



ESPN Thematic Report on integrated support for the long-term unemployed

United Kingdom

2015

Roy Sainsbury and Jonathan Bradshaw
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Contact: Valdis ZAGORSKIS

E-mail: Valdis.ZAGORSKIS@ec.europa.eu

European Commission

B-1049 Brussels

EUROPEAN SOCIAL POLICY NETWORK (ESPN)

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long-term unemployed**

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*Roy Sainsbury and Jonathan Bradshaw
University of York*

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Summary

- At 12 months of unemployment ALL claimants will be on one of the following out-of-work benefits: means-tested Job-seekers Allowance, means-tested Income Support or means tested Employment and Support Allowance.
- Take-up is in the range of 77-89% of potential claimants (which is equivalent to 82-92% of potential expenditure).
- These benefits are being replaced by a single benefit, Universal Credit on a rolling basis that commenced in 2013 in a number of pilot areas. So far only new unemployed claimants have been able to claim Universal Credit so there are not yet any long term unemployed people receiving the benefit.
- All long term claimants are referred to the government-sponsored Work Programme at 12 months of unemployment at the latest.
- The Work Programme comprises a number of large contracts to private sector companies and not-for-profit organisations who deliver employment services to long term claimants on a Payment by Results basis.
- Overall the performance of the Work Programme was very much below expectations in the first year (from mid-2011) but has been improving since. Performance for some groups (principally JSA claimants) is good, but it is below expectations and aspirations for ESA claimants.
- There are no specific health or childcare services allocated to long term unemployed people but Work Programme have the discretion to organise or facilitate 'enabling services' such as childcare, health services or transport.
- The conditionality and sanctions rules for ESA, JSA and, in the future, Universal Credit have become increasingly harsh and punitive in the last five years.
- There are no specific measures aimed at over 45s in the UK.
- Long term unemployed people in the UK are in contact with the public employment services (PES) (Jobcentre Plus) in relation to their social security benefits and with a Work Programme provider for activation support. People can only access social security benefits through Jobcentre Plus and so are automatically registered with it at the start of a claim.
- There are 40 'prime Work Programme contracts' across 18 large 'contract package areas' of Great Britain.
- Long term benefit claimants in the UK do not receive a 'one-stop-shop' service. Their social security benefits are administered by Jobcentre Plus but labour market activation help is provided by one of the external Work Programme contractors.
- Other health and social services (such as primary health care, hospital provision, housing, and social care) are the responsibility of a range of other organisations (principally in the public sector).
- There is a large degree of organisational discretion given to providers to design an individual pathway back to work for all clients, regardless of their circumstances, time out of work and barriers faced.
- Analysis of sanctions imposed on clients as part of the conditionality regime suggest that they play a role in increasing compliance with the requirements of Work Programme contractors but do not have any impact on the likelihood of a client finding work.
- Action Plans have been an integral part of UK welfare to work programmes for many years. They are not introduced after a person has been unemployed for a period of time but are used throughout.
- There has been no analysis of the content of Action Plans so it is not possible to comment on their effectiveness or the extent to which they are tailored to individual needs, but over 80% of respondents who recalled having one said that they were 'very' or 'fairly' useful.
- Long term unemployed claimants who return to Jobcentre Plus after two years on the Work Programme will agree a mandatory 'claimant commitment' document that sets out a step by step programme of actions.

1 Benefits and services supporting the long term unemployed

1.1 Benefits available for the long-term unemployed, and their effectiveness

At 12 months of unemployment ALL claimants will be on one of the following benefits:

- Means tested ('income-based') Job Seekers Allowance (if they were previously on contribution-based Job Seekers Allowance, which is payable for six months only), or
- Means tested ('income-based') Employment and Support Allowance (if they were previously on contribution-based Employment and Support Allowance, which is payable for 12 months only), or
- Income support – the means tested social assistance benefit for those without sufficient National Insurance contributions to qualify for JSA or ESA.

ESA can be claimed instead of JSA if a claimant has a long term health condition or disability. Claimants must satisfy an eligibility test called the Work Capability Assessment which is based on their ability to carry out physical and mental tasks.

A recent review¹ of benefit take-up by synthesised data from a number of surveys which combined ESA and Income Support receipt and concluded that take up was in the range of 77-89% of potential claimants (which was equivalent to 82-92% of potential expenditure). This take-up rate compared favourably with Jobseekers Allowance, but it was estimated that between 260,000 and 620,000 people were not receiving their entitlements. Take-up was higher among families with children but the report found that in the period 1997/98 to 2009/10 take up had decreased (from 91.5% to 83% for couples with children, and from 97% to 87.5% for single parent families).

It should be noted that Jobseekers Allowance, ESA and Income Support are being replaced by a single benefit, Universal Credit on a rolling basis that commenced in 2013 in a number of pilot areas². So far only new unemployed claimants have been able to claim Universal Credit so there are not yet any long term unemployed people receiving the benefit. The new benefit is designed to incentivise claimants to take up work. Recipients of Universal Credit can keep earnings for work up to a threshold (which varies according to their household composition) after which a taper is applied. The taper is currently 65%. In theory Universal Credit will allow working claimants to keep more of their income than under the existing Working Tax Credit arrangements. Unlike the current system, claimants will not be penalised for taking on work for a small number of hours.

1.2 Activation support

All long term claimants are referred to the government-sponsored Work Programme (see section 2 for further details) at 12 months of unemployment at the latest (for some groups of claimants they join the Work Programme earlier than 12 months). The Work Programme has been in operation since 2011. Newly unemployed claimants initially receive help from Jobcentre Plus, the central government public employment services (PES). (Jobcentre Plus is an executive agency of the central government Department for Work and Pensions.) Responsibility for paying social security benefits to Work Programme clients remains with Jobcentre Plus; Work Programme providers have no role in administering benefits (beyond reporting non-compliance to Jobcentre Plus who make decisions about sanctions (see below). Participation in the Work Programme is not viewed as a form of 'subsidised employment' in the UK.

¹ <http://www.cesi.org.uk/publications/take-benefits-and-poverty-evidence-and-policy-review>

² <https://www.gov.uk/universal-credit>

The Work Programme comprises a number of large contracts to private sector companies and not-for-profit organisations who deliver employment services to long-term claimants on a Payment by Results basis. The contractors have the discretion to provide any services they want to; there is no prescription from central government. This is often referred to as the 'black box' approach to delivering services.³ Evidence from the evaluation of the Work Programme so far suggests that job search support and services are provided more often compared with training or job placements, though this varies between Work Programme providers.⁴

The effectiveness of the Work Programme is difficult to establish. To summarise performance very broadly, it is probably justifiable to say that overall it was very much below expectations in the first year (from mid-2011) but has been improving since. Performance for some groups (principally JSA claimants) is good, but it is below expectations and aspirations for ESA claimants. There is also considerable variation in performance of the 18 Work Programme prime contractors. Performance data are published regularly⁵.

Also the effectiveness of the Work Programme in providing a personalised service has not yet been established, and there is evidence that, in contrast, some clients receive standardised provision that is not well suited to their individual needs (see section 3.1).

1.3 Other social services

There are no specific health or childcare services allocated to long term unemployed people but Work Programme providers have the discretion to organise or facilitate 'enabling services' such as childcare, health services or transport. It should be emphasised that providers are under no obligation to provide or broker such services, and clients cannot invoke any rights to them.

Evidence to date suggests that few clients receive any direct help with other social services from Work Programme providers (compared with the more common response of *signposting* clients to external services). (See further section 3.1.)

1.4 Conditionality and sanctions

The conditionality and sanctions rules for ESA, JSA and, in the future, Universal Credit have become increasingly harsh and punitive in the last five years.

Under the JSA, ESA and income support arrangements there are three levels of conditionality (although ESA claimants in the 'support group' are exempt from these conditionality requirements):

- Low – attendance at meetings and work-related activity
- Medium – job seeking activities
- High – job applications and acceptance of job offers.

Failure to comply attracts sanctions as follows:

- Low – ESA claimants: range from loss of benefit for 1 week (1st failure) to 4 weeks (3rd failure)
- Low – JSA claimants: range from postponement or loss of benefit for 4 weeks (1st failure) to 13 weeks (2nd and later failures)
- Medium – JSA claimants: range from loss of benefit for 1 week (1st failure) to 13 weeks (2nd and later failures)

³https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/49884/the-work-programme.pdf

⁴ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/388371/rr892-work-programme-participants-experience.pdf

⁵ http://www.cesi.org.uk/sites/default/files/response_downloads/WP_stats_briefing_SEPT14_MASTER.pdf

- High - JSA claimants: range from loss of benefit for 13 weeks (1st failure) to 3 years (3rd failure).

The Universal Credit sanctions regime will be similar to this with the addition of new 'in-work conditionality' requirements for claimants who are in part-time work. The policy intention here is to promote progression in employment.

There is no evidence from studies of conditionality and sanctions that demonstrates a link with increased employment. In contrast, a number of negative effects, including on housing, health and well-being for example, have been shown to be a consequence of harsher conditionality requirements.⁶

1.5 Measures specific to older people of 45 and over

There are no specific measures aimed at this age group in the UK.

2 Co-ordination between services towards a 'one-stop-shop'

2.1 Agencies involved in the delivery of benefits and services, and activation measures

As noted in Section 1, long term unemployed people in the UK are in contact with the PES, Jobcentre Plus, in relation to their social security benefits and with a Work Programme provider for activation support. People can only access social security benefits through Jobcentre Plus and so are automatically registered with it at the start of a claim.

There are 40 'prime Work Programme contracts' across 18 large 'contract package areas' of Great Britain. In most areas two contracts are in place but in the larger conurbations (London and Birmingham for example) there are three. The 40 contracts are held by 18 *prime contractors* some of whom therefore hold more than one contract. One of the important distinctive features of the Work Programme is that contractors are free to organise the content and delivery of their services as they wish (within some minimum service standards), often referred to as the 'black box' approach. Prime contractors also only receive monies from government on a 'Payment by Results' basis under which payments only commence if a claimant has achieved a period of sustained work.⁷ The Payment by Results regime is another distinctive feature of the Work Programme designed to promote sustained employment for people.

Within each of the 'prime' contracts is a different supply chain of sub-contractors decided by the prime contractor. This is a deliberate policy intention⁸. Although the use (and also *growth*) of supply chains of small, specialist, local organisations was one of the policy aims of the Work Programme, the evidence so far is that this has not happened⁹.

Work Programme providers are mainly organisations in the private (for profit) sector and the third sector (i.e. voluntary and not-for-profit organisations). For the long term unemployed there is no specific role for regional or local government authorities. Municipalities (called local authorities in the UK), social services or health services have no formal responsibility for helping unemployed people back to work. Local authorities might provide services that Work Programme providers decided to use (on a paid or unpaid basis) but in this respect they are acting like any other sub-contractor of the prime provider.

There has been no real focus on *co-ordination* between national, regional and local organisations as an issue in the UK because there are no consistent structural or

⁶ (See <http://www.jrf.org.uk/sites/files/jrf/Welfare-conditionality-UK-Summary.pdf>).

⁷ Payments start at three months for some claimants, and at six months for others.

⁸ For more information on the services provided, see

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/394768/rr893-report.pdf

⁹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/197710/rrep832.pdf

organisational links between them, or any standards or targets against which it might be possible to assess strengths and weaknesses in delivery and impacts. The choice in the UK to rely on a market-based solution to activation policy has made such issues much less relevant compared with questions of performance and achievement of results (about which there is much debate and interest).

After two years with the Work Programme claimants who have not found employment return to the central government PES, Jobcentre Plus.

2.2 One-stop-shop approaches

The notion of a one-stop-shop is not widely used in the UK outside of services provided by local authorities¹⁰. For long term unemployed people the two organisations they deal with for benefit and activation purposes are Jobcentre Plus and a Work Programme provider.¹¹ Other health and social services (such as primary health care, hospital provision, housing, and social care) are the responsibility of a range of other organisations (principally in the public sector). People requiring these services might be signposted to them by staff in Jobcentre Plus or a Work Programme provider but these organisations would not be responsible for their delivery.

However, it is normal practice for each Work Programme client to be allocated to a single member of staff (who may be called by various titles, such as personal adviser or employment coach) who will act as *coordinator of services*, and who will monitor the progress of the client¹². Whilst experiencing long term unemployment, a person will therefore be assigned to a succession of caseworkers – first from Jobcentre Plus, then from a Work Programme provider, and eventually from Jobcentre Plus again if they have not found work after two years.

2.3 Minimum standards

Each contract between central government (in this case the Department for Work and Pensions) and a prime contractor contains (a) 'minimum *service delivery* standards' set by the providers themselves and agreed and enforced by performance management teams within DWP, and (b) 'minimum performance levels' which specify the expectation and requirement placed on contractors to achieve certain levels of sustained employment among their clients. There is therefore considerable variation across the country¹³.

2.4 Information systems

Work Programme contractors maintain information systems on their clients that contain personal information that enables them to manage their caseloads. They do not have access to Jobcentre Plus systems. Aggregate (i.e. non-personal, non-individual) is supplied to the Department for Work and Pensions as part of contract management and performance management processes.

When a client ends their attachment to the Work Programme a formal handover report is prepared by the contractor on activities undertaken, progress made and current status which is passed to Jobcentre Plus.

¹⁰ The term 'one stop shop' is mainly used in UK policy discourse to refer to arrangements made by local authorities to provide access to all its services (including rents, social care, transport waste disposal, , etc.) at a single location that acts as a gateway to them.

¹¹ In contrast to provision for long-term benefit claimants, Jobcentre Plus provides both *benefit* and *employment* services for short term claimants and can therefore be justifiably described as a one-stop-shop.

¹² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/388371/rr892-work-programme-participants-experience.pdf

¹³ Useful further information can be found at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/197710/rrep832.pdf

http://www.cesi.org.uk/sites/default/files/response_downloads/WP_stats_briefing_SEPT14_MASTER.pdf

3 Individualised approaches

3.1 The personalisation of provision

When the Work Programme was introduced in 2011 the UK government emphasised that it would be a personalised service, tailored to the needs and aspirations of individuals. However, the government (intentionally, in keeping with the black box approach) did not specify how this would be achieved. The rationale behind the Work Programme was that the payment structure would provide incentives for providers to provide individualised services because this would ensure that clients would go into sustainable jobs. It should be noted that payments to providers are only made when a client has been in work for 6 months (or 3 months for some 'harder to help' group); there is no payment for only placing someone in a job (unlike previous welfare to work programmes which made payments for job entries).

The 'black box' approach is by definition highly flexible and there is a large degree of *organisational discretion* given to providers to design an individual pathway back to work for all clients, regardless of their circumstances, time out of work and barriers faced. In principle therefore, no categories of claimant are denied or prevented from having access to services. However, there is evidence that Work Programme contractors make choices (legitimately within the terms of their contracts) that concentrate resources on people close to finding work and therefore effectively exclude people who have multiple barriers to labour market entry. These are the familiar practices of 'creaming and parking' referred to in the literature¹⁴.

So *in principle* the Work Programme satisfies the definition of a '...tailored activation or social programmes for which the unemployed become eligible only after a given period of unemployment' and the 'black box' approach allows Work Programme contractors to offer a wide range of activation support. The extent to which this potential for a highly personalised service is reflected in people's actual experiences is explored in the independent evaluation of the Work Programme¹⁵. For some the promise of personalisation is not realised in practice (as noted above in the reference to 'creaming and parking').

Another intended outcome of giving providers a 'black box' was that innovation would increase as they found new solutions, appropriate to local socioeconomic and environmental conditions, to helping long term unemployed people into work. To date though, there has been little evidence of such innovation and clients have mostly been offered a limited range of options rather than services tailored to their needs. So, in line with evidence from previous schemes in the UK and overseas, the Work Programme has emerged as a primarily 'work-first' approach (job search support to get people quickly into work), with less emphasis on human-capital based approaches (such as training programmes). Most participants receive help with CVs, job search and interview techniques. Few are referred to training provision or to support designed to address specific barriers to employment (for example health conditions, accommodation problems or caring responsibilities). Some clients receive financial support to pay for training or work-related expenses. In-work support is also available to people who find work, usually in the form of a telephone advice service. So, in contrast to the large degree of *organisational discretion* allowed to Work Programme providers, the staff in those organisations have much more limited *officer discretion*.

¹⁴ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/388371/rr892-work-programme-participants-experience.pdf

¹⁵ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/388371/rr892-work-programme-participants-experience.pdf

This limited provision offered to clients is reflected in the findings from a survey of Work Programme clients in which over 1 in 3 respondents (36%) said that the support they received was not 'well matched to the needs'.¹⁶

Analysis of *sanctions* imposed on clients as part of the conditionality regime suggest that they play a role in increasing *compliance* with the requirements of Work Programme contractors but do not have any impact on the likelihood of a client finding work¹⁷.

There is no evidence that monitoring or sanctions increase with length of unemployment.

3.2 The use and impact of Action Plans

Action Plans have been an integral part of UK welfare to work programmes for many years. They are not introduced after a person has been unemployed for a period of time but are used throughout for claimants of out-of-work benefits, including Job Seekers Allowance, Income Support and Employment and Support Allowance.

Under the Work Programme the use of Action Plans is reported by providers to be widespread (and expected as part of their service delivery by DWP). An Action Plan will typically comprise a summary of the steps agreed between client and provider that will move the client closer and into work. Action Plans are intended to be co-produced so that there should be support and enthusiasm (and no resistance) from the client in implementing the steps agreed. The Action Plan is usually considered as a flexible 'working document' that can be adapted and updated in the light of experience and changing circumstances. However it also has a secondary purpose in being a tool for monitoring the actions of clients and ensuring that they are complying with their responsibilities. They can in effect be used as evidence of non-compliance which might support a decision by Jobcentre Plus decision makers to impose a sanction.

There is certainly variation in the way Action Plans are used. Work Programme contractors vary in their interpretation and implementation of them. This variable use is evidenced in a survey of Work Programme participants in which fewer than two thirds (62%) said they had drawn up an Action Plan.¹⁸

There has been no analysis of the content of Action Plans so it is not possible to comment on their effectiveness or the extent to which they are tailored to individual needs, but in the survey referred to above over 80% of respondents who recalled having one said that they were 'very' or 'fairly' useful.

Long term unemployed claimants return to Jobcentre Plus after two years on the Work Programme. They face tougher conditionality requirements compared with new benefit claimants. They must take part in a training scheme, a compulsory work placement or (if they have specific needs to address drug or alcohol problems) participate in a rehabilitation programme. In addition a trial has been in place since April 2015 in which returners agree a *mandatory* 'claimant commitment' document that sets out a step by step programme of actions (this requirement is the same as that which applies to new claimants of Jobseekers Allowance and Universal Credit. This is a more formal use of Action Plans in the sense that claimants are expected to comply with their contents and are threatened with sanctions if they do not. There is no evidence yet on how the claimant commitments are being used and their impact for unemployed claimants.

¹⁶ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/388371/rr892-work-programme-participants-experience.pdf

¹⁷ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/388371/rr892-work-programme-participants-experience.pdf

¹⁸ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/388371/rr892-work-programme-participants-experience.pdf

4 Overview table

		Please put an X in the column that best represents the situation in your country			Please summarise in a few words and in order of priority the 3 key gaps that need to be addressed to improve effectiveness (if only one gap just complete one column)		
		Very good	Medium	Weak	Gap 1	Gap 2	Gap 3
Effectiveness of benefits & services supporting the long-term unemployed	Income benefits			x	High marginal withdrawal rates for low paid claimants.		
	Social services			x	Social services are not focused on employment outcomes.		
	Activation services		x		Low levels of innovation and Payment by Results regime lead to lack of help for many claimants.	Creaming and parking persist.	Poorly targeted, harsh sanctions regime does not lead to increase in employment rates.
Effectiveness of coordination between employment, social assistance and social services				x	Lack of coordination between Work Programme and social services. Very little exist.		
Extent of individualised support			x		No mechanisms to ensure Work Programme contractors provide personalised services in practice.		

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