



Welfare Reform Green Paper

A RESPONSE FROM WORKDIRECTIONS UK
APRIL 2006

Welfare Reform Green Paper: A response from WorkDirections UK

WorkDirections UK is delighted to offer the following contribution as a response to the Green Paper on Welfare Reform, published by the Department for Work and Pensions in January 2006.

Over the last decade in the United Kingdom, there has been so much learning about the role of welfare and work in the wellbeing of both individuals and society as a whole. Researchers, policy makers, contractors and service providers (public, private and voluntary) have gained an ever more mature and sophisticated understanding of how to utilise the system and how to design provision to meet the needs of people trapped in social exclusion as a result of their unemployment. It is enormously positive to see how attention is now moving to embrace the so-called 'inactive' claimants, as well as how the view of an outcome is growing to encompass genuinely sustainable solutions.

Working effectively with those furthest from the labour market requires an approach that is both flexible and holistic. The Green Paper challenges us all to think constructively and creatively about the nature of the services we provide. It also draws in a wide range of stakeholders and asks how they can contribute to increasing labour market accessibility and development.

In addressing the issues raised in the Green Paper, we have drawn on our experience at WorkDirections of delivering services to people on active and inactive benefits both in the United Kingdom and overseas. We have additionally talked to our clients, in a focus group of incapacity benefits claimants previously disengaged from all provision, to gauge the service user's perspective on these issues. This group is accessing employment-focused support through an Incapacity Benefit Outreach Project (IBOP) we run in South London. The clients had not engaged with more mainstream programmes such as New Deal for Disabled People and had been attracted onto IBOP through our extensive outreach work.



Working effectively with those furthest from the labour market requires an approach that is both flexible and holistic



In the UK, we deliver employment services to those disadvantaged in the labour market through New Deal for Disabled People, outreach programmes for people on incapacity benefits, Private Sector Led New Deal and Employment Zones. In the last year over 5,000 of our programme participants have left to secure employment. Though it is a categorisation we reject, most of our clients are deemed, when they start with us, as the very 'hardest-to-help'.

Our approach to working with the diverse clients who access our programmes has been developed through drawing together knowledge and experience from the UK, Europe and Australia, where our parent company, Ingeus, has its origins in injury management.

We have not tried to answer all the questions posed by the Green Paper but have selected those where we feel our experience offers the greatest insight.

Our response is in six sections:

- Engaging health professionals
- Empowering people to work
- Changing incapacity benefits
- Meeting the needs of employers
- Conditionality and lone parents
- Delivery

Specifically, in the context of this Green Paper, we make the following comments and recommendations:

- A concurrent, holistic approach is more efficient than a sequential process in which interventions occur in isolation. GPs and other health and employment services need to be integrated effectively in order to ensure the greatest benefit for the client. The Locally Enhanced Service mechanism offers a cost-efficient way of achieving this.
- Key to success in improving the opportunities for people on benefits to move into decent, sustainable work is ensuring that any interventions are individually focused. Programmes need to be flexible and holistic; ensuring that clients' complex needs are met, while retaining a rigorous work focus. Prescriptive programmes prove less successful wherever they are delivered.
- Increasing conditionality through implementing more regular Work-Focused Interviews is to be welcomed. We further suggest that for incapacity benefits claimants this conditionality might be extended to programme participation, though not to work itself. This would be dependent on there being programmes of adequate quality, flexibility and professionalism onto which to mandate people.
- Simplification of the benefits system will make it easier for recipients to understand and navigate. However, it is the systems which make the payments that perhaps require the greater attention. Transition between benefits or between benefit and employment is hindered by the hand-off between different bodies responsible for different financial interactions.
- It appears that, for some people, transition between benefits is a necessary part of their move back to employment. Creating tiers of benefits, and potentially making movement between the tiers a necessary part of accessing employment, may make this more difficult.



Prescriptive programmes prove less successful wherever they are delivered



- Sustainability of employment will vary between individuals but may be dependent on the degree of 'fit' with the job, the level of practical in-work support and the opportunities for further career progression. Part-time work may be a good immediate solution to someone's needs but should almost always be viewed as an interim solution only. We would suggest that sustainability should be tracked for much longer than is currently the norm.
- Employers' needs are met through a strong supply of potential employees with the requisite employability skills and motivations. This is best achieved through enhancements to the preparation of the jobseeker rather than manipulation of the labour market. It is better to have increased access to high quality, holistic pre-employment programmes for more people rather than employer incentives.
- Childcare represents a unique constraint for a lone parent. This impacts on the take-up of employment programmes and on lone parents' success through those programmes. We must be careful of any extensions to conditionality or to incentives if we cannot be sure we have addressed this constraint. There is, however, a joined-up solution which should be relatively easy to implement.
- We welcome recognition of the role that the private and voluntary sectors, working alongside the public sector, have played to date, and can continue to play in the future. Contracts must have sufficient scale and longevity, with clarity of objective driven by funding linked to sustainable employment outcomes, to achieve the right balance of risk and reward between procurer and provider.
- The city consortia offer a potential vehicle for providing the much-needed joining up of the local services which impact on a workless individual's chances of a sustainable livelihood through employment. However, previous such initiatives have floundered and there may have to be a shift in central silos to effect a change in local behaviours.



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Engaging health professionals

The feedback from our client focus group in South London was that increasing awareness of vocational rehabilitation among GPs is both required and a good thing. The general feeling was that it would be better to have a conversation about capabilities with their doctor rather than exclusively concentrate on decisions about inabilities. This in turn would help to set expectations with new claimants that they could and would work again. It would also ensure that the return to work was clearly linked to the increased wellbeing of the client/patient.

The idea of placing an employment advisor in GPs' surgeries was well-received. It was believed that it would increase the accessibility of support and raise the profile of the role employment can play in rehabilitation. Many clients were positive about a more holistic approach to their health and employment issues and how this would help to move them into appropriate work more quickly.

However, it is important to note that some concern was expressed by clients that they would be pressured to see the employment advisor and that this needed to be a voluntary option. There was also concern that if GPs were provided with an incentive or target, then patients would not be assessed fairly. Clients also needed reassurance that confidential information would not be shared between GP and employment advisor. Understandably, clients would like to dictate clearly at what point and to what extent confidential information is disclosed.

We also have some concern over the commercial viability of placing advisors in surgeries. The limited pilots which have run to date have actually reached relatively small numbers of claimants and have achieved an inefficient return on investment. The approach we have taken in Birmingham (see Question 2), in partnership with the Primary Care Trusts, appears to be a far more cost-effective and successful method of engagement.

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QUESTION 2

How can we best share the evidence for the role of work in recuperation and good practice regarding sickness certification to medical professionals?

WorkDirections' New Deal for Disabled People (NDDP) programme in Birmingham is currently running a trial with GPs where we are emulating a Locally Enhanced Service. This approach was adopted after consultations with the Director of Public Health for South Birmingham and has a clear potential for widespread application at relatively low cost.

The trial began with South Birmingham Primary Care Trust and quickly expanded to cover the four NHS Primary Care Trusts in Birmingham. The service has been endorsed by each of the Directors of Public Health - who recognise the link between employment and health - and promoted by them to all of the GPs' surgeries in their areas. GPs can now refer patients to our NDDP programme in the same way as they refer to other specialist health services such as stopping smoking programmes. The initiative is in the early stages but we envisage working city-wide in the course of the coming year. Through this scheme we have been able to increase engagement through direct referrals from GPs, who are funded for each referral to our programme if the individual then signs up with us. The GP receives a further payment if and when the client goes on to achieve an employment outcome, and a third payment when that employment sustains for at least 13 weeks. The money for this comes from NDDP funding rather than the Trusts.

Through the direct relationships that this is building between us and GPs, we are able to arrange for outreach advisors to visit surgeries for either scheduled or drop-in sessions with prospective referrals. We have also introduced a scheme where our details are on stickers attached to repeat prescriptions in some GPs' surgeries.

Partnership with GPs is further strengthened by the Physiotherapist and Psychologist who are embedded in the team of employment advisors at WorkDirections. These 'specialist advisors' do not provide primary health care but focus on condition management and support advisors with awareness of the medical context of our clients. With them as members of the employment-focused team, we are able to make condition management an integral part of each employment solution.

...Engaging health professionals

The specialist advisors liaise with GPs, as well as other external health professionals including Occupational Therapists, Physiotherapists, Community Psychiatric Nurses, Psychiatrists and treating consultants. As identified health professionals they are able to win the trust of the medical practitioners and to ensure that we are taking a collaborative approach to supporting their patients into work. This has also led to a link with Birmingham and Solihull Mental Health Trust.

Using the Locally Enhanced Service mechanism, it would be possible to start to join up medical professionals and employment services nationally. If procurement of the employment services could also be geared to drive such engagement, the providers would be incentivised to build on this partnership.



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Empowering people to work

QUESTION 4

Do the types of ‘suitable activity’ we have set out provide a sensible range of activities that could be undertaken in order to fulfil an acceptable action plan?

Our experience of services here in the United Kingdom and overseas concurs absolutely with the Green Paper’s suggestion that those services which attempt to prescribe predetermined routes for participants are less successful than those with a non-prescriptive approach. Activities are far more likely to be effective if they can be created and developed to meet the needs of each individual. This is evident in this country in the comparative performance of the Employment Zones and New Deal programmes.

Attempting to introduce greater flexibility into national New Deal provision led to the proposition of BOND (Building on New Deal) with its definition of a ‘menu’ of provision from which advisor and client could select. But there is an inherent danger when a menu of provision is created, however broad, that it will become limiting over time. A modular approach has similar drawbacks. It can lead to the creation of a framework that becomes increasingly sequential and prescriptive, responding to the need to fill places on particular courses or programmes rather than the needs of the individuals themselves.



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An individually-focused and genuinely empowering programme needs to provide high quality information and shift the locus of control from advisor to client. The required approach is a flexible one that moves beyond a menu of options and, instead, emphasises respect for clients and their potential to change when empowered to define and follow their own personal route back to work. This route is likely to be a unique mixture of practical solutions to a complex set of personal and social issues – including skills/education, housing, health, clothing, verbal and written presentation, financial position, geographical location, family circumstances or other support network, previous experience of work, diet, hobbies and interests, goals and ambitions.

...Empowering people to work

The examples of activity provided in the Green Paper are reasonably limited. We would want to see those delivering interventions to be challenged to develop work-focused approaches that offer clients something different from that which they may have experienced on other programmes. Almost half of all new incapacity benefits claimants (43%) received out-of-work benefits in the two years prior to making a claim. As a result, they are likely to have engaged in welfare-to-work programmes already and still failed to secure employment. They would appear to need a new sort of intervention that is, vitally, outcome-focused and creatively responsive to unique individual needs.

In our recent policy paper, *Skills and sustainable welfare-to-work (2005)*, we looked to move on from the successes of the work-first approach to suggest the need now to integrate work-first solutions with longer-term in-work support, including, for some people, longer-term skills development.

Sustainability and progression in employment are critical considerations for those people moving from inactive benefits back into the workplace. Negative experiences of work or a failure to maintain a job can unnecessarily result in further dislocation from the labour market. It is important, therefore, that adequate in-work support is included. This needs to be practical, dictated by the needs of the individual, and easily accessible. Within WorkDirections' current programmes this support is provided by the advisors who have helped someone into work and who will continue to be in regular contact well beyond the first day of employment, or by a specialist in-work advisor. Both options represent best practice in employment services and can easily be driven by the way the services are procured and/or targeted.

A sustainability and progression focus needs to be driven through outcome funding that incentivises and rewards such a long-term focus. While the acquisition of skills can provide a way back into the labour market for incapacity benefits claimants, it is important that solutions are sought that enable clients to access both skills and work at the same time. There is also a need to ensure that sufficient in-work support exists; the current 13-week retention focus (26 weeks for WorkStep) is a comparatively short time frame considering the length of time many clients have been out of work.



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We suggest that our understanding of the balance of rights and responsibilities indicates that further conditionality may benefit many incapacity benefits claimants



Within the Green Paper, conditionality is mentioned in the context of ‘as resources allow’ and it is not clear what that means, either for individuals, or for providers. Certainly, there is a clear difference between increasing conditionality in terms of Work-Focused Interviews (WFIs) and the potential impact of increasing on-programme conditionality.

People in our focus group of incapacity benefits claimants in South London were asked how they would feel about being expected to attend Work-Focused Interviews. The response was overwhelmingly positive. They felt that such a change would certainly have accelerated their return to work, and felt it was fair to be asked to attend interviews when they were claiming benefits. The consensus within the group was that up to four interviews a year would be helpful, but that health considerations should be a factor in determining regularity of contact. They also identified how essential it is that those conducting the interviews have sufficient expertise and understanding both of their needs and of what is available in terms of support and work, as well as the flexibility to respond to individual variation.

Clients need opportunities to access advice about work, additional support and to understand employment possibilities. We believe this often requires more intensive interactions than the WFI regime provides. We would not mandate work itself, but do ask the extent to which we fail in our duty of care as long as we fail to mandate participation in (good quality, flexible, professional) work preparation.

There is a danger that mandating vulnerable clients to programmes can exacerbate existing social exclusion. This is not, however, WorkDirections’ experience of working with long-term claimants of Jobseeker’s Allowance, many of whom experience health and disability problems similar to those of incapacity benefits claimants. It is true that working towards employment is more likely to be successful when the client is engaged, empowered and feels in control. And in this regard we do, in effect, have to turn our mandated clients into willing participants. However, this needs to be balanced against a background of long-term non-intervention, and clients who are likely to be de-motivated, depressed and chronically disengaged. We welcome the proposals for a wider roll-out of WFIs and suggest that our understanding of the balance of rights and responsibilities indicates that further conditionality may benefit many incapacity benefits claimants.

Changing incapacity benefits

The clients participating in the WorkDirections focus group were very positive about the change in benefit name. The feeling within the group was that the stigma associated with ‘incapacity benefits’ creates a feeling of disempowerment. They were also hopeful that potential employers would have a more positive reaction to hearing that someone had been on an Employment Support Allowance as it was unlikely to have such a negative connotation. The group felt that the name change in itself would have a positive impact on attitudes towards returning to work.

There was, however, concern expressed that the creation of two categories of claimants would work against an individually-focused approach. There was a strong feeling within the group that there are too many idiosyncrasies involved in someone’s overall health for such a distinction to have value. Certainly, the fluctuating natures of a number of conditions, particularly mental health, raise concerns about the validity of creating a distinction between claimants in this way.

In designing a new benefit, the general sentiment was that it was critical to address the fear and trepidation that clients experience when considering a return to full-time work. Of particular concern is whether any stress associated with working will lead to a recurrence of ill-health. Clients noted that they would also like to have the services available communicated clearly to them from the start of their claim. They felt that sometimes individuals need to try a few providers and options before finding the right fit for them, and that this should be encouraged.



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QUESTION 6

Do you agree that these proposed simplifications more accurately reflect the principles underpinning our modern society?

There is undoubtedly a need for a simplification and clarification of the benefits system. However, importantly, the systems that are in place need to work effectively with the minimum of bureaucracy and delay. Many of the issues faced by people moving from benefits into work are not only systemic, they are also practical. For example, in-work benefits, including tax credits, take too long to start; housing benefit readjustment takes some time, causing difficulty in



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budgeting alongside worry; and often the offices that deal with these issues are only available during working hours, which is not practical for those people who have just started a new job.

It is perhaps the fact that there are multiple systems dealing with this that creates the problems. Greater coordination between the organisations responsible for the different payments could simplify the process for the individual.

WorkDirections has some concerns over the suggested two tiers of benefit. There is a real danger that the higher rate benefit will become as difficult to leave, for those wanting to, as incapacity benefits have proved to be for current claimants. Much of this will depend on the ease with which people can move between the two benefits.

The current structure of the incapacity benefits does fuel the perception that people need to follow a sequential process in order to be well enough to work, rather than positioning work as part of a concurrent – and therapeutic – process. There is a clear danger that the proposed changes will recreate this tension, with those on the higher level of benefit receiving minimal interventions until they consider themselves ‘fit’ to work.

This can be challenged in a number of ways. The transition between the two levels will be of fundamental importance, as this will reflect how well the fluctuating natures of many illnesses and disabilities are understood. This will entail consideration of how people will move into work from the higher level, and whether this is a staged process that means people are encouraged first to move to the more active level. Clients moving between the two will need to be convinced that an easy transition can occur in both directions. Without this, there will be an understandable hesitation to accept increased conditionality without the safety net of returning to the higher level if the increased level of activity becomes untenable.

There will need to be absolute clarity about the impact on benefits should a client move straight from the higher level into work. How will the linking rules apply – will people leaving the higher level be able to return to that level, or will they have to return to the lower level as a result of recent work experience? Will there be different conditions should a client choose to undertake permitted work?

...Changing incapacity benefits

Of course, the existence of an Employment Support Allowance alongside incapacity benefits will actually further complicate rather than simplify the system for some time. It also raises the question of whether incapacity benefits claimants will be able to opt to transfer to Employment Support Allowance, should they desire, and then transfer back if their condition changes.

There is a simple change to the current benefit rules which would immediately ease transition between stages. There is, at present, a 52-week linking rule which enables someone moving from incapacity benefits to employment to return straight away to their previous level of benefit if they leave their employment within 52 weeks. This is not, however, applicable if someone chooses to move from incapacity benefits to Jobseeker's Allowance in order, for example, to access the additional assistance available to Jobseeker's Allowance claimants. If this person subsequently lost their job, they would have given up all rights to their previous incapacity benefits, be back at square one with their claim, and have to demonstrate again the nature and level of their incapacity. Allowing the 52-week linking rule to apply to all claimants, even if there is an interim move through Jobseeker's Allowance (of their own volition rather than because of failure of a capability assessment), might encourage some people to consider benefits as less rigid eligibility traps.



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Meeting the needs of employers

QUESTION 7

How do you think that we can best improve work incentives within the new Employment and Support Allowance so that individuals have the opportunity to try out periods of work and progress to full-time work where possible?

There is considerable value in part-time work in terms of engaging clients and promoting inclusivity in the labour market. However, these benefits are far more likely to hold true if the part-time opportunity is a stepping stone that, with support and assistance, can become sustainable full-time work. This may be a stage, for example, on a programme that moves slowly through supported part-time to independent full-time employment for someone with substantially higher support needs.

It is important to ensure that the role of part-time work does not distract from the overall goal of sustainable employment. While it is possible for some clients to achieve a sustainable livelihood through part-time work (and this may in fact be a necessary part of the solution for at least some of a lone parent's career), in general it will be necessary for clients to work full-time in order to achieve this goal.

The role part-time work plays is derived from individual needs. It is possible for part-time work to become a limiting comfort trap for some clients in the same way that no work becomes for others.

WorkDirections has a concern about the equivocal evidence on the success of the Return to Work credits in terms of increasing both retention and earning capacity beyond 52 weeks. This could be improved through a flagged intervention for working recipients at 45 weeks which would ensure that clients were aware that the credits were coming to an end, and had fully explored all the options available to them to continue earning at that rate.

With regard to how one promotes welfare-to-work programme clients to potential employers, our experience is that it is important to focus on the business case. As a large employer ourselves, we know that even 'corporate social responsibility' must ultimately have a business (or bottom-line) justification. In approaching an employer, it is vital to promote the potential employee, and all their potential contributions, rather than the client's supposed barrier to employment.



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...Meeting the needs of employers

There is, in fact, a real danger of creating additional barriers through promoting special recruitment paths or special incentives. A significant number of our clients do not want employers to know that they have ever been on benefits, or that they have sought help through a programme.

There are also considerable benefits to people finding their own jobs (real and unsubsidised) both in terms of the sense of empowerment experienced, and the likely longevity of the post, as well as improving the person's future job search skills.

Good sustainability is linked, first and foremost, to the fit between the employee and the job/employer. We find that we can best optimise this fit if we take an appropriately-prepared jobseeker to sell to the job market, rather than attempt to squeeze jobseekers into previously identified vacancies.



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Conditionality and lone parents

QUESTION 8

Would it be reasonable to extend the Work-Related Activity Premium, and the associated requirement to take steps back to employment, to lone parents with children younger than 11? If so, what age should be the cut-off point?

Encouragement, including financial incentives, should be available to any lone parent who is keen to return to work. Indeed, it is our experience that the majority of our lone parent clients have children aged under 11. The employment rate for those lone parents whose youngest child is under 11 is lower than that of other lone parents (57% if the child is aged 5-10, versus 66% if the child is aged 11-15). Restricting the Premium to those lone parents with children over 11 would result in a mismatch between this additional funding and those recipients who could most benefit from the extra encouragement and support.



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There is a more significant concern arising from current services' systemic ability, or inability, to meet the fundamental needs of a lone parent, in relation to their caring responsibilities. Without adequate solutions, incentives for participation or, indeed, disincentives for failure to participate, may be irrelevant if not divisive and detrimental.

As long as we feel confident that we can, given sufficient resources, address the complex constraints of our clients, we are happy to suggest that conditionality should apply to programme participation - for example, for all incapacity benefits claimants. Or, conversely, to recommend that financial incentives linked to job search activity be extended to the whole of a group of clients.

However, it is our experience that the constraint of child-caring responsibility for a lone parent is substantially different to the constraints faced by other unemployed people. Of course, they may also face any or all of the other problems associated with worklessness, but their caring responsibility is a unique issue.

...Conditionality and lone parents

Access to good quality, flexible, affordable, trusted childcare remains the single biggest issue for many of our lone parents, especially with younger children. This impacts on programme take-up as well as on the likelihood of programme success. Certainly it has been the case within our programmes that clients have lost out on job opportunities, or have been unable to remain in work, because of the inflexibility of childcare provision in their area. In particular, there is an unaddressed, but relatively easily solved issue of childcare being unavailable to complement school hours and school terms.

The solution is easy but it means cutting across the silos of established social service delivery. It depends on joining up different services and different funding streams across, at least, the public employment service and schools. We have a network of high quality, generally well-trusted community focal points across the country in our schools, which we are currently failing to tap into as centres for holistic services. An excellent example of how such an extended service can work is the Bromley by Bow Centre.

Evidence indicates that the child prospers through personal, individual care up to the age of three. Beyond three the child needs to develop socialisation skills from interaction in group settings with other children. We welcome all attempts to improve systems/services to extend the benefits of work to parents of children above the age of three – as long as we can address the practical constraints set out above. In committing to a service that holistically recognises the wellbeing of individuals, and of those around them, we advise caution, however, in the procurement or delivery of anything that potentially detracts from quality, individual care for children under this age.

QUESTION 9

In what circumstances do you think it would be reasonable to extend the six-month Work-Related Activity Premium period?

Such an extension would be reasonable if the activity agreed to be undertaken during the period lasted for longer than six months and was linked to a clear employment outcome opportunity.

However, there is an inherent danger in drawing up a list of categories which would lead to an extension of the Work-Related Activity Period – for example in the case of high levels of ESOL or basic skills needs, or mental health issues. This could act to keep people out of work for longer when the evidence, and indeed our daily experience, shows that people facing all of these constraints can be successful in finding work in a very short time frame. Furthermore, it is well accepted that the length of time out of work is one of the biggest barriers that individuals face.



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Delivery

Delivery sits at the heart of realising the aspirations of the Green Paper. Without effective delivery mechanisms, what happens on the ground will fail to meet the policy objectives. Effective procurement practice is necessary to purchase the desired outcomes through unequivocally incentivising providers to achieve results in line with the asserted policy intent. We further suggest that the procurement, or commissioning, of wider public services should take account of the well-established link between work and individual/social wellbeing, such as in its impact on recidivism.

QUESTION 10

Does utilising voluntary sector and private providers in this way sound sensible? Would outcome-based payments incentivise providers to meet the challenges of delivering Pathways to Work and the new arrangements described in Chapter 4?



The importance of economies of scale in ensuring contract efficiency and effectiveness cannot be underestimated. Size is important, both in terms of serving a critical mass of clients and contract length



The private and voluntary sectors have seen success in working with both incapacity benefits and lone parent populations to date, although the reach of a number of the programmes has been small. It is important that the best practice arising from this involvement is captured and shared.

Addressing issues around procurement parameters and the broader subject of procurement is essential to the success of outsourcing delivery. There are some key issues around the size and length of the contracts. The importance of economies of scale in ensuring contract efficiency and effectiveness cannot be underestimated. Size is important, both in terms of serving a critical mass of clients and contract length.

For providers to invest in a high quality infrastructure - in terms of staff, processes and premises - they need to have confidence in the longevity of the market (as reflected in their contracts) and have enough time to generate a return on initial investment. This also provides a realistic platform for new providers to consider market entry. The Employment Zones, with their five-year contracts and significant programme size, have encouraged new providers to enter the market at each contracting round.

...Delivery

Economies of scale should also improve value for money for stakeholders through increasing efficiency and reducing the costs associated with the procurement and contract management processes. They also help reduce duplication and fragmentation. This benefit could be maximised by integrating a number of funding streams. It further enables the procurer to assert more control over the consistency of performance, as poor performance is more easily recognised and can therefore be dealt with earlier.

In order for contracts to be of sufficient scale, there needs to be a referral process for voluntary clients that is more effective than advertising (and a more efficient use of funding). The suggested extension of Work-Focused Interviews should fulfil this requirement, as would the sharing of potential client contact details with providers.

It is the clear, unequivocal experience of WorkDirections that in order to address the complex, individual causes and consequences of someone's worklessness, programmes are more effective when the procurement focus is on outcomes rather than on process. On-programme funding elements, for example, incentivise providers to maintain people on the programme rather than to aim for suitable exits to employment. Funding linked to qualifications may similarly, if applied to an ostensibly employment-focused programme, detract from the actual objective. The conflict between prescription and a flexible responsiveness to individual need has already been discussed in a previous answer – the best way to drive this flexibility is through the procurement of clear outcomes.

If the reward structure is designed appropriately, outcome-based funding of employment programmes can facilitate a significant increase in performance and allow the risk of service delivery effectively to be passed from public procurer to outsourced provider. The converse is, of course, also true. The recent extension to the final year of the NDDP contracts shifted funding from a 50/50 split between initial job outcome and 13-week sustainability, to entirely being loaded on job outcome. This actually reduces the risk to the provider, removes the incentive to provide in-work support, and increases the cost to the procurer. This is, of course, welcomed by most providers, but it is not such an efficient or effective outcome for the public procurer or, indeed, the client.



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In our forthcoming policy paper on best practice in procurement, we present for discussion a new funding model which aims to utilise the funding mechanism to drive both engagement and sustainable job outcomes



Two issues that are raised when the funding of employment programmes is discussed are the problems of ‘deadweight’ and ‘cherry-picking’. Simply put, deadweight refers to those people who would have found work anyway without the support of the programme. Cherry-picking is the practice of working with those that are easiest to help and neglecting those with more complex or multiple needs. The manner in which contracts are procured has a significant impact on the degree to which either activity occurs. Neither of them are necessary consequences of outsourced, outcome-funded programmes.

In our forthcoming policy paper on best practice in procurement, we present for discussion a new funding model which aims to utilise the funding mechanism to drive both engagement and sustainable job outcomes.

Further involvement of the private and voluntary sectors in delivering Pathways to Work provides the opportunity to offer different solutions and interventions. Currently, Pathways is the only programme of such scale delivering support to people on incapacity benefits. However, for many people, results have come through accessing programmes that pre-existed Pathways, like the New Deal for Disabled People, or the Return to Work credit. Extending the remit of delivery will facilitate the creation of different approaches in addition to increasing the validity of performance evaluation.

It is important that funding for the extension is sufficient and linked to outcomes, particularly to sustained outcomes. Using the private and voluntary sectors as delivery agents will enable them to make decisions about how they develop, deliver and fund services individual clients require such as condition management and job broking. It would make sense for the main provider also to deliver some or all of the Work-Focused Interviews, providing clients with a more holistic service, and a seamless front-end.

Clients at the WorkDirections focus group told us that they did not find it easy within the current system to find out about available support. Many felt as if they had been left for considerable periods of time and this had led to frustration, making a return to work more difficult. However, once they discovered support, they found it accessible and useful.

...Delivery

QUESTION 11

Will this proposal [city consortia] provide an effective mechanism to join up the work of different agencies and make better use of existing funding to tackle the problems in cities?

Undeniably, a more joined-up approach is required to ensure that more people excluded by worklessness have a better opportunity to access the labour market. As long as we continue to fund and deliver our services in silos, protecting our personal agendas, we lose sight of the users our services are meant to be reaching and effectively maintain people in social exclusion. We greatly welcome the Secretary of State's suggestion of city consortia to provide a mechanism for this vital realignment of solutions.

Our experience to date raises some concerns about how the city consortia will work in practice; how outcomes will be procured, and how they will sit with programmes that are already in existence.

The Local Strategic Partnerships were intended to have a similar impact. The change from Training and Enterprise Councils to Learning and Skills Councils (LSCs) was also about coordination and joining up services. Unfortunately, as a frontline, outcome-focused provider, we have not found that any of these developments have added clarity or enabled any better partnership of provision/service. We suggest this is due to the fact that the different agencies and organisations cannot change what they focus on as long as what they are procuring is perceived in the same way. For example, the LSC perceives its service as delivering a qualification, rather than as delivering someone into a job or enabling someone to gain a promotion – and that perception has a vital impact on the shape of the programme it commissions.

There is a lack of knowledge within some local authorities of the role of mainstream employment provision already in existence. This exacerbates the disconnected commissioning and contracting that occurs across associated local agencies. It leads to the duplication of provision rather than the creation of new interventions which would add value. For example, in a recent study of Glasgow provision undertaken for the Scottish Assembly, it was found that there were over 600 different programmes with some sort of employment/employability objective.

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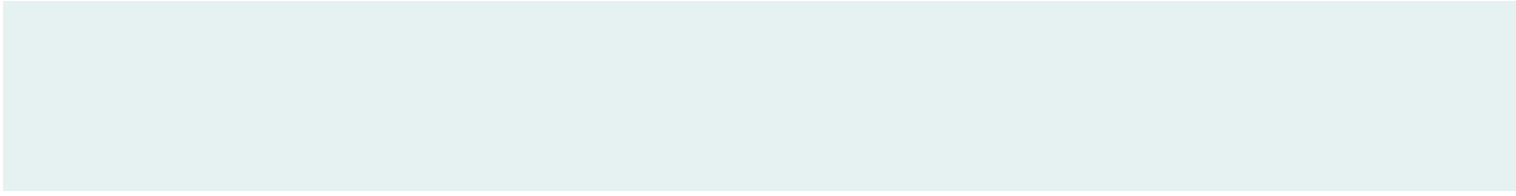
The local behaviours will follow the funding but the direction (and separation) of the funding is ultimately determined by central government



Success will depend on the level of buy-in achieved at all levels from the holders of other funding streams. This will require ensuring that the objectives and methodological approaches are aligned. This goes beyond linking skills, work and regeneration to include also health and crime and mainstream schooling.

As stated earlier in this paper, over the last decade or so we have collectively gained a much deeper understanding of how work sits at the heart of an individual's wellbeing and, therefore, at the centre of the wellbeing of their society.

We suggest that to drive this through, there must be significant central realignment of funding streams. The local behaviours will follow the funding but the direction (and separation) of the funding is ultimately determined by central government.

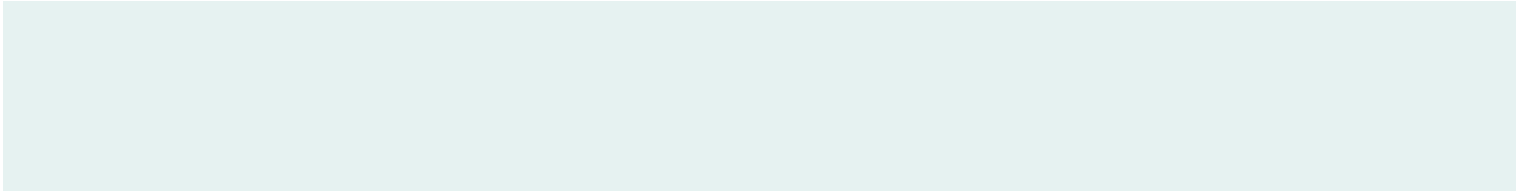


WorkDirections UK and Ingeus

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 for over 16 years, now delivers services through subsidiaries in the UK, Australia, France and Germany.

The Ingeus Centre for Policy and Research 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's business is helping socially excluded and disadvantaged individuals to find suitable and sustainable employment.
- Our welfare-to-work operations support people who have become long-term unemployed, as well as single parents, and those who have been separated from the labour market 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 Outreach Project** in Brent.
- In less than four years WorkDirections UK has become one of the largest and most respected providers working in positive partnership with Jobcentre Plus.
- We have almost 300 staff in the UK, and well over 25,000 clients have already accessed our services.



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