



UP TO THE JOB?

How reforming Jobcentre Plus will help tackle worklessness

July 2013



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About the Centre for Social Justice

The Centre for Social Justice (CSJ) aims to put social justice at the heart of British politics.

Our policy development is rooted in the wisdom of those working to tackle Britain's deepest social problems and the experience of those whose lives have been affected by poverty. Our Working Groups are non-partisan, comprising prominent academics, practitioners and policy makers who have expertise in the relevant fields. We consult nationally and internationally, especially with charities and social enterprises, who are the champions of the welfare society.

In addition to policy development, the CSJ has built an alliance of poverty fighting organisations that reverse social breakdown and transform communities.

We believe that the surest way the Government can reverse social breakdown and poverty is to enable such individuals, communities and voluntary groups to help themselves.

The CSJ was founded by Iain Duncan Smith in 2004, as the fulfilment of a promise made to Janice Dobbie, whose son had recently died from a drug overdose just after he was released from prison.

Director: Christian Guy

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In particular, we would like to thank:

- CSJ Alliance Members: Spear, Recycling Lives, Aquila Way, Tomorrow's People;
- Staff from the Behavioural Insights Team based in the Cabinet Office;
- The Employment Related Services Association;
- The Federation of Small Businesses;
- Staff from the various Jobcentres we have visited; and
- Staff from the National Audit Office.

Executive summary

The CSJ was founded on the principles that work is the surest route out of poverty and that work should always pay. Our research has highlighted the plight of people who have been trapped on welfare for decades by a system that accidentally erected barriers between individuals and work. As the current Government seeks to dismantle these obstacles and give everyone the chance to enter meaningful and sustained employment, it is essential that back-to-work support is ready to play its vital role in this task.

This report examines the effectiveness of Jobcentre Plus (JCP) and makes recommendations to government on how new life can be breathed into back-to-work support.

I Measuring performance and driving improvement

The performance measure that JCP uses, the so-called 'off-flow rate' which measures the number of people who cease to receive their particular benefit, is misleading and can be counter-productive. Whilst this is easy to measure, it takes no account of people who are off benefits for only a short period of time or who switch to a different benefit. 40 per cent of jobseekers who leave Jobseekers Allowance will claim benefit again within six months. This lack of job sustainability is expensive in financial terms, but devastatingly costly in human terms and is currently going largely undetected. The National Audit Office estimates that JCP could save the taxpayer half a billion pounds per year by improving job sustainability.

The CSJ has heard how the present focus on off-flow means that contact between jobseekers and their adviser is often short and focussed primarily on processing benefits rather than delivering employment support. These interventions can last for as little as five minutes once a fortnight and jobseekers often complain about an impersonal service that fails to give them the assistance they require to move into the labour market and, most importantly, stay there.

2 Jobcentre Plus advisers

JCP advisers are integral to the delivery of the high quality assistance that will keep people in work. However, we discovered that frontline advisers are paid less than the national average salary meaning that good advisers have to move away from working with clients if they want to earn more.

In addition, the introduction of the Work Programme, which is designed to offer specialist help to those who require additional support to get into work, has led to some perverse practices in JCP – with harder-to-help jobseekers being neglected by JCP before they are referred. Most people are normally referred to the Work Programme after nine to 12 months with JCP, yet the CSJ was told that a quarter of those referred still have no up-to-date CV.

3 The perspectives of businesses, claimants and the voluntary sector

A key complaint was that many businesses had poor contact with JCP, and that there were low levels of understanding about some of the services they provide. Given the importance of finding jobs for claimants, it seems wrong that only six per cent of all JCP staff are tasked with engaging with businesses and other partners. Some private providers dedicate three times the level of resources. The Federation of Small Businesses found that only 17 per cent of their members rated JCP as effective or very effective.

Claimants were also often dissatisfied with the service they received, reporting that JCP was not helping them overcome their barriers to employment. Many voluntary sector organisations which have strong links with unemployed people in the local community highlighted the difficulty of working with JCP and a lack of freedom and flexibility to help claimants when they partner with JCP.

4 Reform and recommendations

We ask for a major reform of JCP and back-to-work support. Our key recommendations are that government should:

- Establish a new performance measure of 'sustained employment' that measures success based on people finding and staying in work which would drive improvement across the sector;
- Overhaul the assessment and provision of back-to-work support based on the hugely successful model used in Australia. This would:
 - Assess the specific barriers to work individuals face, using a Jobseeker Classification Instrument and offer tailored support in response (rather than simply basing support on the type of benefit they receive);
 - Allow the third sector and private providers to compete with the existing service for the provision of back-to-work support to increase diversity and specialist provision;
- Transfer greater freedoms to JCP staff and local managers in order to allow them to design support that matches local need and pay good frontline staff more to retain them at the frontline;
- Explore the possibility of JCP advisers being able to receive a financial reward for keeping people in work in the long term;
- Create 'Approved Provider' status for local voluntary sector providers to help them form long-term partnerships with JCP.

Introduction

The Centre for Social Justice (CSJ) was set up almost ten years ago to investigate social breakdown and to find solutions to the poverty that grips so many communities across the UK.

Throughout those years we have travelled the length and breadth of Britain, where it has always been clear that worklessness and economic dependency is so often a root cause of deprivation.

The human and economic costs of unemployment remain terrifyingly high. Whilst levels of employment have remained remarkably steady despite a lack of growth in the economy, there are still far too many people out of work and looking for work. At present in Britain there are:

- 4.5 million people claiming out-of-work benefits;¹
- 2.5 million people out of work and looking for work;²
- 758,000 people parked on incapacity benefits waiting for reassessment;³
- 659,000 young people out of work.⁴

Most worrying, however, is the number of people who have been looking for work for some time. In the UK there are currently:⁵

- 430,000 people who have been claiming JSA for more than 12 months;
- 202,000 people who have been claiming JSA for over 24 months.

Whilst there is an undeniable shortfall in the number of jobs available in the economy it must also be asked whether back-to-work support in the UK is as good as it can be.

The Coalition Government's programme of welfare reform has been the most ambitious for more than half a century. Universal Credit has sought to simplify the benefit system and

1 Nomis [accessed via www.nomisweb.co.uk/ on 27/6/13] (Great Britain, May 2013 Data)

2 Office for National Statistics, *Labour Market Statistics*, AO2, June 2013

3 Department for Work & Pensions, *Employment & Support Allowance: Outcomes of Work Capability Assessments*, April 2013, London: Department for Work & Pensions, April 2013

4 Office for National Statistics, *Labour Market Statistics*, *Statistical Bulletin*, June 2013 [accessed via <http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/june-2013/statistical-bulletin.html>]

5 Office for National Statistics, *Labour Market Statistics*, CLA02, June 2013

embed within it the principle – championed at the CSJ – that people should always be better off in work. Coupled with this is the Work Programme which uses the private and voluntary sector to provide back-to-work support for those furthest from sustainable employment.

These are essential reforms that form the central planks of the new welfare system. The other crucial part of the equation is the organisation which the vast majority of jobseekers use – JCP. Invariably, JCP is the first port of call for people who find themselves out of work; it administers their benefits and is intended to help them back into work.

Yet it is far from clear that JCP is performing this task as effectively as it might. We met young people being badly let down and receiving none of the help they need to get on the career ladder such as Daniel, aged 22 and unemployed, who said:

“When it comes to your fortnightly or weekly visits, all it is is literally box-ticking [...] Because they don't help and they don't check anything, you're more likely to just sit on benefits. It's like they're subconsciously encouraging us to stay on benefits. On the radio I hear we have a problem with benefit dependency. But the Job Centre is the source of the problem. The Job Centre promotes welfare dependency.”

We spoke to people constantly sliding in and out of employment unable to find sustainable work. We also found examples of jobseekers who despite being with JCP for nearly a year, presented to the Work Programme without an up-to-date CV and without key barriers to work being recognised. There appears to be a damaging culture of targeting help towards those most able to help themselves simply to meet performance measures. This is not only expensive in financial terms but it is hugely costly in human terms.

We learnt of how few small businesses were aware of many JCP programmes and how only one in 17 staff working in JCP engage with local partnerships and businesses. We heard too from voluntary sector organisations who work with unemployed people who were concerned about how difficult it could be for them to work with JCP and who were deeply sceptical of JCP's ability to help those looking for work.

Drawing on successful practice from abroad – notably from Australia – we argue for a new model of back-to-work support that offers better assessment of jobseekers' needs, judges success by whether people are helped into sustained employment (rather than simply ceasing to claim their existing benefit) and ends the monopoly of state provision to allow a range of public, third and private sector providers to help people find work.

Whilst the UK Government has, understandably, focussed its energies on establishing Universal Credit and the Work Programme, the maximum potential of these reforms will only be realised if back-to-work support is effective. The next phase of welfare reform must make sure that – in a world in which work always pays – people who are unemployed receive the best possible assistance in finding that work and preparing themselves for it.

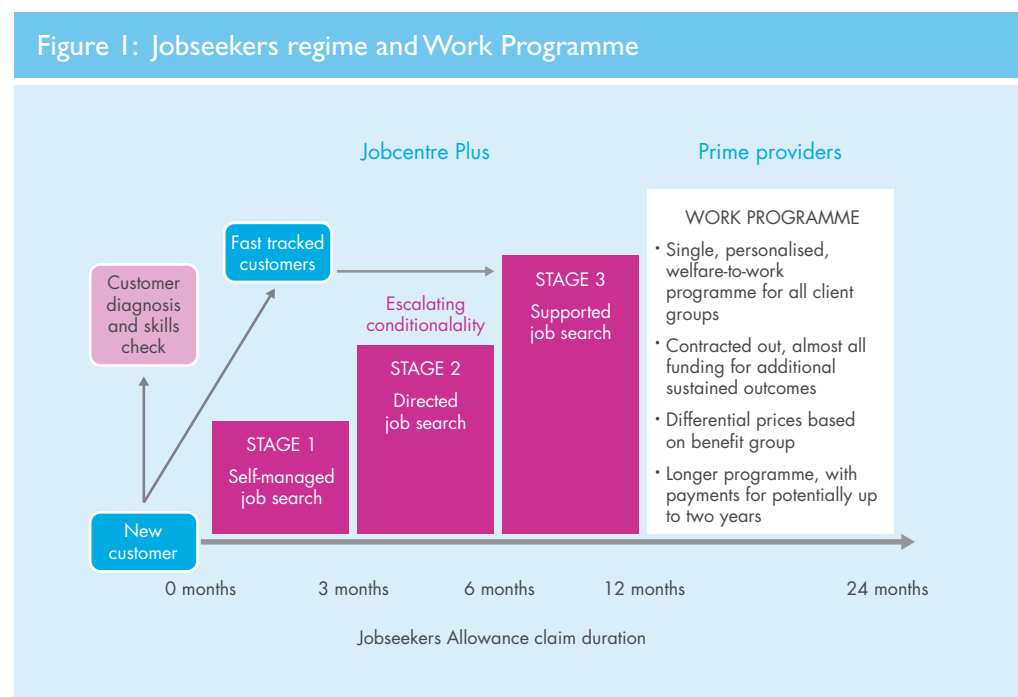
Jobcentre Plus

The Department for Work and Pensions (DWP) currently spends £1.4bn on all JCP operations with £325m being spent on 740 offices and accommodation. £23m is spent on IT with the remaining £1bn being spent on employing 37,000 JCP staff across the country.⁶ This report seeks to examine the effectiveness of how JCP is currently operating from four perspectives: businesses, claimants, other welfare-to-work providers and the JCP itself.

JCP advisers help jobseekers who are temporarily out of work and in receipt of Jobseeker's Allowance get back into the work place. To a lesser extent, advisers also help people who are unable to work and in receipt of Incapacity Benefit (IB) or its successor benefit, Employment & Support Allowance (ESA), as well as lone parents and people who have caring responsibilities who are in receipt of Income Support (IS).

Advisers also check benefit entitlement and sanction people in receipt of benefits if they have failed to comply with the conditions of entitlement. In addition they provide specialist assistance to disabled people trying to move into the workplace through schemes like Access to Work.

A typical claimant journey through the system is set out below and shows how the requirements placed on a jobseeker escalate the longer the period spent out of work.⁷



⁶ National Audit Office, *Responding to Change in Jobcentres*, HC955, February 2013, London: National Audit Office 2013

⁷ Centre for Economic and Social Inclusion, presentation by Professor Dan Finn, *Activating benefit systems and public employment services*, 2012

Usually, a claimant sets out their skills and the type of work that they are interested in. Alongside this, they make an agreement with their adviser to commit usually to fortnightly sign-on meetings and to agree to apply for a certain number of jobs in addition to other activities that may help improve their employment prospects.

As the length of time someone is unemployed increases, they will have less and less choice over the sort of work they can decline and they will also be required to carry out mandatory activities that advisers believe will increase their employability. These could include training programmes, work experience or more regular contact with their adviser. If people have been unable to find work for a period of nine to 12 months, they are then referred to the Work Programme which is a specialist scheme for the long-term unemployed. Some groups, like ex-offenders, can be referred immediately.

Advisers have a range of tools at their discretion which include providing funding for interviews and training opportunities, advice on CVs and interview technique and a package of other options which offer employment opportunities and experience to jobseekers.⁸

Existing back-to-work support

Apprenticeships

Apprenticeships are paid employment opportunities combined with the chance to train for jobs at craft, technician and management level. Most sectors of industry and commerce provide apprenticeship places and they are aimed at 16–18 year olds, and subsidised for those over 19. Over 100,000 employers in 160,000 workplaces offer apprenticeships and they are fully funded by government. All apprentices who complete their course will receive training for a specific job and gain nationally recognised qualifications.

Enterprise Clubs

Enterprise Clubs provide locally-led, community-based support. They offer help to unemployed people interested in becoming self-employed or setting up a business. Organisations such as local authorities, business organisations, employers, Chambers of Commerce, voluntary sector organisations and community groups, run Enterprise Clubs.

Enterprise Clubs offer claimants the opportunity to meet and exchange skills, share experiences, make contacts and encourage each other to work through their business ideas. Attendance at an Enterprise Club is entirely voluntary. Claimants continue to receive benefits whilst attending an Enterprise Club, provided they continue to meet the requirements of that benefit.

Mandatory Work Activity

Mandatory Work Activity provides an opportunity for claimants to develop skills and behaviours that employers seek. Mandatory Work Activity is a work-based placement that is delivered by contracted providers who will cover reasonable travel and childcare expenses. The placements usually last four weeks and claimants usually work for approximately 30 hours per week so that they still have time to carry out job searches.

⁸ Department for Work & Pensions, *Get Britain Working* [accessed via <http://www.dwp.gov.uk/adviser/updates/get-britain-working/> on 18/6/13]

New Enterprise Allowance

The New Enterprise Allowance (NEA) helps unemployed people who have an idea for a business with growth potential to become self employed or start their own business. It is available in most cases to people aged 18 and over who are claiming Jobseeker's Allowance. A mentoring organisation is assigned to claimants who carry out an initial assessment of the claimant's business idea. If the idea is judged to be viable, the claimant will be matched with a volunteer business mentor who will help them produce a business plan. This must be approved before the claimant can access a start-up loan.

Sector-Based Work Academies

Sector-Based Work Academies (SWBA) give claimants an opportunity of work-related training and work experience so that they can improve their chances of finding work in a specific sector. They are based on the type of industries and employers that already exist in the local labour market and offer claimants training specific to their needs.

Claimants can undertake units from qualifications relevant to that particular industry whilst simultaneously gaining work experience with an employer in that field. Claimants are also offered a guaranteed job interview with an employer in that sector to complete the course. Attendance at a SBWA can be for up to six weeks and is entirely voluntary, but once a claimant has accepted a place attendance becomes mandatory.

Work Clubs

Work Clubs are designed and run by local groups, including local authorities, employers, voluntary sector organisations and community groups, and aim to offer additional support to unemployed people in their community. It represents a chance for all concerned to share ideas, support one another when searching for work, share experiences of interviews and find new job opportunities. Work Clubs are usually voluntary.

Work experience

This is an opportunity of gaining work experience by participating in a work placement with an employer. It is particularly helpful to those who want to work but find the lack of experience a barrier, which is a common issue for young people.

Placements can last between two and eight weeks. They are facilitated by employers in any sector unlike a sector-based work academy, and offer between 25 and 30 hours per week hands-on work experience. The participant remains on Jobseekers Allowance throughout the placement. This ensures that the attachment to job search, the labour market and the adviser remain consistent. Work experience offers claimants the opportunity to improve their job prospects, gain real experience in the workplace, add to their CV and build their confidence and esteem.

Work Together

Work Together aims to help unemployed people improve their chances of securing work, by encouraging and promoting the take up of volunteering. Claimants continue to receive any benefits they are entitled to whilst they volunteer, provided that they continue to meet the requirements for the receipt of that benefit. Volunteering will help claimants in a similar manner to Work Experience.

Youth Contract

The Youth Contract is a £1bn additional support scheme for young people (18–24) who are unemployed. It includes additional work experience places, apprenticeships, adviser support and 160,000 wage subsidies of £2,275 for employers who recruit young people through the Work Programme.

chapter one

Challenges

Our research shows that JCP faces many challenges and is in urgent need of change. Reform should ensure that not only is the support that JCP provides more effective, but also that it utilises the full resources and experience of the wider welfare-to-work industry in the voluntary and private sectors. This section sets out some of those challenges and the issues that underlie them.

1.1 Performance measures and triage

Although JCP performs a dual role of benefits assessment and in-to-work support, at present it is only measured on how successfully it is getting people off benefits. By this measure it is performing well.

Even during the recession, around 75 per cent of claimants were moving off benefits within six months of a claim and 90 per cent by twelve months.⁹ JCP's primary performance measure is off-flow from benefit, namely how quickly someone stops claiming the current benefit received. This measure is then sub-categorised into three time scales: 13, 26 and 52 weeks.

However, this current measure does not provide a complete picture of the performance of JCP. Off-flow simply means that an individual has ended their current claim – it does not necessarily mean that a claimant has found work. Instead a person might have started a new claim for a different benefit, found short-term employment before becoming unemployed soon after, or decided to discontinue claiming altogether.

At present, it is difficult to track what claimants do after they end a claim as the Government does not collect comprehensive data on this. Nevertheless, there is evidence of significant 'churn' in the system. The NAO found that of the 2.4 million new JSA claims made each year, around two-thirds are repeat claims and around two-fifths of JSA claimants who move into work make another claim for JSA within six months.¹⁰

⁹ National Audit Office, *Responding to Change in Jobcentres*, HC955, London: National Audit Office, February 2013

¹⁰ National Audit Office, *Sustainable employment: supporting people to stay in work and advance*, London: National Audit Office, 2007

A recent DWP cohort study of people leaving JSA found that:¹¹

- 68 per cent enter paid work (of these, 41 per cent entered full-time paid work, 18 per cent entered part-time paid work and 9 per cent were self-employed);
- 14 per cent set up a new claim for an out-of-work benefit;
- 18 per cent were neither working nor claiming;
- Of those who entered paid work, only 75 per cent of the original 68 per cent were still in paid work seven to eight months later.

The Public Accounts Committee recently highlighted in their report on JCP that:¹²

- 40 per cent of those who leave JSA will reclaim benefit within six months;
- 60 per cent of those leaving JSA will reclaim benefit within two years.

The current performance measure fails to encourage JCP to help people into sustainable employment.

Case study: Recycling Lives

Recycling Lives, a charity that helps the unemployed find work, believes that JCP off-flow measures are not conducive to individuals finding sustainable employment. In the past, many of their service users have been forced to take short-term, temporary employment or risk having their benefits sanctioned.

As a result, the residents have been forced to leave the charity, as their residency is partly funded by their Housing Benefit. Recycling Lives ideally prefers six months or longer to have a real impact on the lives of vulnerable people looking for life-changing direction. They say:

“We could move a homeless young man into Recycling Lives and within a few weeks he would have to leave and take employment and find his own accommodation. Because he is unlikely to have developed the life skills needed to sustain independent living and employment, employment could be short lived and place the young man in a worse predicament than when he first arrived at Recycling Lives.”

As a result, Recycling Lives has recently transformed its business model in order to allow its residents to bypass any engagement with JCP. Instead, Recycling Lives offers residents a six-month period to reside at the charity whilst receiving personal support to improve their work-readiness and eventually find sustainable employment. They take a person-centred approach, service users are treated like adults, and everyone is assessed and treated according to their specific needs. Residents come off JSA altogether and are given a living allowance of £40 a week (funded by Recycling Lives).

During visits to JCPs as research for this report, the CSJ did find isolated examples of JCP managers trying to monitor job outcomes, but this culture is certainly not pervasive and was

11 Department for Work and Pensions, *Destinations of JSA, Destinations of Jobseeker's Allowance, Income Support and Employment and Support Allowance Leavers 2011*, London: Department for Work and Pensions, 2011

12 Public Accounts Committee, *Responding to change in Jobcentres*, 5th report of session, 13 May 2013 [accessed via <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmpubacc/136/13605.htm> on 19/5/13]

never focussed on sustainable job outcomes. This black hole of information about such an important part of the JCP's role is alarming and needs to be urgently rectified.

Whilst the present 'churn' is bad for the individual who is not helped into sustained employment and the improved security and independence that comes with it, it also represents extremely poor value for the taxpayer. The NAO estimates that if it were possible to improve job sustainability and reduce the time that repeat claimants spend on benefit by 50 per cent it would save the taxpayer £520m a year.¹³

This concern that JCP is overly focussed on the provision or withdrawal of benefits has also been raised by the Confederation of British Industry (CBI):

'Unemployed people we talked to told us that initial interviews at jobcentres are not particularly focussed on how best to get that individual into work. Instead, the focus was on assessing the benefit situation.'

'This is disappointing, as the first months of unemployment are a critical period for ensuring that jobseekers do not get used to being out of the labour market and for finding a new job quickly. An inaccurate or incomplete assessment of job readiness and support requirements the first time someone interacts with the job centre could significantly increase the time it takes to get them back to work.'

'It also increases the risk that people will be advised to apply for jobs they are not suitable for – a common piece of feedback we received from employers. An initial interview with an adviser followed by fortnightly reviews is not sufficient.'¹⁴

As the CBI demonstrates, this issue occurs because advisers are required to undertake the conflicting tasks of both establishing a claim for benefit and providing back-to-work support.

The first engagement a jobseeker will have with their adviser takes place at the New Jobseeker Interview (NJI). The adviser will check that the claimant's forms have been completed correctly and then speak to them to understand what skills and experience they have, what jobs they should be applying for and, if necessary, identify a package of training and support that will help the individual move into work. The adviser will also complete a jobseeker agreement with the claimant, setting out the expectations and conditions that the claimant is expected to fulfil in order to receive benefit.

A key issue with the NJI is that it is designed to serve two purposes and often the time spent discussing employment prospects, barriers to employment and training needs is quite minimal. This is contrary to what the DWP knows is best practice: intensive interviews and personalised action plans based on the jobseekers needs and barriers.¹⁵

¹³ National Audit Office, *Sustainable employment: supporting people to stay in work and advance*, London: National Audit Office, 2007

¹⁴ Confederation of British Industry, *Action for Jobs: How to get the UK working*, London: CBI, 2011

¹⁵ Department for Work & Pensions, *Active labour market policies in international context: what works best?*, Working Paper 59, London: Department for Work & Pensions 2009

At one JCP that the CSJ visited, an adviser said it would 'typically take them five to six meetings with a jobseeker to really get a handle on all their barriers to employment'.¹⁶ Assuming that the adviser saw the claimant once every two weeks, this would mean the claimant would have been unemployed for nearly 10 weeks or three months before they truly understand the barriers to employment their claimant experiences.

Jobseekers are primarily divided on the basis of which benefit they receive (e.g. Employment & Support Allowance or Income Support). However, this approach often fails to examine the underlying cause of why someone has problems accessing the labour market or struggles to remain employed.¹⁷ For example, the JCP tends to devise support around four factors:

- Benefit type;
- Benefit history;
- Age; and
- Length of time on benefits.

Of these factors only the last two – and then not in all circumstances – are actually barriers to employment. This means that claimants do not automatically receive support tailored to their particular needs. In one extreme example heard by the CSJ, the homeless charity St Mungo's found that some claimants were presented to Work Programme providers with key issues, such as being homeless, not having been recognised by the JCP.¹⁸

Case study: James

James is in his forties. He became homeless after a relationship broke-down and is currently living in a St Mungo's project. James had been employed for all of his adult life until he lost his job three years ago.

When interviewed James was on the Work Programme. Before being referred onto the Work Programme he found the employment support he received from Jobcentre Plus to be of limited use. James believed that the limited resources available to JCP prevented them from offering him effective employment support. He said that the photocopying and printing facilities made available through JCP were helpful, but does not remember being given any meaningful employment advice.

James did not tell JCP that he was homeless and was living in a shelter. He concealed that he was homeless as he was embarrassed that he lived in a shelter and thought that the attached stigma might have put employers off giving him a job.

One of the JCP advisers later recognised the address that James had given as belonging to a shelter. JCP thought that James had given this as a false address and stopped his Jobseeker's allowance payment. He eventually convinced JCP that he did live at the shelter and started to receive JSA again. James said that 'JCP should be able to directly refer people onto programmes that would suit their particular needs.'

¹⁶ In evidence to the CSJ on a visit to JCP, May 2013

¹⁷ OECD, *Activating Jobseekers: How Australia does it*, Paris: OECD Publishing, 2012, P110

¹⁸ St. Mungo's, *The Programme is not Working*, London: St. Mungo's November 2012

He thinks that information should be passed between providers as he is frustrated that he has had to supply the same set of personal details to JCP and both Work Programme providers."

St Mungo's said that there were a number of reasons why staff fail to recognise that someone is homeless during an assessment. Many staff believe that if a homeless person provides any address, including a hostel address, that this means they are not homeless. Furthermore, the Jobcentre Plus district provision tool (which should flag an address as a hostel or supported accommodation and make an adviser aware that someone is homeless) often contains information which is incorrect or out-of-date.

Someone in receipt of JSA and a recipient of ESA who both suffer from mental health problems are much more likely to encounter similar barriers to the labour market than for example, two people on JSA where one has a mental health issue and the other is a lone parent who has not worked for 10 years. Removing the distinction between which benefits people are claiming and instead focusing on what their barriers to employment are and how far away they are from the labour market, seems a much more satisfactory way of grouping claimants.

Under the current system, a person in receipt of JSA is seen to have relatively few barriers to work and can access a job straight away while, a claimant previously on ESA is thought to be further from the labour market and have more serious barriers to overcome. As discussed below, the highly successful system in Australia¹⁹ operates with all jobseekers being assessed and categorised into different streams based on their level of disadvantage in the labour market before claimants are referred to a network of welfare-to-work providers on a payment-by-results scheme.

A second issue has been raised by the Employment Related Services Association (ERSA). Because barriers to employment are not fully assessed, the short-term, small-scale support is not particularly effective in helping someone back to work. This in turn means that a jobseeker has usually spent a considerable period out of work before they can then access a course or training that might help them by when the underlying problems preventing someone moving into work could have been exacerbated by them being out of work for longer.²⁰

'Jobcentre Plus do not always pick up key barriers to work. We have to use our own assessment to judge everybody.'

Steve Swan, Welfare to Work Director, Tomorrow's People, in evidence to the CSJ

An additional and serious problem with triage appears to be emerging in the relationship between other welfare-to-work providers, particularly Work Programme providers. The CSJ has heard that institutional tensions are sometimes acting as an impediment to appropriate training and support.

¹⁹ Department of Education, Employment and Workplace Relations, *How the JSCI classification instrument works* [accessed via <http://deewr.gov.au/who-conducts-job-seeker-classification-instrument-assessments/>] on 6/4/13

²⁰ Employment Related Services Association, *Response to W&P Select Committee inquiry into JCP*, London: May 2013

One of the key problems flagged up by Work Programme providers throughout the course of our research has been inconsistent levels of engagement by local JCPs which, in some cases, has been outright obstructive. In an evidence session to the Work and Pensions Select Committee, the DWP's year one evaluation team of the Work Programme came across a JCP manager who said:

*'There has always been a level of hostility from JCP staff towards private providers.'*²¹

In evidence to the CSJ, one Work Programme provider highlighted levels of resistance and described the attitude of some JCPs and JCP staff as:

*'Being ideologically opposed to any outside providers doing what they perceive, as their job.'*²²

The same provider audited and rated all JCPs they have a contractual relationship with and highlighted several issues. Using a 'RAG (Red/Amber/Green) Rating' system with the JCPs they work with, almost a quarter were given a 'Red Rating' for one or several issues listed below:

- No or minimal working relationship;
- No or incorrect understanding of services on offer to candidates;
- No or poor information sharing e.g. candidate change of circumstances;
- JCP staff explicitly instructed not to work with Work Programme staff;
- JCP staff encouraging candidates to make complaints about Work Programme staff and/or services; and
- JCP staff non-respondent to queries.

Professor Roy Sainsbury, who was part of the evaluation team for the Work Programme, gave oral evidence to the Work and Pensions select committee and explained why JCP staff may have a hostile attitude towards Work Programme providers. He said:

*'They see it as a threat to their jobs and their livelihoods. They do not trust it and they do not think that the Work Programme providers are going to do as good a job as they did. That is another reason why they do not sell it – why should I sit here in my office selling an organisation, pumping them up, when they are effectively the people that could do me out of a job in the future.'*²³

This highlights the clear and pressing need for greater clarity about the JCP's strategic role so that all those involved in the delivery of welfare-to-work services know where their organisation fits within the process. At present it appears that this dysfunction is having a negative impact on the quality of the service delivered to those claimants.

21 Hansard, Work & Pensions Select Committee, *Can the Work Programme work for all user groups?*, First Report of Session, London: May 2013

22 In evidence to the CSJ, June 2013

23 Hansard, Work & Pensions Select Committee, *Can the Work Programme work for all user groups?*, First Report of Session, London: May 2013

A key issue for many Work Programme providers we have talked to is 'warm handovers'. This describes a transitional process whereby a jobseeker will meet jointly with their old JCP adviser and their new employment adviser from the Work Programme, over the phone or in person, prior to switching over to the Work Programme. This cooperation should allow for a seamless transfer so that the jobseeker is aware of what to expect and the Work Programme provider is better informed about the jobseeker and better positioned to help them find work. Again, the evaluation report on the Work Programme highlighted a very mixed picture of the quality of relationships between providers and staff from Work Programme providers. In some cases, Work Programme advisers had not even been able to establish telephone contact with their local JCP as they had not been given a direct phone number. Equally, and encouragingly, G4S have stated that warm handovers occurred for the majority of their referrals.²⁴

We believe that warm handovers should be the norm for all claimants being referred to Work Programme providers, particularly for those who encounter the greatest barriers to work. These relationships will also benefit JCP in the longer term as a warm handover should also occur if a participant on the Work Programme has been unable to find work and then falls back under the auspices of JCP. The quality of information being shared between JCP and their local Work Programme providers is integral to achieving the shared goal that everybody wants; helping more people into work.

1.2 Jobcentre Plus advisers

In order for JCP to provide effective support to those looking for work it is essential it employs high-quality advisers with an understanding of the local labour market and a penetrating insight of their claimants' problems.

In a recent study, the University of Melbourne surveyed welfare-to-work advisers in both the UK and Australia, where the spread of clients that they thought were difficult and easier to assist was broadly even.²⁵

Figure 2: Proportion of job seekers that are easier to place versus more difficult to place

	UK <i>Mean</i>	AUS <i>Mean</i>
1 (easier to place)	21.29	21.55
2	20.17	21.78
3	22.60	21.08
4 (more difficult to place)	35.94	35.60

24 Hansard, Work & Pensions Select Committee, *Can the Work Programme work for all user groups?*, First Report of Session, London: May 2013

25 Considine and O'Sullivan et al, *A comparison of the Australian and UK 2012 Frontline Employment Services Survey Results*, University of Melbourne, April 2013 (based on a survey of UK welfare to work providers that did include some private providers).

However, despite the relative similarities in terms of caseload size and the scale of the challenge in getting that cohort of jobseekers into work, the attitude amongst frontline advisers in Australia and the UK is markedly different in a number of important respects. There is a significant feeling amongst UK welfare advisers that the practice of their agency is to focus on the *most* capable jobseekers rather than the hardest to help, and to prioritise finding any job, even if it is a low-paying, low skill job rather than raising education or skill levels to make re-entry back into the labour market more successful and more sustainable. This is demonstrated by Figure 3 and 4 below.²⁶

Figure 3: The practice in my agency is to pick out the most capable jobseekers and given them the best service

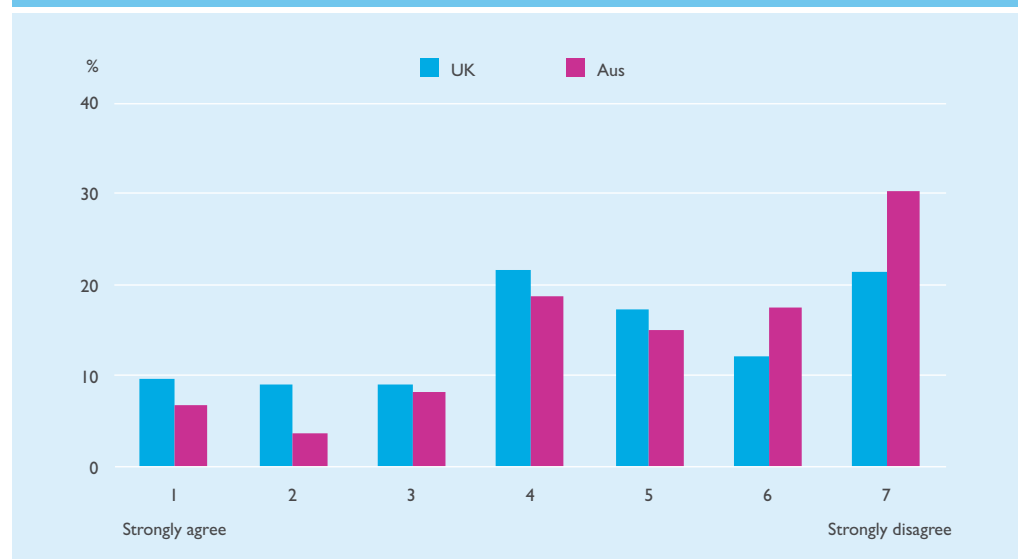


Figure 4: What would you say is the more important goal of your agency: to help jobseekers get jobs as quickly as possible OR to raise education or skill levels of clients so they can get the job they want in the future?



26 Ibid.

Scrapping the current off-flow measure and replacing it with a focus on sustainable employment would go some way to addressing this cultural problem of focusing on those who are easiest to help. It is imperative that interventions are appropriate to jobseeker needs, are job-focussed and raise skill levels so that jobseekers are placed into sustainable employment.

There seems to be a further disincentive to advisers' active engagement in improving the skills of some jobseekers because of the referral timetable to the Work Programme. If a jobseeker presents with many of the characteristics of a difficult Work Programme referral, the CSJ has heard that JCP advisers will often leave Work Programme providers to address job readiness issues when they are formally passed on.²⁷

This is corroborated by evidence presented by the NAO which showed there had been a 16 percentage point increase in the number of long-term jobseekers receiving no additional support from JCP since the introduction of the Work Programme.²⁸ This point was picked up by the Public Accounts Committee who noted that ESA claimants tended to receive a poorer service from the JCP than JSA claimants.²⁹ This manifests itself in a number of ways such as poorer access to training opportunities and notably, as highlighted below, 25 per cent of people being referred to the Work Programme without having an up-to-date CV despite being with the JCP for nine months to a year.³⁰

The variability of JCP adviser capabilities has also been registered as a factor in the DWP's own research. The main drivers of this problem vary from the experience and insight of advisers, to timing and process issues.³¹ A further problem seems to be the broad approach of advisers who see identifying needs as a gradual process that is developed as their relationship with a claimant develops.³² However, this is likely to extend a jobseeker's time out of the labour market and it is again contingent upon adviser capabilities.

Although developing a relationship with a claimant is of course positive, it is right to question any delay by advisers to identifying barriers to work. Furthermore, although many advisers do have in-depth interviews with claimants, some advisers spend as little as five minutes with claimants at fortnightly sign-on meetings.³³ Considering that this must also cover job search activities, it does not leave a great deal of time to then dismantle further barriers to work. Research from the DWP has also acknowledged that higher performing JCPs are those which undertake a more complete diagnosis of a claimant's problems and allow advisers to spend more time with those who are harder to help.³⁴ This has been corroborated by a leading academic, Paul Gregg, who has highlighted that proper assessment and rigorous

27 In evidence to the CSJ, June 2013

28 National Audit Office, Fig 12, *Responding to Change in Jobcentres*, HC955, February 2013, London: National Audit Office 2013

29 Public Accounts Committee, *DWP: Responding to change in Jobcentres*, 5th report of session, HC 136, 13 May 2013

30 Evidence to CSJ Working Group, November 2012

31 Department for Work & Pensions, *Identifying claimants needs: research into the capability of Jobcentre Plus*, Research Report 748, London: Department for Work & Pensions September 2011

32 Department for Work & Pensions, *Jobcentre Plus Offer: One Year Evaluation*, Research Report 814, London: Department for Work & Pensions 2012

33 Department for Work & Pensions, *Qualitative Assessment of Jobcentre Plus delivery of the JSA and New Deal Interventions*, Research Report 445, London: Department for Work & Pensions 2007

34 *Ibid*, p38

interviews improve the frequency and quality of job search activity and jobseekers' confidence and motivation. It also encourages jobseekers to open up and overcome barriers such as problems with alcohol, drugs, basic skills and mental and physical health issues that they face.³⁵

All this points to a clear need for a robust assessment of jobseekers' needs being incorporated into any initial contact that the JCP has with a jobseeker, alongside having the right tools at their disposal to conduct an assessment of need.

A further issue potentially limiting the quality of provision in JCPs is that the current wage and employment structures fail to keep good advisers on the frontline. Advisers are paid according to existing civil service job grades meaning that even their maximum pay – of £24,480 – is less than the national average wage (£25,168).³⁶ Consequently the only way for good advisers to improve their salaries is to leave frontline work with clients and enter management.

However, there is a clear and pressing need for high quality and experienced advisers to provide tailored support for claimants and set a gold standard for newer advisers to look up and aspire to. This should also be complemented with wider efforts to professionalise the welfare-to-work industry which the Institute of Employability Professionals have very much been leading outside the public sector.

1.3 The business perspective

Another key issue for the JCP is the overall satisfaction of employers when dealing with JCP. This is crucially important because the stronger the relationship that JCP staff have with local employers, the greater the volume of jobs that is likely to be advertised with them. Evidence shows that many businesses including small business do not use JCP to advertise vacancies. Indeed, research from the Federation of Small Businesses (FSB) shows that small businesses make up 84 per cent of employers in the UK yet less than 20 per cent use the JCP to recruit.³⁷

The DWP produce an annual survey of employer satisfaction with the JCP service and in the latest survey results for 2012 there are generally high levels of satisfaction mirroring those found in previous surveys. The DWP *Jobcentre Plus Employer Satisfaction and Experience Survey 2012* report states:

*'Nearly nine in ten employers are satisfied (87 per cent satisfied, 13 per cent dissatisfied) and a quarter are extremely satisfied with Jobcentre Plus services.'*³⁸

The face value of these sorts of performance measures again needs to be explored in more detail. For example, the FSB surveyed their members and found only 17 per cent of small businesses rate JCP as effective or very effective.³⁹

35 Paul Gregg, *Realising Potential: A Vision for Personalised Conditionality and Support*, London: Department for Work and Pensions, 2008

36 Office for National Statistics, *Labour Market Statistics, EARNO1*, June 2013, London: Office for National Statistics 2013

37 Federation of Small Businesses, *The Job Centre is Not Working, Employment Survey Results*, July 2009

38 Department for Work & Pensions, *Jobcentre Plus, Employer satisfaction and experience survey 2012*, Research Report 806, London: Department for Work & Pensions, 2012

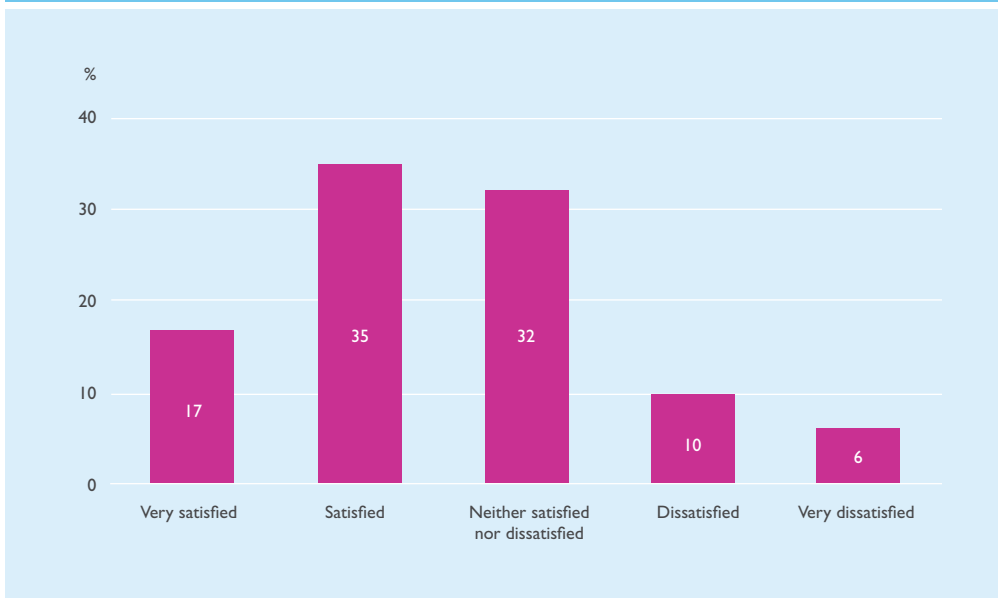
39 Federation of Small Businesses, *The Job Centre is Not Working, Employment Survey Results*, July 2009

The Employer Survey itself covers 18 separate elements of the JCP Vacancy Advertising Service and satisfaction with the speed at which vacancies were displayed and the professional nature of JCP staff scored the highest.

Yet, as the same report acknowledges, the most important part of the service to employers is whether they are receiving suitable candidates for the positions advertised.⁴⁰ Interestingly, the one element that employers care about most attracted the lowest satisfaction scores across all the separate elements of the service. Here one third of all employers were dissatisfied with the service they receive.

An additional FSB Employment report found that one in six employers were either dissatisfied or very dissatisfied with the performance of JCP.⁴¹

Figure 5: FSB survey Q: How satisfied were you with the support you received from JCP



If employers make a conscious decision not to use JCP services because they require a specialist skill set there is little JCP can do to alter that pattern of behaviour. However, it is essential that businesses use the JCP and are not put off by their experiences. This has knock-on implications for claimants because aside from being denied a job opportunity, the wage level of small businesses also seems to be more generous than other employers. Based on a survey of 2,692 small businesses with an average work force size of seven, two thirds of

40 Department for Work & Pensions, *Jobcentre Plus, Employer satisfaction and experience survey 2012*, Research Report 806, London: Department for Work & Pensions, 2012.

41 Federation of Small Businesses, *Small Business Employment Survey*, London: June 2011.

FSB members pay a proportion of staff at a rate higher than the Living Wage, whilst almost a quarter pay staff the living wage. Applying these proportions to the average workforce size represented in the survey, small businesses pay over half their employees either at or above the living wage.

The survey also highlighted a further key issue for JCP. There are many services or options that JCP can provide which could help claimants but very few employers were aware of these services and even fewer used them. This represents a real missed opportunity because the vast majority that had used services such as the 'Small Business Recruitment Service' gave positive feedback.⁴²

Figure 6: Employers awareness and use of JCP services

JCP service	Percentage of employers aware of the service	Percentage of employers who have used the service
Work trials	48%	9%
Advice on employing people who need special support	40%	8%
Support for recruitment beyond just advertising a vacancy e.g. Recruitment Advisory Service	35%	14%
Use of Small Business Recruitment Service	33%	6%
Support for improving workforce skills	31%	6%
Support when making redundancies	14%	3%

Worse still, the Federation of Small Businesses showed only 28 per cent of small businesses had heard of the 'small business recruitment service' and only 9 per cent had actually used the service.⁴³ The figures for those who are aware of other services, such as applicant screening, fall to just 13 per cent.

The CSJ believes that part of this problem is that JCP fails to devote enough staff resources to dealing with and engaging with the business community. The chart below shows that JCP do not deploy their staff as effectively as they might.⁴⁴

42 Department for Work & Pensions, *Jobcentre Plus, Employer satisfaction and experience survey 2012*, Research Report 806, London: Department for Work & Pensions, 2012

43 Federation of Small Businesses, *Small Business Employment Survey*, London: June 2011

44 National Audit Office, *Responding to Change in Jobcentres*, HC955, February 2013, London: National Audit Office 2013

Figure 7: JCP directorate spending in 2011–12

Activity	Average number of claimants (million)	Staff (FTE)	Cost (£m)
JCP claimant advice			
Jobseeker's Allowance advisers	1.5	15,890	440
Income Support for lone parents advisers	0.6	1,300	40
Employment and Support Allowance and Incapacity Benefit advisers	2.6	560	17
Adviser team leaders and managers	N/A	3,510	116
Administrative support to advisers	N/A	3,260	77
Customer support	N/A	4,040	110
Other functions			
Employer and local partnership services	N/A	2,200	77
JCP directorate management and support	N/A	1,760	71
Other activities	N/A	4,280	122
Facilities			
Jobcentre Estates	N/A	N/A	325
IT	N/A	N/A	23
Total	4.7	36,800	1,418

Less than six per cent, or one in 17 of staff working for the JCP is tasked with engaging with local partnerships and businesses.⁴⁵ However, the amount of staff engaged with 'other activities' which include cashiers, digital champions, administrative support and other compliance functions, is almost double (4,280). This full breakdown was provided to us by the NAO.⁴⁶

Although the number of people in JCP charged with engaging with businesses is not a direct proxy for the amount of time spent working with businesses and finding employment opportunities, we believe that this is something that JCP would do well to dedicate more adviser time towards. We spoke to other welfare-to-work providers who typically said the proportion of staff they dedicated towards engagement with the business community was normally at least two or three times higher (15–20 per cent).⁴⁷

45 National Audit Office, *Responding to Change in Jobcentres*, HC955, February 2013, London: National Audit Office 2013

46 National Audit Office, Email to CSJ, 12 June 2013

47 Avanta, in evidence to the CSJ, May 2013

Given the low levels of awareness about the assistance schemes that JCP run and the wider problem of so few vacancies being advertised through the JCP, better relationships with business are essential if JCP is going to capture more vacancies in their local area and consequently create more employment opportunities for their claimants. This point is also stressed in the University of Melbourne comparative study on UK welfare-to-work advisers, where it was revealed that Australian advisers spend more than twice the amount engaging with employers than UK advisers.⁴⁸

This is particularly significant because a very high proportion of employers, around two thirds, do not use JCP or any other government scheme to advertise vacancies.⁴⁹ The CSJ has heard that private recruitment companies invest a great deal of resources building relationships with local companies in order to gain awareness of where unadvertised jobs are and so increase the number of opportunities available to their clients. Similarly, many continue to rely on informal recruitment practises like word of mouth.

The introduction of Universal Jobmatch, in 2012, which is an online job-matching service for all jobseekers works by matching jobseekers to jobs based on their skills and CV. This represents a positive step forward because matching skills to jobs also allows jobseekers who might be unable to find jobs in their chosen field, to consider a larger selection of jobs. Although voluntary, JCP expect most claimants to create a profile and upload a CV on Universal Jobmatch near the start of their claim. They can also mandate jobseekers to do so, if they believe that the individual is not doing all they can to find work.⁵⁰

1.4 The claimant perspective

A recent survey found that only 29 per cent of claimants expressed satisfaction with the outcome of their JCP experience.⁵¹ This is in contrast to DWP data which shows that the vast majority of claimants were happy with the service they had received.⁵² Given the feedback from our Alliance and the evidence we have presented about churn, the satisfaction figures quoted by JCP seem high.

Several sources have told the CSJ that claimants are not getting enough help with their CV. In evidence to the CSJ Working Group, Kirsty McHugh, Chief Executive of the Employment Related Services Association told us on behalf of their members that:

48 Considine and O'Sullivan et al, *A comparison of the Australian and UK 2012 Frontline Employment Services Survey Results*, University of Melbourne, Melbourne: April 2013

49 UK Commission for Employment & Skills, *Employer Perspectives Survey 2012*, Evidence Report 64, London: December 2012

50 Department for Work & Pensions, *Universal Jobmatch* [accessed via <http://www.dwp.gov.uk/adviser/updates/universal-jobmatch/> on 28/6/13]

51 Policy Exchange, *Rethinking employment support and Jobcentres*, London: Policy Exchange, 2011

52 Department for Work & Pensions, *Jobcentre claimant service and experience survey*, Research Report 831, London: Department for Work & Pensions, 2012

'Work Programme providers are collating some compelling and useful evidence on the nature of the barriers long-term unemployed jobseekers face to gaining and sustaining employment. Providers indicate that around 40 per cent are presenting with basic literacy and numeracy skills gaps and a significant percentage with a self-reported health-related condition. A high proportion, perhaps as high as one in four, present with no up-to-date CV, even though by definition almost all will have spent at least a year with Jobcentre Plus.'⁵³

This is a deeply troubling finding. The fact that a quarter of claimants who present for the Work Programme after 12 months at JCP do not have a proper CV shows that in many cases JCP is not providing the basic help that claimants need to get back into work. This highlights a theme that support is not always being directed to those who are most in need but those who are most likely to help JCP meet their off-flow from benefit measures. It also shows that personalised and tailored support is not reaching those who need it most. This is in spite of the overwhelming evidence from international studies about what constitutes effective back-to-work support.⁵⁴

The CSJ has also heard how JCP is not always helping people effectively with their job search. At a CSJ focus group with a group of young people who had recently accessed JCP, we were told:

'When it comes to your fortnightly or weekly visits, all it is, is literally box-ticking... 'have you searched for your jobs?'; here's a piece of paper, they don't look it over, they don't take any notes, they say "yep, 1 2 3 4 5 6 that's good, sign you off and come back in two weeks". There's no assistance from them whatsoever.'

'They don't actually help you do the job searches they expect you to do everything, like most people in the outside world that have never signed on, like they have the impression that the jobcentre is some magical place, where they call up their people and they get you these interviews and everyone leaves happy, it's not that at all.'

'Because they don't help and they don't check anything, you're more likely to just sit on benefits. It's like they're subconsciously encouraging us to stay on benefits. On the radio I hear we have a problem with benefit dependency. But the Job Centre is the source of the problem. The Job Centre promotes welfare dependency.'

Daniel, age 22, Unemployed

⁵³ Evidence to CSJ Working Group, November 2012

⁵⁴ Department for Work & Pensions, *Active labour market policies in international context: what works best?*, Working Paper 59, London: Department for Work & Pensions, 2009

'There's not actually any help, or support... It's not even more time; it's just using the time that they've got with you, productively, instead of just telling you, right, you need to do this, you need to do this, you need to do this, actually like when you first go in, have a conversation with you about what you're trying to get in, and then actually advise, they're called advisers, I'm assuming that's for a reason.'

'I got no help with my CV. You give them a copy and then they just keep it on their record. But you don't get taught the skills of how to make one. I could probably give them a piece of paper with a load of gibberish. As long as they've got a record of your CV, they don't care. I had loads of problems with it but they don't say anything. The whole time I was at Jobcentre, no one mentioned to me what a cover letter was.'

Adam, age 21, Unemployed

'I've been with JCP for nearly 2 years now and every job I've ever got has been through family. They've never helped me with anything.'

James, age 19, Unemployed⁵⁵

For the long-term unemployed or those with multiple barriers to employment, more intensive and personalised support is required, it cannot be a paper exercise or an optional extra depending on the adviser's caseload. Failing to provide quality advice and assistance with a job search is unacceptable, both socially and financially. The recent Commission on Youth Unemployment led by David Miliband on behalf of ACEVO presents a harsh reality of what this could mean for Britain's young people.⁵⁶

- Young people who have been unemployed are likely to be paid between £1,800–£3,300 less per year in their early thirties than someone who has not been unemployed;
- A young man unemployed for a year is likely to earn eight per cent less than someone who hasn't been unemployed by their mid-thirties;
- A young person unemployed for a year is much more likely to be welfare dependent later in life and will spend, on average, an extra two months per year out of work in their late twenties;
- Youth Unemployment in 2012 is estimated to have cost the Exchequer £4.8bn through a combination of benefit payments and taxes forgone;
- The wider cost to the UK economy through lost output in 2012 was estimated at £10.7bn.

1.5 The voluntary sector perspective

As the then Minister for Employment, Chris Grayling, said in a speech at the inception of the Work Programme:

⁵⁵ Evidence to CSJ focus group, February 2013 (names changed)

⁵⁶ The ACEVO Commission on Youth Unemployment, *Youth unemployment: the crisis we cannot afford*, London: ACEVO, 2012

*'We want to encourage [...] the involvement of voluntary sector organisations in the delivery of the Work Programme. ... it is often the localised, specialised voluntary services that can make the biggest change to people's lives – particularly those with complex situations and multiple barriers that prevent them from returning to work.'*⁵⁷

The CSJ believes voluntary and third sector providers have an enormous amount of experience and expertise that can be brought to bear to assist some of the most challenging jobseekers and that there is a greater role for voluntary and private providers in the delivery of particular bespoke services for JCP.

The relationship between an adviser and the jobseeker is crucial and in evidence to the CSJ, various charities have told us that they believe the relationship they have with claimants is much better and much more open than JCP advisers have. This is because charities are often seen as 'on the side' of the jobseeker in a way that JCP advisers are not.

Despite their expertise, the role of charities in the delivery of JCP contracts is limited and highly varied, often relying on the individual relationships that charities have with local JCP managers. This working relationship is often contingent upon the relationship that a charity has with an individual JCP manager and if that manager moves on, the relationship can quickly break down. Charities interviewed by the CSJ said that, as JCP staff moved around, they found themselves constantly having to justify the value they add to claimants they work with, to a new manager.⁵⁸

Case study: Spear Course, delivered by Spear London

A key reason why we want to open up provision and funding for voluntary and third sector providers in the provision of back to work support is because we feel there is a wide array of charitable providers who are not utilised as fully as they should be.

The Spear course began in 2004 with its first centre being opened in Hammersmith. A second centre followed on the World's End Estate in Chelsea in 2009. Since then, two new satellite centres have opened in Shepherd's Bush and North Fulham during 2011. Spear now has the capacity to serve 360 students each year.

The highly interactive course addresses the most common causes of underachievement, such as the absence of motivation to consider opportunities, life skills, and job search skills; and the need for information, advice and guidance, qualifications and opportunity.

Of those who graduate from the course 75 per cent are still in employment or training one year later. This compares extremely favourably with JCP where only 51 per cent of those who entered paid work in the first place, rather than claiming another benefit or just ending their claim, are still in paid work seven – eight months later.

Spear is a great example of the wealth of resources that JCP can draw upon locally and it is exactly why JCP should be more open with its data and more willing to cooperate when good local providers exist.

57 Department for Work & Pensions, Chris Grayling speech to CESI, 1 July 2010 [accessed via <https://www.gov.uk/government/speeches/centre-for-economic-and-social-inclusion-welfare-to-work-event-on-19/5/13>]

58 Steve Swan, Tomorrow's People, in evidence to the CSJ May 2013

chapter two

What reform would look like

It is clear from the concerns raised that there is a case for a number of reforms to JCP. At the centre of these is how JCP is run, managed and its performance assessed. This section sets out the positive lessons that we believe can be learnt from practice abroad, and voluntary and private sector providers.

2.1 Triage and provision: the Australian model

The CSJ is convinced that the UK could learn a great deal from the operation of employment support services abroad, most notably in Australia, which has overcome many of the problems that the CSJ has identified with JCP in this report.

The OECD recently recognised that as a result of the reforms introduced by the Australian Government from 1998 onwards:

*'By 2005 the unemployment rate in Australia was down to 5 per cent and it subsequently rose by much less during the economic and financial crisis than in most other OECD countries. Since 2009 Australia has had the highest employment rate among G7 and OECD G20 countries.'*⁵⁹

The Australian jobs market is certainly in a strong position:⁶⁰

- Since the early 1990s the employment rate of Australia's working-age population has increased from about 66 per cent to over 72 per cent, and GDP per capita has risen by about 10 per cent more than the OECD average. In 2010, Australia ranked among the top ten OECD countries on both variables;

⁵⁹ OECD, *Activating Jobseekers: How Australia does it*, Paris: OECD Publishing, 2012.

⁶⁰ Ibid

- In conjunction with the rise in the employment rate, the unemployment rate fell from 11 per cent in 1993 to about 5 per cent in 2005 and returned to that level in 2010, where it has remained at the time of writing;
- About 60 per cent of youths aged 15–24 are employed, well above the OECD average rate of about 40 per cent.

The OECD has praised Australia for achieving quite significant reductions in the number of people unemployed and claiming incapacity benefits, and at the same time that it has increased the number of people in work. Moreover, it has also maintained this impressive record despite the financial crisis and subsequent recession.⁶¹

This success, the OECD maintains, is linked to the reform of back-to-work support. Under the Australian system, a Jobseekers Classification Instrument (JSCI) is used to provide a robust assessment of the barriers to employment that clients face. A claimant's JSCI score is then linked to four different streams of support based on how far away they are from the labour market, stream one represents the most work-ready jobseekers whilst stream four represents those who are hardest to help. Jobseekers that are extremely disadvantaged may be referred to Disability Employment Services. The higher the JSCI stream, the higher the outcome payment will be if a provider manages to get that person into work.

This approach helps to make sure that employment and identifying barriers to employment are the foremost concern when any jobseeker begins a claim, and encourages the provision of interventions that are well targeted, and so more cost-efficient and effective. The system is also very responsive. Claimants can easily be re-directed to a stream associated with more support, for example, during times of recession.

Following allocation to a particular stream provision is available from a large number of providers. Australia is unique among OECD countries in that its mainstream employment services are delivered by over 100 profit-making and non-profit providers competing in a 'quasi-market' with their operations financed by service fees, employment outcome payments and a special fund for measures that tackle jobseekers' barriers to employment.⁶² In most other OECD countries these services are delivered by a Public Employment Service, like JCP. The introduction of a more open system that addresses some of the key problematic issues seems a promising means of improving the quality and range of services that claimants receive.

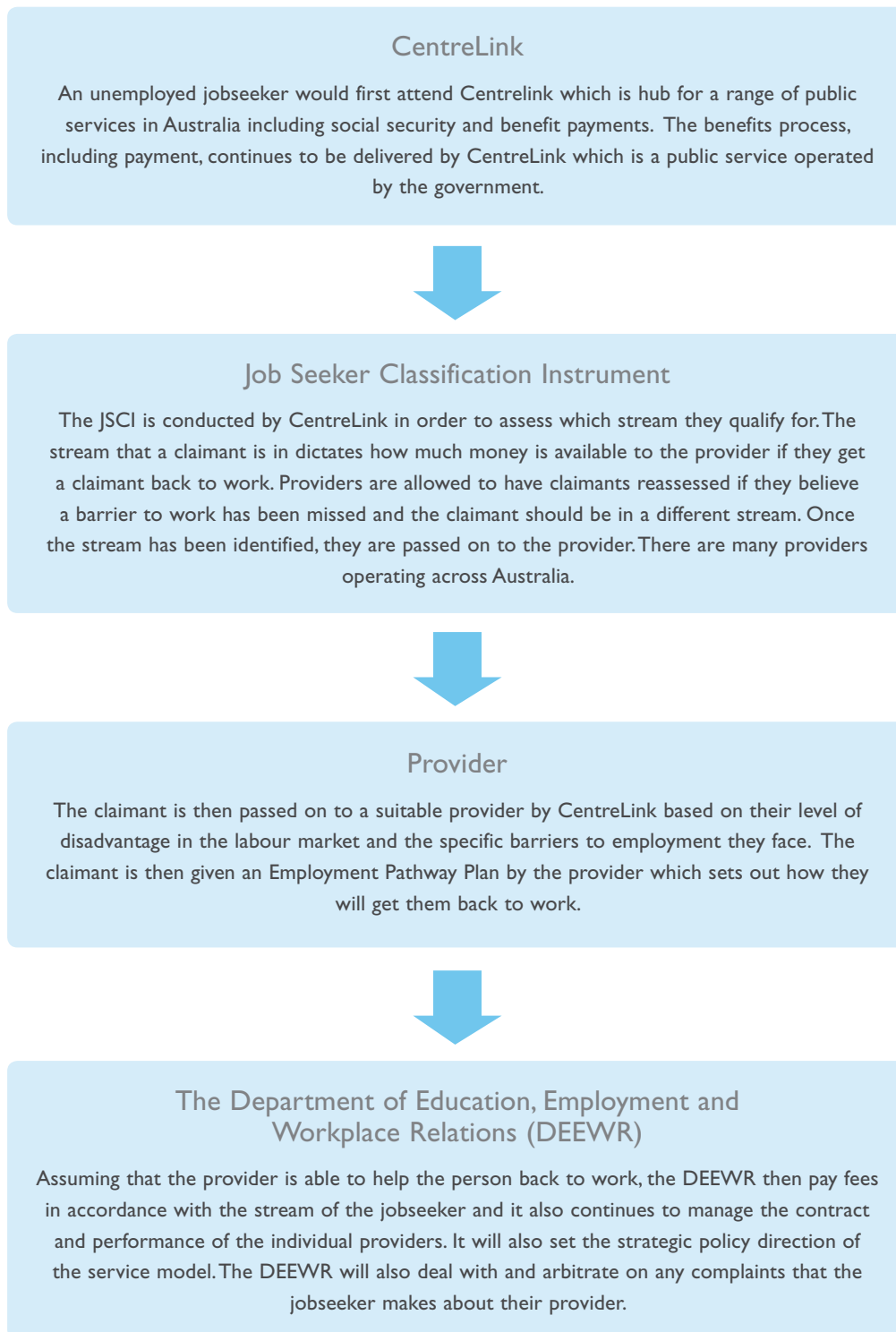
In Australia, these providers are then remunerated on a payment-by-results basis as their clients enter work with the generosity of the payments linked to the stream that the claimant has been assigned to. Importantly, there is an incentive for providers to identify additional barriers to work because if a reassessment by JSCI revealed additional needs this would increase the payments that the provider would receive.⁶³ The diagram shows a claimant journey and how the process is managed.

61 Ibid

62 OECD, *Activating Jobseekers: How Australia does it*, Paris: OECD Publishing, 2012

63 Department for Work & Pensions, Dan Finn, *Job Services Australia: design and implementation lessons for the British context*, s3.9, 2011, [accessed via <http://research.dwp.gov.uk/asd/asd5/rports2011-2012/rrep752.pdf>] on 26/6/13. Evidence shows that in most cases, claimants do not change into a higher fee group. This strongly suggests that the assessment carried with the JSCI is consistent with the provider's own assessments of barriers to work.

Claimant journey in Australia



The OECD has highlighted that both the JSCI and assessment activity conducted by the adviser, combined with effective back-to-work support, has been one of the key drivers of reducing welfare dependency and getting people into work:

*'The activation strategy (consisting of measures tending to reduce unemployment as well as receipt of inactive benefits) is apparently responsible for a significant share of the longer-term six point reduction in the income-support benefit recipients, which is in turn a key factor in the six point increase in the employment rate, and a reduced cost of active and passive labour market programmes. Thus, on one important account, increasing the employment rate, Australia's activation strategy has achieved notable success.'*⁶⁴

Given the success of the Australian model, we believe the introduction of a quasi-market could diversify and improve the provision of back-to-work support, allowing specialist organisations with particular expertise to enter the market and deliver tailored support to all claimants.

We therefore recommend:

- The introduction of a full JSCI which can fully capture a person's individual needs and then allow advisers to provide a package of tailored support;
- Following a JSCI, claimants will then be streamed based on their needs rather than benefit category as is currently the case, towards appropriate support;
- Give voluntary and third-sector organisations opportunities to compete with the existing service and provision that JCP currently offers claimants, creating a quasi-market with a range of providers like Job Services Australia;
- Repeat claimants can also be fast-tracked to the Work Programme for support;
- Jobseekers with a strong work record (10 years or more) shall be referred initially to a zero-contact group which means they will not have to sign-on in person. Advisers will then spend less time with those most able to help themselves; and
- Universal Jobmatch should be able to facilitate the conditionality requirements of this zero-contact group with applying for jobs and signing on, complemented by telephone sign-on.

2.2 Performance measures

As highlighted above, the current performance measure of JCP, off-flow from benefit, is geared towards ending someone's claim on JSA rather than helping improve their skills or, necessarily, helping them to find work. It fails to capture whether someone simply ends their claim for JSA and claims another benefit, simply stops receiving support at all or whether they move into work. It provides zero information as to whether someone remains in employment or not, which is a key feature of the performance measures of the Work Programme.

⁶⁴ OECD, *Activating Jobseekers: How Australia does it*, Paris: OECD Publishing, 2012.

With a new performance measure that examines entrance into sustained employment, the DWP will be able to drive more meaningful change and be in a much stronger position to identify how well individual JCPs are operating. We envisage a tiered approach operating with payments being made once a claimant has moved into a job (job start), after a person has stayed in work for six months (job outcome) and then after someone has stayed in work for more than 12 months (sustained job outcome).

In order to demonstrate progress amongst hard-to-help jobseekers, we also want JCP to monitor claimant journeys where even if they are unable to find work because of challenging labour market conditions, demonstrable progress on job readiness is recorded. These performance measures should also be adjusted for local labour market conditions just as the current off-flow measures are now.

We therefore recommend:

- JCP should be switched to new performance measures looking at sustainable employment payments being made once a claimant has moved into a job (job start), after a person has stayed in work for six months (job outcome) and then after someone has stayed in work for more than 12 months (sustained job outcome).
- We envisage a tiered approach rewarding employment outcomes and then sustained employment outcomes.
- In order to demonstrate progress of hard to help jobseekers, we would like JCP to monitor which streams claimants are attached to throughout their claim to show progress in terms of job readiness.

2.3 Freedoms and flexibilities

The Government is already trying to implement some improvements to JCP. The JCP Offer represents a *real* step forward in giving JCP staff many more opportunities to innovate. Introduced in April 2011, the JCP Offer intends to focus JCP more on outcomes rather than performance measures. To this end, the DWP allowed JCP Advisers much more discretion and reduced the importance of nationally mandated processes like referral timetables and when training support can be accessed. However, while the JCP Offer has resulted in some improvements in the way employment support is delivered, there has been quite a mixed response in terms of the way that advisers have first made use of the offer; and secondly how new innovations have been developed and shared across the JCP network. In some districts there remains quite a centralized approach by the senior management teams as to how the area should innovate, whereas in other locations, freedoms were passed to individual JCP Managers.⁶⁵

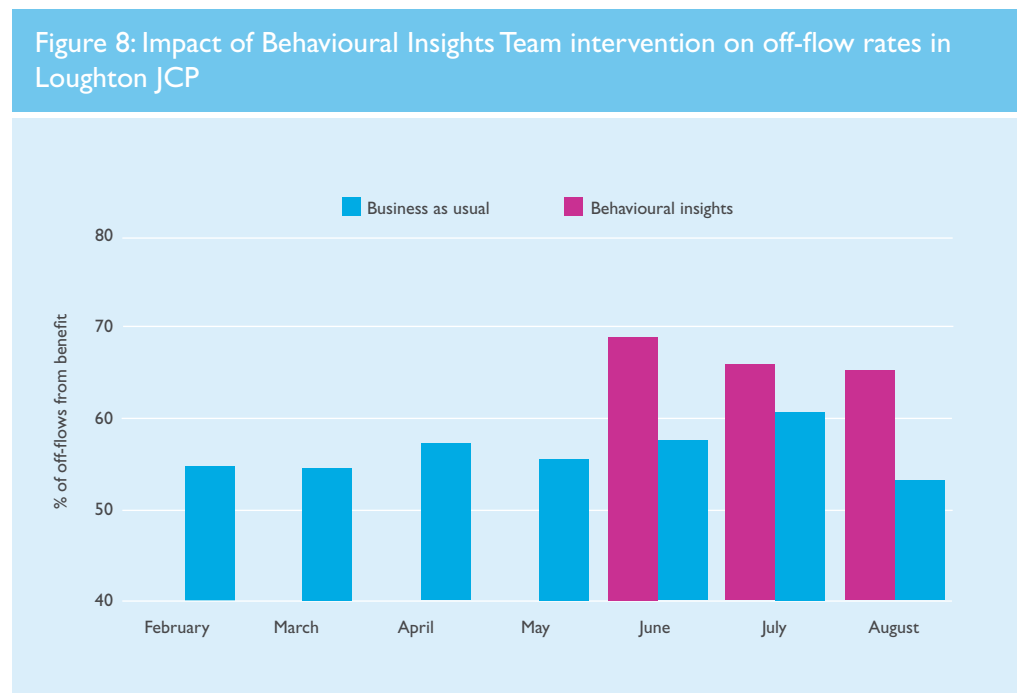
⁶⁵ Department for Work & Pensions, *Jobcentre Plus Offer: One Year Evaluation*, Research Report 814, London: Department for Work & Pensions 2012

The Behavioural Insights Team (BIT) in the Cabinet Office recently conducted a pilot in Loughton, Essex, which sought to take advantage of new freedoms under the 'JCP Offer' that would increase the work readiness of claimants and their job search activity. The Behavioural Insights Team spent over two months regularly visiting the JCP in Loughton to understand the processes and advisers' and claimants' attitudes towards the JCP and the conditionality regime (the conditions placed on a jobseeker in exchange for receiving benefits).

The key problems identified by the BIT were that:

- Customers' initial contact was focussed on conditionality, not employment;
- There was a lot of duplication of effort between staff;
- Jobseekers were focussed on doing the minimum, i.e. three job searches;
- Job search logs were rarely filled in properly; and
- Job seekers lack or lose motivation easily.

The evidence of the Loughton pilot suggested that clients were 15–20 per cent⁶⁶ more likely to come off benefits within 13 weeks than those who had not taken part in this new approach. Although our previous concerns remain about the measure of off-flow from benefits, the graph below demonstrates the impact that this new approach is having.



Equally, we were encouraged that this new system of interventions allows JCP to place extra requirements on claimants without representing an onerous burden on either the claimant or JCP advisers. The main changes are set out below:⁶⁷

⁶⁶ Cabinet Office, Behavioural Insights Team Blog, Trial results, 14 December 2012 [accessed via <http://blogs.cabinetoffice.gov.uk/behavioural-insights-team/2012/12/14/new-bit-trial-results-helping-people-back-into-work/>] on 6/6/13

⁶⁷ Cabinet Office, Behavioural Insights Team in evidence to the CSJ, May 2013

1. Start-up Adviser (SUA) role

A new Start-up Adviser role was established so that a claimant's first contact with JCP was entirely focussed on work. Previously, the first engagement with an adviser at the JCP was largely focussed on the receipt of benefits and the first job-focussed meeting could take up to two weeks.

This primed claimants to focus on benefits, rather than finding work. Therefore by introducing this new role, it ensured that that claimant's first interaction would always involve a job-focussed interview.

2. Commitment Logbook

The Commitment Logbook was born out of the idea that studies from behavioural science show that if people make public commitments they are more likely to follow through with them. Furthermore, if they link their commitments to an activity they already do, such as searching for a job online whilst also checking their email, they are more likely to follow through with their commitments.

This change allowed advisers to place greater expectations on the claimant because if they agreed to search for work on the internet every time they checked their email, this could mean that they search for work perhaps six or seven days a week rather than just hitting the minimum three job search activities that the JCP usually mandate. This process also allowed claimants to break up the task of finding work into smaller personal goals and it also provided an audit trail for sign-on meetings when an adviser could go through the logbook and discuss the activity that they had undertaken.

The early success of this initiative suggests that there may be scope to increase further the freedoms JCPs enjoy. Following the successful example set in education, this could take the form of 'Academy-style' JCPs which would be monitored for performance but given much greater autonomy over how that performance was achieved. Crucially this would allow managers and advisers to deliver support as they saw fit and give them scope to commission the best providers and services available to their claimant.

Under these new freedoms, it would be possible, for example, for JCP branch managers to allow:

- Advisers to determine key conditionality requirements rather than using existing guidance. This would mean that advisers can determine the frequency of sign-on meetings and what form they should take.
- Advisers to establish a zero-contact group for claimants with good work records; this would mean that their sign-on process would not involve an adviser directly and might involve telephone sign-on or Universal Jobmatch. This would also give advisers more time to focus on the hardest to help.
- The best performing advisers to be paid more in order to keep them on the frontline and prevent them having to move into managerial positions to earn more. We think that JCP

managers should be in a position to develop their own organisational pay structures so that good quality advisers can remain on the frontline at the same time as progressing in their careers.

- Managers no longer requiring staff to adhere to pre-set guidelines and timetables on when to access training budgets or refer people to the Work Programme.

The third point is particularly important given that the quality of adviser support is one of the key determinants of whether someone in receipt of JSA accesses the support they need and then moves into sustainable employment. The importance of advisers cannot be understated and we would encourage government to implement a number of changes that could help realise the full potential of good advisers on the front line. It would, therefore, be useful for the Government to explore how individual advisers who are successful at helping people into work could directly benefit.

Offering these freedoms with a new performance measure would enable JCPs to mirror successful practice in both the voluntary and private sectors, provide more tailored support to claimants, and direct resources more appropriately.

We therefore recommend:

- Allowing JCPs to acquire greater autonomy from guidance and regulation so that they can innovate and develop practises that best suit claimants and respond to their local labour market;
- Exploring the possibility of JCP Advisers being able to receive a financial reward for keeping people in work over the long-term. We envisage a pilot scheme which might, for example, see advisers gaining a share of the money saved by government from claimants moving into sustained employment for six months or more, with a larger sum of money available for those claimants who are hardest to help; and
- We would also endorse wider efforts to professionalise the welfare-to-work industry and would endorse JCP Advisers also acquiring recognised qualifications through the Institution of Employability Professionals which many private and voluntary providers are asking their advisers to undertake.

2.4 Working with the voluntary sector

The sometimes problematic relationship between JCP and charities and other local welfare-to-work providers is a theme which recurred several times in our research. We have found the hostility and unconstructive nature that characterises some of the relationships alarming.

The voluntary sector can offer a wide variety of specialist back-to-work support that JCP Advisers may not be in a position to provide or commission from within existing JCP contracts. It is imperative that local JCPs have a much better audit of all the local providers in their area so they draw together and package the most appropriate support for each of their individual claimants. Given that we now want to judge JCP on a tougher, more challenging measure, it is imperative that JCP can draw on the best welfare-to-work support available.

Allowing advisers to draw on a greater array of providers and training options is a key component of our vision for the JCP. The money for such interventions can be drawn on from the Flexible Support Fund (FSF), which is a pot of money introduced in 2010 that gives advisers much more freedom on how to finance their support for claimants. The FSF is already being used to fund some particularly good projects, such as the Spear Course, in West London.⁶⁸ Advisers should be aware of all providers and be able to access funds to commission them as and when required. In order to facilitate this, we think allowing smaller organisations to see the data that JCP collect will allow them to come forward to JCP advisers offering to provide assistance.

Furthermore, successful local providers should be able to become Approved Providers, giving them much greater parity with JCP. In response to the worrying decline of community outreach support, we would also like to expand the scope that Approved Providers have to work with the claimants that they pick-up. Approved Providers should be able to continue to work with the claimants they have referred in to the system without direct interference from JCP, utilising the existing relationships they have with claimants to better help them into work. We have shown already how the different relationship that charitable organisations have with claimants can often make outside providers much more effective in delivering back-to-work support.

Given that the DWP's own research has shown that local, charitable organisations have a huge amount to contribute and that advisers are not always aware of the local provision that they have to draw from, we believe these reforms will help address these two important issues.⁶⁹ Again, we envisage the FSF allowing JCP to commission short, outcome-based contracts with providers that satisfy the expectations that the JCP would have had with the claimant if they had engaged with JCP through the usual channels.

Finally, the relationship between Work Programme providers and JCP needs to improve and whilst things do appear to be getting better, there are pockets in parts of the country, mostly in the North of England, where this is not the case. Improving the quality of this handover both when claimants are referred to the Work Programme and when the Work Programme providers pass them back to JCP if they are unable to find work, would represent a real improvement.

⁶⁸ Evidence to the CSJ, June 2013

⁶⁹ Department for Work & Pensions, *Jobcentre Plus Offer: One Year Evaluation*, Research Report 814, London: Department for Work & Pensions, 2012

We therefore recommend:

- JCP should create an Approved Provider status that local providers can be awarded as the basis of a long-term partnership with JCP. These organisations should offer particular specialisms in helping people back to work so that relationships are not contingent upon individual managers or advisers. We also view this as an opportunity for claimants to play a more active role in choosing a package of support to help them. This would tend to apply to Jobseekers who are defined as harder to help through the JSCI.
- Approved Provider charities would be able to access JCP data on claimants and contact advisers directly to offer packages of support;
- Reinvigorating this process of community referral by Approved Providers and allowing the organisation responsible for the referral to work with a claimant based on a Jobseeker Agreement that is agreed upon by the claimant, Approved Provider and JCP;
- Remove the current referral timetable for the Work Programme and instead allow referrals; and
- Warm Handovers should become the norm for all referrals to the Work Programme so that all the relevant information about claimants is made available when a claimant is referred to a new regime. Similarly, the claimant should also be present so that they are aware of what is happening to them and any conditions being placed upon them. DWP should begin to record the number of Warm Handovers that take place between the JCP and Work Programme providers and should set an escalating target for this to happen in order to embed this practice.

Conclusion

The CSJ was founded on the principles that work is the surest route out of poverty and that work should always pay. Our research has constantly highlighted the plight of people who have been trapped in welfare for decades by a system that accidentally erected barriers between individuals and work. As the current Government seeks to dismantle these obstacles and give everyone the chance to enter meaningful and sustained employment, it is essential that back-to-work support is ready to play its essential role in this task.

Every part of the welfare system should be geared towards helping anyone who is capable of working find work. This is particularly true of the service designed to work directly with those who are looking for employment. For change to happen, support has to be judged by effective criteria – not whether people are taken out of benefits, but whether they are helped in to sustainable work. We need a system which quickly works out what support people need in order to be able to get into work and then finds them that support. This can only be achieved by advisers who have the freedom and motivation to go the extra mile for their clients, and the opportunity to commission services appropriate to need.

Britain benefits enormously from the talents of its vibrant voluntary and private sectors and we believe they have a far greater role to play in helping people find work and stay in employment.

As the example of reform in Australia has shown, such a change is not only possible, it has the potential to breathe new life into the system and transform lives.

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