

Mutual Learning Programme Database of National Labour Market Practices

United Kingdom - The Work Programme

This database gathers practices in the field of employment submitted by European countries for the purposes of mutual learning. These practices have proven to be successful in the country concerned, according to its national administration. The European Commission does not have a position on the policies or measures mentioned in the database.

Source of national practice	European Employment Observatory Review on Upskilling Unemployed Adults
Title of the policy or measure (Original language)	The Work Programme
Title of the policy or measure (English)	The Work Programme
Country	United Kingdom
Name of the responsible body	Department for Work and Pensions (DWP)
Geographical scope of the responsible body	Regional
Name(s) of other organisations involved (partners/sub-contractors)	The welfare-to-work market consists of a range of organisations providing various services through the Government's series of programmes to encourage and support the unemployed in finding jobs. Organisations come from public, private and third sectors. Jobcentre Plus (UK unemployment office) retains its responsibilities for benefit delivery, for the overall customer experience and for supporting people in finding work in the early stages of their benefit claim.
Start year of implementation	2011
End year of implementation	2017
EU policy relevance	The Work Programme is a payment-by-results welfare-to-work programme central to the Government's programme of welfare reform. The scheme contributes to meeting the policy priorities set by the Europe 2020 strategy, particularly the EU's aim to foster inclusive growth.

<p>National labour market context</p>	<p>Flexibility and dynamism are central to how the UK labour market works: relatively low levels of labour market regulation and taxation mean that firms have incentives to create new jobs alongside new business opportunities, and can offer flexible working arrangements. Above average employment rates, in OECD and EU terms, are coupled with lower than average unemployment.</p> <p>Youth unemployment is a particular concern, the proportion of individuals living in workless households was one of the highest in the EU when the Work Programme was introduced.</p> <ul style="list-style-type: none"> • Employment was 31.1 million in 2015, up 424,000 compared to the previous year, up 2 million since 2010. • The unemployment rate presented by the ILO was 1.81 million in 2015, down 349,000 compared to the previous year. This figure is down 696,000 since 2010. • In 2015 165,000 persons aged 16-24 years old were unemployed for over a year, down 77,000 compared to the previous year. This figure is down from 51,000 since 2010. • Claimant count (including Universal Credit UC) was 791,800 in 2015, down 6,500 compared to the previous month, 290,900 compared to the previous year and 703,000 since 2010. • Claimant count rate (including UC) was 2.3% in 2015 – the lowest since 1975. • Claimant count in the main inactive benefits – Employment Support Allowance/Incapacity Benefit or Income Support Lone Parent – is 2.97 million, down by over 300,000 since 2010. <p>Labour Force Survey (Feb-Apr 2015)</p>
<p>Policy area</p>	<p>Active labour market policies, Labour market participation</p>
<p>Specific policy or labour market problem being addressed</p>	<p>The Work Programme is a payment-by-results welfare-to-work programme central to the Government's programme of welfare reform. The aim is to address the key deficiencies of previous active labour market measures.</p>
<p>Aims and objectives of the policy or measure</p>	<p>The overall aim of the current programme is to move participants into sustained employment which is defined as 6 months for most claimants or 3 months for the hardest to help. In the framework of the programme, 6 months represents the point at which a participant becomes more likely to retain employment. A 3 month time period provides a more achievable outcome for those harder to help. Providers are also paid additional sustainment payments for each 4 week period that the participant stays in work. A maximum number of sustainment payments are made dependent on the payment group, with more payments being available for those considered harder to help. Providers are expected to achieve a sustained job outcome rate which is calculated using the estimated non-intervention rate plus a stretch target.</p> <p>The programme was designed to tackle high unemployment following the 2008 recession focussing on the long term unemployed in order to combat entrenched worklessness.</p>

<p>Main activities/actions underpinning the policy or measure</p>	<p>The Work Programme uses a prime-provider approach; where a single provider, the 'prime', in turn commissions and manages a supply chain of sub-contracted providers to deliver the contract. The prime can also deliver support itself.</p> <p>Providers are expected to deliver an individually-tailored service for each participant, regardless of their benefit category. The nature of that service and how it varies between participants and between participant groups is not specified by the DWP. This is known as a 'black box' approach. Payment-by-results is an outcome-based approach with an emphasis on sustained outcomes.</p> <p>Providers are paid different rates for outcomes achieved by different target groups (outcomes for harder-to-help groups are paid at higher rates than those for groups closer to the labour market).</p> <p>When tendering for the Work Programme, prime providers indicated the level and nature of the support that they would offer each participant group. These minimum service standards were specified in their contracts and their delivery is monitored by the DWP. Any revisions to the standards are made publicly available through the DWP website. Jobcentre Plus work coaches also explain the minimum service standards to participants upon referral to the programme. The rationale is that both the DWP and participants will be able to hold the providers to these standards.</p> <p>The Work Programme combines the 'black box' approach with payment-by-results. Contracted providers are paid for getting people into work and are free to design their own support provision, with minimal intervention from the Department.</p> <p>There is on-going performance competition. This means that better performing providers are rewarded with an increased volume of future referrals, where there is a clear differential in performance.</p> <p>The contracts are larger and longer than under previous programmes. Work Programme contracts include nearly 6 years of referrals. The greater market stability this offers aims to facilitate the development of provider capacity and expertise, as well as encourage investment to support service delivery innovation.</p> <p>Participation is mandatory or voluntary depending on the benefit received. Failure to participate without good cause can result in a benefit sanction. Claimants on Jobseekers Allowance (who must be available for and actively seeking work) and Employment and Support Allowance (who have a health condition or disability, and who are currently subject to lower conditionality) are referred onto the programme.</p>
<p>Geographical scope of policy or measure</p>	<p>Regional</p>
<p>Target groups</p>	<p>Other</p>

<p>Outputs and outcomes of the policy or measure</p>	<p>Outputs: From June 2011 to the end of June 2015 the total number of referrals and attachments to the Work Programme are 1.76 million and 1.72 million respectively.</p> <p>Of these, 1.7 million have been on the Work Programme long enough to achieve a job outcome (usually 6 months or three months for the hardest to help). 26.9% of these have achieved a job outcome. Furthermore, according to industry figures for the same period, around 731,000 people have started a job but have not been in work long enough to be captured by the statistics. In total, 459,370 people have been in work long enough to generate a job outcome payment. Of the most recent participants to spend 12 months on the programme:</p> <ul style="list-style-type: none"> • 1 in 6 found lasting work – above the expected level of over 1 in 9. • 1 in 4 of those JSA claimants aged 18-24 years old found lasting work – above the expected level of over 1 in 7. • 1 in 5 JSA claimants aged 25 and over found lasting work above the expected level of over 1 in 9. • Nearly 1 in 13 ESA new claimants found lasting work – well above the expected level of around 1 in 14. <p>Statistics are published quarterly (see appropriate box for links)</p>
---	---

Management and implementation arrangements

The commercial and performance management roles are split across two DWP directorates; one focused on maximising provider and provision performance and the other focussing on managing the commercial relationship with contracted providers and the wider market.

The Supplier Manager is the interface between DWP/primes and is responsible for the overall performance of an individual supplier-who may be delivering across a range of contracts, in a variety of locations. They work closely with performance managers and compliance monitoring officers to ensure they have detailed background on performance drivers across all contracts. By working with a senior manager at supplier level, they are able to identify opportunities for provider-wide performance improvement activity.

The Category Manager covers the commercial relationship with the primes. Category Managers look beyond the contract at factors which affected the service delivered, for example, the supply chain market and how it affected the service delivered.

Job outcomes are validated using a two stage check. The first looks at whether the participant no longer claims unemployment benefits. The second validates with the employer that the claimant is employed.

The Department takes an active and robust approach to performance management, including shifting a proportion of future referral volumes to better performing providers. From spring 2014, the DWP also introduced a new performance dashboard that brought together all relevant DWP performance information for each contract into one place and shared performance information for all contracts with all providers.

Lower performing contracts are subject to a more intensive performance management regime including more regular interventions at all levels whilst higher performing contracts are still managed closely although less frequently.

In December 2014 the Department introduced a package of contract changes which further strengthened the Department's performance management regime. Specifically, the Department will now:

- Undertake performance management interventions quarterly instead of annually;
- Split performance for New ESA claimants so that we can monitor performance for the hardest to help (those with a 12-month prognosis);
- Contractually manage performance with the new metric, which more accurately reports performance; and
- Have more flexibility to operate shifts in future referral volumes where there is a clear differential in performance.

DWP has also restructured its performance management activities to ensure delivery of better outcomes and has put in place a more systematic performance management regime. Particular focus is on those contracts which are not doing as well as their competitors.

<p>Key challenges</p>	<p>To understand the impact of the DWP commissioning model on providers of welfare-to-work services, and how the model shaped the provider market.</p> <p>One of the aims of the DWP commissioning model was to boost efficiency by stimulating competition between service providers by;</p> <ul style="list-style-type: none"> • offering organisations larger and longer contracts, partly to encourage them to compete for contracts; and • awarding shifts in market share to better-performing providers during the contract period. <p>Prime providers were free to deliver services themselves or to outsource some or all of the Work Programme service to subcontractors. Primes were free to:</p> <ul style="list-style-type: none"> • Manage competitive supply chains or to work more collaboratively in order to generate the performance and service quality required. • Design their own delivery systems and supply chains, but had to do so in compliance with safeguards intended to protect the position of non-profit, specialist, community-based and other ‘third sector’ providers with a record of innovation and of working with the ‘hardest to help’ populations and localities. <p>As providers only receive payment for a sustained job outcome those who are perceived as unlikely to reach this target may not receive a high level of investment into support. However, the Department’s compliance monitoring regime undertakes regular checks to ensure providers are delivering their minimum contractual standards to all participants.</p>
<p>Key conditions for success</p>	<p>A competitive, vibrant, welfare to work market where providers have the freedom and incentive to deliver for participants and are driven by an effective, transparent performance management regime.</p>
<p>Method of assessment</p>	<p>External evaluation</p>
<p>Type of assessment</p>	<p>Qualitative and quantitative assessment</p>
<p>Duration and frequency of the assessment</p>	<p>Quantitative performance assessment against contractual targets is an on-going process. Formal performance assessments take place every quarter looking at performance data for the last 12 months. The research elements of the externally commissioned evaluation have been completed and published (please see links below). There is a further report to be published based on data analysis of provider characteristics and performance. The Department is also exploring the feasibility of an impact assessment to estimate the impact of the programme on benefit and employment outcomes above an non-intervention level.</p>
<p>Further information on the assessment</p>	<p>Please see details of evaluation in section above.</p>

<p>Links to the website, background information and assessment material</p>	<ol style="list-style-type: none"> 1. Department for Work and Pensions (2012) Work Programme – analysis of early entrants http://statistics.dwp.gov.uk/asd/asd1/adhoc_analysis/2012/wp_early_entrants.pdf 2. Department for Work and Pensions (2012) ‘Work Programme Evaluation: Findings from the first phase of qualitative research on programme delivery’ (DWP Research Report No 821) http://research.dwp.gov.uk/asd/asd5/rports2011-2012/rrep821.pdf 3. DWP 2013 – Work Programme Evaluation: procurement, supply chains and implementation of the commissioning model https://www.gov.uk/government/publications/work-programme-evaluation-procurement-supply-chains-and-implementation-of-the-commissioning-model-rr832 4. National Council for Voluntary Organisations (2012) The Work Programme: Perceptions and experiences of the voluntary sector http://www.ncvo-vol.org.uk/sites/default/files/sig_survey_june_2012_report_17.9.12.pdf 5. DWP December 2014- Work Programme evaluation: Operation of the commissioning model, finance and programme delivery https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/425301/rr893-report.pdf 6. DWP December 2014 Work Programme evaluation: the participant experience https://www.gov.uk/government/publications/work-programme-evaluation-participant-experience 7. Department for Work and Pensions (2014) Quarterly Work Programme National Statistics to September 2014 https://www.gov.uk/government/uploads/system/uploads 8. House of Commons Library (2015) Work Programme: Background and Statistics http://www.parliament.uk/business/publications/research/briefing-papers/SN06340/work-programme-background-and-statistics
<p>Contact details</p>	<p>Adam Barnes, Edward Munn</p>
<p>Keywords</p>	<p>Unemployed Adults, Conditionality, Payment-by-results</p>