

# Local solutions: delivering employment services in partnership

June 2009



# Contents

<b>Introduction</b>	p 5
<b>Context</b>	p 7
<b>Principles</b>	p 13
<b>Applying the principles</b>	p 15
Stage 1: Set objectives	p 16
Stage 2: Map worklessness	p 18
Stage 3: Design employment programme	p 20
Stage 4: Procure programme	p 23
Stage 5: Deliver programme	p 25
Stage 6: Manage contract and assure quality	p 27
Stage 7: Evaluate programme and share best practice	p 28
<b>Conclusion and recommendations</b>	p 29
<b>Key terms</b>	p 34
<b>Appendix A: Estimated UK Government spending 2008/09</b>	p 37
<b>Appendix B: Devolution in Scotland</b>	p 38
<b>Appendix C: Partners within a Flexible New Deal contract area</b>	p 39
<b>Bibliography</b>	p 40
<b>WorkDirections and the Ingeus Group</b>	p 42

*“The need to close the gaps in economic performance and employment between the nations, regions and sub-regions of the UK, to customise employment and skills services to employer business need, to personalise service to individuals or groups of people, is increasing the demand to decentralise decisions and action, particularly through effective partnerships.”*

UK Commission for Employment and Skills (2009) *Ambition 2020: World Class Skills and Jobs for the UK*

*“We want to connect up what we all do by devolving power to the local level, from making sure local partners play an active role in our commissioning process, through to us handing over both funding and accountability for outcomes to local areas who request it and demonstrate their capacity to deliver.”*

Department for Work and Pensions (2008) *Raising expectations and increasing support: reforming welfare for the future*

*“Whilst it may be right to retain some aspects of the system on a national basis, for example benefit payments at national rates, there is no longer a case for uniform national rules for employment and skills programmes.”*

Local Government Association (2007) *Welfare reform: the case for devolution*

*“For me this whole process of devolution is not an academic exercise, it is not an intellectual exercise about where the right balance of power should be in a constitutional sense. For me this is about saying ‘where can we get to a position whereby local people get the very best services, the very highest quality, not just local government but partners at a local level working together to deliver something that is practical and tangible?’”*

Rt Hon Hazel Blears MP Oral Evidence for the Communities and Local Government Committee 2008/09 inquiry *The Balance of Power: Central and Local Government*

# Introduction

Will a shift in the balance of power away from Central Government improve the performance of employment programmes?

The recession has increased the number of unemployed people accessing employment support. The cost to the Government of out-of-work benefits has increased significantly and all communities and neighbourhoods have been affected. This has focused attention on how the effectiveness and efficiency of welfare-to-work services can be improved, and whether risk can be shared more effectively between Central Government and local actors.

The relationship between Central Government, Local Authorities, regional and sub-regional structures and welfare-to-work providers is evolving. A shift in the balance of power between tiers of Government and their strategic partners could drive improvements in efficiency and effectiveness by:

- **matching labour market supply and demand** - increased coordination at the local or sub-regional level could bring together employers and organisations that support people who are out of work to promote employment and economic regeneration;
- **promoting partnership between local services to tackle multiple disadvantages** - those who are long-term unemployed often face multiple constraints to employment; a coordinated and complementary network that joins up support at the local level across services such as skills, housing, care and debt advice, could deliver better results in terms of addressing multiple needs and supporting more people into employment; and
- **involving local decision-makers and stakeholders to improve the alignment and targeting of support** - the input of local experts could help to effectively target the needs of local people and employers, align resources at the local level, and channel them towards the most disadvantaged communities.

This paper is divided into three sections. The first section outlines current provision of employment services in the UK and summarises the Government's proposals to change the relationship between national, regional, sub-regional and local stakeholders. It focuses primarily on employment services and does not cover the full skills agenda, as integrating employment and skills at the national policy level is still at an early stage.<sup>1</sup>

The second section sets out some key principles for effective welfare-to-work services regardless of the governance and funding framework. It outlines the principles for effective partnership between those who are out of work, employment service providers, Government purchasers and other stakeholders. These principles are:

- maintaining the focus on sustainable job outcomes;
- enhancing the coordinated and complementary nature of services delivered at the local level; and
- promoting transparency between purchasers and providers of employment services and local partners.

The final section maps the decision points in welfare-to-work service provision from setting objectives to designing, procuring and evaluating employment programmes. Using this framework we consider how partnership principles operate at all stages of programme design and delivery. This paper offers a provider perspective on the challenges and opportunities that change can present in terms of both enhancing performance and value for money in an increasingly devolved welfare-to-work system. WorkDirections argues that all involved should ensure that changes in structures and processes do not lose sight of the primary objective of supporting individual job-seekers into sustainable employment.

# Context

How can employment programmes best meet the needs of localities?

## The current landscape

Employment programmes are planned, commissioned and delivered at different geographical levels: national, regional, sub-regional and local. Central Government administers benefits for people who are out of work and provides employability support through the Jobcentre Plus network and contracted providers.

The Department for Work and Pensions (DWP) has developed a range of services designed to deliver innovative, effective support to people who are furthest from the labour market (long-term unemployed people, lone parents and those not working as a result of their ill-health or disability) to move from benefits into sustainable jobs. A number of specialist programmes are also designed at the level of a Jobcentre Plus District or Local Authority, and are delivered through a mixed economy of the public, private and voluntary sectors.

The performance of employment programmes is affected by the complexity of the system. As the National Audit Office has noted, “Effective collaboration between national agencies, regional bodies, Local Authorities, service delivery organisations and voluntary and community organisations is essential for employment and skills services to address local pockets of disadvantage and meet local needs.”<sup>2</sup>

The UK Commission for Employment and Skills has highlighted a series of issues with the current landscape,<sup>3</sup> including:

- **the complexity of programmes and initiatives** – the sheer range of programmes and initiatives.
- **restricted constraints in initiatives and programmes** – eligibility rules restricting participation.
- **excessive bureaucracy** – demanding administrative rules and reporting requirements, disproportionate to accountability requirements.
- **complexity of structure and organisation** – the sheer number and range of organisations.
- **rapidity of change** – the continual change in programmes.

Official publications have addressed these issues by proposing a new balance between central, regional, sub-regional and local stakeholders in tackling worklessness.

## Raising expectations and increasing support: reforming welfare for the future<sup>4</sup>

The 2008 White Paper sets out DWP’s framework for progressive devolution within its contracted employment programmes. Defined sub-regions will be given the opportunity to have a greater say in what is purchased by DWP. Where there is capacity, capability and a clear rationale that additional outcomes will be achieved, economic powers to commission may be devolved or shared, and the extent of devolution could vary across regions and between programme types.

- **Level 1** - DWP consults with City Strategy Pathfinders and other partnerships on the detail of their commissioning processes, and involves them in discussions on the performance of DWP contracts.
- **Level 2 - wraparound services within DWPs’ contracts.** Localities and sub-regions add value to DWP contracted provision through better alignment of existing funding streams. There is potential for shared commissioning where localities can demonstrate added value and a strong focus on performance management and accountability.

<sup>2</sup> National Audit Office (2007) *Helping people from workless households into work*.

<sup>3</sup> UK Commission for Employment and Skills (2009) *Ambition 2020: World Class Skills and Jobs for the UK*.

<sup>4</sup> Department for Work and Pensions (2008) *Raising expectations and increasing support: reforming welfare for the future*.

- **Level 3 - devolving contracting responsibility to sub-regional partnerships.** DWP adopts a devolved commissioning model where money and responsibility are passed over to the sub-region. DWP becomes a partner in a local procurement exercise, specifying the outcome requirements but devolving commissioning arrangements to a local partner or joint commissioning body.

## Tackling Worklessness: A Review of the contribution and role of English Local Authorities and partnerships<sup>5</sup>

The Department for Communities and Local Government invited Councillor Stephen Houghton to chair an independent review examining the role of Local Authorities and their partners in tackling worklessness. The final recommendations of the Houghton Review were published in early 2009 and called for, “a responsible relationship between local, regional and national partners – greater powers and resources in return for greater transparency and accountability.”

Specific recommendations included:

- **Worklessness Assessments** - Local Authorities, or groups of Local Authorities, analyse the causes of worklessness in their local communities and the defining characteristics of local workless people as part of their wider economic assessment duty.
- **Work and Skills Plans** - Local Authorities who want to enhance their role in tackling worklessness work with Central Government to develop plans for addressing worklessness and gain additional freedoms and resources in return.
- **Work and Skills Integrated Budgets** - in areas where partnerships are robust and Work and Skills Plans are agreed with Central Government, budgets are aligned and pooled to facilitate joint commissioning between partners.

The report also recommended a ‘Challenge Fund’ for priority Local Authorities to stimulate the economy through temporary job creation. This has inspired the 2009 Budget announcement of a Future Jobs Fund of £1 billion, which will allow Local Authorities and other organisations to create 150,000 new jobs. The Future Jobs Fund is linked to a guarantee for every 18 to 24-year-old who is approaching 12 months’ unemployment to be offered a fixed-term job, training or paid work experience.

Reform proposals and initiatives have focused on how to bring together governance structures with employment (and skills) provision in order to improve performance. The following pages map the current landscape.

As proposals are implemented in the current economic climate, the challenge is to maintain the focus on sustainable job outcomes. Value for money will not be maximised where structures take priority over people. Changes in structures and funding streams should only be pursued if they will improve the service available to job-seekers and increase the number of individuals supported into sustainable employment.

<sup>5</sup> Houghton, Dove and Wahhab (2009) *Tackling Worklessness: A Review of the contribution and role of English Local Authorities and partnerships* (Department for Communities and Local Government).

# Sub-regional strategic partnerships

## Multi-Area Agreements

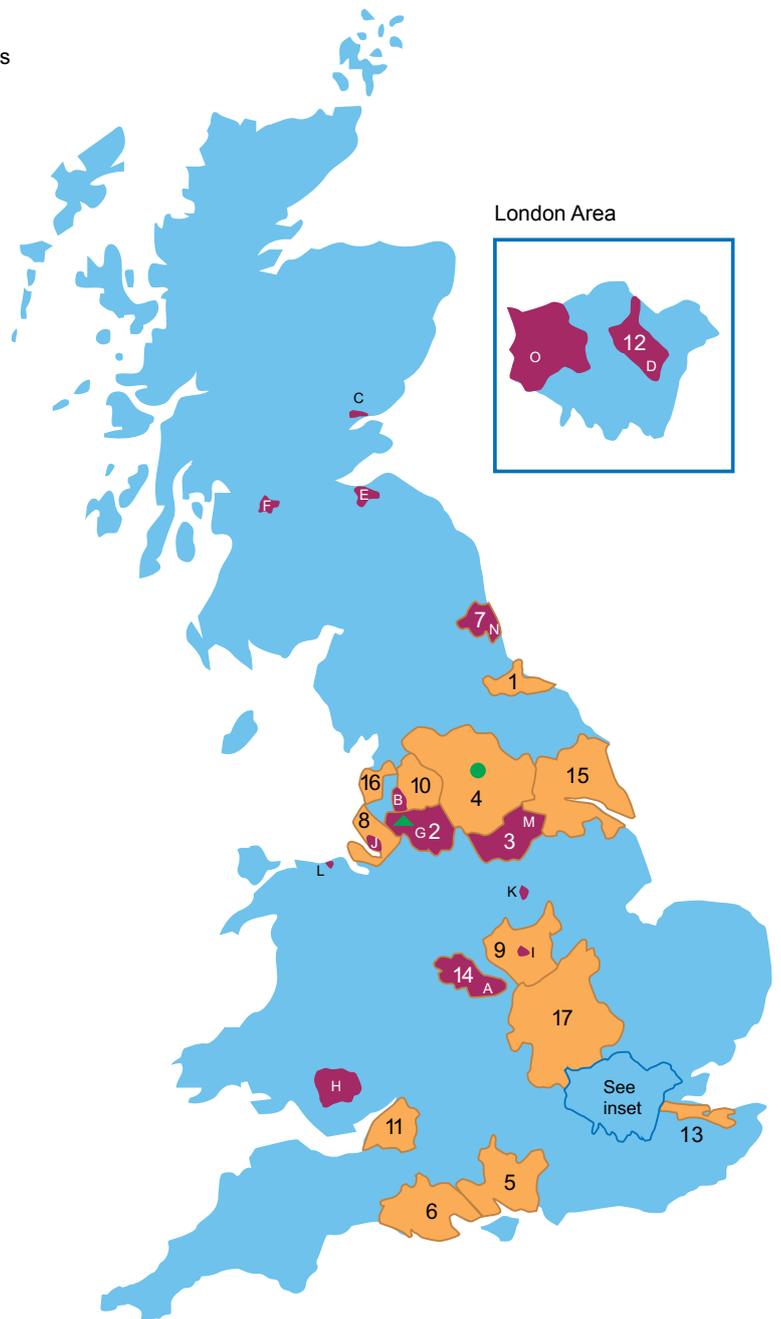
- 1st Tranche
  - 1. Tees Valley
  - 2. Greater Manchester
  - 3. South Yorkshire
  - 4. Leeds City Region
  - 5. Partnership for Urban South Hampshire
  - 6. Bournemouth, Dorset and Poole
  - 7. Tyne and Wear
- 2nd Tranche
  - 8. Liverpool City Region
  - 9. Leicester and Leicestershire
  - 10. Pennine Lancashire
- 3rd Tranche
  - 11. West of England
  - 12. Olympic Legacy
  - 13. North Kent
  - 14. Birmingham, Coventry and Black Country City Region
  - 15. Hull
  - 16. Fylde Coast
  - 17. Milton Keynes South Midlands

## City Regions

- ▲ Greater Manchester
- Greater Leeds

## City Strategy Pathfinders

- A. Birmingham, Black Country and Coventry
- B. Blackburn with Darwen
- C. Dundee
- D. East London
- E. Edinburgh
- F. Glasgow
- G. Greater Manchester
- H. Heads of the Valleys
- I. Leicester
- J. Liverpool
- K. Nottingham
- L. Rhyl
- M. South Yorkshire
- N. Tyne and Wear
- O. West London



## FND delivery areas and the WNF

### Phase 1 Flexible New Deal contract areas

1. Birmingham & Solihull
2. Black Country
3. Cambridgeshire & Suffolk, Norfolk & Lincolnshire & Rutland
4. Central London, Lambeth Southwark & Wandsworth
5. Coventry & Warwickshire, The Marches & Staffordshire
6. Devon & Cornwall
7. Edinburgh, Lothian & Borders, Lanarkshire & East Dunbartonshire, Ayrshire, Dumfries, Galloway & Inverclyde
8. Greater Manchester Central & Greater Manchester East & West
9. Leicestershire, Northamptonshire & Nottinghamshire
10. North & East Yorkshire & Humber & Tees Valley
11. North & Mid Wales & South East Wales
12. South Yorkshire & Derbyshire
13. South Wales Valleys & South West Wales
14. Surrey, Sussex & Kent

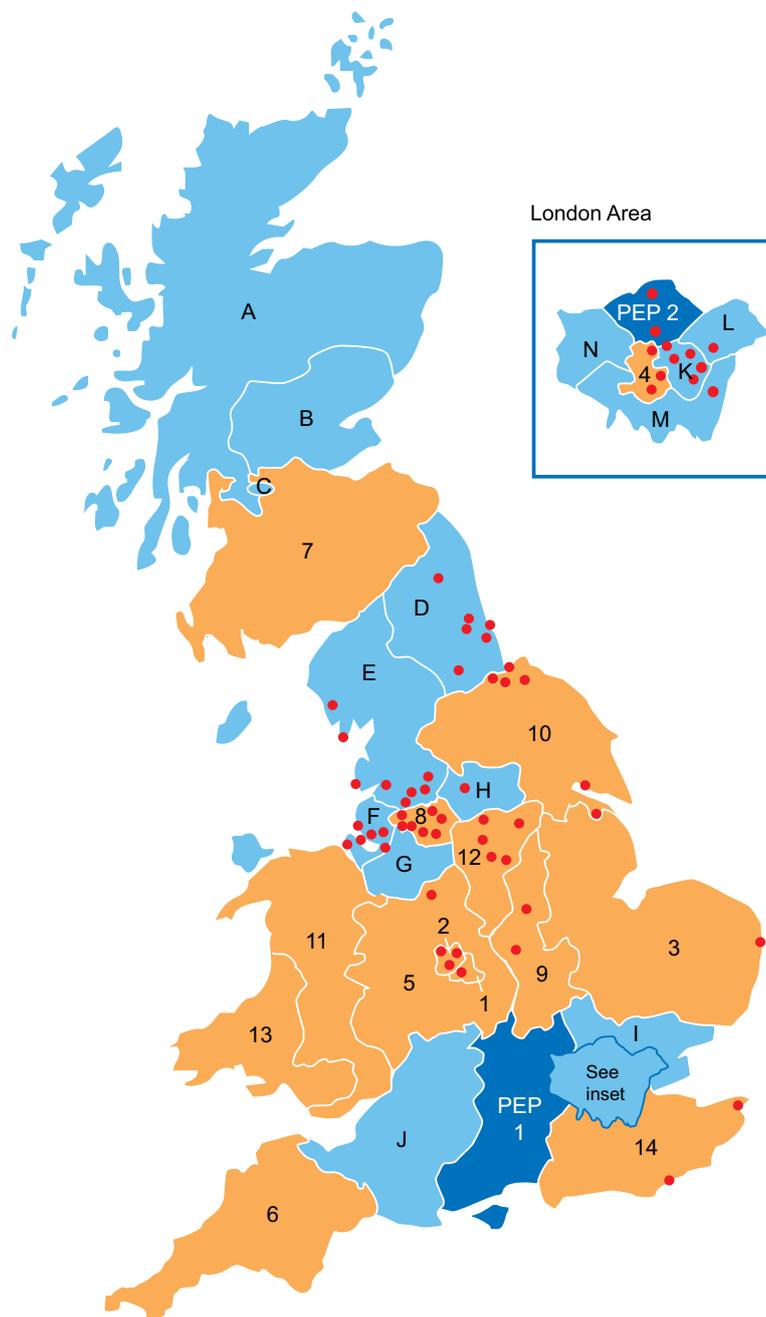
### Phase 2 Flexible New Deal – Provision Specification and Supporting Information

- A. Highlands, Islands, Clyde Coast and Grampians
- B. Forth Valley, Fife and Tayside
- C. Glasgow
- D. Northumbria and Gateshead / South Tyne and Wear Valley
- E. Cumbria and Lancashire
- F. Halton and Merseyside
- G. Cheshire and Warrington
- H. West Yorkshire
- I. Essex / Bedfordshire and Hertfordshire
- J. Dorset and Somerset / Gloucestershire, Wiltshire and Swindon / West of England
- K. Olympic Host Boroughs and City of London
- L. North and North East London (Barking and Dagenham, Havering, Redbridge only)
- M. South London (Bromley, Croydon, Kingston upon Thames, Lewisham, Merton, Richmond upon Thames, Sutton only)
- N. West London (Brent, Ealing, Hammersmith, Harrow, Hillingdon, Hounslow only)

PEP 1 Personalised Employment Programme (PEP) pilot area – Hampshire and the Isle of Wight, Thames Valley (Berkshire, Buckinghamshire and Oxfordshire)

PEP 2 Personalised Employment Programme (PEP) pilot area – Barnet, Enfield and Haringey

● Local Authorities in receipt of Working Neighbourhoods Fund (WNF)



## Agencies at the national, regional, sub-regional and local levels

<b>NATIONAL</b>	<p><b>Government departments</b> including the Department for Work and Pensions which administers benefits and employment services, the Department for Communities and Local Government which is responsible for setting the framework in which Local Government and Local Strategic Partnerships operate and the Department for Business, Innovation and Skills which oversees adult skills support.<sup>6</sup></p>		<p>The <b>UK Commission for Employment and Skills</b> represents employers' views on skills and ensures that employment and skills are integrated to meet the needs of individuals and employers.</p>
<b>REGIONAL</b>	<p><b>Regional Development Agencies</b> aim to spread economic prosperity and opportunity across the nine regions of England.</p>	<p><b>Government Offices</b> are responsible for the delivery of national policy and negotiate local priorities and targets between Central Government and Local Authorities through the Local Area Agreement framework.</p>	<p><b>Regional Improvement and Efficiency Partnerships</b> are regional networks of Local Authorities and their partners that drive improvement, innovation and efficiency in the delivery of Local Area Agreements.</p>
<b>SUB-REGIONAL</b>	<p><b>City Strategy Pathfinders</b> aim to tackle worklessness in the 15 most disadvantaged areas of the country.<sup>7</sup></p>	<p><b>Multi-Area Agreements</b> demonstrate a sub-regional approach to tackling worklessness by promoting partnership across Local Authority boundaries.</p>	<p><b>Employment and Skills Boards</b> are employer-led Boards that bring together employment and skills activity under local employer leadership.</p>
<b>LOCAL</b>	<p><b>Local Authorities</b> deliver and commission services for local residents (as do other local public sector bodies such as Primary Care Trusts).</p>	<p><b>Local Strategic Partnerships</b> bring together Local Authorities and their partners from the public, private and voluntary sectors to set local priorities and targets through the Local Area Agreement framework.</p>	<p><b>Jobcentre Plus</b> administers out-of-work benefits and delivers employment support across the country via local offices.</p>

*There are some key differences in policy actors and governance structures in the devolved administrations in Scotland, Wales and Northern Ireland. Although the actors and institutions vary, the risks and opportunities explored in this paper are, in the main, applicable across the UK. See Appendix B for information about devolved governance in Scotland.*

<sup>6</sup> Previously the remit of the Department for Innovation, Universities and Skills.

<sup>7</sup> The 15 areas are: Birmingham, Black Country and Coventry; Blackburn with Darwen; Dundee; East London; Edinburgh; Glasgow; Greater Manchester; Heads of the Valleys; Leicester; Liverpool; Nottingham; Rhyl; South Yorkshire; Tyne and Wear; and West London.

# Principles

A shift in the balance of power between tiers of Government and their strategic partners could drive improvements in the efficiency and effectiveness of employment programmes.

A change in the relationship between Central Government and localities could improve the ability of employment programmes to support people into sustainable jobs. Transferring powers and resources away from Central Government offers the potential to enhance the effectiveness and efficiency of employment services. WorkDirections' experience suggests a number of key principles for partnership between those who are out of work, employment service providers, Government purchasers and other stakeholders. These principles are outlined below and apply regardless of governance and funding frameworks. The next section considers how these principles can be maintained and promoted at all stages of employment programme development.

## 1. Maintaining the focus on sustainable job outcomes

- Individuals accessing employment programmes have diverse needs and require an individual package of support and intervention to move into sustainable employment.
- Providers need freedom and flexibility to deliver personalised interventions.
- Devolving design and delivery to service providers through a 'black box' approach gives providers the flexibility to develop such interventions.
- Outcome-focused commissioning will facilitate this. By weighting payment towards sustainable employment outcomes, the focus of programmes is on the objective rather than intermediate processes.

## 2. Enhancing the coordinated and complementary nature of services delivered at the local level

- Every workless person should have the opportunity to access employment support from Government-funded programmes at the national or local level.
- Those accessing employment programmes can experience multiple constraints to employment: many individuals will be accessing a number of other local services such as housing, childcare, debt, training and other information, advice and guidance services.
- Employment programmes can better support individuals with multiple needs if they work in partnership with other local services.
- Effective partnership means that local services complement each other and are easy to navigate. This should facilitate shared expertise and avoid duplication and complexity in order to ensure value for money.
- Local Authorities and sub-regional partnerships can take a lead in joining up local services.

## 3. Promoting transparency between purchasers, providers and local partners

- Successful procurement and management of programmes will maximise their capacity to support people into sustainable employment.
- Transparency at all stages of the commissioning process will facilitate this, from communication of programme objectives, procurement mechanisms and contracting plans, to management of performance and information requirements.
- In order to promote transparency and allow for comparability of employment services, there must be a shared understanding in measuring key indicators, for example, measuring sustainability of job outcomes at the same point.
- Every effort must be made to ensure that bureaucracy relating to processes and partnerships is minimised in order to retain the focus on sustainable employment outcomes.
- Clearly defined stakeholder roles and responsibilities at the national, regional and local levels will promote transparency.

# Applying the principles

Reform must improve the service available to job-seekers and increase the number of individuals supported into sustainable employment.

The three partnership principles apply at all stages of employment programme development, from setting policy objectives through to reviewing and evaluating programmes. This section outlines the current roles and responsibilities of Central Government and other national, regional and local agencies at each stage of employment programme development. It considers how relationships can be enhanced to promote effectiveness and efficiency in tackling worklessness. The focus at all times is on enhancing partnership to improve performance.

- Stage 1: Set objectives
- Stage 2: Map worklessness
- Stage 3: Design employment programme
- Stage 4: Procure programme
- Stage 5: Deliver programme
- Stage 6: Manage contract and assure quality
- Stage 7: Evaluate programme and share best practice

## Stage 1: Set objectives

Central Government and Local Authorities set objectives relating to worklessness, and this provides a framework for the way public funds are spent.

National policy objectives are agreed by Central Government through Public Service Agreements (PSAs) between HM Treasury and Government departments. Departmental performance is judged against outcome-focused performance indicators set out in the PSAs. The DWP leads on PSA Delivery Agreement 8: to maximise employment opportunity for all.

Indicators within PSA 8 include increasing the overall employment rate, narrowing the gap between the employment rates of disadvantaged groups,<sup>8</sup> reducing the number of working age people on out-of-work benefits, and increasing the proportion of people who leave benefits and stay off for a sustained period. Employment services, whether delivered by Jobcentre Plus or contracted providers, are a key driver of performance in relation to these indicators.

In addition to Central Government PSAs, Local Authorities define local priorities and targets through the Local Area Agreement (LAA) framework. An LAA identifies key issues for that area, and is a channel for Central Government funding. Up to 35 local improvement targets are identified from a possible list of 189 national indicators set by Central Government.

LAAs, LSPs and the associated Comprehensive Area Assessment (CAA) framework serve as important tools for tackling worklessness at the local level by empowering Local Authorities to address unemployment as part of their core business. This provides a platform for further conversation and cooperation between Local Authorities, local employment services and Central Government. Programmes within a Local Authority should agree on the outcomes they are aiming for and work together to achieve them.

## Local Area Agreements and Local Strategic Partnerships

Local Area Agreements (LAAs) are three-year agreements between Central Government and a local area, identifying local priorities and how they will be addressed. They place the development of objectives and targets in the hands of localities and since 2008 LAAs have enhanced the local focus on tackling worklessness across the country.

There are 150 LAAs; one for each of the single and upper-tier Local Authorities in England. They are agreed by Local Authorities and their partners, who work together in Local Strategic Partnerships (LSPs). These partnership agreements feed into the longer-term Sustainable Community Strategies and act as a delivery mechanism for improving the quality of services in local areas.

The LSP framework facilitates collaborative action by bringing together partners from the public, private and voluntary sectors, including Jobcentre Plus, Primary Care Trusts and local businesses. In this way, LSPs demonstrate a shift towards more joined-up services and greater flexibility to address local circumstances.

LAAs have been a focus for conversations about employment and inactivity, and demonstrate an appetite for tackling worklessness at a local level. Each LAA identifies up to 35 'improvement targets' from the set of national indicators. Where an LAA prioritises tackling worklessness, mainstream Local Authority budgets can be utilised to provide investment to meet these targets. This might include a number of initiatives such as revenue funding for skills training or investment in employment hubs. LAAs therefore bring the potential to unlock additional funding for tackling worklessness at a local level.

NATIONAL INDICATOR		LSPs THAT HAVE PRIORITISED THIS INDICATOR
151	Overall employment rate	34 (23%)
152	Working age people on out-of-work benefits	75 (50%)
153	Working age people claiming out-of-work benefits in the worst performing neighbourhoods	61 (41%)

*Information and comparison of Local Area Agreements across Local Authorities is provided by the Improvement and Development Agency LAA Tracker at [www.idea.gov.uk/idk/aio/8762092](http://www.idea.gov.uk/idk/aio/8762092)*

From April 2009, the CAA framework will audit the progress of local areas on their LAA, as well as on each of the 189 national indicators. All local areas must now see tackling worklessness as part of their core business. The framework is acting as a local policy driver, promoting targeted, efficient use of public funds.

The LAA framework is being mirrored at a sub-regional level through Multi-Area Agreements (MAAs). MAAs are voluntary agreements between clusters of Local Authorities to tackle sub-regional issues, including worklessness and inactivity. They cover the economic geography of an area and as such are a key mechanism for aligning supply with demand and joining up local strategy and delivery agencies. They signal the drive within sub-regions to take collective responsibility for tackling pockets of deprivation and improving employment outcomes. Currently ten MAAs have been agreed with Central Government and have the potential to inherit statutory duties and powers in the future.

#### **Recommendations:**

- Focus on achieving and rewarding sustainable employment outcomes.
- Base objectives on a review and evaluation of worklessness that involves all stakeholders.
- Coordinate and clearly communicate objectives across agencies at the local, regional and national levels.

## **Stage 2: Map worklessness**

Assessing worklessness at the Local Authority level was a key recommendation of the Houghton Review of the contribution and role of English Local Authorities and partnerships. The Review recommended a 'worklessness assessment', to be conducted as part of a Local Authority's wider economic assessment duty, as a critical step in ensuring a common understanding of local needs. The assessment would, as a minimum, cover: the profile of local claimants; mainstream and local provider performance; the impact on equality, especially for minority groups; and progress towards local targets. Such assessments could be used by local partnerships to drive the performance of employment programmes and identify gaps in provision.

### **Understand patterns of worklessness**

Understanding patterns of worklessness is a key step in establishing services that meet the needs of local people. When localities map the workless population in their area, including where they live and what their needs are, they are better positioned to deliver and commission services that add value to mainstream provision.

In completing 'worklessness assessments' or their equivalent, Local Authorities and sub-regional bodies can utilise the information that Central Government holds about claimants. Jobcentre Plus holds labour market and claimant information gathered from its employer contacts, customer base and partnership with service providers. It is one of the agencies with a statutory 'duty to cooperate' with the development of LAAs and is therefore a key source of information in understanding patterns of worklessness.

Unemployment statistics broken down by geographical area are also available through the Labour Force Survey which is published on a monthly basis. These can be combined with other data sets (such as the Work and Pensions Longitudinal Study and the Indices of Deprivation) to understand worklessness within an area.

In relation to jobs, the published number of vacancies advertised with Jobcentre Plus and the Annual Survey of Hours and Earnings can contribute to an understanding of local labour market demand.

The Floor Targets Interactive website provides information on key employment indicators in each local area and allows comparisons between localities.<sup>9</sup>

Enhancing collaboration in mapping worklessness could improve the performance of employment programmes. Local Authorities can add contextual information to Central Government data by conducting additional mapping and analysis. This could include improving the understanding of local employer and skills needs or profiling worklessness amongst local residents who do not claim benefits and are therefore not captured in official claimant data.

It is also possible at a local level to undertake more in-depth research with workless residents, which could, for example, look more closely at local factors affecting client motivation and attitudes to risk in relation to a transition into sustainable employment.

### Understand current programmes and funding

Mapping local programmes and funding is valuable for residents, delivery organisations, and other partners. Sharing this information publicly will enhance the transparency of services, boost performance and improve the ease of navigating services. It will increase the chances of funds being spent in a complementary and coordinated way. Examples of such mapping are the East and West London City Strategy Pathfinders' searchable online directories of services for people who are out of work.<sup>10</sup>

Mapping funding for employment support and services can be challenging due to the variety of funding sources and diverse nature of providers and services. For an example of this complexity, please see Appendix A, which outlines WorkDirections' attempt to map current Government funding silos in relation to tackling worklessness, and Appendix C for a list of strategic and delivery partners within Leicestershire, Northamptonshire and Nottinghamshire, a Flexible New Deal contract area that includes 26 Councils, 25 Jobcentre Plus offices and five Local Area Agreements.

The range of services offered in a given area can be confusing for clients. Every area is likely to have a mix of programmes aimed at different client groups such as people who are homeless, Jobseeker's Allowance recipients, or those with learning disabilities.<sup>11</sup> For example, lone parents living in the City of Birmingham can access up to 14 different employment programmes, depending on the benefits they claim and their postcode<sup>12</sup>. This makes it difficult for individuals to identify which services they can access to meet their needs.

These complexities are compounded by variations in the longevity of funding and programmes, and the different ways that outcomes are measured. This affects the way that services interact and the investment that providers make in an area. Programmes and funding begin and end at different times. In addition to DWP funding, money is also available through Regional Development Agencies, the Learning and Skills Council and devolved funds to Local Authorities such as the Area Based Grant.

The Working Neighbourhoods Fund (WNF) replaced the Neighbourhood Renewal Fund in 2007 and incorporated the Deprived Areas Fund to create a single resource for tackling worklessness at the local level. It is a Government grant paid to the 61 English Local Authorities<sup>13</sup> with the highest unemployment rates and amounts to £1.5 billion over three years. The fund is 'non-ringfenced' in that Local Authorities can use it in any way that they deem appropriate. However, it is intended to strengthen the ability of Local Government to deliver improved employment outcomes, focus resources more intensively on areas of acute economic disadvantage and put greater emphasis on tackling worklessness at a local level.

<sup>9</sup> <http://www.fti.communities.gov.uk/fti>

<sup>10</sup> <http://directory.westlondonworking.org.uk> and <http://www.eastandsoutheastlondoncitystrategy.org.uk>

<sup>11</sup> For the purposes of this paper, the term 'client' refers to any benefit claimant participating in an employment programme.

<sup>12</sup> Information from discussions with WorkDirections' Operations Manager in Birmingham, autumn 2008.

<sup>13</sup> There were initially 65 Local Authorities in receipt of WNF, reduced in 2009 to 61 due to Local Government reorganisation.

The fund offers an opportunity to deliver on DWP's Level 2 devolution through co-commissioning wraparound services that complement mainstream employment programmes.

#### **Recommendations:**

- Draw on robust data and local knowledge.
- Share analysis of patterns of local worklessness between partner agencies.
- Establish transparency regarding the allocation of funding for tackling worklessness by clearly linking it to shared objectives.

The support available to unemployed people across a range of services needs to be mapped at the national and Local Authority or sub-regional levels. Once objectives have been set and there is a clear understanding of worklessness and employment services, the most effective way of achieving those objectives can be identified. This can be done through a variety of 'active labour market policies' such as job creation, wage subsidies, skills development opportunities and intermediate labour markets.

WorkDirections argues that the primary way to address long-term unemployment and its consequences should be through investment in high quality employment services.<sup>14</sup> Where there is a range of active labour market policies, the focus should be on ensuring that they complement each other. The remaining stages in this section consider the balance between national and local in designing, procuring, delivering, managing and evaluating effective and efficient employment programmes.

### **Stage 3: Design employment programme**

Employment programmes to support people back into work have been designed by Central Government, sub-regional partnerships and Local Authorities. These programmes differ in a number of ways including the client group that is supported, the length of time a client can remain on the programme, the contractual geography and the ways that outcomes are measured. In designing new employment programmes, awareness of current provision and the elements of successful provision will ensure value for money in the use of additional funds.

#### **Major national employment programmes commissioned by DWP**

##### **Flexible New Deal**

- Rolled out nationally from autumn 2009.
- For Jobseeker's Allowance claimants at 12 months of their claim.
- Clients access support for up to one year with considerable provider discretion, so that support can be tailored according to individual need.
- Innovation using the expertise of a supply chain of local providers.

##### **Pathways to Work**

- Rolled out nationally from autumn 2007.
- For those in the Work Related Activity Group of Employment and Support Allowance (ESA).
- Incapacity Benefit claimants, those in the Support Group of ESA, and those claiming Income Support on the grounds of ill-health, can also volunteer to join their local Pathways to Work programme.
- Clients can self-refer or be referred through Jobcentre Plus.
- Programme includes a condition management element alongside job brokerage.

<sup>14</sup> WorkDirections also recognises the importance of skills and training and has explored this issue in a previous position paper *Skills and sustainable welfare to work* (Ingeus 2005).

An internal review of evidence by DWP identifies those programme design elements that have worked most effectively for key customer groups.<sup>15</sup> The review found that many job-seekers face several inter-related issues that require a holistic approach. Partnership in policy formulation, delivery and implementation is a way to tackle multiple disadvantage and drive performance. In addition, the quality, enthusiasm, motivation and commitment of service provider staff are key factors in the effectiveness of services, with the role of the personal advisor seen as critical to the success of interventions.

WorkDirections' research paper, *International Insights: best practice in employment programmes* supports these findings.<sup>16</sup> The paper identifies five core elements required to achieve successful outcomes: effective advisor-client relationships, a flexible and individual-focused approach, working in partnership, outcome-based funding, and rights and responsibilities for clients. Importantly, an outcomes focus gives an incentive for providers to tailor services to the needs of local people and the local labour market in order to maximise performance.

Over the last ten years, the design of DWP employment programmes has moved away from a focus on delivering set processes such as training courses or weekly Work-Focused Interviews, and towards payments that are weighted towards the movement of people into sustained employment. Outsourced employment programmes increasingly pay the provider for the delivery of sustained job outcomes, rather than intermediate tasks.

As DWP has explained, "In the past, when using outside providers, Governments have focused on processes rather than outcomes, thereby restricting their ability to innovate. Instead, our approach is based on a 'black box' method, where we specify what is wanted, not how it should be done".<sup>17</sup>

There must be an understanding of the 'black box' approach, the role of personal advisors, and other design elements that have proved successful in mainstream provision when designing an employment programme at the level of a Local Authority or sub-region. This will ensure that programmes achieve their objectives and minimise prescription and bureaucracy.

In addition, a worklessness assessment could help to avoid duplication by ensuring that local-level programmes complement those already provided by Jobcentre Plus and its delivery partners. This will mean that new services add value to existing provision and maximise the use of concurrent funding streams.

#### Recommendations:

- Build on the experience of best practice in employment programmes.
- Design programmes that reward outcomes rather than processes.
- Ensure new programmes are designed to bridge gaps in existing provision and avoid duplication.
- Identify clear and transparent links between overarching objectives and the outcomes expected of the programme.

Following are some suggestions as to how localities can add value by designing services that complement current mainstream programmes.

<sup>15</sup> Hasluck and Green (2007) *What works for whom? A review of evidence and meta-analysis for the Department for Work and Pensions* (DWP).

<sup>16</sup> Ingeus (2008) *International Insights: best practice in employment programmes*.

<sup>17</sup> Department for Work and Pensions (2008) *Raising expectations and increasing support: reforming welfare for the future*.

## **Opportunities for localities to add value**

### **Wraparound services**

Under DWP's Level 2 model of devolution, localities and sub-regions become commissioning partners in the Department's contracted provision through better alignment of existing funding streams. Where there is demonstrable added value and a strong focus on performance management and accountability, there will be shared commissioning opportunities within nationally-commissioned programmes. Local funds could be used to 'top up' the mainstream offer. This would be effective if spent on specialist intervention or on outreach to promote the value of the service and encourage as many people as possible to make use of the support on offer.

### **Outreach**

Many Local Authorities currently coordinate highly effective outreach advisory services, often targeted at those living in the most deprived wards or postcodes. These services add value where they engage people who are not currently mandated to mainstream services, such as individuals who do not claim out-of-work benefits, partners of benefit claimants, and carers.

### **Intermediate Labour Market or work trials**

Opportunities for those who are long-term unemployed to experience work through intermediate labour market opportunities would be a valuable use of devolved funds. For example, a scheme whereby those most removed from the labour market can undertake a specially created temporary job in a local regeneration project would enhance that individual's employability and benefit the local community. This could support physical and economic regeneration and maintain the experience and employability of local people. The Government is promoting this approach through the Future Jobs Fund, which seeks to create employment and training opportunities for people aged 18 to 24.

### **Specialist support**

Wraparound services targeted at those with specific needs could offer intensive and specialised employment support alongside mainstream provision. For example, local funds could be spent on supplementary specialist support for individuals with learning disabilities, or clients with English as a second language, which could be offered alongside the mainstream package. Fully integrating or perhaps even co-locating this with the mainstream service is an example of local monies being directed towards local priorities as well as complementing national objectives.

### **Support for the third sector**

The 2009 Budget featured the launch of a new £20m Hardship Fund to provide grant support to third sector organisations delivering front-line services to the most vulnerable and disadvantaged people in society. Local Authorities could use local funds to support those third sector organisations that add significant value to the employment support available locally.

### **Public sector recruitment**

Local Authorities can add value by ensuring fair, inclusive and progressive standards across all of their recruitment and training practices. In some localities the public sector is the area's largest employer. The 2009 Budget announced that the public sector will ensure that 25% of their external recruitment is targeted at individuals without a job. Local Authorities should stand as a role model for best employer practice in terms of recruitment and in-work development.

## Stage 4: Procure programme

Currently, DWP is the primary procurer of employment programmes although there is some procurement at the level of City Strategy Pathfinder, Local Authorities and other sub-national bodies. Good procurement practice maintains a direct correlation between the objective (employment opportunity for all) and what is purchased (sustainable job outcomes). An effective change in the procurement landscape would maintain this outcome-focused approach. New services should complement existing programmes and maintain consistency in procurement mechanisms where possible.

### National commissioning

Central Government procurement of employment services is guided by the DWP's 2008 Commissioning Strategy<sup>18</sup>. The Commissioning Strategy sets out the Department's approach to buying services and managing providers of welfare-to-work services. It outlines their ambition to simplify and rationalise existing contracts and includes a commitment to a stronger, more consistent base of top-tier contractors who can work closely with regional and sub-regional partners.

The Commissioning Strategy outlines the Department's commitment in relation to consultation with localities:

- to seek input from local strategic partnerships during the Invitation to Tender stage of procurement;
- to seek advice from local strategic partnerships about the proposals in bids and their fit with existing local infrastructure and plans; and
- to invite Jobcentre Plus, the Learning and Skills Council, local partnerships and other Central and Local Government agencies to contribute to the development of specifications and to participate in the assessment of bids.

The Strategy also outlines requirements of service providers to:

- offer a support package linked to appropriate local delivery infrastructure;
- work closely with Jobcentre Plus managers and local strategic partnerships to ensure that their provision integrates appropriately with other services delivered in local areas to the benefit of customers;
- conform to the Code of Conduct that spells out the key values and principles of behaviour that DWP considers to be essential for creating healthy, high performing supply chains;
- understand and behave in a way that recognises that they are delivering part of the Government's wider agenda of social cohesion social inclusion, sustainability, progression, equality and diversity, and joined-up Government; and
- adapt provision and delivery arrangements to reflect the strengthened role of employers in the system through Local Employment Partnerships and other local initiatives.

The procurement of services for those who reach 12 months of a claim for Jobseeker's Allowance – the Flexible New Deal contracts – offers the first insight into the Commissioning Strategy in action on a large scale, and the role of Local Authorities and sub-regions in national commissioning. From October 2009, the Flexible New Deal programme will offer specialist support delivered by private and third sector contractors in half of Jobcentre Plus Districts, followed by a second phase roll-out from October 2010. The model is based on larger prime contractors managing a network of smaller and specialist subcontractors.

<sup>18</sup> For full details please refer to Department for Work and Pensions (2008) *DWP Commissioning Strategy*.

For large-scale high-volume programmes with national coverage such as Flexible New Deal, the procurement process can last over a year from initial expressions of interest to final contract award.

David Coyne, Executive Director of Glasgow Works, the City Strategy Consortium, has said that, “Where partnerships are mature and successful at coordinating the delivery of services, they should have a role in the tendering process.”<sup>19</sup> The tendering process for the first phase of Flexible New Deal invited regional stakeholders – City Strategy Pathfinders and Jobcentre Plus District Managers – to read and comment upon tenders. DWP retained ultimate decision-making power, but recognised that regional and local players have expertise in determining which bidder has the capacity to engage effectively with local stakeholder and partner organisations. This provides an opportunity for localities to oversee the national provision delivered within their area.

### **Sub-national commissioning**

Where commissioning at the sub-national level works well, procurement ensures that services are complementary and coordinated with national DWP provision, maintain a focus on sustainable employment outcomes and prioritise the quality as well as the cost of outsourced provision. For example, the London Development Agency recently developed a new framework for procurement, focusing on commissioning programmes that lead to sustained employment outcomes, utilising a prime contractor model and a ‘black box’ approach.

There is further scope for sub-regions and Local Authorities to separately commission services that add value to the mainstream. The Houghton Review explored the kinds of wraparound services that could be commissioned, including debt and benefits advice, Housing Benefit administration, childcare services, adult education and community outreach services. Indeed, this approach is being developed by commissioning local partnerships to provide case-managed, multi-disciplinary support, working closely with employers and healthcare professionals through the Fit for Work pilots. Thoughts on alternative opportunities for localities to add value have been discussed in detail in the previous section of this paper.

WorkDirections has written extensively about the features of good procurement practice and has argued for the importance of balancing cost with a recognition of the importance of quality: “In a competitive pricing exercise, providers are obviously incentivised to compete on the basis of price. After a point (which is very quickly reached), it is not the size of their profit margins that is being squeezed but, in order to achieve cost savings, it is the expenditure on premises, staff salaries and client resources. The quality of the service procured is seriously compromised... Providers will offer lower and lower unit prices in order to secure a place in the market, but in the process will generate unsustainable pricing levels which, in turn, will produce an unstable and low quality market.”<sup>20</sup>

Value for money is most likely achieved where the purchaser considers the quality of provision described in the bids, potentially including ability to work with local partners, as well as the cost. For further information on WorkDirections’ experience of how to procure quality performance, please refer to our previous policy paper *Buying quality performance*.

<sup>19</sup> Oral Evidence to the House of Commons Work and Pensions Committee 2008/09 inquiry *DWP’s Commissioning Strategy and the Flexible New Deal* [http://www.parliament.uk/parliamentary\\_committees/work\\_and\\_pensions\\_committee.cfm](http://www.parliament.uk/parliamentary_committees/work_and_pensions_committee.cfm)

<sup>20</sup> Ingeus (2006) *Buying quality performance*.

**Recommendations:**

- Maintain consistency across national and sub-national procurement processes.
- Assess the impact of local involvement in national commissioning.
- Promote transparency and fairness in contracting plans and decision-making processes.
- Outline clear roles and responsibilities in procurement at the national, regional and local levels.

**Stage 5: Deliver programme**

Outsourced welfare-to-work services are implemented by the provider or contractor. Relationships with local partners bring scope for flexibility and personalisation in delivery. Under the Flexible New Deal model prime contractors will manage and engage with a wide range of subcontractors and strategic partners to ensure that the client experiences a personalised service and individuals are supported into sustainable employment.

As the length of national contracts is increasing,<sup>21</sup> there is more impetus for service providers to invest in their delivery areas. Partnership with local agencies and governance structures will be critical in 'embedding' a mainstream service.

Embedding relationships with a complex network of local services and objectives is resource-intensive. The value of engagement in partnerships for all stakeholders must be clear. Partnerships work when they are mutually beneficial and linked to the core objectives of all involved.

Every effort must be made to ensure that bureaucracy relating to processes and partnerships is kept to a minimum in order to retain the focus on sustainable employment outcomes.

Appendix C highlights the scale of strategic, administrative and delivery agencies within one Flexible New Deal contract area – Leicestershire & Northamptonshire and Nottinghamshire. In order to maintain quality relationships with all of these agencies, prime providers must invest considerable staff time and resources, and will need to see a clear business case for doing so.

WorkDirections seeks to integrate programmes with other local services and add value to the existing support package, establishing effective local strategic relationships and sharing performance information to contribute to local priority-setting. The table on the following page maps some of the key partnerships fostered in Southwark, a London Borough in which WorkDirections delivers both an Employment Zone and a Pathways to Work programme.

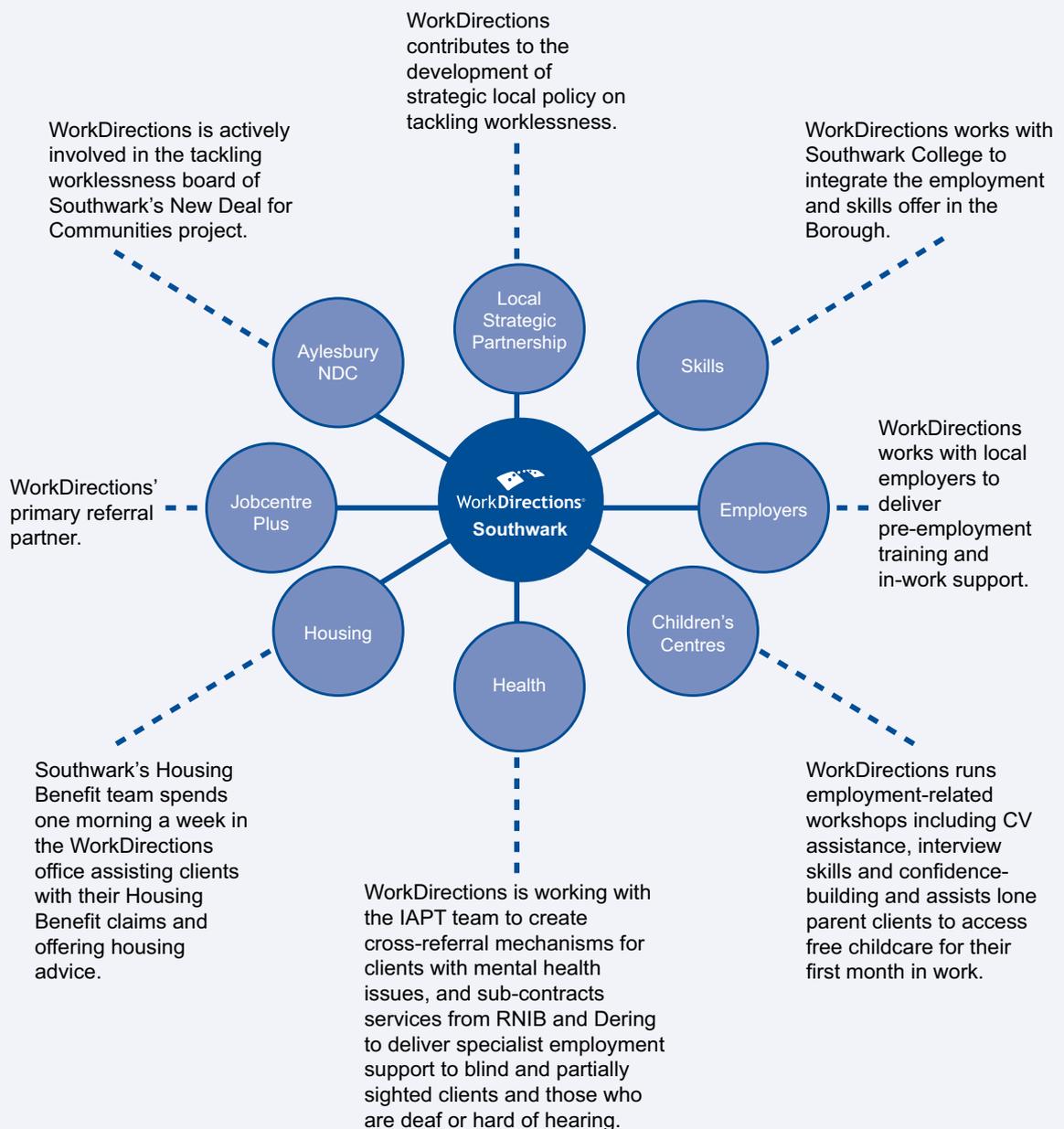
**Recommendations:**

- Focus on customer service and quality provision.
- Ensure programmes are personalised, flexible and adaptable.
- Coordinate implementation and delivery with local partners.
- Set up clear channels for local partners to communicate.

<sup>21</sup> Employment Zone programmes were initially contracted for three years. Flexible New Deal contracts are for five years with a possible two-year extension.

## Case study: Southwark

Southwark is one of the most deprived Boroughs in London and at a national level. Since 2004, WorkDirections has delivered an Employment Zone programme to support long-term unemployed people in the Borough and in 2007 we commenced delivery of a Pathways to Work programme for those on health-related benefits in Lambeth, Southwark and Wandsworth. Local networks and partnerships have been developed to diversify our service, facilitate sustained employment outcomes, and tackle shared local priorities. Decisions about delivery are driven by the needs of those receiving the service.



## Stage 6: Manage contract and assure quality

Contract management and quality assurance are critical in driving improvements in performance. They should ensure that providers maintain their strengths, respond to challenges and implement best practice from comparable local and national services.

DWP contract management is overseen by a single point of contact for each provider; the Contract Manager. WorkDirections' programmes for recipients of Jobseeker's Allowance and health-related benefits are overseen by the same DWP Contract Manager. Contract Managers have the discretion to vary engagement according to a provider's current level of performance to ensure appropriate levels of support. This single point of contact at DWP leads to clear lines of communication between purchaser and provider.

The quality of DWP programmes is assured through regular external monitoring,<sup>22</sup> along with strategies for self-assessment. This is critical in an outcome-focused programme where the contractual prescription is limited and payments are weighted less on processes and more on job outcomes. The quality of raw and analysed data affects the opportunity for contract management to lead to service improvement that programme comparison offers.

Comparable performance information and profiling such as Star Ratings, which enable DWP and providers to understand and drive performance and support informed customer choice, should enable effective local and national scrutiny and facilitate best practice sharing. WorkDirections has previously highlighted a number of tensions in the Star Ratings model. These include the fact that the model measures performance against contracted performance targets rather than a consistent level of performance, fails to account for fluctuations in programme starts and does not consider volumes of client referrals. In order for Star Ratings, or their equivalent at the local level, to effectively enable employment programmes to support as many people into work as possible, providers should be consulted in the development of comparative data that effectively highlights performance variations.

There is currently limited scrutiny of DWP programmes at the local level and no imperative on providers to share performance information other than with their purchaser. However, there are cases of effective partnerships and data-sharing between service providers and local partners. For example WorkDirections works closely with Edinburgh's City Strategy Pathfinder, the Capital City Partnership. Shared performance information from WorkDirections' Pathways to Work programme on parity of outcomes and the characteristics of clients contributes to achieving shared objectives and promotes joined-up support for those claiming health-related benefits and seeking employment in the city.

Communication and a free-flow of information and data between providers, Local Authorities and sub-regional partnerships are potentially beneficial for all. For localities, they benefit from enhanced knowledge of the services currently operating in their area. Greater knowledge of mainstream services will lead to more effective local provision of wraparound services. For providers, sharing information with localities means that wraparound services will complement and enhance their core programme offer. Providers can expect increased performance as a result of effective engagement with local and regional strategic bodies. Communication between providers and local stakeholders will facilitate a more joined-up and complementary network of local services, which contributes to future programme success.

<sup>22</sup> WorkDirections programmes are monitored externally by OFSTED and the DWP Financial Assurance and Monitoring (FAM) teams.

**Recommendations:**

- Outline clear roles and responsibilities for the purchaser, provider and other local stakeholders.
- Enable services to respond to changes in the economic climate and build on opportunities to improve performance.
- Establish clear and consistent performance management processes.
- Make quality and performance interventions responsive to the performance of the provider.

**Stage 7: Evaluate programme and share best practice**

A significant proportion of DWP's annual budget is spent on commissioning research and evaluation of employment programmes. Review and evaluation, along with other analytical activities, are vital in providing the evidence base needed to inform approaches to future strategy and delivery. In assessing what works in welfare-to-work provision, we can learn how to design and deliver high-performing programmes that represent value for money for the taxpayer and a high standard of support for unemployed people.

Lessons learnt from previous programmes must be addressed in the roll-out of future programmes. Evaluation of the performance of current mainstream provision, and the reasons for differences in performance across geographical areas and client groups, should be used to improve the quality and performance of programmes in the future. Planning for programme evaluation should be undertaken at the programme design stage so that the correct data and information is captured during delivery.

Sharing best practice across areas and contracts is also an important feature of effective review and evaluation procedures. An opportunity for providers to share their experiences, within and across contract areas, will promote the dissemination of expertise.

The City Strategy Learning Network represents an opportunity to build capacity and promote best practice between Pathfinder areas, as well as sharing information and policy innovations with Central Government. City Strategy Pathfinders (CSPs) aim to tackle worklessness in the 15 areas furthest from the Government's aim of 80% employment. The Pathfinders were established to test whether local stakeholders can improve service delivery by combining and aligning their efforts behind shared priorities, and gain greater freedom to innovate and tailor services in response to local needs. A national evaluation of the CSPs, being carried out by the Institute for Employment Research (IER) at the University of Warwick, should reveal their achievements and lessons learnt for the role of future sub-regional strategic partnerships.

**Recommendations:**

- Promote best practice sharing mechanisms within and across geographical boundaries.
- Clearly communicate key learnings from previous procurement and delivery, which incorporates provider experience.

# Conclusion and recommendations

The relationship between Central Government, Local Authorities, regional and sub-regional structures and welfare-to-work providers is pivotal to success in tackling worklessness.

The recession has increased the number of unemployed people and focused attention on the effectiveness and efficiency of employment programmes.

The relationship between Central Government, Local Authorities, regional and sub-regional structures and welfare-to-work providers is pivotal to success in tackling worklessness. This paper has set out how relationships can work best at each stage of employment programme development, from setting policy objectives through to the review and evaluation of programmes.

We have not argued for greater devolution or a particular institutional framework. Rather, we have maintained a focus on the principles that will drive the overall objective of employment opportunity for all and make the best use of public funds.

Below is a summary of primary recommendations.

Programme development stage	Recommendations
<p><b>1. Set objectives</b> Central Government and Local Authorities set objectives relating to worklessness. Public Service Agreements, Local and Multi-Area Agreements define priorities and serve as important levers in tackling worklessness, providing a framework for the way public funds are spent.</p>	<ul style="list-style-type: none"> <li>• Focus on and reward the achievement of sustainable employment outcomes.</li> <li>• Base objectives on a review and evaluation of worklessness that involves all stakeholders.</li> <li>• Coordinate and clearly communicate objectives across agencies at the local, regional and national levels.</li> </ul>
<p><b>2. Map worklessness</b> Assessing worklessness at the level of a Local Authority was a key recommendation of the Houghton Review. Worklessness assessments would, as a minimum, cover the profile of claimants, provider performance, the impact on equality, (especially for minority groups) and progress towards targets.</p>	<ul style="list-style-type: none"> <li>• Draw on robust data and local knowledge.</li> <li>• Share analysis of patterns of worklessness between partner agencies.</li> <li>• Establish transparency regarding the allocation of funding for tackling worklessness by clearly linking it to shared objectives.</li> </ul>
<p><b>3. Design employment programme</b> Central Government, sub-regional partnerships and Local Authorities have all designed employment programmes to support people back into work. Programmes differ in a number of ways including the client group that is supported, the contractual geography and the measurement of provider performance.</p>	<ul style="list-style-type: none"> <li>• Build on the experience of best practice in employment programmes.</li> <li>• Design programmes that reward outcomes rather than processes.</li> <li>• Ensure new programmes are designed to bridge gaps in existing provision and avoid duplication.</li> <li>• Identify clear and transparent links between overarching objectives and the outcomes expected of the programme.</li> </ul>
<p><b>4. Procure programme</b> DWP is the primary procurer, or purchaser, of employment programmes such as Pathways to Work and Flexible New Deal. There is also some procurement at the level of City Strategy Pathfinder, Local Authorities and other sub-national bodies.</p>	<ul style="list-style-type: none"> <li>• Maintain consistency across national and sub-national procurement processes.</li> <li>• Assess the impact of local involvement in national commissioning.</li> <li>• Promote transparency and fairness in contracting plans and decision-making processes.</li> <li>• Outline clear roles and responsibilities in procurement at the national, regional and local levels.</li> </ul>

Programme development stage	Recommendations
<p><b>5. Deliver programme</b> Outsourced welfare-to-work services are implemented by the provider or contractor. Relationships with local partners bring scope for flexibility and personalisation in delivery.</p>	<ul style="list-style-type: none"> <li>• Focus on customer service and quality provision.</li> <li>• Ensure that programmes are personalised, flexible and adaptable.</li> <li>• Coordinate implementation and delivery with local partners.</li> <li>• Set up clear channels for local partners to communicate.</li> </ul>
<p><b>6. Manage contract and assure quality</b> Contract management and quality assurance drive improvements in provider performance. Effective quality assurance is particularly important in an outcome-focused programme where contractual prescription is limited and payments are weighted towards the achievement of sustained job outcomes.</p>	<ul style="list-style-type: none"> <li>• Outline clear roles and responsibilities for the purchaser, provider and other local stakeholders.</li> <li>• Enable services to respond to changes in the economic climate and build on opportunities to improve performance.</li> <li>• Establish clear and consistent performance management processes.</li> <li>• Make quality and performance interventions responsive to the performance of the provider.</li> </ul>
<p><b>7. Evaluate programme and share best practice</b> Review and evaluation is a key element in providing an evidence base to inform approaches to future strategy and delivery. In assessing what works in welfare-to-work provision, we are better equipped to design and deliver high performing programmes that represent value for money for the taxpayer and a high standard of support for unemployed people.</p>	<ul style="list-style-type: none"> <li>• Promote best practice sharing mechanisms within and across geographical boundaries.</li> <li>• Clearly communicate key learnings from previous procurement and delivery, which incorporates provider experience.</li> </ul>

**A shift in the balance of power away from Central Government has the potential to improve the performance of employment programmes where:**

- **the focus on sustainable job outcomes is maintained;**
- **the coordinated and complementary nature of services delivered at the local level is enhanced; and**
- **transparency between purchasers, providers and local partners is promoted.**



# Key terms, appendices and bibliography

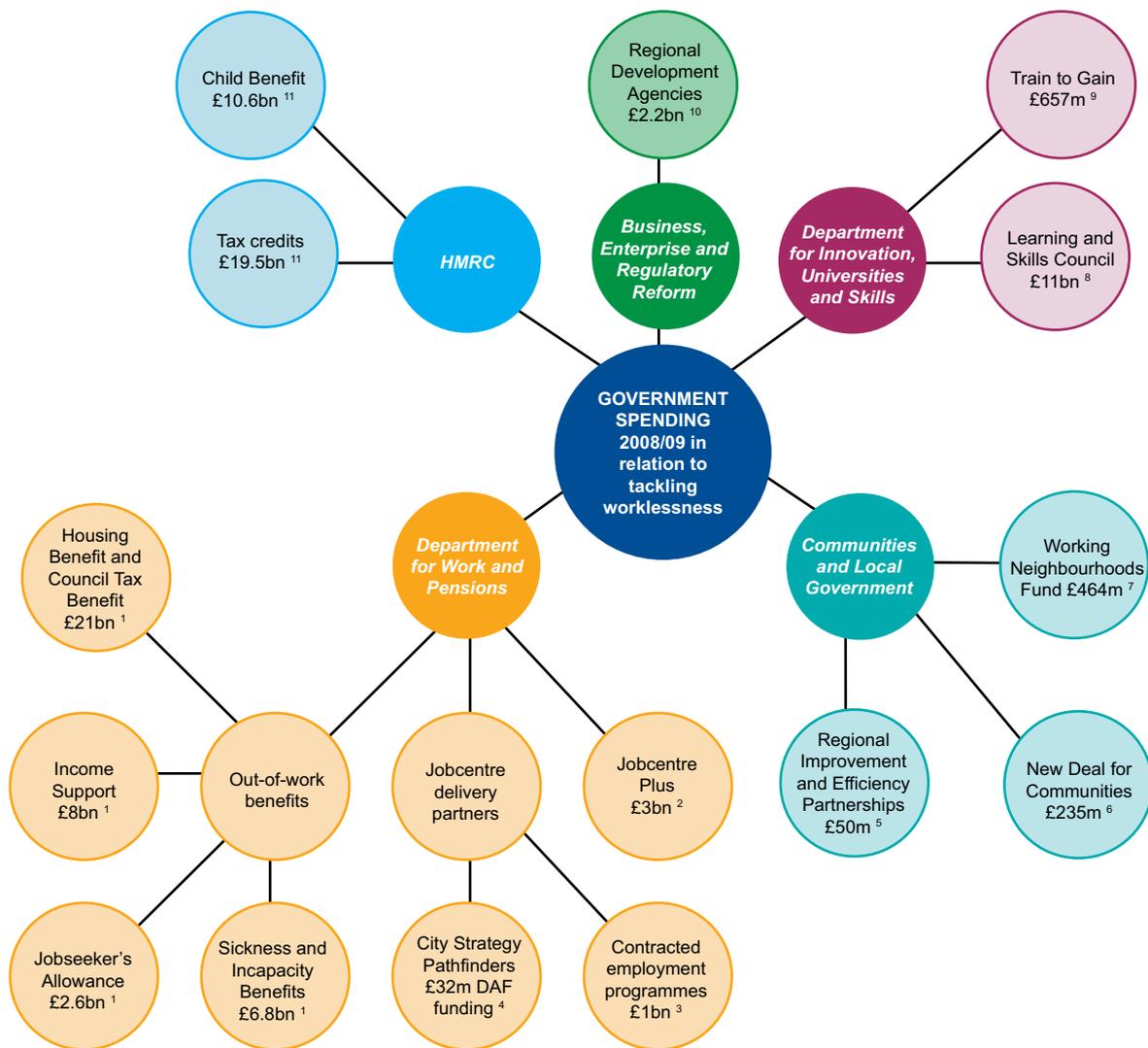
## Key terms

Term	Definition
Adult Advancement and Careers Service (AACS)	A new integrated advice and guidance service helping people to tackle their main barriers to learning and training. Currently being piloted in 10 areas. Part of the Skills Funding Agency, which will replace the Learning and Skills Council for adult learners.
Area Based Grant (ABG)	Introduced in the 2007 Comprehensive Spending Review, ABG is a non-ringfenced general grant allocated by Central Government to Local Authorities. The ABG combines a number of former specific grants, including the Deprived Area Fund and Neighbourhood Renewal Fund, to give Local Authorities more independence over how they use their resources.
City Strategy Pathfinder (CSP)	A DWP initiative to tackle worklessness in the 15 areas furthest from the Government's aim of 80% employment. The strategy is testing whether local stakeholders can deliver more by combining and aligning their efforts behind shared priorities, alongside more freedom to innovate, and tailor services in response to local needs. Initial three-year Pathfinders have been extended for a further two years until Spring 2011. Pathfinders aim to achieve a 3% reduction in the numbers of people claiming out-of-work benefits and an equivalent increase in employment.
Comprehensive Area Assessment (CAA)	An independent audit of whether a Local Strategic Partnership is achieving its aims for their area. The CAA replaces the Comprehensive Performance Assessment (CPA) and focuses on joint working between Local Authorities and their partners. It will test progress against the area's priorities, as agreed in the Local Area Agreement (LAA) and Sustainable Community Strategy (SCS).
Comprehensive Spending Review (CSR)	A review that sets out the Government's spending plans. It fixes departmental spending limits according to the Government's priorities, as defined in the Public Service Agreements. The most recent CSR in 2007 set out spending plans up to 2010/11.
Devolution	For the purposes of this paper, devolution refers to Central Government, namely the Department for Work and Pensions, passing on or sharing decision-making and financial power with sub-national partners at the regional or local level. In using the language of devolution, it must be recognised that the term is also used in relation to the four countries of the UK: England, Scotland, Wales and Northern Ireland.
Employment and Skills Board (ESB)	Employer-led Boards that bring together employment and skills activity under local employer leadership. ESBs have not been formally licensed, so there is considerable structural variation. The London Skills and Employment Board is an example of a highly developed ESB.
European Social Fund (ESF)	This fund from the European Union aims to support the European Employment Strategy; to increase Europe's capacity to create good jobs and provide people with the skills to fill them. The 2007-2013 ESF programme will invest £4.6 billion of which £2.3 billion will come from the ESF and £2.3 billion will be national funding. Co-financing at the regional level allows for a measure of regional input in setting programme priorities and managing contracts.

Term	Definition
Flexible New Deal (FND)	FND will replace the current New Deal for Young People, New Deal 25+ and Employment Zone programmes from autumn 2009. Prime Contractor organisations from the public, private and third sectors will work together in partnership to deliver this programme, for Jobseeker's Allowance claimants at 12 months of their claim, rolled out from autumn 2009.
Government Offices for The English Regions (GOs)	GOs exist as representatives of Central Government in the English regions. They are responsible for the delivery of national policy and agree Local Area Agreements with Local Authorities. They are also responsible for collating regional data and expertise, which is fed back to Ministers.
Local Area Agreement (LAA)	<p>LAA's are three-year agreements between Central Government and a local area. They identify local priorities and how they will be addressed. LAA's have been developed by Local Authorities with their partners in a Local Strategic Partnership for 2008-11 subject to annual review.</p> <p>There are currently 150 LAA's. An LAA can include up to 35 targets from among the 189 national indicators. Employment-focused national indicators include:</p> <ul style="list-style-type: none"> <li>• NI 151 Overall employment rate;</li> <li>• NI 152 Working age people on out-of-work benefits; and</li> <li>• NI 153 Working age people claiming out-of-work benefits in the worst performing neighbourhoods.</li> </ul>
Local Employment Partnership (LEP)	Introduced in the 2007 Budget to promote employer engagement in the delivery of welfare-to-work provision. Jobcentre Plus agrees to support and prepare people for work, and employers agree to offer work placements, shadowing and guaranteed interviews.
Local Enterprise Growth Initiative (LEGI)	Launched in 2005, LEGI aims to release the economic and productivity potential of the most deprived areas in the country. LEGI is part of the Area Based Grant and encourages partnership working between Local Authorities, delivery bodies, businesses and Regional Development Agencies.
Local Strategic Partnership (LSP)	A non-statutory body that brings together the different parts of the public, private, voluntary and community sectors working within a Local Authority boundary. The Local Authority is the lead partner in the LSP, which defines Local Area Agreements with Central Government.
Localisation	For the purposes of this paper, localisation refers to the reflection of local issues and priorities within an employment programme. What 'local' means in this context is open to interpretation. For many, localisation is at the level of Local Government. However, it may also mean a larger geographical area such as a Flexible New Deal contract area, a Jobcentre Plus District, or a smaller geographical area such as a neighbourhood or ward.
Multi-Area Agreement (MAA)	Voluntary partnerships between clusters of Local Strategic Partnerships, coming together to tackle regional and sub-regional issues. Currently ten MAAs have been agreed.

Term	Definition
Pathways to Work (P2W)	An employment programme delivered across the country by the public, private and third sectors for people claiming Employment and Support Allowance and other health-related benefits.
Personalisation	For the purposes of this paper, personalisation refers to employment services that feature genuine flexibility to respond to individual need. This recognises that one person's experience of their environmental context will be different to the next, and where someone lives is not the sole determinant of their reasons for being workless. A personalised employment service is one in which providers are free to design individual pathways to work based on the needs of the individual.
Public Service Agreement (PSA)	<p>PSAs set out the key priority outcomes the Government wants to achieve in a spending period (currently 2008-2011). There are currently 30 PSAs. Progress is measured using 189 outcome-focused performance indicators, from which Local Area Agreements are agreed.</p> <p>The DWP takes a lead on:</p> <ul style="list-style-type: none"> <li>• PSA 8: Maximise employment opportunity for all; and</li> <li>• PSA 17: Tackle poverty and promote greater wellbeing and independence in later life</li> </ul> <p>It also contributes to PSAs 2, 3, 7, 9, 14, 15, 16, 20 and 23.</p>
Regional Development Agency (RDA)	Each of the nine RDAs covers a region of England. They were launched in 1999 with the aim of spreading economic prosperity and opportunity to everyone. They are funded by the Department for Business, Innovation and Skills.
Regional Improvement and Efficiency Partnership (RIEP)	A network of Local Authorities and their partners in each English region that drive improvement, innovation and efficiency in the delivery of Local Area Agreements. As of April 2008 there were nine RIEPs across England with a three-year funding package of £185 million from Communities and Local Government.
Sustainable Community Strategy (SCS)	Since their introduction in 2000, nearly all Local Authorities and Local Strategic Partnerships have formally adopted a Community Strategy, a long-term planning document setting the overall strategic direction and long-term vision for improving the quality of life and services in a local area.
Working Neighbourhoods Fund (WNF)	Replaces the Neighbourhood Renewal Fund and incorporates the Department of Work and Pensions Deprived Areas Fund to create a single local resource for the most deprived Local Authorities, paid as part of the Area Based Grant.

## Appendix A: Estimated UK Government spending 2008/09



### Sources

- 1 DWP Expenditure Tables.
- 2 Jobcentre Plus Business Plan 2008 - 2009.
- 3 DWP Departmental Report 2008.
- 4 DWP website.
- 5 Part of three-year CSR07 settlement of up to £185m.
- 6 CLG website <http://www.communities.gov.uk/news/corporate/868378>
- 7 Part of three-year CSR07 settlement of £1.5bn  
<http://www.communities.gov.uk/documents/localgovernment/xls/576317.xls>
- 8 Total net expenditure for financial year 2007/08 taken from LSC Annual Report 2007-08.
- 9 DIUS Departmental Report 2008.
- 10 As part of Single Budget settlement in the CSR07, made up from ring-fenced contributions from six departments, with BERR as the sponsor department – see [www.englandsrdas.com](http://www.englandsrdas.com)
- 11 Figures for 2007/08 from HMRC Departmental Report 2008.

Note: some of this spending only applies to England.

## Appendix B: Devolution in Scotland

This paper focuses primarily on the strategic partnership arrangements that operate within England.

WorkDirections' Pathways to Work programme in Edinburgh, Lothian and Borders operates under the Scottish Government's domestic policy framework. WorkDirections has also been named as 'preferred bidder' to be one of two prime contractors to deliver the Flexible New Deal programme in Edinburgh, Lothian and Borders, Lanarkshire and East Dunbartonshire, Ayrshire Dumfries, Galloway and Inverclyde.

While the UK Government retains responsibility for employment and benefits in Scotland, the Scottish Government is accountable for major aspects of domestic policy which have a crucial impact on individuals' employability, such as Local Government, economic development, health, and skills.

In 2006, an employability framework for Scotland set out the devolved administration's aim to increase the chances of continued employment for vulnerable and disadvantaged groups throughout Scotland.<sup>23</sup> Workforce Plus is focused on sharing knowledge and data on workless client groups and helping more of them to take the opportunities for sustained and well paid work. It addresses three groups: those routinely excluded from the labour market; those who are closer to employment but still may need some help; and those in low-paid and/or low-skilled work.

Many English strategic partnership activities that seek to address these issues, such as Local Strategic Partnerships, Local and Multi-Area Agreements and the Working Neighbourhoods Fund, are reflected in Scottish arrangements. The 32 Scottish Councils are required to sign off Single Outcome Agreements (SOAs) with the Scottish Government linked to national outcomes and indicators, comparable with Local Area Agreements. They form Community Planning Partnerships with local stakeholders in the public, private and voluntary sectors, similar to Local Strategic Partnerships. The Fairer Scotland Fund, like the Working Neighbourhoods Fund, gives local partnerships the opportunity to channel resources to tackle local issues related to poverty and disadvantage.

**Single Outcome Agreements:** agreements between the Scottish Government and each Council which set out how each will work in the future towards improving outcomes for people in a way that reflects local circumstances and priorities.

**Community Planning Partnerships:** bring together local leaders with communities and the third and private sectors to develop the long term vision for an area and work towards that vision.

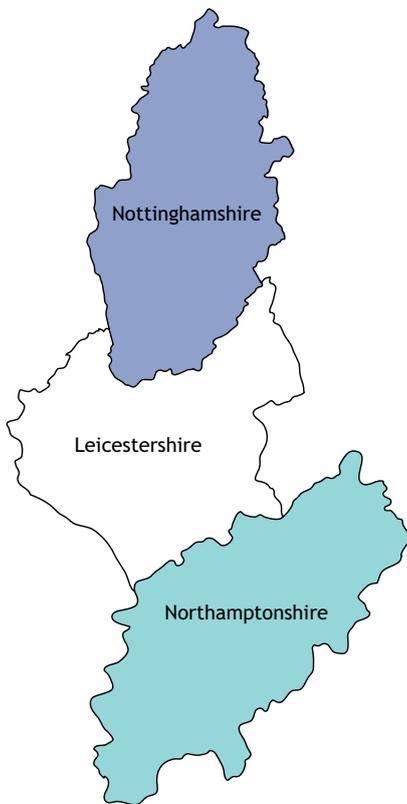
**Fairer Scotland Fund:** brings together and replaces seven previously separate Scottish Government funding streams. It is allocated to Community Planning Partnerships based on multiple deprivation indicators and is worth £435m over 2008-11.<sup>24</sup>

<sup>23</sup> Scottish Executive (2006) *Workforce Plus - an Employability Framework for Scotland*.

<sup>24</sup> The main difference between the Fairer Scotland Fund and the Working Neighbourhoods Fund is that the FSF is ring-fenced, to guarantee that outcomes linked to regenerating communities, tackling poverty and overcoming barriers to employment to be fully embedded within local planning.

## Appendix C: Partners within a Flexible New Deal contract area

### Leicestershire & Northamptonshire and Nottinghamshire



Councils:	26
Local Area Agreements:	5
Jobcentre Plus offices:	25

#### Regional partnerships:

- The region is overseen by the East Midlands Development Agency, set up to bring a regional focus to economic development
- The region's Employment, Skills and Productivity (ESP) Partnership aims to help the competitiveness of the East Midlands

#### Sub-regional partnerships:

- Leicestershire Economic Partnership and Employment and Skills Board
- Leicestershire Together and the Leicester Partnership, overseeing Leicester and Leicestershire Multi-Area Agreement
- Leicester City Strategy Pathfinder
- Northamptonshire Enterprise Ltd
- Greater Nottingham Employment and Skills Board, including the Nottingham City Strategy Pathfinder
- Alliance Employment and Skills Board serving North Nottinghamshire and North Derbyshire
- Greater Nottingham Partnership

#### Employment and skills services:

- East Midlands Jobcentre Plus network; regional tier, and local tier, comprising 25 Jobcentre Plus offices
- Local Employment Partnerships
- Employment support contracted by Jobcentre Plus
- Employment programmes and initiatives funded by Local Authorities and the European Social Fund
- Learning and Skills Council regional network
- Business Start Up provision delivered under the Business Link brand

#### Wraparound services:

- Training providers – including ESOL and basic skills
- Specialist services e.g. drug and alcohol support, homelessness and housing, debt advice and debt management
- Healthcare professionals and condition management support - talking therapies, occupational therapy, physiotherapy
- Work placement coordinators and business advice
- Citizens Advice Bureaux
- Childcare providers and Children's and Families services
- Two New Deal for Communities programmes
- Other specialist services and programmes

## Bibliography

- All Party Urban Development Group (2009) *Building local jobs: Ensuring local communities gain employment from regeneration*
- Brand (2008) *The Local Journey to Work: Localism, welfare and worklessness* (New Local Government Network)
- Brooks (2007) *Public services at the crossroads* (ippr)
- Coles, Cooper and Raynsford (2004) *Making sense of localism* (The Smith Institute)
- Communities and Local Government Committee (2009) *The Balance of Power: Central and Local Government*
- Conservatives (2009) *Control Shift: returning power to local communities*
- Department for Communities and Local Government (2008) *Communities in control: real people, real power*
- Department for Communities and Local Government (2008) *Long Term Evaluation of Local Area Agreements and Local Strategic Partnerships: Developing a 'theory of change'*
- Department for Communities and Local Government and Department for Work and Pensions (2007) *The Working Neighbourhoods Fund*
- Department for Communities and Local Government (2008) *Transforming Places; changing lives: a framework for regeneration*
- Department for Work and Pensions (2008) *DWP Commissioning Strategy*
- Department for Work and Pensions (2008) *No one written off: reforming welfare to reward responsibility*
- Department for Work and Pensions (2008) *Raising expectations and increasing support: reforming welfare for the future*
- Freud (2007) *Reducing dependency, increasing opportunity: options for the future of welfare to work* (Department for Work and Pensions)
- Hasluck and Green (2007) *What works for whom? A review of evidence and meta-analysis for the Department for Work and Pensions* (Department for Work and Pensions)
- Her Majesty's Treasury (2009) *Building Britain's future: Budget Report*
- Her Majesty's Treasury (2007) *HMT Review of Sub National Economic Development and Regeneration*
- Houghton, Dove and Wahhab (2009) *Tackling Worklessness: A Review of the contribution and role of English Local Authorities and partnerships* (Department for Communities and Local Government)
- House of Commons Work and Pensions Committee (2009) *DWP's Commissioning Strategy and the Flexible New Deal*

Improvement and Development Agency (2009) *Commissioning employment and skills services in partnership*

Ingeus (2006) *Buying quality performance*

Ingeus (2008) *International Insights: best practice in employment programmes*

Ingeus (2005) *Skills and sustainable welfare-to-work*

Local Government Association (2008) *The integration gap: developing a devolved welfare and skills system*

Local Government Association (2007) *Welfare reform: the case for devolution*

National Audit Office (2007) *Helping people from workless households into work*

Scottish Executive (2006) *Workforce Plus - an Employability Framework for Scotland*

Simmonds and Bivand (2008) *Worklessness: a city approach* (Centre for Cities)

Taylor (2008) *Transforming disadvantaged places: effective strategies for places and people* (Joseph Rowntree Foundation)

UK Commission for Employment and Skills (2009) *Ambition 2020: World Class Skills and Jobs for the UK*

Varney (2006) *Service transformation: A better service for citizens and businesses, a better deal for the taxpayer* (HM Treasury)

Walker and Sankey (2008) *International review of effective governance arrangements for employment-related initiatives* (Department for Work and Pensions)

## The Ingeus Group of Companies

The international Ingeus Group of Companies provides effective, accountable welfare-to-work and employment activation services. The Group, which began operations in Australia in 1989, currently delivers services in the UK, France, Germany and Sweden.

The Ingeus Centre for Policy and Research (ICPR) produces original research and responds to government and other consultations in the countries in which we operate.

### WorkDirections

Launched in the UK in November 2002, WorkDirections, in partnership with Jobcentre Plus and the Department for Work and Pensions, supports socially excluded and disadvantaged individuals to find sustainable employment.

Since 2002, WorkDirections has assisted more than 36,500 individuals into lasting employment through our programmes, which include Private Sector Led New Deal programmes and Employment Zones for lone parents and people on Jobseeker's Allowance, as well as the Pathways to Work programme for people on health-related benefits.

In 2008, the London Development Agency awarded WorkDirections two contracts to support 1,500 disadvantaged and economically inactive people in Central London into employment, further learning, or vocational training. We were also awarded contracts to deliver the New Deal for Disabled People programme in Dorset and Somerset, as well as London-based programmes funded by the European Social Fund and the Tower Hamlets Primary Care Trust in London.

In May 2009 WorkDirections was named as 'preferred bidder' to be one of two prime contractors to deliver the Flexible New Deal programme in the East Midlands and Scotland.

### Ingeus SAS - France

In February 2005, Ingeus began operating through a contract with the French unemployment insurance body, UNEDIC, and the French public employment service, ANPE, to deliver an experimental programme in the cities of Lille and Rouen. This pilot was designed to test early intervention for people at risk of long-term unemployment

The programme exceeded all contractual targets and has been expanded to support thousands more unemployed people a year.

Ingeus SAS has since been awarded contracts to assist more than 10,000 young people from disadvantaged areas through the 'Hope for the Suburbs' programme.

The company has also commenced a programme with the Hautes-de-Seine Parisian Council to deliver unemployment services for long-term unemployed people, and a contract with the National Ministry of Employment to deliver services to assist 800 young graduates in the Haute-Normandie region to find work.

Ingeus SAS now employs almost 200 staff and operates in more than 20 sites across the country.

## Ingeus GmbH - Germany

In June 2006, Ingeus GmbH formed a partnership with the ARGE (Arbeitsgemeinschaft), the City of Nuremberg's joint body of the regional administration and public employment service, to assist people who have been unemployed for at least one year.

The programme supported 2,000 unemployed people over a two-year period, and in October 2007 Ingeus used this model as the basis for another two-year pilot programme, to be delivered to 4,000 people in Munich.

In September 2008, Ingeus was awarded a tender to assist long-term unemployed people in Berlin Treptow-Köpenick, and in November we commenced a two-year programme which will assist up to 2,000 clients in this area.

In October 2008, Ingeus commenced another programme in partnership with the Nuremberg ARGE to assist up to 1,000 parents into employment over a two-year period.

## Ingeus AB - Sweden

Ingeus has been operating in Sweden since August 2008, when the Swedish public employment service, Arbetsförmedlingen, awarded the company a 19-month contract to provide employment services for newly arrived immigrants in Stockholm and the surrounding areas of Huddinge, Södertälje and Solna.

The programme launched in February 2009 and will assist between 1,000 and 1,500 people to integrate with their communities through finding suitable, lasting employment.

In May 2009 Ingeus was awarded two contracts to assist short-term unemployed, long-term unemployed and young people in the areas in which Ingeus currently operates, as well in the town of Uppsala.

**To find out more about the Ingeus Group of companies please refer to our websites:**

**[www.ingeus.com](http://www.ingeus.com)**

**[www.ingeus.de](http://www.ingeus.de)**

**[www.workdirections.co.uk](http://www.workdirections.co.uk)**

**[www.ingeus.se](http://www.ingeus.se)**

**[www.ingeus.fr](http://www.ingeus.fr)**

Author: Annie Finnis  
Policy and Research Analyst  
[afinnis@ingeus.co.uk](mailto:afinnis@ingeus.co.uk)

Ingeus/WorkDirections  
The Registry  
3 Royal Mint Court  
London  
EC3N 4QN  
United Kingdom  
+44 (0)207 265 3000

## Acknowledgements

While the views expressed in this paper are those of WorkDirections only, we are grateful to the many people who contributed to the research process, especially those at the Department for Work and Pensions, the Department for Communities and Local Government, the Local Government Association, the City Strategy Pathfinders and the Centre for Economic and Social Inclusion.

