2007 green paper, offer a fantastic 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 that work fits with the needs of clients. And for lone parents, and people on IB, 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.*

31. Additionally, lone parents and others with the lowest skills and/or qualifications tend to access the most temporary and unstable jobs in the labour market.

32. *Recommendation thirteen: 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.*

Progression within work

33. As recommendation three identifies, improving the procurement processes for employment programmes is essential to enable government to better align performance objectives with broader policy goals and economic requirements.

34. The skills and employment agendas are currently running in parallel and must be better integrated. Doing so through the welfare to work agenda offers improved opportunities for sustainable success.

35. In order to be effective skills training needs to be relevant and, importantly, perceived as such by both clients and employers. Skills interventions need to have real value - a sequential approach artificially disaggregates information and experience and is less effective than providing work and skills opportunities concurrently. Current funding structures do not encourage a holistic approach to learning interventions, particularly as required outcomes often vary considerably between funding bodies.
36. Funding for skills acquisition linked to work should be brokered through a single agency which understands the needs of both clients and employers. It would make sense for this brokerage activity to be undertaken by the lead providers of employment programme(s) in an area, whether than be Jobcentre Plus or the private or voluntary sector.
37. This is also 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 qualifications gained. It should also encourage the purchasing of learning opportunities that clients can continue to access after job placement.
38. ***Recommendation fourteen: Funding for adult skills training should be driven by the sustainable employment agenda, and brokered through employment focused organisations.***
39. Employment programmes need to prevent social exclusion as well as provide solutions to those disconnected from the labour market. Particular areas of focus should be sustainability and progression in work, and identifying and supporting people caught in a cycle of low-paying work and unemployment.
40. All clients on time-limited 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.
41. ***Recommendation fifteen: An additional standard interview should be introduced for all clients on time-limited in-work credits in order to review options before they expire.***