

ANNEX B - A proposal for a devolved employment programme for adults with multiple needs

NB Please note, a further fuller draft is expected to be sent to members on 23 October.

In Realising Talent (March 2015), we recommended that when current Work Programme contracts expire in 2017, it should be replaced with two separate programmes:

1. A mainstream employment programme for the majority of long-term JSA aged 22 and over (on the assumption that Youth Obligation provision will be contracted separately)
2. The other for ESA claimants and JSA claimants facing multiple needs and labour market disadvantage.

Mainstream JSA

For some JSA claimants the current Work Programme has performed moderately well, although it continues to be constrained by the inability to integrate skills provision, which we believe needs to be addressed. We recognise that for long-term JSA claimants *without* multiple disadvantages the current numbers are much lower compared to when the Work Programme was originally commissioned. This opens up a wider range of options for how support is provided. One option is to explore how combined Jobcentre Plus and local government services could provide a universal service to claimants up to, for example, the first 18 months on benefits. This could be tested in some areas and can build on how Jobcentre Plus and some local authorities are already working closely together, and this will include how skills provision can be better integrated.

ESA claimants and JSA claimants with multiple needs

This paper focuses on the early thinking behind a proposal for a new programme for adults with multiple needs and who have the potential to find and keep employment. It is intended to replace the Work Programme for some of the current 'payment groups'. For this group of disadvantaged claimants we think a new, radical approach is needed.

The new approach is based on:

- Addressing multiple barriers to unlock job opportunities
- Integrating health provision for a new employability and health approach
- Integrating skills provision to boost qualifications and productivity
- Integrating other resources for disadvantaged people, such as troubled families.

Halving the **employment rate gap for disabled people** is a significant challenge, involving over 1 million people with disabilities and health conditions moving into work in the next five years. We think radical steps are needed to achieve this goal, and our proposal can be an important element in the strategy.

An outline description

The aim is to help turnaround the lives of those claimants who have significant barriers to finding and keeping a job, especially those with a disability, health condition as well as those with 'treatable' conditions. These groups of people have been poorly served by previous labour market programmes and local government is committed to improving positive outcomes for individuals and their families.

There has been sufficient learning from the Work Programme, DWP ESF Families, Troubled Families, and other programmes, to inform how a localised programme could deliver better results.

Who will join the programme?

We want to target those who are the most disadvantaged in the labour market, and who have either been very long-term unemployed or are at a high risk of becoming long-term unemployed. Our proposed eligibility criteria are:

- Those who have claimed an out-of-work benefit for three of the past four years
- Workless families or those with a history of worklessness
- Lone parents with disadvantages and whose youngest child is three or over
- Young people aged 18 to 24 who have never been in waged employment for more than 6 months, incorporating Youth Obligation but with more intensive support.

It is expected that every eligible person will have at least two recognised labour market disadvantages (list of markers being developed and includes drug and alcohol misuse, care leavers etc.) and/or would be financially adversely affected by the benefit cap (others would be referred to the mainstream programme). Whilst the majority of referrals will be through Jobcentre Plus, we also want to explore how referral routes from other agencies (such as health) could work in practice. We also propose testing segmentation tools to allow for early referral for those with a high risk of becoming very long-term unemployed.

The offer

- Everyone referred to the programme will have an initial **assessment** to help put them on the right track to support. Local government will work with DWP to agree a **standard assessment tool** to be used in every area, enabling the open learning of what works. We will build on current assessment tools, such as those used in 'Universal Services Delivered Locally'.
- A **personal Key Worker** will plan with the claimant their steps towards or into work. Local authorities will make the best use of key workers in their areas and take steps to build capacity and expertise.
- The **right support at the right time** will be provided by key workers matching claimants with existing local provision. The role of the local authority (or their appointed agent) will be to co-ordinate the full range of services that claimants may need. This will involve organising **clear referral routes** between health provision (including mental health), skills providers, advice agencies and other specialist services. **Integrating existing local provision** will be central to delivering a programme that can reduce duplication and make best use of local expertise. However, there may also be the need for additional provision and this will be planned and commissioned locally.
- Local government will lead the way in encouraging the **co-location of services**, including Jobcentre Plus. This makes sense for claimants who need easy access to the right services, but it could also bring substantial efficiencies and help in the introduction of Universal Credit. To stimulate integration every area will commit to establishing **Local Integration Boards**, modelled on those successfully introduced in Greater Manchester, which bring together service leads and providers. The integration of skills provision will be aided by the anticipated co-commissioning of the **adult skills budget** between local areas and the Skills Funding Agency. In some areas where the conditions are appropriate and local outcomes are geared to

improved skills, full devolution of adult skills budget to local areas (or groups of areas) is anticipated. This might involve devolution to an employment and skills board which involves major local business.

- Once referred a claimant should be the **responsibility of the local authority for two years** and this should also include in-work support for those who get jobs – helping people stay and progress in jobs – to reduce churn. We want to develop and agree a framework for **Service Standards** for claimants that would apply in all areas. These would cover the amount of contact time and its regularity, as well as the support that claimants could expect to receive.

Where would the programme operate?

As with Troubled Families, this programme could operate in every area. However, it is recognised there is a significant scaling-up to be achieved and substantial public sector reform challenges. Therefore we propose two phases. For the **first trial phase** (2017/18) groups of local authorities should be invited to express an interest. These are likely to be, but not exclusively, Combined Authorities, and should include a mix of cities and non-metropolitan areas. The second phase would be a full roll-out across England in 2018/19.

How will it be funded?

The **combined resources** of: 1) an equivalent contribution from the DWP employment programme budget for disadvantaged groups; 2) local resources from the existing and expanded Troubled Families programme; 3) existing locally controlled capacity and resources which support provision; 4) opening access to other funded provision, such as the adult skills budget and European funds.

A key task of local areas will be to **align budgets** to maximum effect. We anticipate a mix of ring-fenced block grants and performance payments. Accountability would be through **'local outcome agreements'** which sets out agreed targets and outcomes. It is expected that these agreements will address short and long-term goals for each target group.

It is anticipated there will be **additional savings** due to improved job outcomes as a direct result of the programme. Currently only 7p in every £1 saved stays at the local level. We propose an increased proportion of these savings should **return to the local area** to be invested in local services. Over a five year period we plan for the programme to be cost neutral.

Improving performance

We believe our approach will lead to an improvement in job outcomes for equivalent groups on the Work Programme. For example, on current evidence for the ESA WRAG group we believe we could **improve job outcomes by around 50%**. However, as for Troubled Families and ESF Families, other progression measures and outcomes should also be included which are known to increase employability, reduce the demand on other services, and help families to progress.

Part of our commitment to improve outcomes will be achieved by **strong relationships with local employers**. Understanding the recruitment and skills needs of local employers is a capability we share with Jobcentre Plus and Local Enterprise Partnerships. We want to bring our knowledge together, informed by local labour market intelligence, to achieve not just more jobs through this proposed programme, but also delivering more Apprenticeships and Traineeships.

Commissioning and managing the programme

This would **not be a co-commissioned programme**. Responsibility and accountability would lie firmly with the local area through the local outcome agreement. As well as setting out the intended outcomes, the agreements will also set out the financial settlement.

It will be for each area to decide how to achieve their agreed stretch in performance. In some areas local government will choose to contract out all of the co-ordination and delivery functions. However, other areas could decide they will achieve better results by retaining some functions in-house. When commissioning any element of the programme, local authorities will use existing procurement staff and will ensure that social value is part of the commissioning process. We will explore the use of common Invitations to Tender (ITTs) to reduce the market costs of bidders.

Where there are groups of local authorities, there will be one lead authority responsible for finances and procurement processes. We would expect the normal oversight and audit from relevant government departments in the delivery of the programme.

Welfare reform

We see our proposal as an integral part of responding to the challenges that wider welfare reform will bring. Our experience to date shows that individual claimants need advice to take the right decisions about housing, family and work. The most vulnerable claimants need face-to-face advice and this can only be done at the local level. With **increasing numbers on Universal Credit** over the next few years we want to ensure there are the mechanisms in place that will help the most vulnerable and provide them with the guidance they may need, including those who are in work and want to progress.

Conclusion

Our proposal is a radical step in public sector reform and how disadvantaged claimants receive support. It is designed to improve outcomes for groups of people that previous programmes have mostly failed. Local Government believes it can and will do better by integrating local services to provide personalised support to disadvantaged individuals and families.