

## Delivering welfare reform



## Chapter 5

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### Working in partnership

- 1 Delivering this radical programme of reform requires much more than just legislation and policy change – it requires a delivery network that is effective, accessible and flexible. Through its network of new offices and call centres and its front-line personal advisers, Jobcentre Plus delivers an integrated and accessible work-focused service to all of its working-age clients. Since 2000, we have been systematically testing the impact of opening up the design and delivery of labour market support to private- and voluntary-sector competition.
- 2 Jobcentre Plus now has contracts with a range of service providers to deliver in-depth work-focused support and training across the country through the New Deal, and through programmes tailored to meet the particular needs of harder-to-help client groups. These organisations can bring a distinctive approach to service delivery, based on their specialist knowledge, experience and skills:
  - Thirteen Employment Zones provide support to unemployed adults, young people who have already been through the New Deal, and lone parents. Independent evaluation shows that Employment Zones, which adopt a more individually tailored and flexible approach, deliver significantly better job outcomes than for comparable New Deal 25 plus participants.
  - Twenty-four Action Teams for Jobs have helped jobless people in the most employment-deprived areas of the country find and remain in work. They work on an outreach basis and have flexibility to provide whatever support is thought necessary to help people move into work: for example, they might provide debt counselling, work clothes, or help with childcare costs.
  - A network of New Deal for Disabled People Job Brokers across England, Scotland and Wales provides support and services to incapacity benefits claimants who want to work. The aim is to achieve lasting paid employment.
- 3 This approach brings unprecedented levels of individual choice into the system. For example, in most areas of the country, benefits claimants have a choice of providers offering job-brokering services. There is also a greater degree of choice within Jobcentre Plus programmes than ever before. In Pathways to Work pilots, clients have a wide choice of different options. Working with their personal adviser they can tailor work-related activity according to their health condition and specific barriers.

- 4 This activity could include condition management programmes (commissioned by NHS trusts), job-broking and work preparation services provided by New Deal providers, and job-broking services provided by Jobcentre Plus. This element of choice is very popular and is highly valued by clients.
- 5 While it is important that national standards of service provision are upheld, the Government recognises that specific barriers to work differ between local areas and individuals, and that they may not easily be tackled with a one-size-fits-all approach. In taking forward our reforms, we need to ensure that we provide the best possible service for our clients, the best possible recruits for employers, and the best possible value for the taxpayer.
- 6 Our vision is that:
  - clients will be seen by a skilled personal adviser (either from Jobcentre Plus or from a private- or voluntary-sector provider) who will offer advice appropriate to their individual circumstances;
  - the client and personal adviser will agree an action plan to help the client prepare for work;
  - where appropriate, as part of any agreed action plan, the personal adviser will refer the client to further support, chosen from a range of programmes and delivered by a mix of public-, private- and voluntary-sector providers; and
- clients will have access to a full range of job and career opportunities through the effective engagement of local employers.
- 7 The Government wants to ensure that service providers are given sufficient flexibility and discretion to tailor its policies to suit the specific needs of individuals and employers they serve. We want to draw on the wealth of experience of those working in other sectors, and we are looking for greater involvement on the part of voluntary-sector and private providers in the future reform agenda. They are often best placed to support our clients, particularly those with a health condition or a disability, by providing the specialist services they need.
- 8 Building on the success with the New Deal for Disabled People and other initiatives, we wish to develop further our services for incapacity benefits claimants. We will therefore invite new voluntary-sector and private providers to manage Pathways to Work in new areas. This will allow new and innovative approaches to be tested. We will need to ensure that support of sufficient quality is available to a wide range of claimants, delivered with maximum flexibility. Our objective will be to focus providers on improving job entry and retention, rather than simply asking them to replicate existing Pathways to Work provision. We hope that such contracts will be in place from 2007.

**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 menu of support

- 9 We will continue to customise the support we give to all claimants, ensuring that it is tailored to individual needs, that it provides real choice, and that it is relevant to the needs of the local economy. Where appropriate, we will provide help early in a benefit claim to help secure a quick return to work, while acknowledging that not everyone is able to return to work quickly. Making a new claim for benefits must be coupled with effective support, which looks at the person's individual circumstances and barriers to work, and assesses the help they need to return to work.
- 10 Over the years, a number of different programmes have been developed to meet the needs of people who are out of work. We must not lose the value gained from a variety of approaches, but we need to be sure that they are effective and that they fit with our new vision of a reformed, coherent welfare state. We need to make sure that the support offered to help people move into work is easily accessible, appropriate, efficient and effective – this is why we have embarked on a wide-ranging review of the help we offer through Jobcentre Plus and our partner providers.

## Review of disability employment services

- 11 We are reviewing our employment services for disabled people and intend to consult on our proposals later in the year. We plan to promote greater inclusion and equality by ensuring that mainstream services are accessible to more disabled people. Better tailored support will enable people to realise their potential and achieve – where they can – independence in the workplace. A more coherent range of specialist services will respond more flexibly to the needs of disabled people and employers and will make better use of resources.

## Tackling worklessness in cities

- 12 Tackling the problems of cities is central to meeting the Government's aim of increasing prosperity and reducing poverty and social exclusion. Despite progress over the last eight years, there remain pockets of persistent low employment, low skills, poor health and weak overall economic performance. The UK has a relatively small number of areas with an employment rate below the EU average, but nearly all of these are in major cities. Cities tend to have lower proportions of pupils who leave school with good qualifications and higher numbers who then leave learning altogether and do not find work. The diversity and mobility of city populations can make it difficult to achieve universal standards of healthcare provision. More needs to be done to address these cycles of worklessness, underperformance and deprivation.

- 13 Our long-term aspiration is to achieve an employment rate equivalent to 80 per cent of the working-age population. Nationally, the number of people in work has risen by well over 2 million since 1997, with the biggest improvement in the areas that started in the poorest positions. Agencies of central, regional and local government are already working to tackle concentrations of worklessness, and there are many examples of effective partnerships at city level. But the resources flowing into cities would have more impact if we could get these agencies working together more closely, and align the relevant funding streams.
- 14 We will pilot a new initiative for cities to help local partners work together to improve economic regeneration through skills, employment and health.
- 15 The key aims are to:
- deliver a significant improvement in employment rates among those of working age, with a particular focus on the most disadvantaged, especially benefits claimants, lone parents, older people and people from minority ethnic groups;
  - ensure that individuals within these client groups are better able to both find and remain in work; and
  - improve the skills of individuals within these client groups to enable them to progress once they are in work.
- 16 Each local area will be asked to develop a consortium comprising local partners with a shared interest in working together to raise local employment rates and improve the local economy.
- This may include local authorities, employers, learning and skills councils, regional development agencies, primary care trusts and Jobcentre Plus. Partners in England will use the local strategic partnership, including the existing Local Area Agreement infrastructure, to draw the consortium together. Consortia in pilots covered by the devolved administrations will need to take account of local partnership structures and patterns of deprivation when developing their proposals.
- 17 Each consortium will be expected to use private and voluntary sector providers to deliver additional investment and employment support under contract. To facilitate this, the Department for Work and Pensions will continue to develop contracts that reflect best practice principles and to streamline procurement processes. This will allow public, private and voluntary sector providers to offer choice to users and tailor their services to meet individual needs.
- 18 The bids from local consortia will need to set out the outcomes they expect to achieve. The Government will then negotiate a set of outcome targets reflecting the needs of each local community, including the circumstances within the UK devolved administrations. The Government will allow flexibility over the way the consortia deploy resources to meet outcome targets (for example, through a process of alignment or pooling of budgets).
- 19 The consortia will be required to operate within the new national benefits structure, including the proposed conditionality arrangements for new claimants. Once the new

benefits structure is in place, the Government will consider proposals from pilot areas to trial a range of conditionality and incentive structures for existing claimants.

- 20 Administration of benefits will continue to be managed by Jobcentre Plus.
- 21 Successful bids will receive initial investment from the Department for Work and Pensions and a financial reward for meeting their aims. Bids will need to demonstrate robust accountability arrangements for the delivery of their agreed targets and the engagement and support of local employers. As the providers of opportunities for those currently locked into benefits dependency, it will be important that employers are closely involved in deciding how best to match their employment needs with the skills and competencies of potential recruits.
- 22 A key aim of this initiative will be to provide a solution that offers the maximum degree of local flexibility, so that local areas can provide local solutions to local problems.

**Question 11:**

**Will this proposal 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?**

## Skills

- 23 We cannot expect people to get lasting and worthwhile jobs if they lack the skills required in the new economy. Around 10 million adults of working age do not have qualifications equivalent to a full level 2, and around 5 million have literacy skills below level 1.<sup>31</sup> People without qualifications equivalent to level 2 lack the understanding, competence and knowledge to work productively in sectors such as construction and retail and do not have the platform needed to progress to higher-level skills. Additionally, some people with skills at levels 1 and 2 will have acquired them years ago for work that is no longer available. By 2012, some two-thirds of all jobs, both new and existing, are expected to require qualifications at level 3 or higher.
- 24 The Government is committed to helping all low-skilled adults get the skills they need to succeed in work. Only through increasing skills can we achieve our aim of a high-productivity, value-added economy with increased social mobility and social justice. For those helped back into the labour market after some time out of work, it is vital that their experience of re-entering the workplace is a successful one. Success in the workplace depends on the ability to do the job. That means having the right skills, so we need to ensure that the universal entitlement to free basic skills training and free tuition towards a first level 2 qualification is made a reality

for all adults, providing all individuals with the opportunity to become functionally literate and numerate. We will continue our joint working with the UK devolved administrations to support low-skilled adults.

- 25 We are trialling in six areas a new approach to skills coaching. This is aimed mainly at those receiving incapacity benefits or Income Support. If successful, this approach can play a major role in identifying those people for whom skills deficits are the main barrier to successful employment, and help them address these deficits and turn their lives around.
- 26 At the end of 2004, the Government commissioned Lord Leitch to lead a review of skills. The Leitch Review is due to report in 2006 on the skills profile that the UK should aim to achieve by 2020 in order to drive up growth, productivity and social justice. In order to realise economic and social objectives, it is important that the long-term needs of business and the economy inform the development of skills policy for those inside and outside the labour market. The Review's interim report, *Skills in the UK: The long-term challenge*,<sup>32</sup> shows that the UK needs to be far more ambitious, as at present it compares particularly poorly with other countries in terms of numbers of low-skilled adults.

## Tackling fraud

- 27 Our strategy for safeguarding the benefits system was outlined in *Beating fraud is everyone's business: Securing the future* and *A new contract for welfare: Safeguarding social security*.<sup>33 34</sup>

We followed this up with *Reducing fraud in the benefit system: Achievements and ambitions*<sup>35</sup> outlining our progress and future strategy. Our latest estimate shows that between 1997 and 2005 we had reduced benefits fraud by 68 per cent.

- 28 We created a professional, intelligence-led investigation force, equipped with powers from the Social Security Fraud Act 2001 and the Proceeds of Crime Act 2002. We developed a range of sanctions and have introduced the 'Targeting Benefit Fraud' advertising campaign, in a bid to raise awareness of benefits fraud and to act as a deterrent. We also introduced the National Benefit Fraud Hotline to make it easier for the public to report benefits fraud, and we began data matching with local authorities and HM Revenue and Customs.
- 29 Our strategy for the future includes:
- expanding our data matching ability to include data from the private sector;
  - use of new technology;
  - increased use of risk profiling (with additional checks on claims identified as higher risk as a result);
  - use of the proposed identity card across all Department for Work and Pensions businesses; and
  - reorganisation of our fraud investigators into two areas – Customer Compliance and the Fraud Investigation Service.

- 30 This approach will enable us to maintain the current number of fraud investigators and the number of sanctions imposed, while ensuring that lower-level fraud is detected and corrected more quickly than is currently possible by criminal investigation. It will also ensure that claimants are made aware of their responsibilities.
- 31 The Fraud Investigation Service will combine national and regional operations in one organisation, centred in areas where we know most fraud occurs. It will be wholly intelligence led.

## Evidence-based policy making

- 32 The proposals set out in this document are grounded in evidence from this country and overseas. As we develop the reforms in further detail, we will continue to learn from our experience and from that of others. We will undertake rigorous evaluation of pilot measures, and of nationally implemented changes, and we will publish the results openly. Evaluation will tell us how the changes affect individuals and society as a whole, and will determine our next steps. We will ensure that statistical data produced by the Government allow straightforward comparison between the total number of cases under the old and new systems.