

A Provider Perspective: *a response to the Work Programme*





Welcome

Reed in Partnership is passionate about supporting people to return to work and improve their lives. Since 1998, we have helped over 100,000 people move from benefits into work in some of the most disadvantaged areas of the UK. This consultation response on the Work Programme provides our perspective on how the employment and skills sector can be transformed to help more people move from welfare into work.

We welcome the Government's focus on helping the long-term unemployed and people on health related benefits into work. Our experience has shown that most people want a job, and with the right support can find sustainable work and build a future career. Along

with this increased package of support, we need reform of the welfare system, so that benefits enable rather than make it difficult for people to enter work.

The development of a single, integrated Work Programme represents a dramatic shift in policy and an opportunity for everyone working in the employment and skills sector.

We share the Government's ambitions to help more people into work and our comments below, based on our experience of working with businesses across the country, are borne of a desire to help the Government meet its objectives. We would be delighted to discuss our thoughts in person with you.

Chris Melvin
Chief Executive, Reed in Partnership

As part of this report, research was undertaken with YouGov plc to record the views of the general public on the provision of welfare to work services in Great Britain. The total sample size was 2110 adults and the research was undertaken between 9th – 12th July 2010. A full breakdown of this research is available from Reed in Partnership



Section 1: Contract design

The Work Programme offers the potential to radically overhaul the fragmented nature of employment and skills provision. With the Government looking for the programme to be operational in the first half of 2011, there are some important decisions that need to be taken to ensure the programme is designed and funded appropriately.

Framework and size of contract package areas

We support the intention of the Government to select a group of framework providers for Scotland, Wales and the English regions. This will help ensure that organisations with regional expertise can continue to bid for contracts and create a market in which smaller public, private and third sector providers can build formal alliances with large providers in specific areas.

Recommendation:

The framework agreements for Scotland, Wales and the English regions should have a maximum of 10 providers. This is the right approach to ensure a competitive market without having so many providers that it dilutes the impact of the reform.

The proposal to create regional lots has the potential to drive a more integrated and seamless delivery of services. This can be achieved by providers aligning new provision with the Work Programme. The framework will also reduce procurement costs for both central Government and providers.

Recommendation:

The Work Programme contract package areas should be at least the same size as the existing Flexible New Deal areas. This will ensure providers are able to benefit from economies of scale and provide genuine strategic leadership within the local community.

Building out 'parking and creaming'

The Work Programme, with the proposed differentiated payment model, provides an opportunity to tackle the problem of parking and creaming customers that has been prevalent within the sector.

Reed in Partnership has been an advocate of differentiated payments for a number of years. The Australian welfare to work system is built on providers receiving payments for customers based on the actual level of support required. Through the operation of our Job Services Australia contracts in Queensland and Victoria we have seen the benefits that this approach can bring in terms of being able to support the hardest to help.

Recommendation:

In developing the differentiated payment model, the Government should base the diagnostic process on the length of time the individual has been out of the labour market, with specific adaptations for health needs and other identifiable barriers.

Referrals and flow numbers

One of the challenges for Government and Jobcentre Plus is in correctly identifying precise customer flow numbers. For instance, Flexible New Deal providers in phase one did not receive the expected number of referrals which created problems in terms of staffing and support costs.

Recommendation:

Detailed work is undertaken by the Department to look at the expected number of customers within specific contract package areas, including a robust analysis of the number of people on health related benefits who may be able to work. This is crucial in giving providers confidence during the bidding and contract implementation stage.

Improving sustainable outcomes

The Coalition Government has indicated an increased work sustainability requirement for customers from between one and three years. The key to achieving this length of employment will be the development of robust systems for integrating employment and skills support so that customers can progress in work.

Our experience and feedback from delivery teams highlights that financial instability and debt impacts significantly during a customer's transition from benefit to wage/salary-based payment. Where customers dropped out of work in the first eight weeks, over 80% cited difficulties with money; not being able to manage on monthly pay; and late payment of benefits e.g. housing, child tax and working tax credits.

We support the intention of the Government to move to a longer-term sustainability model as this approach will give providers the opportunity to work with customers to achieve lasting change. This goal will be supported by the new Government's plans to simplify the benefits system which should help to resolve some of the transition issues faced by our customers

Recommendation:

The Department should look at a two year sustainability target for those customers identified in the initial diagnostics as being furthest away from the labour market. This will ensure that providers can work with customers to overcome significant barriers and put in place a career development plan.

Recommendation:

With a two year sustainability measure, providers should receive the first payment after the customer has been retained in employment for six months, regular payments at 9 and 12 months and then monthly thereafter.

Recommendation:

In moving towards longer-term sustainability, the Government should ensure it does not place significant added bureaucracy on employers which might deter them from recruiting people on the Work Programme.

Reducing bureaucracy

We welcome the intention to use a 'black box approach' for delivery of the Work Programme as it allows prime providers and their supply chains to invest in, and develop services that are personalised to meet customer needs.

However, during previous contracting rounds it has appeared that the Department has sought to mitigate the risk of the 'black box approach' with an increased bureaucratic requirement on providers. For instance, ERSAs has found that providers currently spend 10% of the contract value on evidencing claims.

Recommendation:

The Department reviews its requirements for the Work Programme and works with providers to agree the right level of evidence requirements. There is scope for the Department looking at providers being paid based on off-benefit evidence.

The Department may also wish to consider learning from the Australian IT system and specifically how the PRaP system could be similarly developed to provide better access to information between DWP and providers.

Another key issue in terms of addressing bureaucracy is the fact that currently all welfare to work programmes have to go through an Ofsted inspection. However, there is very limited alignment between the contract specification and the service and performance areas being inspected.

Recommendation:

We believe that the value and use of Ofsted inspections within the sector should be reviewed.

75% believe the Government should provide more assistance to help unemployed people find and retain a job. 9% disagreed.

YouGov July 2010

48% believe that most unemployed people want to work but can't find a job due to the recession. 30% disagreed.

YouGov July 2010

Section 2: Funding model

The core issue that will determine the success of the Work Programme lies in the approach the Government will take to funding this provision. We recognise the reasons behind moving welfare to work programmes to a payment by results basis, particularly for those furthest from the labour market.

Funding model

In developing the Work Programme, we believe that DWP should ensure sufficient upfront funding is available to allow organisations and their supply chains to invest in, develop and deliver truly personalised services.

The provision of a service fee will be important in giving providers a core level of funding to assist with setup and the length of time it will take for payments to be received through the AME/DEL switch. We would welcome the opportunity to discuss with the Department a suitable level for this upfront funding.

Recommendation:

The Department should invest in upfront funding for the Work Programme to ensure prime providers and their supply chains can deliver the programme effectively.

Distance travelled

The Government should consider ensuring that the funding model for the Work Programme recognises and rewards some 'distance travelled measures' for customers furthest from the labour market. For example in Australia providers receive partial payments for distance travelled such as part-time work and for qualifications linked to jobs.

Whilst recognising the wish of the new Government to move to a payments by results basis, we believe that there should be some flexibility in the payments system for customers with the most persistent barriers to employment. This may involve small payments for actions clearly linked to helping the individual move closer to work such as qualifications and part-time work. The Department may also wish to look at how providers can be rewarded for placing customers into temporary work.

This more flexible approach to funding provision would be one way of helping fund the value added specialism that many third sector providers bring to the employment market.

Recommendation:

The Department fully considers the value of part payments to providers for specific distance travelled outcomes for those customers furthest from the labour market.



Performance expectations

The procurement of the Flexible New Deal contracts was based on DWP setting the contract value and national performance expectation. In terms of contracting the Work Programme, we believe that DWP should set the price of the outcomes within the different customer bands allowing the market the opportunity to compete on quality and performance.

Recommendation:

When developing the pricing model, the Department should ensure it reflects the level of risk that providers are being asked to accept. This is essential if providers are going to attract external sources of funding.

Rural communities

With Flexible New Deal there were slight variations in the funding packages available to customer groups in different parts of the country. However, there is no specific payment premium for working with customers in rural communities. Working in rural areas is clearly more expensive for providers due to the smaller customer numbers and the challenges of greater barriers in terms of jobs and the availability of public transport and childcare facilities.

The Government may wish to look at the model being developed by the Australian Government. As part of their new employment programme framework they have put a premium on rural customers to reflect the increased costs and challenges. This is called a 'Remote Area Credit' and operates at 1.7 of the standard fees. Whilst Australia has a very different geography to the UK, the rural premium may be something that the UK Government wishes to evaluate.

Recommendation:

The Department should consider a small rural premium to reflect the particular challenges of working in areas with both a small base of customers and employers. This would be one way of ensuring that the Work Programme delivers a comprehensive service to all customers.

43%
of people who had visited a Jobcentre in the past twelve months said they were treated as another statistic with no focus on their individual needs. This rises to 59% in the 55+ age category.

YouGov July 2010

51%
believe people should only be able to claim unemployment benefit for a maximum of two years. 29% disagreed.

YouGov July 2010



Section 3: Developing the supply chain

The role of the third sector

The third sector currently delivers around 40% of DWP contracted provision and is in a strong position to support the new Government's Work Programme. However, with many smaller providers focused on delivering specialist support, they will increasingly be reliant on strategic partnerships with large providers in order to access Work Programme contracts.

Recommendation:

We believe that the key to delivering on the aspirations of the Government is to build on the skills of public, private and third sector providers.

Reed in Partnership already works with a number of third sector providers through our Employment Zones and Pathways to Work programmes. Such joint working has proven to be effective, particularly in the provision of specialist services such as health, counselling and childcare. We often find that our third sector partners can provide more flexible and cost effective solutions for hard to help groups that require more specialist, personalised support.

Developing the supply chain

Reed in Partnership's experience has shown that there is great benefit in collaborative working between prime providers and third sector organisations. Large organisations like Reed can bring capital, regional coverage and a range of expertise. Small third sector providers on the other hand can bring specialist knowledge and provide a link into the most disadvantaged communities.

One of the problems within the industry has been the perception that third sector providers are included in bids as 'window dressing'. Then on contract award, they either find they have fewer referrals than expected or no longer feature in the supply chain.

Recommendation:

The Department needs to thoroughly monitor the operation of contracts against the established Code of Conduct. This can be done by DWP managing the effectiveness of supply chain performance and the use of partners and subcontractors. The establishment of regional frameworks should also facilitate the creation of genuine long-term relationships between providers in specific locations.

Recommendation:

The Government should not impose a quota for bids to include a core set of subcontracting to third sector organisations as this would be counter-productive. Rather, through the assessment process, bidders should be judged on the value, strength and relevance of the supply chain that has been created.

An Integrated partnership: lessons from Poland

In Poland, Reed in Partnership deliver several ESF Human Capital Operation Programmes. The role of third sector organisations is fundamental to our delivery strategy. We have developed strong relationships with third sector organisations, such as shelters for the homeless, that allow us to deliver services from their premises. This approach allows us to engage with individuals on a personal level and removes an element of the corporate image that can deter some people from using our services.

66% believe that people who refuse a job offer should have their benefits stopped. 19% disagreed.
YouGov July 2010

64% of people that the amount that unemployed and disabled people receive in benefit should be decided by the Government and be the same across the country. Only 23% felt that local councils should be given control of setting and paying benefits.
YouGov July 2010

Section 4: Ensuring a personalised service

The Work Programme will include a broad range of customers who will vary in their individual needs, work histories and time out of the labour market. For example, a single parent will have a different set of needs to someone with a health condition. The success of the Work Programme will rest on providers being able to manage these complex needs within an integrated and personalised service.

Choice and competition

The Work Programme will cover large geographies, incorporating both rural and urban districts that will have their own delivery changes. We agree with the decision to have multiple providers in each Contract Package Area, and feel that customers should be allowed the choice between these providers at the point of referral. By allowing the customer to make the decision over which provider to go to, we are empowering them to take control of their journey back to work.

This approach is also proven to work. Employment Zones are recognised as one of the more successful employment programmes implemented in the past 10 years. The idea of multiple providers was introduced in 2004 in six of the 13 areas. In the last DWP star rating to include these programmes before

FND was introduced, only one single provider programme was in the top half of the performance table (Brighton, ranked 12th out of 24).

Recommendation:

Having multiple providers will help to drive innovation and continuous improvement in service delivery. This will be of benefit to the customer as providers seek new ways of providing a personalised service. The Government will also benefit through cost savings, better value for money and improved performance.

The introduction of choice for customers brings competition into the market and helps to drive up performance. Whilst the Department should look at providing an equal split of referrals between providers at the contract start, there should be the ability for providers to increase market share as a result of customer choice and performance.

Recommendation:

It is key that DWP works with, and supports successful providers as they build the understanding they need to deliver a personalised and successful service. As part of this process we need regular, robust and publicly available data on the performance of each provider and major subcontractor. This will foster more transparency and openness in the sector and should drive performance.

Delivering the Work Programme

We welcome the opportunity to deliver a programme which supports customers based on their individual needs rather than the benefit they claim. We also know from experience that the current system of multiple programmes can cause confusion to claimants. The creation of the Work Programme will allow providers to adopt a 'whole family approach' to employment and skills provision.

Whilst customers will have different needs, we feel that it is important that they all experience a personalised customer journey. A key part of the customer journey will be the successful transition from JCP provision to the Work Programme.

Recommendation:

The success of the Work Programme will partially rely on strong initial diagnostics and a good relationship between Jobcentre Plus and the provider. It is vital that the Jobcentre Plus advisers complete a customer action plan and needs analysis upon which the Work Programme provider can build upon.

Driving innovation through the Work Programme

The Work Programme aims to deliver a personalised service to all customers, moving them back into sustained work. We are excited by the prospect of designing a truly integrated service that allows providers to develop their own solutions to the specific needs of the customers they will support. We welcome the 'black box' approach and are eager to expand this.

There are lessons that can be learnt from previous DWP programmes that could be successfully applied within the Work Programme framework. Flexible funding, for example with the Working Neighbourhoods Fund, targeted the most hard to reach communities. The success of the Work Programme will be enhanced by ensuring customers can access other sources of local and central Government funding.

Recommendation:

We believe that by allowing Work Programme providers access to additional funding to develop small community based initiatives alongside the third sector, the goals of mainstream delivery can be better achieved. By doing so, an element of sustainability is introduced to the Work Programme that will be of long-term benefit to local communities.

Strategic leadership

Given the size and likely number of customers that providers in each contract package area will be working with, it is important that organisations are prepared to take on a leadership role within their specific localities.

Based on our previous experience, too often private providers are limited from taking part in strategic discussions on a local authority or sub-regional basis because of perceived commercial sensitivities. We need to move to a position in which there is more genuine partnership working and a willingness to engage both private and third sector providers.

Recommendation:

The Department should ensure there is opportunity within the scope of the Work Programme framework for all providers to be actively involved in strategic discussions with regional and sub-regional stakeholders.

An integrated approach to employment and skills

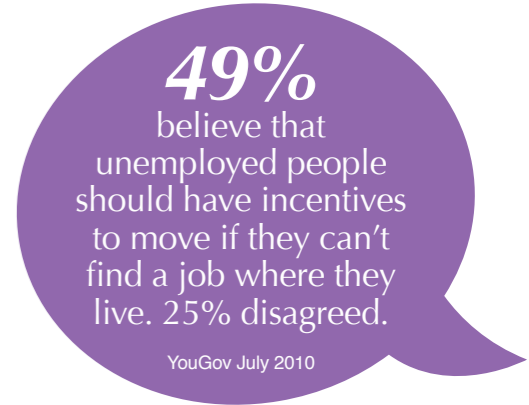
Since the Leitch Review in 2006, employment and skills has gained increasing importance in the welfare to work arena. However, today, provision can often be fragmented with people 'falling through the gaps'

and not maximising the benefit of the available Government-funded programmes. We feel the Work Programme provides us with the opportunity to fully link employment and skills to create a personalised and seamless customer journey from unemployment to work and then on to a career.

Mainstream vocational training is at present, predominantly structured around the traditional academic year. John Hayes, Minister for State (Business, Innovation and Skills) has recently announced that new proposals will give colleges new flexibilities to better respond to employer and learner demands.

Recommendation:

We believe that the alignment of skills funding with longer-term employment support is critical in terms of achieving improved sustainability. We would recommend that these proposals include more flexible access to mainstream NVQ learning such as roll on/roll off programmes.





About Reed in Partnership

Reed in Partnership exists to change people's lives for the better.

We have an unrivalled experience of working with employers, drawing on 50 years of the Reed Group's recruitment experience. By understanding the needs of employers, we create tailored recruitment and retention solutions which successfully move people into the labour market. In total, we have worked with over 25,000 employers ranging from local businesses to large multi-national corporations.

We are a people led business. We know that every person's situation is different. That's why our programmes create individually tailored routes into employment. We break down barriers to work by giving people the skills, confidence and knowledge they need to find lasting employment; using the most creative and innovative methods in our sector.

Our approach consistently delivers excellent results. We have helped over 100,000 people move from welfare into employment and assisted many more people gain the skills they need to enter and progress within the labour market. Above all, you can sum us up in one word - partnership. By working with Jobcentre Plus, specialist agencies and local partners we find lasting solutions that change lives and local communities.

www.reedinpartnership.co.uk

This report was produced in July 2010 by Reed in Partnership in response to the Government's plans for the Work Programme.

Reed in Partnership Limited
31 Amelia Street, London, SE17 3PY

Tel: 0207 708 6000
Email: rhodri.thomas@reed.co.uk