

Response from the Employment Related Services Association (ERSA) to the Work and Pensions Select Committee inquiry into Jobcentre Plus

1. Introduction

1.1. This paper has been developed by the Employment Related Services Association (ERSA), the trade body for the welfare to work industry. ERSA has 130 members ranging from large multinational providers through to small specialist organisations and spans the private, public and voluntary sectors. This submission has been developed following consultation with ERSA's membership. It does not address all of the points in the Committee's inquiry but focuses on those that are of most relevance to the welfare to work industry.

2. Summary of recommendations:

Jobcentre Plus performance metrics

- The effectiveness of Jobcentre Plus (JCP) should be measured by sustained job outcomes rather than off-benefit flows to create greater incentives to support jobseekers into employment and provide a more accurate picture of success rates. This would address potential perverse incentives to sanction claimants inappropriately, plus ensure greater comparability between JCP provision and contracted out provision.
- Such a change could help to provide greater transparency in order to identify those who would benefit from intensive employment support. Such a performance metric would prevent the phenomenon of 'cycling', jobseekers moving between short term jobs and unemployment for many years, but not building up the length of time of continual unemployment to qualify them for specialist support.
- There is a shared agenda between JCP and the welfare to work industry in increasing the skills and knowledge of frontline advisers. The outsourced welfare to work industry has taken steps towards greater professionalisation of its staff, through the introduction of new qualifications and the Institute of Employability Professionals (IEP). There is potential for joint work with JCP on this agenda.

Relationship between Jobcentre Plus and the contracted out employment sector

- Jobcentre Plus should, in the medium term, develop and adopt a more sophisticated assessment tool to identify more accurately the level and type of barriers to employment experienced by jobseekers, in partnership with the outsourced welfare to work industry.
- In the short term, steps could be taken to improve the accuracy of referrals from JCP to welfare to work programmes. In particular, DWP should provide greater clarity for JCP advisers as to when a jobseeker should be referred to the Work Programme vis-à-vis Work Choice. There also appear to be issues with the accuracy of referrals between Work Programme Payment Groups that could be helpfully be addressed.
- Those who are at risk of becoming long term unemployed should be fast-tracked to intensive provision rather than waiting for referral to be triggered after a specified length of time on out of work benefits.
- More needs to be done to improve the amount and quality of information about participants and their needs at referral. A 'warm handover' is the ideal in this respect, but is not possible in all cases. Providers need to be alerted to changes in a jobseeker's circumstances.
- DWP should conduct a review of sanctioning activity with a view to ensuring that the processes are clearly understood by participants and consistently and swiftly applied. A standard communication to providers detailing the outcomes of all benefit sanction decisions is strongly recommended – within an agreed timescale.

- A clear process needs to be put in place to ensure the smooth handover of jobseekers from outsourced providers to Jobcentre Plus in the event that they have not yet gained employment.

Other issues

- There should be greater integration between the different elements of 'Get Britain Working'. In particular, Work Programme providers should have access to the New Enterprise Allowance.
- The outcomes of the Flexible Support Fund should be evaluated to ensure it is being used most appropriately and any lessons are learned across the employment related services sector.
- JCP and the DWP need to ensure that jobseekers have the ability to use and access Universal Jobmatch. Improvements need to be made to the matching service. Contracted out providers should have administration rights to individual accounts.

3. Identification of jobseekers' needs and barriers

- 3.1. ERSA believes that JCP is an effective organisation for benefit processing and support for those who, with minimal support, will be able to return to employment. However, there appear to be problems with the support offered by Jobcentre Plus in developing an accurate picture of jobseekers' needs, particularly those who are or who are at risk of becoming long term unemployed. The fortnightly meeting between a jobseeker and a JCP Personal Advisor may not be sufficiently robust to identify needs, while jobseekers may not have a consistent Advisor throughout their claim. This does not allow for a continuous assessment of an individual's needs and barriers.
- 3.2. There may be a need to improve the skillset of Jobcentre Plus advisers in some cases. The welfare to work industry has, since 2010, developed fit for purpose qualifications for its frontline advisers and, in 2012, ERSA spearheaded the launch of the Institute of Employability Professionals, a professional body for those helping to improve the employability of jobseekers. Professionalisation is a shared agenda between Jobcentre Plus and the outsourced industry and there is greater potential for collaborative working.
- 3.3. In many cases, jobseekers are encouraged by Jobcentre Plus to source training and assistance with job search and CVs. Whilst this may be suitable for many, it means that more disadvantaged jobseekers may not get the level of intervention they need early in their claim. The most disadvantaged jobseekers often have to wait for a period of time (in most cases up to a year, or more where the customer has a number of short term interventions which cause them to be classed as freshly unemployed) before they become eligible for specialist support. During this time their disadvantage may deepen and new barriers may have arisen.
- 3.4. A problem is that the identification of the most appropriate level of support is largely determined by four factors: 1) benefit type, 2) benefit history, 3) age and 4) length of time on benefits. JCP Advisor caseloads are often managed by classification in this way with specific clusters of Advisors supporting individual caseloads of jobseekers on a specific benefit type. However, these factors are a relatively blunt instrument for the assessment of the needs and barriers of jobseekers. ERSA believes that a more sophisticated assessment tool is required and those who at risk of becoming long term unemployed should be fast-tracked to intensive provision. Barriers, such as homelessness and disability, are supposed to be logged on JCP's Labour Market System but feedback from providers suggests this is not being used consistently enough.

4. JCP performance measures

- 4.1. JCP is measured by off-benefit flows rather than sustained job outcomes. This can create perverse incentives to move jobseekers into short term employment outcomes, rather than refer them to long term contracted out support. It can also create a perverse incentive to sanction claimants as discussed below. ERSA recommends that whilst off-benefit checks are monitored for national statistical purposes, a

job outcome and sustainment measure, comparable to the Work Programme, should be introduced for Jobcentre Plus. This would enable analysis between the performance of JCP and contracted out provision and provide accurate value for money comparisons.

5. The effectiveness of ‘Get Britain Working’ measures

- 5.1. DWP point to off-benefit flows as an indication of the effectiveness of pre-Work Programme support. However, analysis undertaken by Policy Exchange calls into question the validity of off-benefit figures as a success measure given that many do not go into sustainable employment or simply move on to another type of benefit¹. Work Programme providers report that they are seeing some jobseekers being referred to them who have not been given even basic advice about finding work. For instance, one prime contractor reported to ERSA that as many as one in five of those referred to them lack an up to date CV.
- 5.2. ERSA recommends greater integration between the elements of the ‘Get Britain Working’ and contracted out provision. Work Programme providers cannot currently take advantage of schemes such as the JCP work experience programme and the New Enterprise Allowance, which helps jobseekers to set up their own businesses. Given schemes such as the Work Programme operate under an extremely tight financial model, the lack of access to other elements of DWP’s suite of employment services provision puts a cap on the support providers can offer to participants. In particular, ERSA would like to see Work Programme providers being able to access the New Enterprise Allowance scheme.

6. JCP’s role as a gateway to contracted-out services such as the Work Programme and Work Choice

- 6.1. Welfare to work providers rely on Jobcentre Plus to provide reliable data to national projections of the profile of jobseekers likely to be referred to outsourced programmes. In the case of payment by results programmes, receiving reliable forecasts of referral numbers is essential for the ability of providers to plan their workforce. During 2011 and 2012, the low level of jobseekers on ESA to the Work Programme, for instance, substantially hurt voluntary sector providers in supply chains. Since then, drops in referral numbers for those on JSA have concerned the industry at all levels. ERSA therefore recommends that DWP and JCP works with providers to ensure that the most accurate data is known.
- 6.2. It is not always clear when a person with disabilities should be referred to the Work Programme vis-à-vis Work Choice, the DWP’s specialist disability employment programme. The latest data published by the DWP in relation to Work Choice showed that only 15% of referrals were on disability benefits (ESA, IB or SDA). This contrasts to 54% of referrals who were on JSA². Whilst benefit type is not an accurate proxy for need, it might be expected that more of those on disability benefits would be on a specialist disability employment programme. ERSA would like to see clearer guidance about when an individual should be referred to the Work Programme vis-a-vis Work Choice. The introduction of a more sophisticated assessment tool would support clarity around referral processes between these two programmes.
- 6.3. Individuals can enter the Work Programme via nine different payment groups, ranging from one which is for those aged 18-24 and on JSA (PG1) to a specialist group for those on JSA who leave prison (PG9). These payment groups are supposed to reflect the levels of need faced by jobseekers and allow for higher payments for those referred via the ‘harder to help’ payment groups. It is therefore important that jobseekers are referred to the most appropriate payment group so that providers have the necessary resources to help them into work.

¹ Policy Exchange, (2012), Welfare Reform 2.0: Long-term solutions, not short-term savings.

² DWP (2013), Work Choice: Official Statistics: http://statistics.dwp.gov.uk/asd/workingage/wchoice/wc_may13.pdf

- 6.4. There is a level of variation when it comes to the segmentation of jobseekers into different payment groups. This can be observed when looking at the regional variations in the referral routes via Payment Group 3 (PG3). This referral route relies on JCP identifying people on JSA who are at risk of becoming long term unemployed and are fast tracked to intensive support on the Work Programme. According to referral data held by ERSA up to the end of September 2012, PG3 comprised of 13 per cent of total referrals in one Contract Package Area (CPA) compared to 36 per cent in another. Whilst it can reasonably be expected for there to be some level of variation in need between different CPAs, this significant range cannot be explained by this factor alone and most likely reflects the different ways in which Jobcentre Plus are identifying individuals for early access.
- 6.5. It is not always clear which payment group is most appropriate for a particular individual. For example, PG3 is geared up for vulnerable individuals on JSA including ex-offenders, and yet there is an obvious overlap with PG9, which is specifically geared up for prison leavers. ERSA members report that some who might be eligible to be referred via PG9 are instead being routed down PG3 instead. There are similar concerns regarding ESA WRAG customers who should come via the Payment Group 6 (PG6) route but are instead being wrongly referred via Payment Group 5 (PG5), which is geared up for ESA Volunteers. As part of the information given to providers at referral, it is clear that some of those being referred via PG5 have been mandated and therefore should have been classified as PG6. This has a significant impact on the resources available to providers with PG5 attracting a theoretical maximum payment per jobseeker of £3,600 compared £6,350 for those on PG6³.
- 6.6. As identified in the first qualitative evaluation of the Work Programme, more needs to be done to improve the amount and quality of information about participants and their needs at the point of referral⁴. This is particularly acute in the case of particular types of jobseeker, but is a point that also applies to other Work Programme participants.
- 6.7. At times, the lack of accurate data means that providers are unable to successfully convert a referral into an attachment. For example, some providers receive a telephone number with one digit missing, preventing them from getting in contact with the participant except via mail. At best this delays the process and at worst may result in failure to establish contact. Once an attachment has been achieved, the lack of background information can lead to further delays in identifying the barriers to work and addressing these. One problem is where there has been a change of circumstances for the participant that is not communicated to the Work Programme provider. This is an issue for prison leavers on PG9. Referral data held by ERSA up to the end of September 2012 shows that only 68% of those referred actually started the Work Programme. ERSA has identified several areas where the handover and data sharing processes could be improved upon for this Payment Group⁵.
- 6.8. ERSA believes that a 'warm handover', a three-way meeting between a claimant, their existing Jobcentre Plus adviser and their new Work Programme adviser, could ensure a smoother handover process. This is particularly true of those hardest to help jobseekers. However, this is not always possible because of the capacity issues of both Jobcentre Plus and contracted out providers.

³ These figures refer to Year two of the Work Programme. As the programme matures, attachment fees will be phased out and the maximum payment per jobseeker will fall. It is worth stressing that this is a theoretical number. The actual number is likely to be lower to take into account the cost of helping those that don't get into work and the impact of price discounting during the commissioning process.

⁴ DWP (2012), Work Programme evaluation: Findings from the first phase of qualitative research on programme delivery: <http://research.dwp.gov.uk/asd/asd5/summ2011-2012/821summ.pdf>

⁵ Please get in touch with ERSA to request a copy of our recommendations paper.

- 6.9. Good processes need to be put in place to ensure that there is a smooth handover of jobseekers from contracted out provision to Jobcentre Plus. With the first Work Programme returners due to leave the programme in June 2015, this is becoming a pressing issue.

7. JCP's use of the Flexible Support Fund (FSF)

- 7.1. ERSA is supportive of the use of locally based solutions such as the Flexible Support Fund, as it can be an effective tool in funding specialist interventions, particularly in improving the employability of those furthest away from the labour market. However, some concern has been expressed by ERSA members that some people who may have entered the Work Programme on a voluntary basis at three months are instead being held back by being referred to FSF provision instead. In addition, greater transparency is needed in terms of the outcomes of FSF funding.

8. The level and appropriateness of JCP's use of benefit sanctions

- 8.1 As identified by the Committee in its report into the experience of different user groups on the Work Programme, the use of sanctions is inconsistent⁶. Providers are obliged to notify Jobcentre Plus if a jobseeker fails to undertake an activity, for example if they miss an appointment. The decision as to whether to actually enact sanctions rests with Jobcentre Plus though. This means that sanctions are not applied even though a provider may think there is a clear case to do so. Conversely, a provider may be satisfied with the progress made by a participant but may be overruled by Jobcentre Plus who have a case for applying conditionality. For example, one ERSA member reported that Jobcentre Plus decided to sanction a Work Programme participant for insufficient use of the Universal Jobmatch website, despite the fact that the provider had explicitly asked the participant to focus on resolving some other issues ahead of any formal job search activity. Sanctioning represented a great setback in the trust and progress made up to that point. ERSA agrees with the recommendation put forward by the Committee in its most recent report into the Work Programme for DWP to conduct a review of sanctioning activity with a view to ensuring that the processes are clearly understood by participants and consistently applied⁷.
- 8.2 Part of the problem lies in the fact that Jobcentre Plus is measured by off-benefit flows rather than sustained job outcomes. This therefore means that a situation in which a Personal Advisor applies a sanction that may in fact damage an individual's progress to employment, would register as a success according to the off-benefit flow measure. ERSA believes that measuring Jobcentre Plus success by sustained job outcomes would remove any perverse incentives to sanction individuals.
- 8.3 There are issues with the length of time it takes for decisions to be made and communicated to providers. There is currently no process in place for JCP to notify the providers of whether or not a sanction doubt is subsequently raised, nor any process to inform the outcome of any such sanction. One member reported that they do not receive a response updating them on the outcome in approximately a third of sanctioning cases. Members also report that turnaround time for processing sanctions can be upwards of eight weeks with a regular outstanding list in excess of 4,000 in one CPA alone. A standard communication to providers detailing the outcomes of benefit sanction decisions is recommended.

9 Universal Jobmatch

- 9.1 ERSA supports Universal Jobmatch as a mechanism for improving better matching between jobseekers and vacancies, but believes JCP should take more of a proactive role in training jobseekers in its use as some jobseekers are not fully aware of how it operates. In some cases it is providers who are taking on the role of training them on its use. Some doubts have also been expressed as to its ability to match

⁶ Work and Pensions Select Committee (2013), *Can the Work Programme work for all user groups?*, p.23.

⁷ Work and Pensions Select Committee (2013), *Can the Work Programme work for all user groups?* p23.

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jobseekers reliably to suitable vacancies. Members report difficulties for jobseekers in gaining access to Universal Jobmatch within Jobcentres as computers are booked out. There are also concerns that the design of the website means it is not fully accessible to people with disabilities. It would also make logical sense to allow providers administration access to an individual's Universal Jobmatch account. This would allow providers to more effectively support its use by jobseekers and monitor their commitment to finding and securing work.

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