

Invest to Save

Supplier Events – 28 and 30 July 2009

# INVEST TO SAVE (ItS) PATHFINDERS OVERVIEW

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## Origins of Invest to Save

- 1) *Reducing dependency, increasing opportunity: options for the future of welfare to work*, David Freud, March 2007
  - On the basis of discussions with providers, recommended tackling long-term benefit dependency through increasing use of private sector contractors to deliver support, funded from benefit savings achieved by helping claimants return to employment
  
- 2) *Realising Potential: A vision for personalised conditionality and support*, by Paul Gregg, December 2008
  - Announced in Welfare Reform Green Paper - 2008

# What do we want to achieve?

- Increase the proportion of long-term incapacity benefit customers moving into sustained employment
- Understand the feasibility of recycling benefit savings to fund back to work support

## Who?

- IB stock customers (2yr+ unemployed) will undergo ESA migration from October 2010. A proportion will move into the ESA Work Related Activity (WRA) Group. The ItS group is estimated to be 15-20% of this migrated ESA WRA Group. Support group customers can volunteer.

## Where?

- Glasgow; Norfolk; Lambeth, Southwark and Wandsworth; West Midlands; and Greater Manchester.

## When?

- Due to run for 3 years from March 2011.

## A new way of financing back to work support

- Treasury will transfer funding for benefit payments to DWP for the 3 years of the contract.
- DWP will contract with providers to deliver back to work support.
- If a provider helps a customer to move into work the benefit savings will be used to pay the provider.

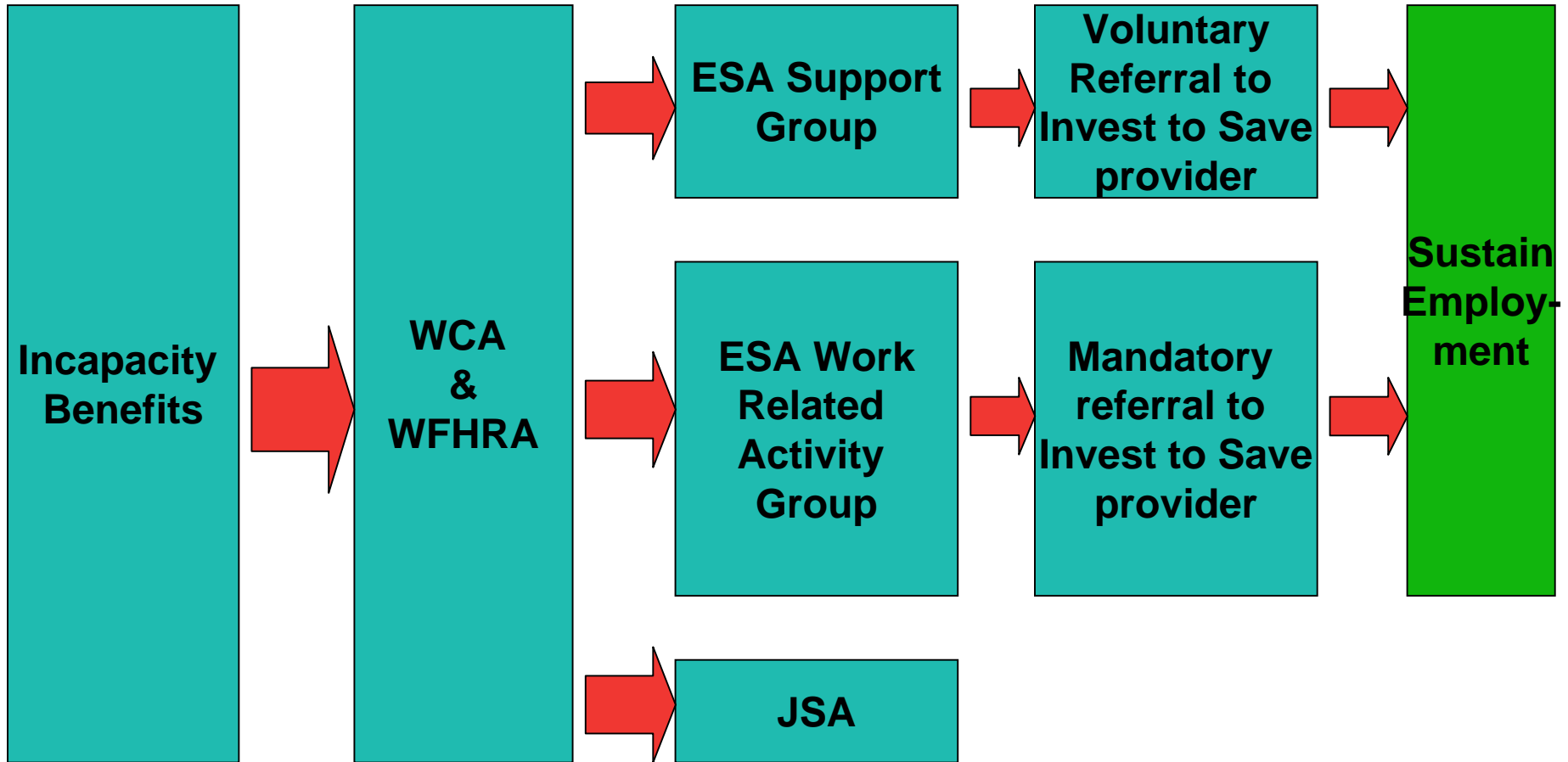
## **New ways of paying providers**

- The payments would be made regularly (probably for up to around 18 months) whilst the customer remains in work.
- The proportion of benefit saving passed on to the provider will take into account deadweight and forecasting risks.
- The number of achievable outcomes will be uncapped -the more job entries the providers achieve, the more money they can receive.
- Looking into ways of helping providers with upfront cash flow, e.g. through re-payable loans

## **Back to work support for long-term IB customers, based on Gregg's recommendations for the 'Progression to Work' group**

- ongoing engagement with personal adviser
- action planning
- work-related activity
- adviser directions where necessary
- ultimate recourse to sanctions as a last resort

# Invest to Save - Customer Journey



# Early estimates of customer volumes (subject to change)

<b>Location</b>	<b>Number of mandatory customers entering ITS</b>
West Midlands	30,000
Glasgow	10,000
Greater Manchester	30,000
Lambeth, Southwark, Wandsworth	7,000
Norfolk	6,000

- What opportunities does the Invest to Save model offer to providers?
- What challenges will the Invest to Save model involve and how can these be addressed?
- What is effective in supporting this customer group?  
What opportunities does the Gregg model offer for increasing engagement?
- Questions for DWP