



## Chapter 5

## Delivery through partnership



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1. To deliver against the promise of a step change in the support we offer, new delivery mechanisms are required. Jobcentre Plus will remain at the heart of our efforts to achieve full employment, but tackling these problems is not something Jobcentre Plus can do alone. Successful delivery will require close partnership with employers, with employment service providers in the private and third sectors, and with other parts of government. They need to work together. It also requires these partners to be responsive, not only to changing circumstances, but also to local needs.

### Central role of Jobcentre Plus

2. Jobcentre Plus is the main gateway into welfare to work and provides tailored and personalised benefits and back-to-work support. Jobcentre Plus will help customers navigate their way around the welfare system, providing advice and signposting on benefits, tax credits, childcare, housing and health. We will position Jobcentre Plus advisers to act as an advocate for each individual in getting help across the range of their needs. They will work with other agencies by bundling solutions together to suit the individual and give them the best chance of getting a job.
3. As part of the Government's response to the Leitch review, Jobcentre Plus will also play a larger role in providing a gateway to skills, education and training. Jobcentre Plus will identify customers for whom a lack of skills is a barrier to work, understand the skills needs of the local labour market and work in tandem with the Adult Careers Service to help low-skilled people on benefits develop the skills needed to find, retain and progress in employment.
4. Further down the road, our aspiration is for Jobcentre Plus to play a key role in meeting Sir David Varney's vision<sup>8</sup> of a joined-up government service to its citizens offering access to a wider range of services or acting as a broker in finding the right solutions.
5. In sum, Jobcentre Plus will continue to own the customer experience throughout the life of a benefit claim, tracking customers to know where they are in the system at any given time, and helping customers to navigate the system to find the full range of help they need from whatever source. Jobcentre Plus will clearly set out the individual customer's rights and responsibilities and ensure that both are being fulfilled. Jobcentre Plus will, in return, also continue to be responsible for paying benefits accurately and on time, and will tackle fraud and impose sanctions where necessary.

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<sup>8</sup> Service Transformation: a Better Service for Citizens and Businesses, a Better Deal for Taxpayers, November 2006

6. In addition, because employers as well as individuals are customers, Jobcentre Plus will continue to take and fill vacancies quickly and efficiently. And, in order to provide a better service, Jobcentre Plus will continue to work in partnership with employers and their representative bodies to understand their labour needs and the skills they require. This will ensure the delivery of a better, more demand-led service for employers. It will also enable more disadvantaged people to find work and build their skills.

## Providing specialised support for the hardest to help

7. We know that Jobcentre Plus works, but we also know that it cannot provide all that is needed by itself. Many of those without work for extended periods face multiple barriers to work, such as low skills, poor physical or mental health, limited access to childcare, or difficulties travelling to suitable employment. Many also face further barriers to work as their benefit claim becomes extended – losing confidence, or falling into debt – leading to a spiral of decline.
8. We therefore believe that, as proposed in David Freud’s report, Jobcentre Plus services need to be further supplemented by more specialised support beyond a certain point in an individual’s claim for benefit. This support could be delivered by private, public or third sector organisations. It should be focused on securing sustained outcomes for long-term benefit claimants and those individuals with multiple barriers to work, whilst setting the minimum possible level of prescription for the organisation providing the support. This will allow a tailored approach which can respond to individual circumstances, and bring them back into the world of work.
9. The point at which a customer will need this more specialised support will vary depending on the person’s circumstances. As outlined in our model for a flexible New Deal (Chapter 4), we anticipate that for the majority of Jobseeker’s Allowance customers this will happen at 12 months. However, for other customers, earlier intervention may be appropriate to ensure that we tackle effectively multiple disadvantage and reduce long-term unemployment and inactivity. This will include those Jobseeker’s Allowance customers who have experienced longer and repeat durations of unemployment, as well as other customer groups such as those with a health condition or disability and lone parents.
10. We are already making steps towards this: future Employment and Support Allowance customers will, through the roll out of ‘Pathways to Work’, be supported by specialist provision after 13 weeks rather than 12 months.

11. To ensure that customers who most need help receive it, we will develop and test a system through which Jobcentre Plus will identify those at most disadvantage in the labour market. We envisage a system primarily based on a customer's benefit history, but which also captures groups such as those with the most severe barriers who currently have early voluntary access to the New Deals.
12. In the future our aspiration is to move to a method of analysis based on characteristics associated with long benefit durations that identifies those who would benefit most from earlier entry. This will be challenging, but could be the key to unlocking the best value from resources through targeting efforts and expertise appropriately on disadvantaged customers.

## Partnership working with the private and third sectors

13. We believe that private and third sector organisations have a key role to play in delivering this more specialised support. They already play a valuable role in delivering programmes such as Employment Zones and the New Deals for disabled people and job seekers. Around a quarter of DWP expenditure is already directed towards contracted provision.
14. Since the beginning of the Government's welfare reform programme in 1997 we have been systematically testing the impact of opening up the design and delivery of labour market support to competition.
15. There are a number of important reasons for expanding the role of private and third sector organisations in the delivery of welfare to work. They can bring a distinctive approach to service delivery based on their specialist knowledge, experience and skills. They also offer scope to be more innovative, developing new and creative ways of working with customers.
16. Evidence from Employment Zones and New Deal for Disabled People suggests that outcome-based contracts with the private and third sectors can deliver positive results for the hard-to-help. However, in the case of Employment Zones, these results were at greater cost. We are currently extending this approach further by completing the roll out of Pathways to Work nationwide, primarily via the private and voluntary sectors to the remaining 60 per cent of the country.
17. In sum, broadening the role of the private and third sectors in the provision of employment support can open up new opportunities and complement the work of Jobcentre Plus by allowing it to target its own resources on the things it does best.

## Contracting principles with the private and voluntary sectors

18. The approach to contracting with the private and voluntary sectors needs to build on the strengths of all sectors. It needs to allow them to make the decisions they need to deliver results; ensure appropriate levels of support for all customers; maintain strong competition to secure ongoing improvements in cost-effectiveness; and maximise value for money for the taxpayer.
19. The key principles behind our contracting approach are:
  - **Quality provision:** The support that government puts in place to help those without jobs to prepare for, secure and remain in work needs to add real value. It must deliver for the individual the tailored, personal help they need to find work and transform their lives. Quality, value-added provision must be available for the individual including highly specialised help when needed, to deal with difficult, entrenched or multiple barriers to getting and keeping work.
  - **Competition to drive value:** The increased use of competition to drive better value and service improvement has been an important feature of the development of employment programmes during the past decade. As this is a large and growing market, which will be worth around one billion pounds a year by next year, the Government now has the opportunity to drive significantly better value through the effective exercise of its purchasing power. It will do this by creating a level playing field for providers from all sectors. Government also needs to continue to increase its own professionalism in its engagement with existing and potential providers.
  - **Outcome-based contracts with increased flexibility for providers:** In the past, employment programme contracts have too frequently been characterised by being short-term (typically contracted for only two to three years), small, and geared toward process and inputs. They have not offered appropriate incentives to high performing providers. As our welfare reform programme has developed, we have made significant moves towards substantially output-based contracts with a low level of prescription, as in the case of Employment Zones and Pathways to Work. This means that, increasingly, providers are given more flexibility in the way that they deliver. However, we acknowledge that there is more that we can do.
  - **Minimum standards of support for all:** This flexibility for providers in the way that they support people back into work needs to be underpinned with conditionality appropriate to those individuals. We also need to guard against providers concentrating on those people that they know they can move into work easily, or not paying proper attention to any individual that they feel would require too much support.

20. Guided by these principles, we believe that there is real value to be gained by simplifying and rationalising our existing set of contracts over time and by taking a more strategic approach to the commissioning of employment programmes. This will address the key questions raised and debated in, and since, the publication of the Freud report, principally:
- What are the capabilities we need to see in a high performing supply chain of providers? How can we use commissioning to assure and strengthen the quality of these capabilities? What is the role of prime contracting in that?
  - How do we strike the right balance of risk and reward so that we encourage investment and innovation, without making the position of vital, but smaller, players unsustainable?
  - How do we encourage the behaviours that make the difference between a productive and unproductive prime contractor role?
  - What is the appropriate geographical level for first tier or prime contractors – and is the answer uniform across the country?
  - How do we ensure that our contracting supports integration with local and area initiatives and with wider public services that play a role in helping people back to work?
  - How do we ensure that we are incentivising and paying for sustainable job outcomes?
  - How do we ensure that the outcome of our commissioning strategy is a narrowing of the gap between individuals, groups and localities and the average?
  - What can we build into our approach to contracting to make the customer a more active participant in the system?
21. During the next few months, DWP will undertake a detailed exercise to address these questions, focusing initially on the contracting model for the flexible New Deal, but also setting a longer-term strategy for employment programme contracting. The outcomes of this exercise will be made public in the autumn.
22. We have already begun to consult with providers and other stakeholders on the right approach to contracting, and will continue to seek their views as we develop the strategy. We will draw on analysis of the range of different models that we have tested in the UK, as well as evidence from overseas. We will also consider further how our national employment programmes will fit with the City Strategy in the Pathfinder areas, and how this relationship might evolve.

23. In addition, we will seek to test other principles and arrangements through other programmes or pilots. For example, the Government proposes to pilot an approach where providers who are successful in moving people into sustained employment (an outcome which would also help reduce benefit spending) are rewarded with increased funds to invest in further activity.

## Partnership across government

24. Partnership working across government is also key to delivering a reformed welfare system. The UK public sector consists of over 1,300 organisations, including Whitehall departments, Devolved Administrations, Non-Departmental Public Bodies, agencies, local authorities, primary care trusts, and the police.
25. To take just one example; Pathways to Work has, over the past four years, helped over 32,000 incapacity benefits' claimants into work. This programme delivers holistic, personalised support, with condition management programmes led by health providers, as well as employment support delivered through the New Deal for Disabled People. The role of health providers can be critical in helping some groups – such as people with drug or alcohol problems – into work, and the Department of Health has been closely involved in the design and delivery of Pathways.
26. Partnership working across government is also important in reducing the numbers moving on to benefit and thereby ensuring short periods out of work do not become long periods of reliance on benefits. DWP has been working jointly with the Department of Health to reduce the numbers of people who fall out of work due to a health condition or disability. This includes piloting programmes to improve employment outcomes for people with mental health outcomes; and a range of initiatives to change perceptions and behaviour amongst healthcare professionals and employers.
27. New ways of joining up across Government are currently being explored under the auspices of the cross-government 'Shared Services Transformation Programme', with DWP and Her Majesty's Revenue and Customs (HMRC) in particular looking for ways of working together that can deliver a better service to the customer and better value for money for the taxpayer.
28. Horizontal joining-up (across government departments and agencies) needs to be accompanied by vertical engagement, i.e. joining-up between central and regional or local public sector bodies. This both facilitates the effective use of resources and allows policy to be responsive to local needs and circumstances.
29. Local authorities are one of the key players here. The Review of Sub-national Economic Development and Regeneration sets out a stronger role for local authorities in England to improve economic prospects. The Local Government White Paper also emphasised the strategic role of local authorities in England and their leading role in facilitating closer working across partners at a local level.

30. Therefore, local authorities will need to work in partnership with Jobcentre Plus and other key partners from the private, voluntary and community sectors to coordinate Local Strategic Partnerships and agree the new Local Government Performance Framework. This framework will enable partners to determine the most appropriate local indicators and set appropriate targets for local employment outcomes.
31. Communities and Local Government will also put in place a Multiple Area Agreement framework in England, which will enable local authorities and their partners to collaborate across boundaries on shared priorities. These new agreements could offer a strong framework for partnership arrangements at a local level.
32. Partnership working at local level is also helping to join up services for young people. In particular, local 14-19 partnerships have a key role in providing choice and opportunities for young people in their area, by planning the provision of education and skills for 14-19 year olds, to ensure this meets the skills needs of the local economy and labour market.
33. Local authorities also play a key role as social housing providers, which is closely associated with worklessness. Fully 55 per cent of households of working age living in social housing are workless. One of the significant findings of John Hill's report<sup>9</sup> was that although housing and employment support tend to operate in separate boxes, often problems with one can have its roots in the other. Both housing 'enablers' (for example social landlords) and employment services (for example Jobcentre Plus) could take a more joined-up approach to employment and housing advice. DWP will work closely with the Communities and Local Government to explore how best to achieve this.

## Partnership working at local level

### The City Strategy

34. As set out in the Local Government White Paper, the Government believes there are significant gains to be made from harnessing the commitment, energy, ideas and funding streams of local public sector partners and employers to tackle worklessness in communities. The Government's City Strategy is designed to do this by promoting employment opportunities for the most disadvantaged in society. This includes DWP customers as well as priority groups who may or may not be on benefits but whose problems are much wider, such as refugees, ex-offenders, drug addicts and the homeless. A key element of the approach is to link up local provision, particularly employment and skills provision, to maximise the opportunities available to people in the most disadvantaged areas.

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<sup>9</sup> *Ends and Means: the Future Role of Social Housing in England*, John Hills, February 2007.

35. Within DWP's City Strategy, local partners – including local authorities, private businesses, third sector organisations, Jobcentre Plus and the Learning and Skills Councils – have formed consortia in 15 cities or city regions<sup>10</sup>. These consortia are pooling funding streams, rationalising and joining up services, and commissioning services tailored to meet local needs. They are working with Jobcentre Plus to ensure best use is made of the flexibilities available to personal advisers in providing tailored support to individuals. The City Strategy will test whether locally determined solutions can add significant value to driving up employment outcomes.
36. This is an innovative and developing approach for DWP, moving from a wholly universal, nationally designed and contracted service provision towards one where national provision is supplemented by locally designed provision focused on the particular needs of local areas.
37. Over the two years to April 2009, the City Strategy in its delivery phase will test whether:
  - local stakeholders, backed by sound knowledge of their local labour market and granted a degree of freedom by central government, can design innovative services that are more effective at tackling long-standing local concentrations of disadvantage;
  - local accountability is effective at driving up performance – particularly where accountability and service delivery are aligned at the same spatial level. An important aspect of this is devolving the deprived areas fund to City Consortia; and
  - a partnership approach, building on local stakeholders' shared interest in delivering high-quality services and making a difference to disadvantaged individuals, is strong enough to have a real impact.
38. Following business plan and target sign off, the City Consortia are moving into the delivery phase and will be expected to deliver an additional three per cent reduction in benefit numbers with an equivalent increase in the employment rate. As a result, the ambition is to move an additional 30,000 off benefit across all pathfinders. DWP will make available a reward fund of at least five million pounds to recognise innovative approaches to increasing employment outcomes for the most disadvantaged.
39. DWP will provide support to the City Consortia as they move into their delivery phase. Over the next two years, 65 million pounds from the DWP Deprived Areas Fund will be devolved to the City Consortia to support the implementation of their local strategies.

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<sup>10</sup> Birmingham, Blackburn, Dundee, Edinburgh, Glasgow, Heads of the Valleys, Leicester, Greater Manchester, Nottingham, Rhyl, South Yorkshire, Tyne and Wear, West London, East London and Liverpool.

40. DWP will provide further support through the establishment of a learning network. This will allow pathfinders to come together and share best practice. It will also help foster the innovative approaches we are seeking. Locally determined innovative approaches will be key to the success of the City Strategy and meeting the stretching targets that the pathfinders are working towards. As we move forward in the development of our contracting strategy we will need to ensure that this innovation and the expertise of the City Consortia is fully and appropriately utilised.

## Integrating employment and skills locally

41. The Leitch review of skills, recommended a network of local employment and skills boards to influence delivery of employment and skills at a local level. These employment and skills boards could play a key role in ensuring the local system is responsive to the needs of local employers and supporting disadvantaged and low skilled people to enter work and progress to better jobs. The Government's approach to employment and skills boards is set out in 'World Class Skills', being published alongside this consultation document. Local integration is also a key feature of several other proposals in this consultation document, such as the Local Employment Partnerships which will complement Leitch's proposals.
42. In addition to integrating employment and skills provision locally in England we also need to do the same with the other countries in the United Kingdom. We already work closely with the Devolved Administrations and are currently in discussion with them about how we might ensure that an integrated employment and skills system is in place everywhere.

