

# ROUNDTABLE WRITE-UP: SHAPING THE NEW WORK AND HEALTH PROGRAMME



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The following is a summary of a roundtable discussion hosted by **New Philanthropy Capital (NPC)** and the **Employment Related Services Association (ERSA)** on 1 March 2016 to discuss plans for the new Work and Health Programme. The aim was to draw out learning and insights from a range of experts and employment support practitioners that should be considered by the Department for Work and Pensions (DWP) as it designs and commissions the new Work and Health Programme.

Attendees included charities and employment support providers, private sector organisations, civil service officials, as well as those who specialise in helping people who face particular conditions or barriers to the workplace.

The discussion took place under the Chatham House rule. We thank all participants for their contribution.

## Introduction

At the Spending Review in November 2015, the Government announced the successor to the Work Programme and Work Choice from 2017—a new Work and Health Programme specifically targeted at people with disabilities or health conditions and those who have been out of work for two years or more.

In order to create the best chance of success, the Government is actively listening to the frontline experts in the employment support sector, a fact that many roundtable participants welcomed. However, we know that previous government-commissioned programmes, such as [Transforming Rehabilitation](#)<sup>1</sup>, were not designed in a way that provided a level playing field for specialist voluntary sector providers. With a white paper on the programme expected in June, this report offers policymakers an excellent opportunity to consider lessons from current employment support provision, and to ensure that the new programme supports a diverse market of provision that is able to support jobseekers who face a range of challenges back into work.

## What we know so far

The Work and Health Programme will be different in scale and shape to what many had expected through the consultation process prior to the Spending Review. Civil servants are currently working to confirm the final overall budget, which might be increased by bringing other funding streams, both national and local, into the programme. However, with the Government currently guaranteeing an investment of £130m per year—compared to the £2bn

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<sup>1</sup> Noble, J. (2015) [Transforming Rehabilitation: The voluntary sector perspective](#). New Philanthropy Capital.

investment over the course of the last parliament—the Work and Health programme is likely to be significantly smaller than the current Work Programme. This presents significant challenges, but also greater incentives to learn from existing programmes and to make improvements to the models of employment support.

Alongside this, a number of local areas are striking devolution deals with the Government, many of which involve varying degrees of control over the review, design and commissioning of employment support for people furthest from the labour market. This will undoubtedly enable greater input from some localities into the design of the programme, the extent of which is yet to be finalised.

The original plan for the new Work and Health Programme was drawn up under the previous Secretary of State. In the aftermath of the reversal of the disability benefit cuts announced in the Budget, a new Secretary of State is now in place and has the opportunity to take stock and ensure that the new Work and Health Programme makes a significant contribution to the Government's aim of halving the disability employment gap.

## Key insights and considerations

### People accessing the programme

The current Work Programme was commissioned by DWP in 2010, just ahead of a time of much higher unemployment levels across the UK due to the after-effects of the 2008 recession. These contracts, which are due to end in April 2017, are being delivered by a mix of private, voluntary and public sector providers. Work Choice, the specialist programme for jobseekers with disabilities, is also due to end in 2017.

As announced so far by DWP, the bulk of referrals to the Work and Health Programme will be jobseekers who have disabilities or health conditions, plus jobseekers who have been unemployed for two or more years. However, the size of the overall budget currently guaranteed by HM Treasury—£130m per year—means that not everybody with a health or disability related issue will be able to be referred to the new provision. This may therefore mean that only jobseekers with a reasonable chance of moving into work may be referred to the new programme.

This has a range of implications. First, there are real concerns that jobseekers with health conditions and disabilities who are deemed too far away from work will not receive specialist support. This will have consequences for local authorities who may be expected to pick up the costs of providing them with necessary services. Secondly, jobseekers facing other complex barriers, including those who are experiencing homelessness or are ex-offenders, will, under the new system, remain with Jobcentre Plus (JCP) and will not routinely be referred to specialist support. Such a move appears to row back from the principle of early intervention. Roundtable participants felt that DWP needs to take this into account, and work with local authorities to ensure those people who are not eligible for the future Work and Health Programme are not left behind in future employment support provision

### Assessment and referrals

Since the programme as it currently stands will not be able to provide support to everyone who would need it, it is crucial that the assessment criteria for individuals moving onto programmes is clear and fair. Proper assessment and referrals of jobseekers was cited as a major issue arising from the learning of the current Work Programme by many attendees at the roundtable. Currently participants are largely categorised based on the benefit they claim rather than holistic characteristic-based assessments. Frontline practitioners feel that assessment based on benefit information have failed to adequately identify individual support needs. This, therefore, meant providers were required to build in an additional level of assessment to enable them to design personalised support that would lead to a positive job outcome. DWP should introduce a holistic assessment system that identifies individual assets as well as characteristics known to affect the likelihood of long-term unemployment, such as poor educational attainment, history with the criminal justice system, mental health issues, disabilities, housing problems, and drug or alcohol misuse.

Equally critical is identifying these traits early in the process in order to increase the chances of overcoming barriers to employment and preventing issues from becoming deeply entrenched. Prompt identification of such barriers is also essential to enabling referral to the right support at the right time. Previous experience from employment support providers indicates frustration with the lack of consistent assessment amongst JCP staff across different regions. However, it is important for JCP to be a positive and engaged part of the process—it is crucial that they view the referral of participants to the new programme as a successful outcome. There was some scepticism that this would happen without a great deal of pressure.

## Payment groups

There was consensus that the categorisation of payment groups—the groups which are used to categorise job seekers—in the Work Programme does not sufficiently help providers to support the needs of the long-term unemployed. The differential payment model is predominantly based on benefit type which is not an accurate indicator of needs—especially for those facing multiple, overlapping barriers to employment—or a reliable indicator of likelihood of gaining a job outcome. Moreover, under the rollout of Universal Credit, the distinction in benefit type will disappear. Roundtable participants therefore feel that the payment mechanism for the new provision should seek to simplify payment groups.

There was further consensus among the discussion participants that information flow between different parts of the system—including local authorities, JCP, the Work Capability Assessment provider, and specialist providers—tended to be poor. In the new Work and Health Programme, DWP should strive to put in place far clearer and simpler information sharing protocols, which enable jobseeker information to be shared with appropriate authorities in a sensitive way. This would then avoid the requirement for repeated assessments of need.

## Payment structures

It is highly likely that Payment by Results (PbR) will remain a component of the payment structure of the new programme, alongside some level of upfront payment for providers. This approach has been controversial in commissioning programmes, and has led to criticisms of ‘creaming and parking’—an approach where those facing the biggest barriers to the preferred outcome are left behind, whilst those closer to achieving the desired outcome are prioritised.

Most providers feel that a wholly PbR programme would not be suitable for the cohorts proposed to be served by the Work and Health Programme. Providers believe that jobseekers facing complex barriers often need more intensive, specialist support for longer periods of time before they enter the employment market. In order to enable providers to deliver the required support at the right time, it is critical that there is a significantly higher upfront payment than in the current Work Programme. DWP should also consider how to capture and reward ‘distance travelled outcomes’—which serve as staging points along a journey into employment—if programmes are to incentivise progressing those who are further away from the labour market towards work.

Voluntary organisations also voiced concerns with PbR structures as they can affect their ability to plan and raise funds. By its nature, the PbR model pays the delivery organisation after an outcome is achieved, which means the organisation has to finance the service costs in advance. For smaller providers this can be a tricky task to manage. On the flip side, if charities invest capital upfront to provide services but do not receive referrals, this equally hurts them financially and strategically. Especially for small providers, DWP’s faulty estimates of referrals at various points during the Work Programme has been extremely damaging. Many voluntary sector providers in the discussion felt DWP should consider introducing guaranteed minimum referral levels to ensure all organisations in supply chains are positioned to serve as delivery partners.

The introduction of Universal Credit will make it easier for DWP to assess how people’s earnings are rising. Participants in the discussion stated that basing outcome payments on level of earnings rather than benefit status could provide an additional incentive to not just help jobseekers into a job but also help them into better paid work.

## Provider model

The new programme is likely to maintain a prime provider model, where one provider takes overall responsibility for delivering the programme across an area, building a supply chain of smaller, more specialist providers to work with different types of job seekers. However, the shrinking size of the programme may result in fewer contract package areas with larger individual contract sizes if they are to be made attractive for commercial providers. This is likely to make it more difficult for new charities to enter the market as prime providers, since they will be less able to compete for contracts on price and scale. DWP intends for prime providers to form supply chains made up of smaller organisations that could support a broad range of issues facing the long-term unemployed. However, some attendees noted that referrals to specialist subcontractors did not always occur. In forming strong supply chains, specialist organisations need realistic time frames in order for consortia to form, in particular where smaller organisations are looking to bid jointly alongside each other.

DWP should consider how the size of the contract areas will dictate the providers able to bid for them, and communicate clearly with the market about what is expected. Setting unrealistic expectations about the role of smaller, specialist providers within the new programme will serve neither DWP nor charities well. However, given the nature of the barriers to the employment market faced by people expected to be accepted onto the programme, the role of specialist providers will be important. DWP can enable greater involvement by giving clear and timely indications of the bidding round, and ensuring that the volume of referrals is more consistent.

## Design and flexibility

DWP has expressed a commitment to ensuring a deep understanding of what is working at the end of the new Work and Health Programme, which was welcomed by participants in the discussion. As part of this, DWP may look at adopting a test and learn approach to the new programme. This requires being able to adapt to changing circumstances, for example in participant selection. The programme may start with a certain set of tools to determine who joins the programme but as more information becomes available the process for selection will adjust to incorporate the learnings. Similarly, towards the end of the programme the quality of information about what works is likely to be different than it is at the onset. It is feasible that fully digitised Universal Credit services will provide large scale data sets which can be used to make better decisions. Accordingly, many attendees highlighted that it is important to build flexibility into the programme design, even if this means that the criteria for referring people onto the programme at the start is different from that at the end. Along the same lines, DWP should consider how participants can move on and off the programme as their needs change.

NPC has long supported the development of [Data Labs](#)<sup>2</sup> to open up the wealth of government-held administrative data to charities and other providers, allowing them to greatly increase their understanding of the impact of their interventions. NPC has successfully set up the [Justice Data Lab](#)<sup>3</sup> with the Ministry of Justice, which has recently been made a permanent service in the department. The previous Secretary of State for Work and Pensions had signed up to testing a similar model in employment services. Despite this, progress has been slow, with a pilot only now being implemented. A fully implemented employment Data Lab would significantly enhance the ability of DWP and providers to evaluate the effectiveness of interventions over time, and improve outcomes over the course of the programme.

## Integration and localisation

Since an individual's barriers to employment can incorporate multiple dimensions (eg, housing, health, criminal justice, drug and alcohol misuse, and education), employment support for people facing numerous, complex challenges requires strong integration with local services. This is particularly important given the likely size of the programme—it will be crucial to engage other commissioners in order to increase the funds available for specialist support.

<sup>2</sup> New Philanthropy Capital (NPC) website: <http://www.thinknpc.org/our-work/projects/data-labs/>

<sup>3</sup> New Philanthropy Capital (NPC) website: <http://www.thinknpc.org/our-work/projects/data-labs/justice-data-lab/>

Integration with health services can prove challenging but providers are making progress and have a greater understanding of what is involved. Discussion participants feel it is important for DWP to continue to engage thoroughly with the Department of Health to increase its ability to share data and pool funds.

Part of integrating local services more effectively requires the engagement of local authorities in the process. If devolution deal areas can show that their approaches are integrated and holistically deliver what people need—and can demonstrate an accompanying increase in successful outcomes—they will be justified in obtaining greater input and control in structuring and delivering employment support services in their areas in future. Two areas that are currently delivering co-commissioned programmes are Greater Manchester and eight boroughs of London. Both programmes work with Employment and Support Allowance (ESA) claimants who finished the Work Programme but did not find sustained jobs. These groups of local authorities believe that locally commissioned programmes are better suited to addressing the employment needs of local residents. It is important that DWP is able to learn and apply best practice from approaches that are able to integrate employment support with co-located and locally-run services. The roundtable's attendees believe that there is opportunity for further devolution of employment support to local areas, as long as there is a comparable and transparent data framework applied across all areas of delivery in the UK.

## Summary of recommendations

The emerging Work and Health Programme is just one part of the Government's pledge to halve the disability employment gap. If it is designed and delivered effectively, with necessary funding drawn in, it has the potential to have a significant impact on supporting those with health and disability conditions as well as jobseekers who have been out of work for two or more years.

Throughout this report we have provided a series of recommendations for DWP to ensure that lessons are learnt from previous Government commissioning programmes, and the programme's potential is maximised. These are:

- DWP should seek to ensure that the size of the Work and Health Programme is sufficient to meet the needs of jobseekers facing health and disability related issues, and other complex barriers.
- DWP must work with local authorities and others to ensure that those who are not deemed eligible for this programme are not left without support.
- DWP should ensure that there are consistent assessment and referral processes imbedded in the programme—based on characteristics of jobseekers rather than benefit status—and that assessment information is shared.
- DWP should reduce the number of payment groups to allow greater focus on individual characteristics of jobseekers.
- DWP should ensure that there is a appropriate upfront payment for engaging with jobseekers, and should create 'distance travelled' outcomes to capture progress along the journey to employment.
- DWP should be realistic about the impact of large contract sizes and reduced funding on the provider market. In order for smaller specialists to take part they should be given as much notice as possible to allow consortia and supply chains to be formed.
- DWP should ensure minimum guaranteed referrals to allow effective planning and involve specialist providers.
- DWP should continue with the pilot for an employment Data Lab to enable greater evaluation of effective interventions.
- DWP should ensure people are able to move on and off the Work and Health Programme as circumstances change.
- DWP must work closely with the Department of Health and local authorities to ensure resources are maximised and data is shared effectively.

## TRANSFORMING THE CHARITY SECTOR

NPC is a charity think tank and consultancy which occupies a unique position at the nexus between charities and funders, helping them achieve the greatest impact. We are driven by the values and mission of the charity sector, to which we bring the rigour, clarity and analysis needed to better achieve the outcomes we all seek. We also share the motivations and passion of funders, to which we bring our expertise, experience and track record of success.

**Increasing the impact of charities:** NPC exists to make charities and social enterprises more successful in achieving their missions. Through rigorous analysis, practical advice and innovative thinking, we make charities' money and energy go further, and help them to achieve the greatest impact.

**Increasing the impact of funders:** NPC's role is to make funders more successful too. We share the passion funders have for helping charities and changing people's lives. We understand their motivations and their objectives, and we know that giving is more rewarding if it achieves the greatest impact it can.

**Strengthening the partnership between charities and funders:** NPC's mission is also to bring the two sides of the funding equation together, improving understanding and enhancing their combined impact. We can help funders and those they fund to connect and transform the way they work together to achieve their vision.

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