



**DWP** Department for  
Work and Pensions

# **The Jobseeker's Allowance (Employment, Skills and Enterprise Scheme) Regulations 2011 (S.I.2011 No.917)**

Report by the Social Security Advisory Committee  
and statement by the Secretary of State for  
Work and Pensions

Presented to Parliament by the Secretary of State for Work and Pensions by Command  
of Her Majesty  
March 2011

Cm 8058

£30.00



# **The Jobseeker's Allowance (Employment, Skills and Enterprise Scheme) Regulations 2011 (S.I.2011 No.917)**

Report by the Social Security Advisory Committee  
and statement by the Secretary of State for  
Work and Pensions

Presented to Parliament by the Secretary of State for Work and Pensions by Command  
of Her Majesty  
March 2011

**© Crown copyright 2011**

You may re-use this information (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit <http://www.nationalarchives.gov.uk/doc/open-government-licence/> or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or e-mail: [psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk).

Any enquiries regarding this publication should be sent to us at  
Department for Work and Pensions  
Partnerships Division  
2nd Floor,  
Caxton House,  
Tothill Street  
London, SW1H 9NA  
Phone 0207 449 5491  
Fax 0207 340 4340  
Email [jacqui.hansbro@dwp.gsi.gov.uk](mailto:jacqui.hansbro@dwp.gsi.gov.uk)

This publication is also available on <http://www.official-documents.gov.uk/>

ISBN: 9780101805827

Printed in the UK by The Stationery Office Limited  
on behalf of the Controller of Her Majesty's Stationery Office

ID: 2422308 03/11 10667 19585

Printed on paper containing 75% recycled fibre content minimum.

## Contents

Statement from the Secretary of State for Work and Pensions

SSAC Report

Annexes

Annex A      Extract from the minutes of the committee meeting held on 2 December 2010

Annex B      Correspondence on the proposed Work Programme Regulations

Annex C      Correspondence on the use of the powers in the Work Programme Regulations

Annex D      The Department's Explanatory Memoranda, Equality Impact Assessments and draft regulations.

**Note that The Jobseeker's Allowance (Employment, Skills and Enterprise Scheme) Regulations 2011 were initially known as The Jobseeker's Allowance (Work Programme Scheme) Regulations 2011. At the time that the documents in the Annexes were drafted and presented to SSAC the regulations were still known as The Jobseeker's Allowance (Work Programme Scheme) Regulations 2011.**

## **Statement from the Secretary of State for Work and Pensions**

### **The Jobseeker's Allowance (Employment, Skills and Enterprise Scheme) Regulations 2011**

#### **INTRODUCTION**

1. These regulations, along with the Employment and Support Allowance (Work-Related Activity) Regulations 2011, provide the legislative framework for the Government's new package of measures designed to help and support claimants into work.
2. The powers in the Jobseeker's Allowance (Employment, Skills and Enterprise Scheme) 2011 Regulations will be exercised by Jobcentre Plus advisers and, in the case of the Work Programme, by external providers under contract to DWP.
3. All Jobseeker's Allowance claimants who are required to meet the jobseeking conditions of availability, actively seeking employment and entering into a Jobseeker's Agreement, may be required to participate in support provided by the Employment, Skills and Enterprise Scheme.
4. The Jobcentre Plus adviser may also require the claimant to undertake activities relevant to the particular initiative by way of participation in the Scheme. In some instances, e.g. the Work Programme, the functions of the Secretary of State to require particular activities under the Scheme will be contracted out to providers.
5. In relation to some of the employment initiatives, e.g. Service Academies and New Enterprise Allowance, the claimants will be able to decide themselves whether or not the particular initiative is suitable for them. Once a claimant decides that the particular initiative is suitable, the Jobcentre Plus adviser will exercise the powers in these Regulations and require the claimant to participate in the Scheme.
6. The Jobcentre Plus adviser or the provider will work with Jobseeker's Allowance claimants to assist them to find work, addressing claimants' individual needs as required. In discussion with the claimant, a Jobcentre Plus adviser or a provider will decide specific activities which will form elements of the claimant's participation in the Scheme and include these in the claimant's action plan, together with the timescales for completion.
7. When someone fails to participate in the Scheme without good cause, for example by neglecting to undertake any of the activities as specified by a Jobcentre Plus adviser or a provider, they risk losing benefit under the sanction regime introduced by this legislation.
8. This Scheme will be used to underpin much of the flexible programme of back to work support delivered by both Jobcentre Plus and third-party

providers to provide personalised support to Jobseeker's Allowance claimants to help them to move into employment. In particular, Jobseeker's Allowance claimants on the Skills Conditionality, the Service Academies, the New Enterprise Allowance and the Work Programme will be subject to the conditionality and sanctions regime contained in the Scheme.

9. The Employment, Skills and Enterprise Scheme covers four initiatives:
  - a. **Skills Conditionality** is aimed at improving take-up of help and support for those claimants with an identified skills need that is a barrier to them gaining and keeping employment. Jobcentre Plus will refer claimants to a skills training provider, Further Education College or Next Step careers service with potential benefit sanctions for non-participation.
  - b. The objective of **Service Academies** is to support job seekers who are close to the labour market but who would benefit from participating in pre-employment training and work experience leading to a guaranteed interview to help them move into sustained employment in a demand sector and to support employers in those sectors to fill their vacancies more efficiently.
  - c. The **New Enterprise Allowance** will promote self-employment under the guidance of a business mentor, providing access to a weekly financial allowance and business start-up loan finance.
  - d. The **Work Programme** will provide back to work support for a wide range of claimants, including Jobseeker's Allowance claimants, and claimants on Employment and Support Allowance, Income Support and Incapacity Benefits. It will replace much of the employment programme provision currently offered by the Department for Work and Pensions including Flexible New Deal, Employment Zones and Pathways to Work.
  
10. The Employment, Skills and Enterprise Scheme Regulations originally had the title 'The Work Programme Scheme' regulations. At the time that the Work Programme Scheme Regulations were put first before the Social Security Advisory Committee (SSAC) on 2 December 2010 the powers were only intended to support the implementation of the Work Programme. However, as the policy detail for Skills Conditionality, Service Academies and the New Enterprise Allowance was developed it became clear that the same regulations would enable the Department to implement all four policies without the need for any further framework legislation<sup>1</sup>. There is a legal principle that one must not legislate if existing provisions enable the policy objective to be fulfilled.

---

<sup>1</sup> To note – it may be necessary to make a small amendment to the Work Programme Scheme Regulations to adjust conditionality for those on the New Enterprise Scheme. This will not affect the framework of the Scheme.

11. However, this meant that the Social Security Advisory Committee (SSAC) had not been made aware of the full use to which the Regulations would be put when the regulations were first presented in December 2010. In order to enable SSAC to fulfil its function of advising and assisting the Secretary of State in relation to the full range of policies that will be making use of the powers set out in the regulations, officials presented the additional policy proposals to SSAC on 2 March 2011 in the usual way along with a set of detailed Explanatory Memoranda and separate Equality Impact Assessments. These are all included as annexes to this report along with the Supplementary Memoranda provided to SSAC following the meeting. SSAC have considered the additional policy proposals and provided a report to the Secretary of State setting out their concerns and recommendations. This Command Paper includes the SSAC report and sets out the Government Response.

## **THE GOVERNMENT'S RESPONSE TO THE SSAC REPORT**

12. The Social Security Advisory Committee's report clearly articulates a number of views, opinions and concerns about the broad powers in the regulations and about the policy proposals for Skills Conditionality, Service Academies and the New Enterprise Allowance. The views and comments from the Committee have been helpful in influencing thinking on these policies.

13. However, the Government does not accept the Committee's key recommendation that the sanctions-based conditionality regime should be removed from Skills Conditionality, Service Academies and The New Enterprise Allowance. It is the Government's view that these policies will encourage claimants to engage with support that will make them better equipped to find employment.

### **The regulatory powers**

14. SSAC have pointed out that the regulations leave scope for the provisions to be extended and for the inclusion of additional measures. SSAC ask for reassurance that all further measures that could be covered by the powers in the Employment, Skills and Enterprise regulations are presented to SSAC for scrutiny and that SSAC are given the opportunity to consider the proposals and, where necessary, to provide the Secretary of State with advice which will be published. The Government agrees that this process should be followed for any significant new initiatives that could be covered by the powers in the regulations.

15. SSAC are also concerned about the principle of imposing conditionality on Jobcentre Plus claimants who volunteer to participate. The Government thinks it is right that claimants should have the flexibility to volunteer to participate in some schemes (for example Service Academies or The New Enterprise Allowance) but it is also right that once claimants have made this commitment, attendance should be mandatory.

## **Complexity**

16. SSAC have expressed a concern about the proliferation of schemes which they see as being counterproductive and confusing to both claimants and Jobcentre Plus advisers. From April 2011, the support claimants get from Jobcentre Plus will allow more flexibility to managers and advisers to judge which interventions will help individuals and to give them more discretion to support claimants according to their individual needs. The Government views it as right that Jobcentre Plus (JCP) advisers and managers are allowed to deliver the back to work support that meets the needs of the claimants in their local communities. JCP advisers are being upskilled to ensure that they offer the right support for the right claimant at the right time. The introduction of increased flexibility regarding the duration and periodicity of interventions means that advisers will be able to spend appropriate amounts of time with claimants to help determine how their individual employment challenges can be overcome. Most crucially, there will be an increased onus on ensuring advisers understand why and how different forms of provision can support claimants and can explain this clearly to the claimant.
17. SSAC ask why the Department did not opt to narrow the scope of the original regulations so that they applied only to claimants on the Work Programme and then take forward a separate piece of legislation to apply to claimants prior to entry to the Work Programme. Taking this approach runs counter to the legal principle that one must not legislate if existing provisions enable the policy objective to be fulfilled. Even taking one additional set of secondary regulations through parliament when it is unnecessary would be a waste of public resource.

## **SKILLS CONDITIONALITY**

18. This section of the report focuses on the issues SSAC raise about Skills Conditionality.

## **Evidence base**

19. SSAC have raised concerns about the lack of evidence to support the roll-out of Skills Conditionality. We know that engaging in training when unemployed is associated with an increased likelihood of returning to paid work compared with other groups<sup>2</sup>. However, despite having operated a supportive regime that offers incentives to encourage claimants to take up training we know that claimants do not always take up or complete provision to address a training need. Evidence for England (April 2009-October 2010) indicates that only 35-40% of people referred by Jobcentre

---

<sup>2</sup> Cheung and McKay “Training and progression in the labour market” DWP RR680 2010

Plus to skills provision (for example 6 Month Offer Work focused Training) actually started training.<sup>3</sup>

20. The findings from the 2004-2005 Basic Skills Mandatory Training pilot in England showed that Skills Conditionality increased the probability of claimants (who were referred) starting provision by five percentage points. The threat of sanctions was also found to increase the percentage of claimants who completed provision once they had started it by three percentage points.
21. We recognise that evidence from the 2004-2005 Basic Skills Mandatory Training pilot also showed that the threat of sanctions had a negative impact on the probability of starting a job in the short run by three percentage points and that this impact on employment was negative even after three years<sup>4</sup>.
22. However, our expectation is that mandating to the new types of skills provision will be more effective. The results from the basic skills mandatory training pilot applied to those attending basic skills provision only and it is likely that many of the participants were a long distance from the labour market. The roll out of Skills Conditionality will apply to a much broader group of claimants who will have a range of different skills needs. The pilot also involved mandating all those claimants identified with a basic skills need – many of these claimants may have been unwilling to learn and this might have impacted on the likelihood of them moving into work.
23. Our proposal for skills conditionality involves advisers and learning providers using their discretion to judge when training would be appropriate and would be of benefit to the claimant. This will also take account of the views of claimants. This is a big difference to the approach used previously and should result in much more effective interventions. The proposed incentives framework for colleges and training providers will also be very different to that which was in place when the basic skills mandatory training pilot was delivered, when funding and performance measures were geared towards longer courses. In future, colleges and training providers will be able to offer flexible, locally responsive and labour market relevant provision, including shorter units and awards as well as full qualifications, on a fully funded basis for JSA and ESA WRAG claimants. From August 2011, the Government will also be piloting job outcome incentive payments to reward colleges and training providers for getting unemployed learners into work. In this context, we are confident that skills conditionality will generate positive returns.
24. The qualitative evaluation of the JSA Skills Conditionality Pilot has provided some useful lessons that will be used to inform implementation. It provided new evidence (which is consistent with previous evidence) that mandated claimants did not necessarily disrupt the learning environment of other

---

<sup>3</sup> “Attendance rates at Training”, DWP Ad-hoc publication, February 2011

<sup>4</sup> Wiggan, Natalie (2008): "Assessing the net impact of Basic Skills mandation". DWP ad-hoc analysis, [http://research.dwp.gov.uk/asd/asd1/adhoc\\_analysis/2011/basic\\_skills.pdf](http://research.dwp.gov.uk/asd/asd1/adhoc_analysis/2011/basic_skills.pdf)

claimants in the same training course. It also found widespread support of claimants to the principles of skills conditionality.

## Evaluation strategy

25. SSAC have raised concerns about the robustness of the evaluation strategy that was in place for the JSA Skills Conditionality Pilot which ran from April 2010 to March 2011. The original aim of this pilot was to use a randomised control design to allow us to look at the impact of mandation on job outcomes as well as on attendance and completion of training. This approach was developed in consultation with analysts within DWP and in other government departments, as well as with research contractors. Following the change in government, Ministers asked officials to explore the feasibility of rolling out skills conditionality as soon as possible. This decision meant that there was a change in focus of the evaluation. Whereas the qualitative evaluation remained very similar to what was originally envisaged, the quantitative part of the evaluation (which was originally going to cover job outcomes and other impact measures) was limited to an analysis of the first four months of data. The lack of robust impact measures is not a result of the inappropriateness of the evaluation strategy (which was indeed fit to answer that question), but of the later change in the focus of the evaluation.
26. SSAC also raise some concerns on the evaluation strategy for Skills Conditionality going forwards. We are planning to commission some qualitative research which will include questions to look at the implementation of Skills Conditionality following roll-out. This will be carried out in two waves. The first in Autumn 2011 will give us early indications of any implementation issues. The second wave will be in early 2012. This will give us the opportunity to look at delivery of Skills Conditionality in more detail and to look at the view of claimants on how mandation has affected them.
27. Using Management Information and administrative data from both Jobcentre Plus and the Skills Funding Agency we will know the number of people who have been mandated to training. We will be able to break this information down by different demographic groups (e.g. gender, disability, age and ethnicity).
28. However, we will not be able to measure the **net** impact of Skills Conditionality on attendance on training or on job outcomes. This is due to the fact that we will not have a control or comparison group. Simply looking at comparisons before and after roll-out of Skills Conditionality could be misleading due to the changing wider skills offer that is being introduced from 1 August 2011.
29. SSAC have presented concerns about the need to carry out a robust cost – benefit analysis, particularly in the context of the current economic climate. The cost-benefit estimates presented in the SSAC Explanatory Memorandum for Skills Conditionality show that benefits (in the form of

savings) generated by the implementation of Skills Conditionality should exceed costs, so we do not expect extra pressure on public spending. Moreover, we have reasons to believe that the cost-benefit presented in the EM underestimates the potential benefits of Skills Conditionality because it does not include the wider benefits to the exchequer that result from moving more individuals into work (mainly increased tax revenues).

### **The use of mandation**

30. SSAC do not agree that mandation is the right approach to reduce attrition between referral and start on skills provision. However, as set out above, drop out levels between referrals and starts on training provision have remained high despite having operated a more supportive regime focussed on encouraging claimants to attend training. The Government agrees that it is important to motivate people to attend training and to make sure they understand the opportunities it provides but it is also important to make it clear to claimants that if attending skills provision has been identified as one of the activities they need to do in order to prepare for work they should not drop out without good cause. Jobcentre Plus advisers will be equipped with the skills necessary to encourage and support less motivated claimants into training. Mandation will be a part of this and will support Jobcentre Plus advisers to help claimants move towards an agreed goal. We are introducing Skills Conditionality to increase attendance on provision and by doing so help more claimants who have a skills need to address that need as part of their journey back to work.
31. We recognise that some mandated claimants may be less inclined than voluntary participants to engage positively in learning and this presents a risk for colleges and training providers – and for the other learners on the course. Jobcentre Plus advisers will have an important role to play in assessing what type of support each claimant needs and referring to skills provision only those claimants whom they judge will benefit from the intervention. The college or training provider will also have the opportunity, following their initial assessment of the claimant, to indicate to Jobcentre Plus if they do not think the claimant is suitable for the proposed skills intervention (or vice versa). In this case, the Jobcentre Plus adviser would need to reconsider the requirement on the claimant. If accepted onto the course, the claimant would be expected to adhere to the code of conduct set by the college or training provider (including in relation to their attendance, level of participation and behaviour). Failure to do so could lead to dismissal from the course, which may result in their benefits being sanctioned. This would be explained to them at the point of referral, by their Jobcentre Plus adviser, and would normally be reinforced by the college or training provider, so the claimant is clear about the level of engagement expected of them.
32. SSAC also question the use of mandation from a financial perspective and question the logic of mandating unwilling claimants to training. This is not the intention of Skills Conditionality. Jobcentre Plus advisers will mandate to training only those whom they judge would benefit from the extra 'push'

to follow-up the referral and see the training through. This would not include those who are so unwilling and disengaged that they are unlikely to benefit from a skills intervention.

## Sanctions

33. SSAC are not persuaded that a sanctions-based conditionality approach is the right one – particularly in the context of skills. The sanctions regime is an important element of the Government’s Welfare strategy. The Government is committed to ensuring that individuals who are able to look for work or prepare for work, should be required to do so as a condition of receiving benefit, and those who fail to meet their responsibilities, without good cause, should face a sanction in the form of loss of or reduction in benefit. We recognise that sanctions can have a financial impact on some individuals and their families and that is why hardship payments are available to those in a vulnerable group or where a member of the claimant’s family unit is in a vulnerable group.
34. We think it is right to expect claimants to do everything that can reasonably be expected of them to find work or prepare for work. The conditionality and sanctions regimes work in tandem to encourage claimants to meet expectations, and in so doing, improve claimants’ chances of finding work or moving close to the labour market. The vast majority of claimants meet expectations – just one in forty JSA claimants have their benefit sanctioned.
35. Sanctions play a vital role within the system; they underpin the conditionality regime by providing an effective deterrent against non-compliance. Furthermore, evidence<sup>5</sup> suggests that for the small minority of claimants who do break the rules, sanctions have a positive impact on their behaviour: of those JSA claimants who are sanctioned, 75% are only sanctioned once, and most say that they would not repeat the behaviour that led to them being sanctioned.
36. When an adviser considers imposing a requirement on a claimant such as referral to skills provision, they will need to consider the reasonableness of that requirement with respect to the claimant’s capability and circumstances, including health conditions, disability and caring responsibilities. Sanctions will not be imposed on claimants who have good reason for their failure to meet requirements.
37. SSAC point out that our analysis suggests that as a result of Skills Conditionality, there may be a disproportionate effect of sanctioning on those with disabilities and young people.
38. With regard to claimants with disabilities it is important to stress that claimants should only be referred to training if the Jobcentre Plus adviser and college/training provider thinks it is appropriate. For those in receipt of

---

<sup>5</sup> DWP (2008), *More support, higher expectations: the role of conditionality in improving employment outcomes*

ESA WRAG, advisers will devise a tailored plan and will encourage, persuade and support people into an activity they consider to be beneficial to the claimant. Although the final decision rests with the Jobcentre Plus adviser and the training provider, the claimant will be involved in the discussions and the views of the claimant will be taken into account.

39. Jobcentre Plus Advisers and managers are able to seek advice and guidance from Disability Employment Advisers (DEA) and Work Psychologists (WP) with regard to claimants who may have additional support needs while attending training (e.g. claimants with support needs for reasons of a learning disability or mental health issue). DEAs and WPs can also be consulted in circumstances where it may be unclear whether or not a disabled or vulnerable claimant should be referred to learning or sanctioned if they do not comply.
40. Evidence<sup>6</sup> suggests that young people, particularly young men, lacking skills or qualifications are more likely to be unemployed and that this unemployment is likely to have a long-term impact on their chances of gaining employment. Evidence<sup>7</sup> also shows that unqualified male school leavers who go on to obtain low level vocational qualifications are 10 percentage points more likely to be employed than those who do not acquire any qualifications after school. This evidence shows that potentially there is a positive impact to be gained if young people do take part in the training. This provides some justification for the increased focus of Skills Conditionality on those JSA claimants who are in the younger age group.

### **Balance of power**

41. SSAC are concerned about the balance of power in the decision-making process around whether or not an individual should be referred to skills provision. Although the final decision on whether or not to refer a claimant to skills provision will be made by the Jobcentre Plus adviser in discussion with the training provider this decision-making process will take the views of the claimant into account. As part of the initial provider interview the college/training provider will talk to the claimant about the training available and how it could meet their needs. In addition to this, Next Step will have a role to play. We know that individuals will benefit from getting the right advice as early as possible. That lies behind our plans to improve the working relationship between Jobcentres and the Next Step careers service. Through co-location of careers advisers in Jobcentres and the regular exchange of information about individuals, there will be increased opportunities for advisers locally in both organisations to get together and discuss the most suitable options to give claimants the right skills and help them back into work. Through making better informed decisions about training, and understanding the benefits it brings, individuals are more likely to see their course through and increase the likelihood of getting a job.

---

<sup>6</sup> Gregg P (2000) *The impact of youth unemployment on adult employment in the NCDS* University of Bristol

<sup>7</sup> McIntosh, S. (2004) 'The Impact of Vocational Qualifications on the Labour Market Outcomes of Low-Achieving School-Leavers', CEP Discussion Paper No 621.

42. Jobcentre Plus advisers have experience of working with vulnerable claimants. Vulnerability is not a static state associated with a particular circumstance or situation, it can only be identified by staff working sensitively and listening to the claimants. In the Jobcentre, this identification will be conducted using the skills gathered from the learning and development events advisers will have attended. Critically, they will focus on questioning and listening techniques and avoid making assumptions about claimants. Advisers' previous experience of dealing with claimants will help them to form an opinion. They will ensure this opinion takes account of the individual's behaviour and circumstances which shows that they may require access to additional help or services. Some people will have obvious physical disabilities that may mean they need extra personal support or that adjustments need to be made to enable them to access services. Other people may have conditions that are less obvious.

### **Personal adviser skills**

43. SSAC have asked for reassurance that Jobcentre Plus staff will be provided with appropriate training to enable them to use their discretion effectively in making decisions around when referrals to skills provision are appropriate. Jobcentre Plus has developed a new learning framework to build adviser capability and to reflect the breadth required in their advisory role. Since April 2010, advisers have had access to this new and improved learning route way which offers them a means of assessing their capability level in order to plan their learning and enhance their advisory skills. Identification of potential skills needs via Skills Screenings have become an integrated part of Work Focused Interviews delivered by Jobcentre Plus advisers.

44. The aim is to position Advisory Services as a profession with a clear career path, accredited learning and ongoing professional development whilst delivering to a set of agreed standards recognised as best in class. We will equip Personal Advisers with the support and tools they need to enable them to offer a much more claimant-focused and personalised service. New training material, supporting tools and products have been developed to help bring this vision to life.

45. Where a claimant is being mandated, the Jobcentre Plus adviser will need to make it very clear to the claimant that the referral is mandatory and explain the possible consequences of failing to attend. This should be presented in the context of a conversation about the benefits of training and why the adviser believes this will move the claimant closer to the labour market and to their chosen job goal. Training should be offered as an opportunity for learning and improving the claimant's skills and employment prospects – not merely as a condition of benefit that must be met in order to avoid a penalty. The skills intervention is intended to help them, so the expectation is that they must attend. This is similar to the expectation that employers will place on them once they move into a job.

46. SSAC also commented that Jobcentre Plus advisers should have some in-depth knowledge of the training provision to which claimants will be referred. Jobcentre Plus District Managers will influence the types of training available locally, by setting out for colleges and training providers their claimants' requirements, in light of the needs and characteristics of the claimant base and the local labour market. To improve advisers' awareness of the resulting local provision, a District Provision Tool has been developed that makes information available to all staff on providers and the sorts of provision they can offer. The menus are maintained nationally to ensure the product fits with new or changing provision requirements. Each District has its own Provision Tool and is responsible for adding relevant local information. This information will help advisers to refer claimants directly to the most appropriate provider. The provider will then discuss and agree with the claimant the most appropriate course for them.

### **Monitoring course quality and providing feedback**

47. SSAC recommend that Jobcentre Plus advisers play a stronger role in assuring themselves that the provision they mandate claimants to is appropriate and of good quality and is likely to help claimants move into work. SSAC also argue that Jobcentre Plus should have a stronger role in supporting claimants who have concerns about the quality or appropriateness of provision.

48. Ofsted are responsible for monitoring the quality of all publicly-funded learning. As well as Further Education Colleges this includes training delivered in the workplace and also that delivered by independent providers. The Skills Funding Agency contractually requires colleges and training providers to publish their complaints process including the escalation process. The details are made available to learners via the college or provider's website, their student handbook and/or their prospectus. In all cases complaints are dealt with by the organisation concerned; and if they remain unresolved are then referred to the Skills Funding Agency for further investigation/ adjudication.

49. As part of the regular conversations advisers will have with claimants they will routinely ask for informal feedback on the provision claimants have been referred to. We agree that claimants should be able to raise any concerns about their training, without fear of their benefits being stopped. This could be through discussion with their Jobcentre Plus adviser but we think it is also important that, where appropriate, they can also raise any concerns with their course tutor, or another contact at the college or training provider. It is important that Jobcentre Plus and skills providers work together to support claimants throughout their time on skills provision. As well as the need for feedback to support a referral to training, it is just as important for regular feedback to take place whilst a claimant is on training in order to identify any problems early on and support the claimant.

50. We agree that Jobcentre Plus advisers need access to clear information about provider performance. A Public Information system is being developed by the Further Education sector to ensure that learners and employers can choose from a greater range of comparable information across post-16 education and training providers. This information will help them - and those advising them on career prospects and skills delivery - to assess the quality of provision available across a range of institutions and courses. This builds on what has already been achieved through the Framework for Excellence which published its first set of results at provider level in December 2010. This reported overall scores on qualification success rates (including detailed information at subject sector level), learner destinations into further and higher education and employment and the views of learners and employers.

## **Safeguards**

51. The Explanatory Memorandum for Skills Conditionality sets out the safeguards that will be in place for vulnerable claimants. Vulnerable claimants are individuals who are unable to safeguard their personal welfare or the personal welfare of others (including dependents). They may have difficulties which could affect their welfare and well-being. These difficulties could include comprehending information, interpreting situations, making decisions, giving consent, communicating information or their views or requesting specialist help. This may be related to age, health conditions, physical, mental or learning disability (including individuals whose circumstances require an appointee) or severe financial insecurity or hardship and/or because of their personal circumstances at that time. Vulnerable claimants have difficulty coping with the demands of the organisational processes including the channels used to access benefits or services and/or meeting the obligations or conditions they are required to meet. Consequently vulnerable claimants will need additional help and support that takes account their changing circumstances (recognising that people move in and out of vulnerability) to safeguard their welfare and well-being in a co-ordinated way.

52. A review of service delivery to vulnerable claimants across Jobcentre Plus was commissioned with a focus on the identification of vulnerable claimants and the extent to which guidance & handling arrangements identify & support them. This review has recommended to the Jobcentre Plus Operational Delivery Executive:

- Adopting a revised broader definition of “vulnerable claimant” that meets the professional expectations of other organisations to provide greater consistency of approach;
- Providing extra help to claimants who are vulnerable by introducing a Vulnerable Claimant Champion role in each District to provide advice and support to staff and promote staff awareness and understanding of vulnerable claimant issues;

- Introducing an escalation route to a nominated Senior Responsible Officer with overall responsibility for payment aspects of vulnerable claimant complaints;
- Closer co-ordinated working with other agencies and organisations to provide more coherent support; and
- Strengthening JCP procedures and accountabilities with regard to vulnerable claimants, including a new easily accessible set of guidance

53. We already have safeguards in place to ensure that vulnerable claimants are not sanctioned inappropriately. For example, for ESA claimants with mental health conditions or learning difficulties, we have put in place some additional processes including home visits in advance of a sanction decision and contact with their carer/healthcare professional to ensure claimants have fully understood the requirement placed upon them and had no good reason for failing to meet it. These safeguards will continue.

54. SSAC have asked for reassurance that appropriate safeguards will be in place not just for vulnerable claimants but for the wider claimant groups, particularly those who have a negative experience with a skills providers or in circumstances where the individual may have left one provider but are unable to get a place on alternative provision.

55. As set out above, if the claimant is not happy with the provision they should discuss their concerns with their Jobcentre Plus adviser or with the training provider. Where a concern is raised which the Jobcentre Plus adviser judges to be genuine, and which cannot be resolved informally or through the college/provider's complaints resolution process, the adviser will need to consider whether there is good reason for the claimant not to continue with the training.

56. If a claimant has left one training provider and a place is not available with an alternative provider, then the Jobcentre Plus adviser will need to change the requirement placed on the claimant. A claimant can only be mandated to attend skills provision if a place is available.

### **Payment of travel and childcare costs**

57. Travel and childcare costs will be paid to all those mandated to attend skills provision. Clear guidance is being issued to Jobcentre Plus District Managers to ensure that this is the case.

### **Mandation during appeal**

58. SSAC have recommended that Skills Conditionality should not apply to Employment Support Allowance (ESA) claimants who are appealing against the decision to place them in the Work Related Activity Group (WRAG). We do not agree with this recommendation. Claimants will not be referred to the Work Programme whilst an appeal is outstanding, however those appealing their

placement in the WRAG will still be mandated to Jobcentre Plus support. This would include the requirement to undertake work-related activity, such as addressing their skills needs, where the adviser thinks this is appropriate. As always any activity must be reasonable in the claimant's circumstances. We do not believe that a blanket approach should be taken to exempt claimants from Work Related Activity. We believe the flexibilities given to advisers to only require activity that is reasonable is sufficient in these circumstances

## **SERVICE ACADEMIES**

59. This section of the response focuses on the issues SSAC raise about Service Academies.

### **The use of mandation**

60. SSAC have raised concerns about the use of mandation in Service Academies. The DWP approach is that:

The decision to participate in a Service Academy will be voluntary but:

- Once a claimant in receipt of JSA or ESA (WRAG) has opted to participate in a Service Academy, taking up the place and attendance on the training becomes mandatory;
- Once a claimant in receipt of JSA has opted to participate in a Service Academy, taking up a suitable work experience offer and a guaranteed interview from a host employer becomes mandatory;
- ESA claimants cannot be required to undertake the work experience but could do so on a voluntary basis.

61. Before opting to participate, the claimant will have the opportunity to discuss the training and the work experience placement with the training provider and the potential host employer. The training provider will have the opportunity to advise on whether the claimant has a skills need and whether suitable training is available and the employer will have the opportunity to state whether a suitable work experience placement is available.

62. The reasoning behind the DWP approach to opt-in and mandation for Service Academies is to ensure that participants are suitably motivated to participate in and complete the Service Academy. This includes the work experience placement. During consultation with employers, they expressed the need for participants to be motivated and willing in order for them to offer suitable placements.

### **Job displacement**

63. SSAC has recommended that safeguards are put in place to guard against job displacement and ensure that this is monitored closely by Jobcentre Plus. It

is not the intention of Service Academies to displace other jobs in the economy. Jobcentre Plus will be asked to put safeguards in place, including a service level agreement, to ensure that employers do not abuse the work experience placement. As part of such a process, if there is any suspicion that a host is not operating in the spirit of the work experience placement then this would be fully investigated. If the situation cannot be resolved to our satisfaction, the service level agreement would be withdrawn and we would cease to engage with that host within the scheme.

### **Engage more widely with Employers particularly SMEs**

64. SSAC has recommended that, subject to the appropriate safeguards being put in place to guard against job displacement, DWP should engage more widely with employers, particularly with SMEs. The Department for Work and Pensions and Jobcentre Plus are engaging with employers at both the national and local level. At a National Level:

- Jobcentre Plus is engaging with employers through their national sales team;
- The Secretary of State is keen to meet with groups of employers to engage them in increasing the 'demand side' for employing or providing opportunities for unemployed claimants. This will complement the work of the Minister of State for Employment;
- The Ministers of State for Employment and for Skills have engaged with leaders of national skills and employer organisations as part of our joint departmental engagement strategy for training unemployed people. They aim to meet with this group again in May;
- The Department is working with business organisations, (British Chambers of Commerce, Forum of Private Business, Federation of Small Businesses and CIPD) to develop tools together to promote Service Academies and help their members understand how they can support the approach;

65. At a local level Jobcentre Plus is engaging with employers through their national sales team and through their local external relations teams. Jobcentre Plus will work in partnership with local training providers and local employers to set up Service Academies that respond to local needs. This will include employer organisations of all sizes. For example, it is envisaged that a situation could arise whereby larger employers may offer work experience placements to claimants who will, subsequently, go on to participate in a guaranteed interview with a smaller employer who had been involved in the design of the Service Academy. This approach will ensure that Service Academies are able to respond to the needs of larger and smaller employers.

66. Jobcentre Plus's work with the Federation of Small Businesses, British Chambers of Commerce and the Chartered Institute of Personnel and

Development has resulted in the development and introduction of a Small Business Recruitment Service (SBRS) which makes it easier for businesses to access recruitment support and advice. The service is a package of support to help small businesses through their recruitment processes.

## **NEW ENTERPRISE ALLOWANCE**

### **Sustainability and Debt**

67. SSAC's recommendation is that The Department needs to set out very clearly what support it would be able to provide to claimants in debt and, conversely, where it would not be able to provide support

68. One of the principal causes of debt for those on benefits or low incomes is that the majority have little or no savings – when unexpected financial pressure occurs, they have to borrow. These groups of people are treated as high risk borrowers by the financial services sector - they are often forced to pay a very high price for credit when they need to fund essentials like household goods, for example, washing machines.

69. The Department is helping people avoid unmanageable debt in the first place through organisations like credit unions and other community financial institutions that offer affordable financial services to people who would otherwise be unable to access them; helping people to save, open bank accounts, pay off debts and learn to manage their finances. Subject to a successful feasibility study, a new modernisation and expansion fund of up to £73 million over the next four years will support those organisations which are ready and prepared to expand their service to many more people. The study will report in September 2011, until which time existing support for credit unions and other community financial institutions will continue.

70. Claimants who inform Jobcentre Plus (JCP) that they have a debt problem and are seeking further help can be signposted to external sources of debt advice, and work continues with our partners and contracted providers to do this. Debt Advice is currently provided by Citizens Advice Bureau and other independent advice agencies across England and Wales – £27 million additional funding for this service has been made available by the Department for Business, Innovation and Skills (BIS) for 2011-12. Additionally the Consumer Financial Education Body, soon to be known as the Money Advice Service, will deliver a free national financial advice service.

### Eligible Lending Deductions Scheme

71. The Eligible Lending Deductions Scheme is a joint DWP/Treasury initiative to support the expansion of affordable credit to people on low incomes as part of the Government Strategy for tackling Financial Exclusion. The scheme aims to increase the supply of affordable credit for people on low income, including people on benefit. The rationale for offering access to benefit deductions in

certain circumstances is to reduce the risk of default and therefore the cost of lending to people in such circumstances. The participating organisations will come from the not-for-profit or third sector i.e. credit unions and community development finance institutions. Those organisations taking part will be referred to as 'lenders' and will have demonstrated to DWP that they meet approved responsible lending criteria. However, the Regulations underpinning the Scheme make clear that loans for the purpose of business or self-employment would not be covered by the Scheme. Therefore, New Enterprise Allowance (NEA) Loans Service providers would not be able to take part in the Scheme.

## **Mentors**

72. SSAC recommend that mentoring support should be provided over a longer timescale and more intensively, as appropriate

73. The NEA gives mentoring a much more central role than most previous self employment schemes. The grant funding arrangements will require the mentoring to apply not only during the phase where the business plan is being put together but also for at least six months from the time the business is started. The quality of the mentoring arrangements put forward by organisations seeking a grant will form part of the assessment process for issuing grants. Within the context of needing to deliver a scheme which is affordable to the taxpayer we think we have included an appropriate level of mentoring support.

## **The Merseyside Trailblazer**

74. SSAC suggest that more evidence should be available from the Trailblazer before the scheme is rolled out more widely.

75. We continue to learn lessons from the introduction of the Merseyside Trailblazer and will ensure we incorporate any best practice that will assist with delivering this initiative successfully.

76. The Committee also raised the following concerns for which we have provided answers:

*Embarking on self-employment carries considerable risks, particularly for people with limited personal capital and other resources. We are therefore particularly concerned about the potential sustainability of the businesses created under the NEA. There is a wealth of evidence which shows that the rate of small-business failure is high, and that failure is much higher amongst those persuaded by schemes like the proposed NEA to move into self-employment. This evidence also highlights the serious consequences for individuals and their families of small business failure.*

77. It is the case then that many businesses fail and so it would not be possible to set up an effective scheme to promote self employment which ruled out the risk that some individuals starting in self employment will be unsuccessful. However, we believe that the design of the NEA scheme will help manage some

of the risks that can arise. The mentoring support will ensure that the participant has set out a business plan and thought through the assumptions behind it. This period of working with a mentor should also reduce the risk that some people will go into self employment without thinking through the consequences of doing so. In addition, the allowance and access to loan capital will help businesses during the start-up phase.

*It goes without saying that the mentors need to be highly skilled and experienced, given the risks to participants as detailed above. Mentors need to be able to give advice about a whole range of issues relevant to self-employment, including the legal, practical, tax and financial implications. We would welcome assurances that mentors will be able to provide an effective service and will be qualified to do so.*

78. The match between mentor and mentee is critical to the success of the scheme. The lead delivery partner is required to ensure that participants are matched with a mentor who has experience which is directly relevant to the business idea of the participant. The mentors must be candid with participants, explicitly outlining the practicalities of setting up in business and alerting participants to the potential pitfalls. Crucially, mentors must be honest in their assessment of the viability of the participant's business plan. The mentor must also work with the Lead Accountable Body and their partners to provide a signposting service for participants, to other sources of support, both advisory and financial, so they will be required to have an up to date knowledge of available support. They will also need to be familiar with the local business market, including a knowledge of what gaps and opportunities exist.

*Jobcentre Plus (JCP) staff will play a key role in ensuring that the NEA operates effectively and that appropriate claimants are identified for participation. It is therefore essential that JCP staff are provided with additional training, including in the rules and features applicable to self-employment and measuring the competencies of a mentor. This will help to ensure that discretion is exercised appropriately with regard to the conditionality regime.*

79. Jobcentre Plus has tools in place to support Advisers in the implementation of Jobseeker's Allowance through Adviser Fact sheets and relevant guidance, and this will enable them to identify appropriate claimants that fit the eligibility criteria for NEA.

80. Jobcentre Plus Advisers will have no role in the recruitment of mentors – it will be the responsibility of the mentoring organisation to ensure the mentors have the requisite skills. If the claimant raises issues concerning the quality of support during the preparation stage then JCP will pursue with the mentoring organisation to resolve.

81. Fortnightly interventions will continue during the preparation stage and progress towards producing the business plan will be monitored at these interventions.

82. The mentoring organisation is required to notify JCP if the claimant fails to engage and the reason for this. If this highlights any issue of quality then the mentoring organisation will investigate and re-assign if appropriate.

*Whilst we welcome the relatively low rate of interest proposed, it seems implausible to us that any providers outside the Department could lend at the rate proposed (capped at 10% APR). This leads to concerns about security for the loan, especially if the loan providers require security on the claimant's home. We would welcome more information about this element of the scheme.*

83. There is evidence to show that lack of access to affordable capital is a barrier to self-employment, and low income groups in particular often find it difficult to access capital from the mainstream financial sector. This is why we concluded that setting up some specific help to access low value loans should form part of the NEA design.

84. The Department decided to procure the NEA Loans Service; offering service providers a service fee for each loan administered and the capital required for the loan where need is demonstrated. The requirements placed upon the provider of the Service will be:

- A loan of up to £1000 with a rate of interest limited to 10% APR;
- Repayments of loan capital to begin one year after the loan is made and repaid over two years maximum and interest repayments on the loan are to begin a month from the date on which the loan was made – unless both the claimant and the provider agree other repayment terms. The intention here is to allow the claimant sufficient time to get the business running before repayments begin; and
- A simple application process – and if the applicant does not have a bank account the delivery organisation will, where required, provide advice and guidance to help set up an appropriate account.

85. The decision to lend is for Service provider – not the Department. The provider will need to take into account all relevant factors including: whether the claimant can afford to repay the loan and is not over indebted; and assessing the risk that the loan is not recovered.

86. With regards to the issue of secured loans, we are making clear in the supporting documents for the delivery of the NEA Loans Service nationally that NEA loans should not be secured against a claimant's property.

87. The Department has appointed a provider to deliver the NEA Loans Service in Merseyside, following an open competition. Information on this procurement exercise can be accessed here <http://www.dwp.gov.uk/supplying-dwp/what-we-buy/welfare-to-work-services/opportunities-to-tender/>. SSAC may wish to note that all of the organisations that bid for this contract were Third Sector financial organisations.

88. The Department has issued a further advert, inviting expressions of interest from suppliers to contract with the Department for the NEA Loans Service to be

delivered across seven regions in Britain (to support the phased national roll out of NEA). The advert can be accessed here <http://ted.europa.eu/udl?uri=TED:NOTICE:75822-2011:TEXT:EN:HTML&src=0>. The deadline for expressions of interest has now closed. We have had a positive response, with 22 organisations expressing an interest. A Pre Qualification Questionnaire (PQQ) has been issued to providers expressing an interest. Invitation to Tender stage of the procurement exercise will commence w/c 18 April.

## SUMMARY OF RESPONSES TO THE COMMITTEE’S RECOMMENDATIONS

The Department has considered each of the recommendations made by the Committee throughout this response.

For clarity, we have summarised our response to each recommendation individually below.

The Committee’s Recommendations	The Department’s Response
<i>Skills Conditionality</i>	
<p>1. Enhance PA training so that JCP staff are given –</p> <ul style="list-style-type: none"> <li>• The necessary skills to encourage and support less motivated claimants into training and build motivation and interest in training amongst the eligible client groups;</li> <li>• The appropriate skills to appreciate the potential impact of the ‘balance of power’ when facilitating skills discussions with claimants; and</li> <li>• Additional training in skills diagnosis and using discretion effectively.</li> </ul>	<p><b>Partially accept</b> Jobcentre Plus has developed a new learning framework to build adviser capability and to reflect the breadth required in their advisory role. The Work Targeted Interview structure is applied to Jobcentre Plus claimants. It is designed to support the training in this technique that is provided by the Adviser Routeway.</p> <p>Work Targeted Interviewing is the <b>only</b> interview structure which internal research has found to consistently produce best outcomes with claimants. The WTI, when successfully conducted, is an opportunity to explore work, interests, abilities, options and challenges, and encourage the claimant to take steps voluntarily. It will:</p> <ul style="list-style-type: none"> <li>• Ensure that they are actively involved in the process, working out for themselves what they need as well as what they want;</li> <li>• Enable the claimant to make an informed choice about whether to do anything on a voluntary basis;</li> <li>• Agreed a clear plan of what they need to do to satisfy any needs identified, and solve any problems; and</li> <li>• Help the claimant to make progress.</li> </ul> <p>Therefore we think that the use of Work Targeted Interviewing will enable Jobcentre Plus advisers to address the concerns that SSAC have raised.</p>

2.	Ensure that effective policies are in place to support vulnerable claimants, so that they are able to comply with the conditionality requirements and avoid being sanctioned, and can exercise their rights.	<b>Accept</b> Where a claimant is being mandated, the Jobcentre Plus adviser will need to make it very clear to the claimant that the referral is mandatory and explain the possible consequences of failing to attend. In addition, the Jobcentre Plus adviser will explain to the claimant what they should do if they have a genuine concern about the suitability or quality of the provision.
3.	Allow claimants to have a greater say in the type of training they receive and the type of provider with whom they are to be placed.	<b>Partially accept.</b> As part of the initial provider interview the college/training provider will talk to the claimant about the training available and aim to tailor the provision to meet the needs of the claimant. In addition Next Step will provide information and advice about the training options available. However, the final decision on which provision to refer a claimant to will rest with the Jobcentre Plus adviser and the training provider.
4.	Revisit the plans for the evaluation strategy, and re-design to include a robust assessment of impact.	<b>Reject</b> We plan to carry out some evaluation and monitoring once the policy is rolled out but given the lack of a suitable control or comparison group we do not think it would be realistic to commit to carrying out a robust analysis of net impact.
5.	Seek regular feedback from claimants and monitor drop-out carefully at a local level so that Jobcentre Plus can assess the quality of the courses available.	<b>Partially accept</b> We agree that as part of the routine conversations Jobcentre Plus advisers will have with claimants they should ask for feedback on appropriateness and quality of skills provision.
6.	Claimants should raise any issues about the quality of provision with Jobcentre Plus, so that they can in turn raise them directly with providers.	<b>Partially accept</b> We think that the approach should be flexible. We agree that claimants should be able to raise any issues about provision with Jobcentre Plus but we also think that claimants should be able to raise issues directly with the training providers.
7.	Develop a robust feedback loop so that claimants, providers and Jobcentre Plus are all aware of issues and can deal with them effectively.	<b>Accept</b> We agree that having robust feedback loops in place will be essential for the successful implementation of skills conditionality.

8.	Provide strong guidance to Jobcentre Plus staff in the devolved administrations to ensure that claimants are not mandated onto the proposed schemes.	<b>Accept</b> We will ensure this guidance is in place.
9.	Exempt ESA WRAG claimants from mandatory training where they are appealing against a decision that they do not qualify for the support group.	<b>Reject</b> We do not believe that a blanket approach should be taken to exempt claimants from Work Related Activity. We believe the flexibilities given to advisers to only require activity that is reasonable is sufficient in these circumstances.
<i>Service Academies</i>		
10.	Put safeguards in place to guard against job displacement and ensure that this is monitored closely by Jobcentre Plus.	<b>Accept</b> It is not the intention of Service Academies to displace other jobs in the economy. Jobcentre Plus will be asked to put safeguards in place, including a service level agreement, to ensure that employers do not abuse the work experience placement. As part of such a process, if there is any suspicion that a host is not operating in the spirit of the work experience placement then this would be fully investigated. If the situation cannot be resolved to our satisfaction, the service level agreement would be withdrawn and we would cease to engage with that host within the scheme.
11.	Subject to the appropriate safeguards being put in place to guard against job displacement, engage more widely with employers, particularly with SMEs.	<b>Accept</b> DWP and JCP are engaging with employers at both a national and local level. This includes engagement with organisations representing SMEs.

<i>New Enterprise Allowance</i>		
12.	The Department needs to set out very clearly what support it would be able to provide to claimants in debt and, conversely, where it would not be able to provide support.	<b>Accept</b> We already take steps to help claimants avoid unmanageable debt in the first place through organisations like credit unions and other community financial institutions. Claimants who inform JCP that they want further help can be signposted to external sources of debt advice. There will be occasions where we won't be able to provide support, for example where credit schemes do not apply to self-employment. We will ensure that clear details of where we can and cannot provide advice is included in guidance.
13.	Mentoring support should be provided over a longer timescale and more intensively, as appropriate.	<b>Reject</b> We believe that the level of mentoring support is appropriate. Under NEA, mentoring will apply not only during the business plan development stage, but also through the first 6 months of trading, and mentors have a more central role under NEA than those engaged in previous self employment schemes.
14.	More evidence should be available from the Trailblazer before the scheme is rolled out more widely.	<b>Reject</b> We continue to learn lessons from the introduction of the Merseyside Trailblazer and will ensure we incorporate any best practice that will assist with delivering this initiative successfully.
15.	A new element (TWEAK) is added to the scheme, to provide additional support to young people claiming JSA.	<b>Reject</b> We believe the New Enterprise Allowance should be available from 26 weeks to all age groups claiming JSA and that it provides the right support for participants at this stage. It would not be appropriate to set up a separate scheme with no support attached for young people to access from 13 weeks. The Department has introduced a number of national measures which target employment support to young people, including: <ul style="list-style-type: none"> <li>• Work Experience for 18-24 year olds;</li> <li>• Work Clubs and Enterprise Clubs; and</li> <li>• Pre-employment training and work placements through Service Academies.</li> </ul>

## SSAC REPORT



From the Chairman

The Right Honourable Iain Duncan Smith MP  
Secretary of State for Work and Pensions  
Caxton House  
London SW1H 9DA

23 March 2011

Dear Secretary of State,

### **REPORT OF THE ADVICE OF THE SOCIAL SECURITY ADVISORY COMMITTEE GIVEN UNDER SECTION 170(1)(a) OF THE SOCIAL SECURITY ADMINISTRATION ACT 1992 ON THE PROPOSED JOBSEEKER'S ALLOWANCE (EMPLOYMENT, SKILLS AND ENTERPRISE SCHEME) REGULATIONS 2011**

## **1. Introduction**

### **The purpose and scope of this report**

1.1 This report sets out our advice to you under section 170(1)(a) of the Social Security Administration Act 1992 ('the Act'). This provides that the Committee shall '*..... give (whether in pursuance of a reference under this Act or otherwise) advice and assistance to the Secretary of State in connection with the discharge of his functions under the relevant enactments*'. While we would normally report to you under section 174(1) of the Act, we have used our powers under part of the Act identified above in recognition of the unprecedented circumstances in which you have asked us to consider provisions for three new mandatory work preparation schemes for benefit claimants that are to be introduced under the powers in the Employment, Skills and Enterprise Scheme Regulations, formerly the Work Programme Regulations. We therefore set out in detail below the sequence of events that led us to produce this report under these powers.

## **2. Background**

### **Our consideration of the proposed regulations in December 2010**

2.1 On 2 December 2010 officials from the Department for Work and Pensions (DWP) presented for our consideration a number of proposals for regulations,

including those named above which would give effect to the Work Programme, a scheme under which contracted service providers will offer tailored, individualised support to the Department's working age customers with the intention of assisting them to prepare for and obtain employment in the period before they become eligible for the Work Programme.<sup>8</sup> We discussed these proposals with officials and decided that we would not take them on formal referral for the preparation of a report under section 174(1) of the Act. A copy of the minutes of this discussion is at Annex A. However, we raised a number of issues with regard to the operation of the Work Programme in a letter to the Minister of State for Employment. We delayed sending this letter until we had had sight of the tendering document for would-be contractors, which was published on 22 December 2010. Our letter of 28 January 2010 and the Minister's reply of 23 March 2010 are at Annex B.

## **The Department's notification to us of the intention to use the Work Programme regulations to support additional schemes**

2.2 Although officials had told us in December that you planned to lay the Work Programme Regulations in the New Year this proved not to be the case. At the beginning of February 2011 officials contacted our Secretary and confirmed that there would be a delay in the laying the regulations and further explained that the Department would also be using the powers in these regulations as the basis for three additional schemes (described as pre-Work Programme schemes) that had not been included with the proposals we had considered in December.

2.3 Although at this point we were aware in general terms of the Department's intention to put together some schemes that would offer pre-Work Programme support to eligible claimants, this was the first indication we had been given that the Department intended the Work Programme Regulations to support more than the Work Programme alone. We had received a presentation from officials on plans for one of the new schemes (dealing with mandatory skills training) on 5 January 2011 and the Department had notified us in the latter part of 2010 of your plans to legislate to make provision for all three schemes at some point early in 2011. Up to this stage, therefore, it was the Department's stated intention and our expectation, that the three new schemes would be supported by stand-alone regulations that you would put forward for our consideration in the normal way under section 173 of the Act.

2.4 Following an informal briefing on these developments from the Committee Secretary I met with Lord Freud on 10 February to discuss both how this situation had come about and how in the circumstances the Committee would carry out its functions of advising and assisting you in relation to all the policies that will be making use of the powers set out in the regulations.

---

<sup>8</sup> The accompanying draft regulations were entitled The Jobseeker's Allowance (Work Programme) Regulations and as we note at paragraph 4.7 below, this title has been changed to The Jobseeker's Allowance (Employment, Skills and Enterprise Scheme) Regulations during the course of the preparation of this report.

## **The Department's reasons for using the Work Programme Regulations**

2.5 I was assured that when the Committee considered the proposed Work Programme Regulations in December it had not been apparent to the Department's officials and their legal advisers that the powers in the regulations were sufficiently broad to support the additional schemes that were at that time in an early stage of development. I fully accept that this was the case. Furthermore, once the Department became aware that further legislation was technically unnecessary, we were assured that introducing additional regulations would contravene a general and self-evident legal principle that legislation is only ever brought forward where there is a clear and identified need for it. I subsequently briefed the Committee accordingly and we have accepted these assurances.

## **Addressing the lack of Committee scrutiny of the new schemes**

2.6 The Committee had considered the effects of the Work Programme Regulations in the context of the Work Programme and we are satisfied that we had properly carried out our statutory functions at the time the proposed regulations were put to us for scrutiny in December 2010. However, you recognised that we had not had the opportunity to consider the full extent of the policy initiatives that you now plan to take forward. You therefore proposed that the Committee should consider the new measures that would be covered by the regulations on the understanding that any advice that we might wish to offer would then be published by you in the normal way. These proposed arrangements were reiterated in a letter from the Minister for Employment on 21 February (copy attached at Annex C) and the Committee agreed to consider the three schemes at its 2 March meeting. I then wrote on 2 March to the Minister to confirm these arrangements (copy also at Annex C) and seek assurance that any future schemes to be taken forward under these regulations would be submitted for our consideration with the option of reporting any advice we wished to offer for you to publish in the normal way.

## **The Committee's meeting on 2 March**

2.7 At the Committee's meeting on 2 March 2011, DWP officials, accompanied by a DWP lawyer, presented to us an overview of three new schemes: Skills Conditionality; Service Academies; and the New Enterprise Allowance Scheme. We were provided with detailed Explanatory Memoranda (EMs) of the Department's position to inform our discussion. Officials subsequently made a number of amendments to the EMs we had considered at the meeting, and revised versions (attached at Annex D) were provided for our consideration.

2.8 We also suggested to officials that the name of the regulations should be revised in light of the decision to include the pre-Work Programme schemes. Officials have now confirmed that the regulations will be called the Jobseeker's Allowance (Employment, Skills and Enterprise Scheme) Regulations, rather than the Work Programme Regulations. We agree that this title more accurately reflects the content and purpose of the programmes covered by the scheme.

## **The preparation of this report**

2.9 Following discussions with officials, the Committee decided to prepare this report setting out our views and advice on the three new schemes. We further decided not to re-open consideration of the regulations in the context of the Work Programme. We have not identified any considerations arising from these schemes that raise new issues with regard to the Work Programme. The issues that we raised in our letter of 28 January have been addressed by the Minister in his letter of 23 March (see Annex B).

2.10 Our report follows the usual format but as noted above we are offering our advice and making our recommendations to you under section 170(1)(a) of the Act. We should also make it clear that it has been produced very quickly in order that we can present it to you in time for it to be published as a Command Paper alongside the regulations that you plan to lay on 31 March. As a result we have been unable to run a public consultation exercise seeking the views of interested organisations and individuals on your plans.

2.11 Only exceptionally, and then most reluctantly, do we omit this exercise from the established formal referral process. Nevertheless, on this occasion we recognised that the imperatives of the timetable for the Work Programme necessitated the swift production of a report setting out our advice to be placed alongside the regulations when they are laid. Where possible our report draws on previous reports that we have made on mandatory training and employment preparation schemes, and takes account of the views and concerns of stakeholders who responded to the associated consultation exercises that we ran at the time.

## **3. Summary of the Department's Position**

3.1 These regulations, along with the Employment and Support Allowance (Work-Related Activity) Regulations 2011, provide the legislative framework for the Government's new package of measures designed to help and support customers into work.

3.2 The Work Programme will provide back to work support for a range of customers, from long term jobseekers to those customers in receipt of Employment and Support Allowance (ESA) and Jobseeker's Allowance (JSA) who may have previously been on incapacity benefits for a long time. It will replace much of the employment programme provision currently offered by the Department for Work and Pensions including Flexible New Deal, Employment Zones and Pathways to Work.

3.3 The Work Programme will be delivered by contracted providers. The entry points to the Work Programme are from nine months for JSA customers aged 18-24 and from 12 months for JSA customers aged 25 or over. Entry points may be earlier for some customers. Income-related ESA customers in the work related activity group will be referred to the Work Programme when they are expected to be work ready within three months. Other ESA customers will be able to volunteer to the Work Programme. Before they are referred to the Work Programme Jobcentre Plus will provide support to claimants to move into employment. The following three

initiatives will all form part of the support that Jobcentre Plus will be able to provide prior to referral to a Work Programme provider.

3.4 Skills conditionality will offer focused help and support for those customers with an identified skills need that is a barrier to them gaining and keeping employment. Jobcentre Plus will refer customers to a skills training provider, Further Education (FE) College or Next Step careers adviser, with potential benefit sanctions for non-participation.

3.5 Service Academies will offer a flexible model that can respond to local and/or sectoral needs. They will consist of three components: pre-employment training; a work experience placement with an employer and a guaranteed job interview upon completion. Once the customer has opted to participate and been referred by a Jobcentre Plus Adviser, there will be potential benefit sanctions for non-participation.

3.6 The New Enterprise Allowance offers a programme of support to promote self-employment as a route off benefits. Customers receive access to: a business mentor; a weekly allowance; and loan finance to help with start-up costs. It is a two-year programme starting from April 2011 in a staged roll-out, initially in the 14 Get Britain Working target areas, and will be available nationally from this coming autumn.

3.7 These initiatives will be at the centre of the Government's plans to reform welfare to work. The introduction of a flexible programme of back to work support delivered by both Jobcentre Plus and external providers will provide tailored support to out of work benefit recipients with the aim of helping them to move into sustained work.

3.8 Customers will be encouraged to take full advantage of the help they are offered to return to work. However, when someone deliberately, or without good cause, fails to participate in the initiatives, for example by neglecting to undertake activities as specified by the Work Programme provider, they risk losing benefit under the sanction regime introduced by this legislation.

3.9 The sanctions regime is designed to be transparent, effective, and easy for the customer to understand. It comprises just one defined ground for the raising of a doubt, i.e. 'failure to participate'. Compliance concerns will be raised by Jobcentre Plus or Work Programme advisers, with decisions on failures, good cause and penalties being made by a dedicated Jobcentre Plus decision making team.

3.10 The level of penalty imposed will escalate with each successive failure, and will work as follows: 2 weeks' loss of benefit for the first failure to participate; 4 weeks' loss of benefit for the second failure to participate occurring no more than 12 months after the first failure; and 26 weeks' loss of benefit for a third and any subsequent failure to participate within 12 months of a previous failure determination.

3.11 More detail on the Department's position is set out in the Explanatory Memoranda (see Annex D).

## 4. The Committee's View

### Introduction

4.1 As discussed above, we considered the Department's additional proposals for the measures to be taken forward under the Work Programme Regulations at our regular business meeting on 2 March 2011. The Committee have been generally supportive of welfare reform, especially where new policies have offered opportunities for improving claimants' skills and qualifications, and we have also supported measures which optimise the use of limited training resources at a time when demand is high and the labour market remains relatively weak. However, we have previously questioned whether mandation can have a positive impact on skills development and preparation for work.<sup>9</sup> We have identified a number of concerns with the design and operation of these new measures, and the manner in which they are to be introduced, and these are set out in detail below.

### The Regulatory Powers

4.2 We have specific concerns about the breadth of the powers in draft regulation 3, which enable the Secretary of State to select a claimant for participation in the scheme.<sup>10</sup> We understand that in addition to supporting the selection of individuals for participation in the contracted Work Programme (the 'scheme' we considered when we first examined these proposed regulations last December), the policy intention is that this power will be used in different ways in each of the three additional schemes that are to be operated by Jobcentre Plus for claimants in the period before they become eligible for the contracted Work Programme:

- for Skills Conditionality, Jobcentre Plus advisers will be able to mandate claimants for whom they have identified a potential skills need
- for the Service Academies, claimants can opt-in to the scheme but participation is mandatory from the point of referral
- for the New Enterprise Allowance (NEA), whilst the choice to participate is voluntary, participation is mandatory once a mentoring placement has been agreed. However, selection in to the scheme is intended to include a fairly rigorous assessment of suitability for the scheme, by both Jobcentre Plus and the mentoring organisations.

4.3 Whilst the *policy intention* reflects a degree of reciprocity (in the case of Service Academies and the NEA), our concern lies in the fact that the *regulations* give a wide and undefined power to select a claimant for mandation. Draft regulation 3 does not reflect the voluntary elements of participation as spelled out in the policy intentions.

4.4 Regulation 3 as currently drafted also leaves scope for the provisions under these regulations to be extended and developed further, and for the inclusion of

---

<sup>9</sup> Insert Basic Skills and pilot skills conditionality references

<sup>10</sup> The Jobseeker's Allowance (Work Programme) Regulations 2011. Draft regulation 3 provides: "The Secretary of State may select a claimant for participation in the Scheme."

additional measures, including provisions which are purely mandatory. In the circumstances, we welcome your assurance that all further measures that could be covered by the powers in the Work Programme Regulations are presented to the Committee for scrutiny and that we are given the opportunity to consider the proposals and, where necessary, to provide you with advice which you will publish.

4.5 We are also concerned more generally about the imposition of conditionality on Jobcentre Plus claimants who volunteer to participate. This extends conditionality unnecessarily and adds complexity to a system which is already confusing for customers. We have raised our concerns about this approach on a number of previous occasions, including in our report to the then Secretary of State with regard to the Flexible New Deal (FND) regulations.<sup>11</sup> In the FND report we questioned the logic in applying a sanction to a customer who entered a voluntary extension period. Respondents to the consultation also questioned this approach. In the report we noted that “It appeared perverse to ask a claimant to ‘volunteer’ for extension and thus make themselves subject to mandatory activity underpinned by further sanctions.”<sup>12</sup>

## **Complexity**

4.6 As we have noted above, the additional provisions that are to be supported by the proposed regulations are significantly different from the provisions for the Work Programme, which is contracted provision on a very large scale that is intended to offer tailored support for all eligible working age claimants, most of whom will become eligible for assistance after a set period in receipt of benefits (see paragraph 3.3 above). The additional schemes, with their localised, targeted and discretionary elements, that have been bolted on to the Work Programme appear to us to introduce an unwelcome complexity into what the Government has presented, until now, as a single, easy to understand offer of personalised work-focused support, with linked benefit conditionality. We are concerned that the proliferation of schemes may be counter-productive because claimants can lose track of what they have been selected for and why. It also places a burden on Jobcentre Plus advisers who must explain in detail each element of the schemes and their associated conditionality. We also believe that there is a real risk that the rationale for the various responsibilities and obligations that follow from participation is not sufficiently clear and compelling as to engender positive engagement. It seems to us that as the Department is giving priority to the simplicity and clarity of the design for the Universal Credit it is equally important to take the same approach to designing the programmes and procedures that are intended to support working age customers into employment.

4.7 For this reason we believe that it would be better to separate the Work Programme from what is on offer beforehand. It is not clear to us why the Department has opted to bring the additional schemes within what were originally presented to us as the draft Work Programme Regulations, rather than moving to narrow the scope of the powers in regulation 3 so as to restrict their application solely to the Work Programme. The three additional pre-Work Programme scheme

---

<sup>11</sup> <http://www.official-documents.gov.uk/document/cm75/7566/7566.pdf>

<sup>12</sup> *Ibid*, p23

elements could then have been subject to a separate piece of (pre-Work Programme) legislation which would have made it clear that they were distinct and separate from the Work Programme. As things stand the Department has recognised that the original title of the regulations was misleading and while we have been preparing this report officials have notified us that the title has been changed to The Jobseeker's Allowance (Employment, Skills and Enterprise) Regulations. This title better describes the scope, both actual and potential, of these measures but it loses what we understood to be the very specific emphasis on the new Work Programme.

## ***The Skills Conditionality provisions***

### **Introduction**

4.8 We reported on the pilot regulations for skills conditionality (the Social Security (Jobseeker's Allowance Skills Training Conditionality Pilot) Regulations 2010), in December 2009.<sup>13</sup> The report identified two overarching concerns with the proposals, "First, that the Department has failed to present a convincing argument to justify the further testing of mandatory training. Second, that the pilot design will not generate robust results to answer the key research question".<sup>14</sup> These concerns were not allayed by the operation and outcome of the pilot; and we have yet to be offered evidence that increasing mandation is the best way to help more claimants address their skills barriers. On the contrary, the Explanatory Memorandum indicates that skills conditionality has a *detrimental* effect on entry to work.

4.9 Furthermore, we believe that the proposed evaluation strategy for the national roll-out of skills conditionality will also fail to produce a robust assessment of its impact. The need to carry out a robust cost-benefit analysis is even more pressing in the current economic climate, with public spending being squeezed at all levels. Unless a robust impact assessment is carried out it will not be possible to determine whether skills conditionality is an effective use of public funds.

### **The use of mandation**

4.10 As noted above, we are not convinced that there is anything positive to be gained from mandation over and above the benefits of the training offer. In our report on the pilot regulations we stated that:

"We strongly believe that there is no rationale for introducing a pilot that tests sustainable employment outcomes resulting from mandatory training. Coercion is not a good way to motivate people to engage positively and effectively in training and the Department's own evidence shows that mandatory basic skills training had a long-term negative impact on employment outcomes. The majority of the respondents to our consultation noted that mandating claimants to training courses frequently leads to poor

---

<sup>13</sup> <http://www.official-documents.gov.uk/document/other/9780108508783/9780108508783.pdf>

<sup>14</sup> The primary aim of the evaluation was to assess whether requiring Jobcentre Plus customers to take part in training with the potential application of sanctions had an impact on sustained employment outcomes (defined as in continuous employment for 6 months or more).

motivation and poor outcomes. Positive employment outcomes from training are associated with well designed courses and well motivated attendees who have made a conscious decision to attend.”<sup>15</sup>

4.11 The Work Programme Regulations do not present any new evidence that alters our position on the benefits of mandation in this context. If the training and support on offer prove to be genuinely attractive and effective, as they may, then we can see no reason to introduce mandation, particularly in light of the earlier DWP evidence on the impacts of mandatory training.

4.12 We also have concerns about the link between mandation and positive experiences of training. These concerns were expressed in SSAC’s report on the pilot.<sup>16</sup> We were concerned that “it may well be that courses become less effective when they are populated by unwilling attendees who may perceive the training as ‘punishment’ for their perceived lack of skills.” There is a risk that claimants mandated to training may disrupt courses for others and fail to participate themselves. This was raised by respondents to DWP’s recent public consultation on the implementation of Skills Conditionality. Skills providers also noted that mandated learners need a greater level of support to engage with training, which has financial implications for providers. This points to the need for Jobcentre Plus staff to be equipped with all the skills necessary to encourage and support less motivated claimants into training and in building motivation and interest in training amongst the eligible client groups.

4.13 The use of mandation also raises questions from a financial perspective, particularly in the midst of a recession and at a time when departmental spending is constrained. We question the logic of an approach which mandates unwilling customers to training at a time when large numbers of new claimants, including graduates and those with a long work history, are willing to train/retrain in order to take up employment.

## Sanctions

4.14 The Committee has long taken an interest in the use of sanctions-based conditionality within the benefits system and in 2006 we published a paper that reviewed DWP and wider evidence on the use and impact of sanctions.<sup>17</sup> A report recently published by the Joseph Rowntree Foundation provides further support to the messages that emerge consistently from the evidence, which point to the negative impacts of benefit sanctions on individuals and their families, including material hardship and emotional problems.<sup>18</sup> While it could be argued that sanctions are intended as a punishment, it should be noted that, conversely, there is a *lack* of evidence to support assertions that sanctions have a significant influence on the behaviour of more vulnerable claimants.<sup>19</sup> Evidence also suggests that particular

---

<sup>15</sup> Ibid, p18

<sup>16</sup> <http://www.official-documents.gov.uk/document/other/9780108508783/9780108508783.pdf>

<sup>17</sup> Social Security Advisory Committee (2006) *Sanctions in the benefit system: Evidence review of JSA, IS and IB sanctions*, Occasional Paper No. 1

[http://www.ssac.org.uk/pdf/occasional/Sanctions\\_Occasional\\_Paper\\_1.pdf](http://www.ssac.org.uk/pdf/occasional/Sanctions_Occasional_Paper_1.pdf)

<sup>18</sup> <http://www.jrf.org.uk/sites/files/jrf/conditional-benefit-systems-full.pdf>;

<sup>19</sup> <http://research.dwp.gov.uk/asd/asd5/rports2005-2006/rrep313.pdf>

groups of claimants are disproportionately affected by sanctions, including younger claimants, those with mental health problems and learning difficulties, and claimants who do not have English as a first language.

4.15 The Skills Conditionality EM illustrates that a relatively high proportion of those who may be mandated to skills training will have a disability and we are therefore concerned that the risk of sanctions may be high. The Equality Impact Assessment (EIA) estimates that approximately 28% of those subject to conditionality may have some element of disability. The potential impact is compounded by the fact that the condition with the greatest incidence amongst the ESA group is defined as 'mental and behavioural disorders' (which includes learning disabilities). The Department needs to ensure that effective policies are in place to support vulnerable customers and to ensure they are able to comply with the conditionality requirements and avoid being sanctioned. It is particularly important to ensure that the sanctions regime is proportionate and simple to understand and administer.

### **The balance of power**

4.16 SSAC has long taken an interest in the development of the 'rights and responsibilities' agenda as applied to the UK's social security system, specifically the fair balance between rights and responsibilities and the contract between customers and the social security system. We commented in depth on these issues in a report commissioned by SSAC and published as part of our Occasional Paper series.<sup>20</sup> Within this context we are therefore concerned about the balance of power in decisions about training under Skills Conditionality.

4.17 We appreciate that Jobcentre Plus will discuss training options with customers and we welcome the fact that the Department intends to strengthen the three-way conversation between the customer, Jobcentre Plus and the provider. However, the decision about what is right for an individual is placed firmly on Jobcentre Plus and providers, meaning the balance of power lies on the side of Jobcentre Plus rather than the customer. The three-way conversation therefore needs to be considered within this framework of the balance of power and Jobcentre Plus staff should have the appropriate skills to deal with discussions in this context. Customers, particularly those in vulnerable groups, may need additional support to properly comply with the conditions governing the receipt of benefit.

4.18 We would welcome greater empowerment of customers with regard to the type of training they are to receive and the type of provider with whom they are to be placed. We believe that offering customers real choices can build commitment and engagement and make for better outcomes.

### **Lack of a robust evidence base**

4.19 While we understand your strong commitment to both skills training and mandate we are concerned that you have chosen to proceed to national implementation of Skills Conditionality without a robust evidence base on its efficacy

---

<sup>20</sup> [http://www.ssac.org.uk/pdf/occasional/Rights\\_Responsibilities\\_Social\\_Security.pdf](http://www.ssac.org.uk/pdf/occasional/Rights_Responsibilities_Social_Security.pdf)

to support the roll-out, and with the very real risks of possible negative impacts substantially unaddressed.

4.20 It is unfortunate – and in line with the predictions in our report on the pilot regulations – that the pilot evaluation was unable to build the evidence base, as it could not provide a robust assessment of the impact of mandatory skills training. In the pilot report we stated that “We do not believe that the design of this pilot can support an effective evaluation, and that it is pointless to expend valuable resources on an experiment that cannot generate meaningful results. At the same time, the design provides that claimants in the action group may be sanctioned for non-participation in mandatory training, and will thus be put at risk of harm – harm that has been well documented in numerous DWP research reports.”<sup>21</sup> We understand from officials, however, that the pilot has provided some useful lessons on implementation that are being used to inform national roll-out.

## **The Evaluation Strategy**

4.21 Whilst we appreciate the financial constraints currently placed on evaluation in DWP, we are concerned about the light-touch evaluation strategy proposed in the EM. In particular, the proposed strategy will not properly assess the impact of the programme, as this cannot be achieved through the qualitative research or the analysis of monitoring information (MI) proposed in the EM. Analysis of MI will give a broad indication of destinations of participants but cannot assess the impact of the policy and whether it is achieving its intended aims in a cost-effective way. Nor will it cover any unintended consequences and opportunity costs to other learners; which potentially could be greater than any benefits to some of the mandated individuals. The relevance of the training to an individual is a key element that will need to be explored in the qualitative research.

4.22 We believe that the lack of a current evidence base makes an even stronger case for a more robust evaluation design in the roll-out and we recommend that DWP revisit the plans for the evaluation and re-design it so that a robust assessment of impact will be included.

## **Personal Adviser skills**

4.23 We would welcome reassurance from the Department that Jobcentre Plus staff will be provided with additional training in skills diagnosis and using discretion effectively. Officials have provided useful background information about the generic routeways within Adviser training but we would welcome a more proactive approach to ensuring all Personal Advisers (PAs) are appropriately skilled to decide when mandation would be appropriate and likely to produce positive outcomes. There is considerable scope for PAs to use their discretion in mandating customers to training and it is therefore essential that all PAs will have the necessary skills and experience to apply skills diagnosis and discretion effectively, sensitively and in an informed way.

---

<sup>21</sup> <http://www.official-documents.gov.uk/document/other/9780108508783/9780108508783.pdf>

4.24 It will also be helpful for PAs to have some in-depth knowledge (possibly through liaison with providers, visits to courses, etc) of the training provision to which claimants will be referred. This will help to ensure that customers are referred to the most appropriate provision that is relevant to their skills and experiences. Respondents to DWP's recent public consultation on the implementation of skills conditionality highlighted the importance of a high-quality, initial skills diagnosis, as the appropriateness of referrals was seen to be a critical factor in delivering positive outcomes.

## **Monitoring course quality and providing feedback**

4.25 We welcome the shared aim of BIS and DWP to put in place a high-quality labour market-relevant training offer for people on active benefits, and the commitment to source training that is both relevant and of good quality. However, we would welcome more reassurance about how the quality of provision will be monitored locally by Jobcentre Plus. Quality assessments in the education sector view a high drop-out rate as an indicator of poor quality courses. We are therefore concerned by Jobcentre Plus's perspective, which is to assume that drop-out reflects adverse behaviour by the client, rather than being a reflection on the quality of the course, and to sanction claimants accordingly. We recommend that regular feedback is sought from claimants, and that drop-out is carefully monitored at a local level so that Jobcentre Plus can assess the quality of the courses to which claimants are mandated. We note that in response to DWP's consultation on the implementation of skills conditionality Jobcentre Plus advisers themselves recommended that information on provider outcomes should be available to them.

4.26 The EM for Skills Conditionality states that any complaints about the quality of the provision should be directed to the college/provider. Given that claimants will have been mandated to training by Jobcentre Plus we do not believe that the onus should be on the individual customer to address quality issues with the course provider; the responsibility for monitoring the quality of individual courses should lie with Jobcentre Plus. It should also be undertaken proactively and not solely in response to customer complaints.

4.27 We recommend that Jobcentre Plus advises claimants to report any issues to them in the first instance, so that they can deal with providers. There needs to be clear guidance for Jobcentre Plus staff so that they can fulfil their responsibilities in this respect. We also recommend that a robust feedback loop is developed, so that customers, providers and Jobcentre Plus are all aware of issues and can deal with them effectively.

4.28 Jobcentre Plus has well-established links with FE colleges, but less so with regard to employer training and some training providers in the private sector. The development of effective monitoring and feedback will therefore be even more important in these sectors.

## **Safeguarding**

4.29 Whilst the EM provides reassurance about the specific safeguards in place for vulnerable customers and lone parents, the Committee would welcome more

information about safeguards for the customer group more widely. For example, we are concerned about the provision of safeguards for customers who have left one provider and for whom there is not a suitable alternative, or for customers who have had a negative experience with a provider. We are not clear about what right of redress customers would have in these circumstances. Given that the mandatory nature of skills conditionality means that the balance of power is on the side of Jobcentre Plus rather than the customer (see paragraph 4.17 above), then safeguards are key to protecting the rights of customers.

## **Payment for childcare and travel costs**

4.30 At the SSAC meeting on 2 March we raised concerns with officials about payment for childcare and travel costs. The EM presented at the meeting stated that all those mandated to skills provision would be eligible for travel and childcare costs. We were concerned that although the Department clearly intended that childcare and travel costs would be paid, there were no guarantees for customers. We therefore welcome the amendment to the EM following the SSAC meeting. This now states that “Claimants should only be referred to training if the Jobcentre Plus adviser and college/training provider thinks it is appropriate, and travel and childcare costs will be paid.” (see Annex D). It is essential that this direction is communicated effectively to PAs in Jobcentre Plus.

## **The Devolved Administrations**

4.31 The Committee also raised concerns with officials at the SSAC meeting on 2 March with regard to the applicability of the powers in the regulations to the devolved administrations. We understand that, at the present time, the Scottish Government and the Welsh Assembly do not intend to participate in the schemes offered, as they - like us - are not persuaded by the evidence on the effectiveness of mandation in skills training.

4.32 We recommended to officials that strong guidance is provided to Jobcentre Plus in the devolved administrations to ensure that customers in Scotland and Wales are not mandated to training. We therefore welcome the amendment in the EM which states that “In the commissioning of Jobcentre Plus we will ensure that in Scotland and Wales advisers do not invoke skills conditionality until instructed.” We intend to monitor this issue following implementation. We have some concerns that this dual system may lead to confusion for Jobcentre Plus and claimants, for example where claimants live in Wales but claim in England or move from England to one of the devolved administrations and continue to receive benefits. This can produce discrepancies in conditionality within an area.

## **Mandation during appeal**

4.33 We are concerned that ESA customers who are placed in the Work-Related Activity Group (WRAG) who are appealing against that decision, in the belief they should be in the Support Group, can be mandated to training whilst an appeal is outstanding. We feel that this may impact negatively on their motivation to attend training (and have consequent impacts on sanctioning and hardship), and may

cause concern amongst claimants that attendance could have a negative impact on the likely outcome of their appeal.

4.34 Officials indicated that these customers will not be referred to the Work Programme whilst an appeal is outstanding, nor will claimants who are found fit for work and appeal against that decision. We recommend that exemption during an outstanding appeal for claimants in the WRAG should also be applied to mandatory training.

## **Service Academies**

### **The use of Mandation**

4.35 As with Skills Conditionality, we are not convinced about the need for mandation to this programme. If the programme delivers what it promises then there is very likely to be high demand for this element of the scheme. Given this, and the negative evidence on mandation to training, we can see no reason at all to require mandation and sanctions in Service Academies.

### **Job displacement**

4.36 The Committee has raised concerns with the Department in the past about potential substitution effects in the operation of employment-based training schemes, including the previous Government's proposed Work for Your Benefit scheme and the current Mandatory Work Activity scheme.<sup>22</sup> We are also concerned that Service Academies may lead to job displacement, particularly where employers take on a rolling-programme of trainees. This is likely to be an even greater problem at particular times of the year (e.g. University vacations, Christmas) and in geographical areas with highly seasonal work. We therefore recommend that safeguards are put in place to guard against job displacement and ensure that employers cannot take advantage of such a scheme.

4.37 We are somewhat reassured by the supplementary information we have received from DWP which concludes that it is "highly unlikely that employers would perceive Service Academy experience placements as a source of unpaid labour", given the level of training delivered and the roles that the trainees are expected to fill. However, it is very important that job displacement is closely monitored by Jobcentre Plus and we would welcome feedback on this issue in due course.

### **Potential outcomes**

4.38 We have questioned the number of successful job outcomes that may result from the scheme, given the very few requirements placed on employers, for example the short-term nature of the placements and the guarantee of only a single interview per participant. It is therefore essential that a realistic assessment of securing a job following participation in the programme is communicated to participants. This is

---

<sup>22</sup> <http://www.official-documents.gov.uk/document/other/9780108510403/9780108510403.asp>;  
[http://www.ssac.org.uk/pdf/minutes/02\\_10.pdf](http://www.ssac.org.uk/pdf/minutes/02_10.pdf)

even more important given that claimants are volunteering to participate in a sanction-based conditionality regime.

4.39 Subject to appropriate safeguards being in place with regards to job displacement, we recommend that the Department engages more widely with employers, particularly with small and medium enterprises (SMEs), in order to develop additional training opportunities. Not all of the target areas will have significant numbers of established large-scale employers to work with and we believe that it is vital in the current economic climate that every opportunity for employer-based training is fully explored and exploited.

***New Enterprise Allowance***

**Sustainability and debt**

4.40 The Committee welcomes the encouragement of enterprise and initiative and recognises the appeal of self-employment for growing numbers of claimants, particularly those with skills and with good work histories. However, embarking on self-employment carries considerable risks, particularly for people with limited personal capital and other resources. We are therefore particularly concerned about the potential sustainability of the businesses created under the NEA. Evidence shows that the rate of small-business failure is high, and suggests that failure is much higher amongst those persuaded by schemes like the proposed NEA to move into self-employment.<sup>23</sup> The evidence also highlights the serious consequences for individuals and their families of small business failure.

4.41 We are very concerned about the potential for NEA customers to get into serious debt, an issue that the Department fails to acknowledge in the EM. There is a clear risk that, should their business fail, a customer would return to JSA with high loan repayments which they would struggle to repay. It is also likely that customers will have accrued other debts in addition to a loan through the NEA.

4.42 A very simple illustration of the accumulation of potential debt from an NEA loan is laid out in the following table. This excludes any late payment or administration charges and assumes a loan of £1000 at a rate of 10% APR:

<b>Timetable</b>	<b>Amount owed</b>	<b>Behaviour</b>
Start of Year 1	£1000	Trading
End of Year 1	£1100 (capital + £100 interest)	Fail to pay interest - business ceases trading with debts
End of Year 2	£1210 (capital + interest for years 1 and 2)	Fail to repay interest or capital
End of Year 3	£1331 (capital + interest for years 1-3)	Fail to repay interest or capital

<sup>23</sup> Whyley, C. (1998) Risky business: the personal and financial costs of small business failure. London: Policy Studies Institute; Macdonald, R. (1996) Welfare dependency, the enterprise culture and self-employed survival, in Work Employment and Society 10 (3) p431-447

4.43 At the end of year 3 the loan period is complete and the lender would be within their rights to place the loan with a debt collection company, which means that additional charges will be added. Customers still in receipt of either JSA or ESA at that point would almost inevitably struggle with repayments.

4.44 We recommend that the Department sets out very clearly the support it would be able to provide to customers in these circumstances and, conversely, where it would not be able to provide support. It is not clear, for example, whether there would be any sort of mediation between the customer and the loan provider, via Jobcentre Plus, for customers who defaulted on their loans. This clarity is particularly important given the mandatory nature of participation in NEA. Customers need to be aware that they are volunteering to participate in a sanction-based conditionality regime which entails substantial personal financial risk. Any support that would be available to them if they were to return to JSA should also be made very clear. We would also welcome clarification as to whether the loan would count as capital for the purposes of assessing entitlement to any other means-tested benefit.

4.45 We would like to see additional support provided for young people who claim JSA, since they are one of the key groups facing particular disadvantage in the current economic climate. One of the members of the Committee has proposed a potential new scheme for supporting young people into self-employment. Details can be found in Appendix 1.<sup>24</sup>

## **Mentors**

4.46 We understand that volunteer business mentors will provide advice and support and that the Department believes this will help to reduce the risk of debt and business failure. However, we are not persuaded that mentoring support will be provided over a long enough timescale nor that it will be provided intensively enough (the minimum requirement is for three meetings during the Business Plan development phase, which can last for up to 13 weeks). Participants in the DWP 'Mentoring and Microfinance forum' agreed that mentoring should be carried out "face-to-face and was therefore necessarily resource intensive (in time, at least)".<sup>25</sup>

4.47 We would welcome more detail about the skills and qualifications that will be expected of the mentors who will be involved in the scheme, and the terms upon which they will be engaged. It goes without saying that the mentors need to be highly skilled and experienced, given the risks to participants as detailed above. Mentors need to be able to give advice about a whole range of issues relevant to self-employment, including the legal, practical, tax and financial implications. Mentors will also need to provide clear and accurate advice about Working Tax Credit and the use of self-employment losses. We would welcome assurances that mentors will be able to provide an effective service and will be qualified to do so. We would also welcome confirmation as to whether an incorporated business (which mentors may suggest for liability protection) will count as "self-employment" under the NEA.

---

<sup>24</sup> Please note that the suggested scheme has not been prepared with this report in mind. The details are the responsibility of the author and should not be reproduced without the author's permission.

<sup>25</sup> NEA EM, page 18

## **Jobcentre Plus advisers – training and responsibilities**

4.48 Jobcentre Plus staff will play a key role in ensuring that the NEA operates effectively and that appropriate claimants are identified for participation. It is therefore essential that Jobcentre Plus staff are provided with additional training, including in the rules and features applicable to self-employment and measuring the competencies of a mentor. This will help to ensure that discretion is exercised appropriately with regard to the conditionality regime. For example, advisers will need to distinguish between failure due to poor mentoring, or lack of market opportunities or client behaviour. Jobcentre Plus staff will also need additional training in order to support the selection of appropriate claimants; evidence suggests that the NEA is likely to be more successful for certain groups of claimants.

## **Interest rates on loans**

4.49 Whilst we welcome the relatively low rate of interest proposed, it seems implausible to us that any providers could lend at the rate proposed (capped at 10% APR) without considerable subsidy. The Department has been administering the Financial Inclusion Growth Fund since 2006, which provides financial support to not-for-profit lenders to raise levels of access to affordable credit. The evidence indicates that even at the credit union cap of around 25% APR considerable subsidy was required, despite loan books being extremely carefully monitored. This leads to concerns about whether NEA loans will be secured, in order to reduce the APR, especially if the loan providers require security on the customer's home. We would welcome more information about this element of the scheme.

## **The Merseyside trailblazer**

4.50 The EM provides information about the trailblazer for this scheme that was launched in Merseyside on 31 January 2011. We welcome the opportunity for the Department to learn lessons about implementation from the trailblazer, but note that the next phase of the roll-out is due to begin shortly. We would therefore be surprised if much could be learnt from the trailblazer. We would therefore recommend that the trailblazer is allowed to bed down before the next phase is implemented, in order for valuable lessons to be acted on. We would welcome the opportunity to review early findings from the trailblazer.

## **5. The Committee's Conclusions**

5.1 We welcome the Government's commitment to skills training and the focus on equipping claimants for work and bridging their transition to work. However, we believe that these schemes would make a positive impact on claimants' without the need for mandation. High quality training provision with proven positive outcomes attracts and retains participants and we believe that mandation risks compromising the real potential we see in these schemes for boosting claimants' employment prospects. Unwilling and un-motivated trainees can spoil the training experience for the willing and enthusiastic and make for administrative burdens and unwanted distractions for providers.

5.2 In the current economic climate, where it is essential to optimise the limited resources available and obtain value for money, we feel that it is not cost-effective to mandate unwilling customers to skills training. With neither an evidence base to support national roll-out nor a proposed evaluation strategy which will be able to address whether or not the scheme is cost-effective, this approach to skills training does not seem appropriate. We recommend that the Department focus instead on evaluating the new skills offer in the short-term without mandation and develop a greater understanding about what works, including for those unwilling to participate in skills training. Providers have found a staged approach to motivating and engaging customers through clear targeting of the relevant small steps on the journey back to work to be effective.

## **6. Recommendations**

6.1 We are not persuaded that mandation is necessary for the effective operation of any of the schemes discussed in this report and recommend that the Department removes the sanction-based conditionality regime from all three. We also recommend that the department review the evidence about 'what works' in engaging and motivating customers in order to consider alternatives to mandation.

6.2 With regard to the detailed operation of the proposed schemes we make the following recommendations:

### **6.3 Skills Conditionality**

1. Enhance PA training so that JCP staff are given –
  - the necessary skills to encourage and support less motivated claimants into training and build motivation and interest in training amongst the eligible client groups;
  - the appropriate skills to appreciate the potential impact of the 'balance of power' when facilitating skills discussions with claimants; and
  - additional training in skills diagnosis and using discretion effectively.
2. Ensure that effective policies are in place to support vulnerable customers, so that they are able to comply with the conditionality requirements and avoid being sanctioned, and can exercise their rights.
3. Allow customers to have a greater say in the type of training they receive and the type of provider with whom they are to be placed.
4. Revisit the plans for the evaluation strategy, and re-design to include a robust assessment of impact.
5. Seek regular feedback from claimants and monitor drop-out carefully at a local level so that Jobcentre Plus can assess the quality of the courses available.

6. Claimants should raise any issues about the quality of provision with Jobcentre Plus, so that they can in turn raise them directly with providers.
7. Develop a robust feedback loop so that customers, providers and Jobcentre Plus are all aware of issues and can deal with them effectively.
8. Provide strong guidance to Jobcentre Plus staff in the devolved administrations to ensure that customers are not mandated onto the proposed schemes.
9. Exempt ESA WRAG customers from mandatory training where they are appealing against a decision that they do not qualify for the support group.

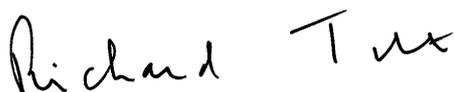
#### **6.4 Service Academies**

1. Put safeguards in place to guard against job displacement and ensure that this is monitored closely by Jobcentre Plus.
2. Subject to the appropriate safeguards being put in place to guard against job displacement, engage more widely with employers, particularly with SMEs.

#### **6.5 New Enterprise Allowance**

1. The Department needs to set out very clearly what support it would be able to provide to customers in debt - as a result of business failure - and, conversely, where it would not be able to provide support.
2. Mentoring support should be provided over a longer timescale and more intensively, as appropriate.
3. More evidence should be available from the Trailblazer before the scheme is rolled out more widely.
4. We recommend that a new element (TWEAK) is added to the scheme, to provide additional support to young people claiming JSA.

Yours sincerely

A handwritten signature in black ink that reads "Richard Tilt". The signature is written in a cursive, slightly slanted style.

Richard Tilt

## Appendix 1

### TWEAK (Thirteen Week Entrepreneur Action Klub)

We propose a TWEAK to the system for JSA claimants under 25 to give them a chance to get some positive employment experience, and remove some of the bureaucracy around trying out entrepreneurial skills for young people who are claiming benefits.

TWEAK would enable eligible young people to earn up to £1300 in 13 weeks through self-employment and still receive JSA or its equivalent as a training allowance. TWEAK should apply to young people who have been on JSA for 13 weeks and both DWP and HMRC should ignore self-employment earnings for the next 13 weeks (up to £1300).

*Q: Why 13 weeks?*

A: For the first 13 weeks on JSA young people are applying for jobs and keen to find one. It's only after that, when they have had no response to all their applications, CVs, phone calls and letters that they become disillusioned. Then it's harder for them to get a job than someone who has been on JSA for less than 13 weeks. And, they have a 'blank gap' in their CV. After 26 weeks they can get more support from Jobcentre Plus or welfare to work providers.

*Q: Why only £1,300?*

A: If they earn more than that they can just stop claiming JSA and tell HMRC that they are self-employed. Current regulations allow a 13 week period from when you start self-employment to when you have to tell HMRC. If you don't make any money you have no need to do anything. (And it's much more per week than their JSA, so there's a built in work incentive.)

*Q: What stops young people doing this now?*

A: Any earnings as an employee are currently taken off benefits – £1 for £1 over £5 (65p off every £1 under Universal Credit). Becoming self-employed is seen as a hassle and not something many young people know how to do. They are also unaware of the rules and regulations of the system, for example not knowing what is and is not 'tax deductible'.

*Q: What about insurance and legal stuff?*

A: It's just the same as now, but they can legitimately find out what they need to do and use their earnings to buy equipment or training as they still have JSA to live on.

*Q: If it's so obvious why haven't governments done it before?*

A: Maybe as no one has asked them to? Because they think that only a few young people want self-employment. And for young people it's easy to do it 'on the black'. But then they can't use it for their CV. This TWEAK legitimises it and helps them get

employment – which is what they want. And DWP and HMRC rules are quite complicated.

*Q: What's the catch? Is it very expensive to TWEAK the system?*

A: No. Zero cost or risk to taxpayer.

**Cost to Treasury = zero.**

Other than potential lost tax, which is negated by potential benefit and welfare to work provider costs if they remain on benefit. There is also the potential for a few to make successful businesses and a reduction in the number of young people working 'on the black'. There is no need for upfront – or later costs.

**Cost to Tax payer = zero.**

After 13 weeks as a TWEAK young people who are making money can access existing business support. BUT they will have an up front capital sum of up to £1300 to invest in training and equipment. Plus 13 weeks of marketing experience. Plus experience on which to base a business plan – which could be for a totally different idea or ideas, on their own or in partnership with another TWEAKer. Plus their family, friends and TWEAKing peers can support them and spread great ideas of what to do via social network sites.

**Benefit to young person = immeasurable.**

There is no need for expensive evaluation, as outlay by Treasury is zero. But it is potentially life changing, or at least £1300 and transforming a 13 week gap in their CV to TWEAKing.

**Is it a S.M.A.R.T. idea?**

**S** = Specific and Simple idea with clear boundaries for u25s on JSA:  
at 13 weeks  
for 13 weeks  
earn up to £1300

**M** = Measurable

Young people provide the details to their JSA adviser after 13 weeks, on one side of A4. Young people can put ideas and their stories of what they have done and how on social networking sites. They record dates, amount made and how, adding any useful tips for others who will follow. Great ideas get 'liked' or Youtube videos get 'viewed'.

**A** = Achievable

Is existing legislation available to lay the regulations, e.g. to 'test trade' or to claim a training allowance? Or could it be achieved by giving guidance to officials?

It needs 'promoting' by someone entrepreneurial who has themselves overcome disadvantage.

**R** = Realistic

It will only work for a percentage (maybe 10% to 25%), but if the early adopters are enthusiastic and share their ideas, it will generate an excitement and enthusiasm among those who are initially more sceptical. Families, friends, neighbours, the third sector and private organisations can all offer useful information, advice and support. The effort has to be put in by the tweaker, but they can have and use any assistance available face-to-face or on the web.

**T** = Timescale

Timing is very important. Viral marketing potential. Media savvy guidance needed to optimise these. Labour market situation is important.

## ANNEX A

### EXTRACT FROM THE MINUTES OF THE COMMITTEE MEETING HELD ON 2 DECEMBER 2010

2. The Jobseeker's Allowance (Work Programme) Regulations 2011  
Paper 57/10
3. The Employment and Support Allowance (Work-Related Activity, Action Plans and Directions) Regulations 2011 Paper 58/10

Items 2 and 3 were combined into a single discussion item. This follows, numbered as item 2.

2.1 **Mr Stephen Rippon, Ms Helen Musgrove and Ms Jennifer Bradley** presented the proposed regulations to the Committee. The regulations had been remitted at the November meeting. The Chair thanked the officials for all the work that they had put into the revised documents and to the additional paper (59/10) which addressed questions posed by the Committee at the November meeting.

2.2 **Mr Rippon** apologised for the delay in getting the revised papers to the Committee. He explained that the revision of the papers had been contingent on the publication of the Work Programme Prospectus.

2.3 **Ms Musgrove** noted that they had added Regulation 9 to the ESA regulations, covering restrictions on times for which a lone parent is available to undertake work related activity. This covers lone parents with a youngest child aged 5-12 years. She noted that discretion for older children would be highlighted in Jobcentre Plus guidance, for circumstances in which appropriate childcare was not available.

2.4 **Mr Rippon** reported that some of the commercial information [for example, information on the differential payments] could not yet be provided to the Committee because the Invitation to Tender had still not been sent out to providers.

2.5 **Ms Musgrove** noted that they were considering drafting points suggested by the Committee with regard to Regulation 3 in the ESA regulations. They will take this forward with lawyers.

2.6 A **Member** noted that the tenders will include a specification of minimum standards. The **Member** asked whether DWP would be considering these minimum standards against a baseline, and whether there is a possibility that the Department could contract with providers whose minimum standards are deemed to be unsatisfactory by DWP. **Mr Rippon** reported that there are obviously lower bounds to the minimum standards, as providers need to operate within the law. The Department has also laid down minimum requirements for providers, including Action Plans and Exit Reports, which are non-negotiable. Providers will need to specify their minimum standards above this. The evaluation criteria are currently being finalised but the Department has signalled to providers that the minimum requirements alone will not be enough.

2.7 A **Member** asked about the post-tender negotiation process and whether this process would be used as a tool for DWP to develop ideas about quality. **Mr Rippon** reported that he was not yet clear about the precise details of the post-tender negotiations, but that Ministers are keen not to specify how the providers will operate. Even if good ideas are highlighted in an area, DWP does not want to specify that these ideas should be adopted by other providers or providers operating in other areas. Minimum standards will be publicly available for transparency and to allow providers to be held to account.

2.8 The **Chair** asked whether Ministers are prepared for concerns about a postcode lottery of provision and whether lessons had been learnt from previous programmes. **Mr Rippon** noted that Ministers are keen to learn lessons in this regard.

2.9 A Member noted that, in addition to minimum standards, they would like to see prohibited activities prescribed for providers. The Member also asked how providers would be selected if all the providers in an area submitted unacceptable minimum standards. **Mr Rippon** noted that he was not able to provide more detail at this stage with regard to the commercial process and the minimum standards offer but he would provide a note to the Committee.

2.10 A **Member** asked for clarification of the complaints process, particularly at which point customers will be able to approach Jobcentre Plus with regard to complaints about providers. **Ms Musgrove** reported that the customer will first report a complaint to the provider and if they do not receive a satisfactory response within a set time they will then report the complaint to the Department. **Ms Musgrove** noted that she was not able to report what time period this would include but she would send information to the Committee as the detail is developed. The **Member** asked if this would mirror existing arrangements with providers. **Ms Musgrove** reported that current processes could be improved, particularly with regard to clarity. Another **Member** highlighted the need for flexibility in the complaints process. The Member noted that some HMRC practice when dealing with sub-contractors is to insist that they abide by the HMRC Charter which strengthens the rights of customers – this, for example, allows customers to know how the escalation of the complaints procedure works. The **Member** highlighted the merit of this approach and raised concerns that different procedures adopted by different Work Programme providers may not deal effectively with certain groups, such as disabled people. The **Member** also highlighted the need for a proper complaints audit trail. **Mr Rippon** reported that they are actively looking at improving the arrangements. **Ms Musgrove** offered to provide the Committee with a note on the customer complaints procedure when it is available.

2.11 A **Member** welcomed the change to the Work Programme regulations to include physical as well as mental health in the descriptions of good cause. He asked whether this change could also be made in the ESA regulations (regulation 19). **Ms Musgrove** noted the point and said that this was an inadvertent error; the change was also intended to be made for ESA and she will make sure that the correction is made.

2.12 A **Member** asked whether the Action Plan would only detail actions required of the customer or whether it would be a two-way contract between the customer and the provider. The **Member** felt that by including provider actions in addition to those required of the customer there would be greater clarity about what the provider would be delivering and give an additional safeguard to customers. The **Secretary** noted that the Committee had also raised this issue when considering the FND regulations. The Department had agreed to consider such an approach but it was not taken up. A two-way contract would provide a degree of reciprocity and also provide a foundation for the assessment of non-compliance. **Ms Musgrove** noted that the minimum standards would be laid down by providers but that the Department would not be specifying that the Action Plan should be a two-way contract. The **Member** highlighted that providers will be providing a personalised service and therefore a two-way contract would be a good way of specifying the personalised support that would be provided.

2.13 A **Member** asked about the mechanism to ensure that providers would be competitive. **Mr Rippon** noted that provider performance will be a key outcome for the programme. Provider IT systems will link directly to the Department, allowing the Delivery Directorate to make assessments about performance. The **Member** also asked about bigger decisions, such as the decision to renew contracts. **Mr Rippon** noted that outcome performance will be reviewed regularly and there will be the option to shift customers between providers in an area. The Department will also have lots of contact with JSA customers, which will allow for informal feedback. **Mr Rippon** was not able to specify how informal feedback might be used to inform a market share shift. It is more likely that it will be used by Jobcentre Plus and the Department at a lower level, to resolve issues at the local level. Feedback from FND customers highlighted problems at the handover stage – between Jobcentre Plus and providers. The Department is therefore actively looking at how the handoff can be better managed in the Work Programme.

*[Following the meeting officials added the following: In the unlikely event of poor performance this would be dealt with via the contract management process and, using the Framework, DWP could bring in other providers to take over contracts should they have to terminate following instigation of breach action - which involves agreeing a written time-limited performance improvement plan which must be achieved to continue with the contract. DWP aim to improve providers' performance and only if they see no improvement would they terminate contracts. Customers will not experience any loss of service throughout this process; they may simply be moved to other providers for support]*

2.14 A **Member** asked about feedback to customers and how much information customers will be provided with. **Mr Rippon** reported that the Department is very keen to ensure that customers have as much information as possible, although customers will not have a choice of provider. The Member asked whether Jobcentre Plus will be able to choose providers. **Mr Rippon** reported that they did not envisage that there would be a choice for Jobcentre Plus advisers at the local level, i.e. a PA in a local office would not be able to choose a provider for a particular customer. Decisions about market share shift would be made at Department level, with reviews of outcomes leading to the reallocation of customers as necessary. There will be a minimum of 2 providers in each area. A **Member** noted that local discretion would

enable Jobcentre Plus to pick up local variations in outcomes. Another **Member** asked whether voluntary customers would be able to choose their provider. **Mr Rippon** reported that voluntary customers would not have a choice of provider.

2.15 A **Member** asked whether the Department intend to guarantee a certain volume for providers, or whether there would be a minimum volume. **Ms Bradley** noted that the contracts will give an estimate of likely volumes, but these will not be precise because of voluntary customers and forecasting variability. The **Member** asked whether this meant that, in practice, providers might not receive any referrals. **Ms Bradley** reported that this process would be managed and she would check with commercial colleagues.

2.16 A **Member** asked about tax implications and suggested that the Bill might include an exemption statement, rather than amending individual tax regulations. **Mr Rippon** welcomed this suggestion. He reported that the Department are currently talking to HMRC and that he will raise this suggestion with them.

2.17 A **Member** highlighted their interest in the in-flows to the Work Programme, particular for ex-incapacity benefits claimants. **Ms Musgrove** explained the referral process for ESA claimants. All ESA customers will be able to choose to access the Work Programme at any point. Additionally, new ESA (income-related) customers who are given a short prognosis (3 or 6 months) at their initial or repeat WCA will be required to access the Work Programme. The prognosis is the Atos healthcare professional's assessment of when a customer is expected to be fit for work. The **Member** asked whether there are any issues around how this will work, for example whether the right people will be identified for referral. **Ms Musgrove** noted that the assessment is not perfect, but is the best information on identifying those approaching fitness for work, who should be engaging more intensively with activity to prepare for a return to work. The **Member** asked for more detailed statistics on this customer group. **Ms Musgrove** noted that she would provide published information available on the fit for work rates.

2.18 A **Member** asked about appeals with regard to referrals. **Ms Musgrove** explained that there would be nothing to appeal, as the Work Programme is simply about who provides support. The **Member** asked whether ESA customers with an employment contract would be excluded. **Ms Musgrove** noted that it would not normally be appropriate to refer such customers to the Work Programme, but that she would confirm the position in the follow-up material provided to the Committee. The **Secretary** noted that this would probably be a role for DEAs, who would work with the employers.

2.19 A **Member** asked about the role of sub-contractors in the complaints process, specifically whether prime contractors would be responsible for sub-contractors or whether customers would have to complain through the layers of sub-contractors. **Mr Rippon** noted that they would be able to confirm the details of the process in due course.

2.20 A **Member** asked for clarification about the exceptions for lone parents (p.2, Paper 59/10). **Ms Musgrove** reported that a lone parent on ESA with a youngest child aged 5 and at school could be required to participate in work-related activity or

the Work Programme. The **Member** was concerned that this meant that lone parents on ESA with a youngest child aged 6 could be required to undertake work-related activity, whereas a lone parent on IS with a youngest child aged 6 would not be required to. **Ms Musgrove** noted that there would be a difference during the transition period, until the age of Lone Parent Obligations was lowered. However, it would not be operationally sensible to make two changes to the work-related activity policy in a short space of time. This would also be confusing to the customer.

2.21 A **Member** noted that the programme will be very difficult to evaluate and suggested that randomly assigning customers between providers would open up an avenue for the evaluation. **Ms Bradley** reported that customers will indeed be randomly assigned to providers, which will allow for comparisons to be made within contract package areas.

2.22 A **Member** said that there are often problems with forecasting with regard to when customers might be fit for work in the Atos WCA reports. If the forecasting is incorrect then customers might be mandated to the Work Programme for inappropriate reasons. This is of concern as the mandation process does not carry a right of appeal. The **Member** cited cases where customers had been placed in the WRAG but a totally unrealistic assessment of recovery had been made. **Ms Musgrove** reported that they will be working with Atos and Jobcentre Plus Decisions Makers and will be updating guidance and training to make clear what the reassessment date should be based on. However, as with any segmentation tool, the WCA is not an exact science. As the work-related activity provisions can be applied within both the Work Programme and Jobcentre Plus offer, and any activity must be reasonable in the customer's circumstances, the Department views mandation to be reasonable at this point.

2.23 A **Member** asked who a customer demonstrates good cause to. **Ms Musgrove** reported that this is the Jobcentre Plus Decision Maker. The **Member** asked about who might be considered an agent of Jobcentre Plus. **Ms Musgrove** confirmed that there is no intention for sanction decisions to be transferred to providers.

2.24 A **Member** asked for clarification about the definition of working days. The Secretary noted that Contact Centres and Benefit Delivery Centres are only closed on public holidays.

2.25 A **Member** noted that it is known within Jobcentre Plus that some groups of customers have higher than average sanction rates. The **Member** pointed out that this information was not available in the EIA and asked whether it could be provided. The **Secretary** reported that sanctions data is administrative data and is not routinely published by the Department. The inclusion of internal data in the EIA is something that the Secretariat has been discussing with the Department.

2.26 A **Member** noted that it would be very helpful to have a reminder of the hardship rules and the definition of a vulnerable person/a person in hardship, as these differ across the different regulations.

2.27 A **Member** asked about the interaction with the Work Programme for customers who move between benefits, for example from ESA to JSA. **Mr Rippon** noted that the intention is that customers in this example would stay with the provider, as long as their 2 year period on the Work Programme had not elapsed, as the aim is that customers will build a relationship with their provider over time.

2.28 A **Member** asked about the requirements for voluntary customers. Mr Rippon explained that, once they have volunteered for the programme, voluntary customers need to participate – although there are exceptions, for example those in the ESA Support Group.

2.29 A **Member** asked about discretion in referral. **Ms Musgrove** said that Jobcentre Plus might delay referring JSA or ESA customers if they are likely to get a job without Work Programme support.

2.30 The **Chair** asked for clarification about who is responsible for paying expenses to customers. **Mr Rippon** said that this is the provider. The **Chair** asked whether the providers are reimbursed, as the expectation would be that there would be a downward pressure on providers' willingness to pay expenses. **Mr Rippon** said that they expect providers to do all they can to get more customers into work, in order to receive the outcome payments. The Chair stated that he was concerned about childcare expenses, which can be costly.

2.31 The **Chair** noted that there would be three types of fee payment. However, the pre-determined split between these is not clear from the Work Programme prospectus. **Ms Bradley** explained that they have split the fees for modelling purposes. Providers will be bidding on the job outcome fee but the other fees will be at a set level. The Department has working assumptions for these, but the final decisions are dependent on the bids for the job outcome fees. The **Chair** asked if these would be in the tender document and whether they would be split for the different customer groups. **Ms Bradley** confirmed both these points.

2.32 A **Member** referred to a point about sanctions that had been raised at the November meeting. The question related to the escalation of sanctions for repeated breaches, and the issue had been whether that escalation carried over between different types of breach. The **Member** had checked the regulations which clearly indicated that they did not.

2.33 A **Member** noted that the costs and benefits section focused on the wider benefits to society and suggested that it would be helpful to include some of the benefits to individuals. **Ms Bradley** agreed that this would be possible.

2.34 The **Chair** asked the officials to withdraw whilst the Committee discussed the handling of the regulations. Following the private session the Chair reported that the Committee had agreed that it did not require the proposed regulations to be formally referred, but that it would write to Ministers about the points raised. The advice would then be published on the SSAC website in due course

## ANNEX B

### CORRESPONDENCE ON THE PROPOSED WORK PROGRAMME REGULATIONS



From the Chairman

The Rt Hon Chris Grayling MP  
Minister of State for Employment  
Caxton House  
London

28 January 2011

*By email*

#### DEVELOPING THE WORK PROGRAMME

Dear Minister,

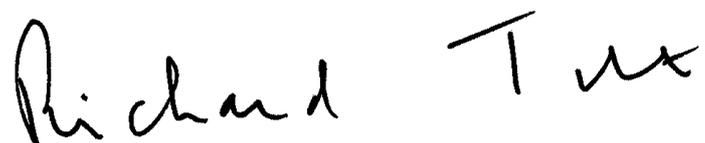
I wrote to you on 17 December 2010 highlighting the Committee's support for the Work Programme. I also noted my intention to write to you again in the New Year to seek assurances about some aspects of the Work Programme that are of concern to the Committee.

Officials presented the draft regulations to the Committee in early December. However, much of the detailed information about the Work Programme was not in the public domain at that time. We have now had the opportunity to consider the additional detail that was published in the Invitation to Tender (ItT) document on 22 December. Although this has addressed some of our concerns, there are still some issues that we would welcome further information on and discussion about as more detailed operational and delivery decisions are made by the Department. The attached paper sets out a number of recommendations for issues to be addressed further in the detailed development of the programme.

Our key concerns are focused on contract monitoring and the provision of safeguards for customers – essentially stemming from the 'black box' approach to provision. Whilst we support a 'black box' approach generally, we would welcome more controls in the system to provide effective safeguards for customers. We also have concerns about the impact of the current economic conditions, combined with the payment system, on providers.

We look forward to receiving a response from you on the issues we raise. We intend to publish this advice on our website, as part of the SSAC Occasional Paper series, once we have received your response.

Yours sincerely

A handwritten signature in black ink that reads "Richard Tilt". The word "Richard" is written in a cursive style, and "Tilt" is written in a more stylized, slightly slanted cursive.

Sir Richard Tilt

## **Developing the Work Programme – SSAC’s analysis and recommendations**

1.1 The Social Security Advisory Committee considered the Jobseeker’s Allowance (Work Programme) Regulations 2011 and the Employment and Support Allowance (Work Related Activity, Action Plans and Directions) Regulations 2011 in December 2010. Although the Committee decided that, on balance, it did not require the proposed regulations to be formally referred Members raised a number of concerns about both sets of regulations.

1.2 We highlight our concerns and associated recommendations below. A number of our concerns centre around the ‘black box’ approach to provision and associated contract monitoring.

### 2. Minimum Service Standards

2.1 We understand the Department’s commitment to a ‘black box’ approach, but the Committee is concerned about the current lack of detail with regard to providers’ minimum standards. In particular we are concerned about the lack of detail regarding the threshold standard that will be implemented by the Department in assessing the tenders. We would welcome more detail about this aspect of the tender assessment process. The Invitation to Tender (ItT) reports that the evaluation criteria are specified in the “Instructions to Bidders” document, but this does not appear to be publicly available.

2.2 We are also concerned about the potential situation whereby all providers in an area submit minimum standards that are unacceptable to the Department. We have received some reassurance from officials both about the action that would be taken should this situation occur, and about the actions taken in advance to ensure that this situation would be unlikely to occur. However, we would welcome further reassurances from you on this issue.

2.3 Whilst we appreciate many of the advantages of adopting a ‘black box’ approach to provision we are concerned that this means that the Department will not prescribe limits for providers. To provide additional safeguards for customers we recommend that prohibited provision should be prescribed for all providers and made public. For example, we recommend that providers should be prevented from requiring claimants to engage with programmes they run themselves with non-DWP funding in order to get additional income, rather than because they support an individual customer.

### 3. Action Plans - A Reciprocal Contract

3.1 We recognise the limits that a ‘black box’ approach to provision places on the further detailed development of the Work Programme from a Departmental perspective. However, we recommend that the requirements with regard to Action Plans are expanded to specify that they must form a two-way contract between the customer and the provider. Some actions by the customer may be contingent on actions having been taken by the provider, and by including provider actions in addition to those required of the customer there would be greater clarity about what the provider would be delivering, thus providing an additional safeguard for

customers. A two-way contract would provide a degree of reciprocity and a foundation for the assessment of non-compliance – hence supporting contract monitoring.

3.2 At our meeting in December officials indicated that the Action Plan *can* specify both what a customer must do and also what actions the provider will take. However, officials also reported that the Department *does not intend* to specify that the Action Plan needs to include provider actions. Officials argued that they want providers to build Action Plans which are suitable to particular customers' circumstances. We strongly agree with this approach, but feel that specifying that provider actions need to be included can only add to a personalised Action Plan, and not detract from an innovative approach. Providers will be delivering a personalised service and therefore a two-way contract would be a good way of specifying what personalised support will be provided. This would build effectively on the summary of minimum service levels that providers will need to supply to customers.

3.3 Having discussed this with officials, the Department's position on Action Plans seemed clear (as described above). However, after reading the more detailed information available in the ItT we are now less clear about the Department's intentions. Paragraph 2.09 of the ItT (p.7) states that "...Providers must make initial contact and agree the action(s) they and the customer will be taking forward. This should be recorded in an Action Plan." This implies that the Department *will* require the Action Plan to form a two-way contract. We would be grateful for clarification on this point – particularly on how this will be specified in the provider contracts.

#### 4. Quality Control and Contract Monitoring

4.1 We are concerned about the current lack of detail on this important aspect of the contracting procedure. We understand from officials that monitoring during the contract period is currently being considered. It is not yet clear, even from the ItT, what mechanisms DWP will use to assess delivery by providers. For example, the ItT simply reports that the Department will use "light touch methods to assure delivery of the proposals and standards". We would welcome discussion about the methods under consideration so that we are able to comment further, particularly with regard to assessing delivery against the minimum service levels. The ItT (p.20) also states that further details on contractual obligations will be set out in Provider Guidance. We would be very interested to review the guidance once it is available and recommend that it be placed in the public domain once it has been finalised.

4.2 We are also concerned that the Department will only be able to hold providers to account with respect to the minimum standards, and not to the quality of provision for individual customers. We understand that the Department will use direct feedback from customers about the quality of service as part of the performance monitoring process. However, Jobcentre Plus will only have regular contact with a proportion of the Work Programme caseload (JSA customers signing on fortnightly at the Jobcentre); ESA customers are not expected to have regular contact with Jobcentre Plus whilst on the Work Programme. It is therefore essential that adequate quality control procedures are in place to support this client group and that the details are publicly available. We would also welcome the introduction of a more proactive system of keeping in touch with ESA customers, whereby some degree of

regular contact is instigated by Jobcentre Plus. This might include a letter or telephone call to customers, or advertised drop-in sessions.

4.3 The Department has made a commitment to address 'creaming and parking', to ensure that harder to help customers are supported by providers. We understand from officials that the differential pricing model alone is not expected to tackle 'creaming and parking' but that differential pricing will be supported by more rigorous contract measurement and minimum requirements on providers. We are very keen to hear more detail on these issues and for them to be made publicly available once finalised. We are also concerned that 'parking' may be increased as a result of the fact that providers can decide that attendance and participation are voluntary, even for those customers mandated by Jobcentre Plus.

4.5 We were very interested to hear in the evidence to the Work and Pensions Select Committee (12/1/11) that DWP needed to "...closely manage the Work Programme contracts to get the best out of the new system". We also agree with the expert witnesses that more contract management will be needed the greater a black box approach is taken. We will be very interested in the Department's response to the inquiry.

4.6 We recommend that contract monitoring should include an assessment of displacement, for example through requiring providers to check that work placements are not sourced from employers who are using unemployed people to replace paid jobs.

## 5. Safeguarding Procedures

5.1 It is essential to the successful operation of the Work Programme that effective safeguarding procedures will be in place for customers. The Committee will be able to comment further when more details about the safeguarding procedures are available. We welcome the summary of the proposed customer complaints procedure set out in the ItT, in particular the expanded role of the Independent Case Examiner (ICE). There are, however, further details that we would welcome, for example, the time period after which customers will be able to approach the ICE, following an unresolved complaint to a provider.

5.2 One particular concern for the Committee relates to the fact that different procedures may be adopted by different providers. The ItT states that "Providers must have an appropriate complaints process..." (p.18). However, there is no detail or definition of what would be appropriate. We are very interested to know what will be specified in the contracts and what the evaluation criteria will include. Officials reported that they were willing to look carefully at the uniformity of safeguards and we strongly support the Department's desire to see the same level of protection for customers across providers, for example with regard to the customer complaints procedures. We would therefore welcome confirmation that this approach is still being considered by the Department and, again, that this information will be made available in the public domain.

5.3 With regard to customer complaints specifically we recommend that clear information about the process for making a complaint, including the interactions

between providers, sub-contractors and Jobcentre Plus, is made easily available and accessible for customers. We therefore welcome steps by the Department to increase access to the Independent Case Examiner, particularly if this enables swift, impartial resolution for customers.

5.4 We would welcome assurances that adequate account will be taken of disability throughout the sub-contracting chain, both with regard to activities required of the customer and the support required to fulfil such activities, and in the safeguarding processes. This is essential to ensure that the DWP's public equality duty will flow seamlessly through the contracting chain in a way that DWP will be able to monitor effectively.

## 6. Effective Communication

6.1 Although the Work Programme aims to simplify the system for customers, with one interface for a range of customers, the inevitable range of sub-groups complicates communication from the Department. We would appreciate more detail about how customer understanding of the new system will be developed. It is vital that customers understand the conditionality requirements that apply specifically to them, in order to comply with the Programme and avoid being sanctioned. Similarly, it is important that customers understand fully what they should be able to expect by way of assistance from the provider and how they get redress if they do not get the help they should have received.

6.2 Whilst we are concerned about the effectiveness of Jobcentre Plus communication around the Work Programme generally we are particularly concerned about vulnerable groups and the sanctions regime, especially for those customers who were previously subject to lower conditionality. Evaluation evidence on sanctions indicates that claimants (and particularly those with literacy problems, learning difficulties or who speak English as a second language) are often unaware that they have been sanctioned and that there are disproportionate effects on certain groups. It is therefore essential that the conditionality requirements and the outcomes for non-compliance without good cause are well communicated and clearly understood by all customers. We would also welcome the provision of additional support and information before a sanction is applied in cases where customers have failed to comply fully with their conditionality regime.

## 7. Transition Issues

7.1 We are concerned about the potential impact of the timing of the ending of current contracts (e.g. FND) and the implementation of the Work Programme. In particular there is a risk that certain customers (e.g. JSA customers who have claimed for 12 months between April 2011 and the implementation of the Work Programme, or 9 months for JSA customers aged 18-24 years) might experience a gap in provision. We would like reassurance that this will not be the case. We are also concerned about the potential gap in support for customers who may have to leave a programme before the scheduled end of the provision, as a result of the existing programmes coming to an end.

## 8. ESA Referrals

8.1 We have some concerns about the process for mandating ESA customers to the Work Programme based on WCA forecasting of the timescale within which they might be fit for work (prognosis), particularly as there is anecdotal evidence that this can be quite inaccurate. If the forecasting is incorrect then customers might be mandated to the Work Programme for inappropriate reasons. We are particularly concerned about this because the mandation process does not carry a right of appeal. The process under which the prognosis is made is inherently problematic; the prognosis makes an assumption that a customer is not fit for work now, yet at the time the prognosis is made the decision (by a Jobcentre Plus Decision Maker) about current fitness for work has not been made.

8.2 Whilst we welcome assurances from officials that the Department will be working with Atos and Jobcentre Plus Decision Makers on this issue, we will follow the outcomes closely during early implementation. We would also be very interested to know whether Atos or the Department have carried out any evaluation of the accuracy of prognosis. We recommend that any existing evidence on the accuracy of prognosis is published; and, if such evaluation has not yet taken place, that it is prioritised and the findings made public as soon as possible.

## 9. Choice of Provider

9.1 We understand that neither customers nor Jobcentre Plus staff will have a choice of provider at the local level; initial allocation will be made randomly, with equal shares allocated to each provider in each contract package area, and decisions about market share shift will be made at Department level. However, in our view, allowing local discretion would enable Jobcentre Plus to pick up local variations in outcomes and quality, and respond more flexibly to local issues and customer needs. We are also concerned that lack of choice may impact negatively on the volume of voluntary customers. Lack of choice also runs contrary to the drive for greater personalisation and for greater responsibility to be exercised by customers.

## 10. Tax Implications

10.1 We welcome the financial support that will be available to customers on the Work Programme. However, we would like confirmation that any payments or facilities made available to customers by providers under the Work Programme will not give rise to a liability to income tax or national insurance contributions on those customers.

## 11. Conclusions and recommendations

11.1 We welcome the opportunity to comment on the development of the Work Programme and are pleased to be able to offer support and advice to the Department. We look forward to reviewing more details of the Work Programme as they are made available and to discussing further with officials if this would be helpful, particularly with regard to the recommendations detailed below.

11.2 However, we were disappointed that more detailed information was not available in the Invitation to Tender document, specifically on customer complaints and quality control procedures. We have suggested in the paper that more detail is made publicly available and we would welcome greater transparency in the information.

11.3 We share the concerns voiced by other key stakeholders that the current economic climate will be very challenging for providers and will follow the contracting procedure closely. We would also like reassurance that the contracts will reflect a balance between the responsibilities of providers and customers.

11.4 We have highlighted a number of recommendations in the paper, focusing in particular on ensuring adequate safeguards for customers. These include:

- introducing reciprocal Action Plans
- prescribing prohibited provision for all providers
- introducing a more proactive system of keeping in touch with ESA customers
- ensuring that contract monitoring includes an assessment of displacement
- implementing the same level of protection for customers across providers
- ensuring that clear information about the process for making a complaint, including the interactions between providers, sub-contractors and Jobcentre Plus, is made easily available and accessible for customers
- ensuring that the conditionality requirements and the outcomes for non-compliance without good cause are well communicated and clearly understood by all customers, including the most vulnerable
- publishing evidence on the accuracy of the WCA prognosis
- allowing local flexibility in choice of provider.

**The Chairman  
Social Security Advisory Committee**

23 March 2011

***By email***

## DEVELOPING THE WORK PROGRAMME

Dear Chairman,

Many thanks for your letter of the 28 January 2011, seeking assurances about aspects of the Work Programme that the Committee wishes to clarify, following its review of the Work Programme Invitation to Tender.

We have provided detailed answers to your concerns and recommendations below: I hope that our clarifications serve to reassure the Committee on the relevant points.

I am very happy to provide further detail if required, as we finalise the implementation arrangements for the programme.

I would also like to thank you for your letter of 3 March about the use of the powers in the Regulations. I am grateful for your consideration of the additional initiatives that I also intend to enable with these Regulations, and I am happy for this process to be extended to any significant new initiatives that could be covered by the powers in these Regulations.

Yours sincerely

Rt Hon Chris Grayling MP

## **Developing the Work Programme – SSAC’s analysis and recommendations**

1.1 The Social Security Advisory Committee considered the Jobseeker’s Allowance (Work Programme) Regulations 2011 and the Employment and Support Allowance (Work Related Activity, Action Plans and Directions) Regulations 2011 in December 2010. Although the Committee decided that, on balance, it did not require the proposed regulations to be formally referred Members raised a number of concerns about both sets of regulations.

1.2 We highlight our concerns and associated recommendations below. A number of our concerns centre around the ‘black box’ approach to provision and associated contract monitoring.

### 2. Minimum Service Standards

2.1 We understand the Department’s commitment to a ‘black box’ approach, but the Committee is concerned about the current lack of detail with regard to providers’ minimum standards. In particular we are concerned about the lack of detail regarding the threshold standard that will be implemented by the Department in assessing the tenders. We would welcome more detail about this aspect of the tender assessment process. The Invitation to Tender (ItT) reports that the evaluation criteria are specified in the “Instructions to Bidders” document, but this does not appear to be publicly available.

2.2 We are also concerned about the potential situation whereby all providers in an area submit minimum standards that are unacceptable to the Department. We have received some reassurance from officials both about the action that would be taken should this situation occur, and about the actions taken in advance to ensure that this situation would be unlikely to occur. However, we would welcome further reassurances from you on this issue.

2.3 Whilst we appreciate many of the advantages of adopting a ‘black box’ approach to provision we are concerned that this means that the Department will not prescribe limits for providers. To provide additional safeguards for customers we recommend that prohibited provision should be prescribed for all providers and made public. For example, we recommend that providers should be prevented from requiring claimants to engage with programmes they run themselves with non-DWP funding in order to get additional income, rather than because they support an individual customer.

### **Response**

We have designed the Work Programme to encourage providers to offer a personalised service to customers, to innovate and to support customers into sustained work. As set out in the Invitation to Tender (ItT), flexibility to innovate needs to be complemented by minimum expectations and standards regarding the service that providers deliver to every customer.

The Department will award contracts based on bids that offer a quality customer experience – including a minimum level of service that can be expected by all

customers. We have directed Providers to consider the model of the DWP Customer Charter when considering the design of their own standards. During the life of the contract, we will monitor whether providers meet their stated levels of service. We believe that asking providers to set out their specification for the customer journey, and monitoring their delivery of it, will allow them to personalise their service, and will ultimately lead to better employment results for those we are seeking to support.

We have asked providers to set out in their bids their proposed customer journey, and to provide the rationale for why this will meet the needs of the range of customers in the Contract Package Area. The Department expects the customer journey to deliver personalised support that takes into account individual circumstances and barriers, and the particular geographical circumstances of the Contract Package Area. Providers are then asked to set out the minimum level of service that they will provide to all customers who are referred to the Work Programme and their rationale for this approach.

A copy of the relevant evaluation criteria is attached at Annex A, and can be found on the Department's website. The Department is adopting this approach to encourage providers to innovate in developing their service offer in order to deliver better results for customers and therefore better value for money for the taxpayer. If the provider scores below a minimum level in this area then we will remove them from the competition.

Providers bidding for Work Programme contracts have already come through a robust competition to gain a place on the Department's Framework for Employment and Related Services. This competition included a rigorous assessment of potential providers' capacity and capability. Consequently we expect bidders to have a good understanding of our requirements, and expect that the bids will be of a good standard. In the very unlikely event that all bids in a Contract Package Area are unacceptable, we would invoke our contingency arrangements, which include a detailed investigation into the reasons why the quality of bids are unacceptable. Where appropriate, we would re-tender for the contracts.

In relation to monitoring a provider's performance against their stated minimum standards, the Department will appoint experienced contract managers to work with providers to ensure that they fulfil the terms of their contracts and deliver the service specified. The primary focus will be on working with all providers to optimise performance, although contract managers will also have the power to take breach action against providers that fail to meet minimum standards, and ultimately to shift market share to better-performing providers.

Rather than prescribing prohibited provision for Work Programme providers, the Department has asked providers to set out what service they will deliver to customers in their bids. The Department will then monitor the provider's delivery against this specification. In addition, customers will be able to escalate issues which they cannot resolve with their providers as complaints to the Independent Case Examiner (ICE).

### 3. Action Plans - A Reciprocal Contract

3.1 We recognise the limits that a 'black box' approach to provision places on the further detailed development of the Work Programme from a Departmental perspective. However, we recommend that the requirements with regard to Action Plans are expanded to specify that they must form a two-way contract between the customer and the provider. Some actions by the customer may be contingent on actions having been taken by the provider, and by including provider actions in addition to those required of the customer there would be greater clarity about what the provider would be delivering, thus providing an additional safeguard for customers. A two-way contract would provide a degree of reciprocity and a foundation for the assessment of non-compliance – hence supporting contract monitoring.

3.2 At our meeting in December officials indicated that the Action Plan *can* specify both what a customer must do and also what actions the provider will take. However, officials also reported that the Department *does not intend* to specify that the Action Plan needs to include provider actions. Officials argued that they want providers to build Action Plans which are suitable to particular customers' circumstances. We strongly agree with this approach, but feel that specifying that provider actions need to be included can only add to a personalised Action Plan, and not detract from an innovative approach. Providers will be delivering a personalised service and therefore a two-way contract would be a good way of specifying what personalised support will be provided. This would build effectively on the summary of minimum service levels that providers will need to supply to customers.

3.3 Having discussed this with officials, the Department's position on Action Plans seemed clear (as described above). However, after reading the more detailed information available in the ItT we are now less clear about the Department's intentions. Paragraph 2.09 of the ItT (p.7) states that "...Providers must make initial contact and agree the action(s) they and the customer will be taking forward. This should be recorded in an Action Plan." This implies that the Department *will* require the Action Plan to form a two-way contract. We would be grateful for clarification on this point – particularly on how this will be specified in the provider contracts.

#### **Response**

The Action Plan is fundamental to record and review the customer's period working with the Work Programme provider towards sustained employment. It is there to enable the customer and the provider to effectively track progress towards that goal.

We have specified in the ItT that an Action Plan must be developed at the initial contact between the customer and the provider, and detail the actions that both the provider and customer will take. This is in order that both parties are clear on what the customer will do, and what the provider will do in order to help the customer towards sustainable employment.

Following on from that first contact, we would expect the Action Plan to form a record of the customer's activities to move towards work, including the supporting actions

the provider takes. However, we will not specify what those actions are or whether specific actions should be recorded, as it will be down to the provider and customer to agree the activities which are appropriate for them, and the best way to record these on the action plan.

The Action Plan is not a contract in a legal sense. It can, however, contain activities that the customer is required to complete, and for which non-completion could result in the provider raising a compliance doubt with Jobcentre Plus. Where this is the case, the provider must make clear to the customer in writing the nature of the required activity, the time by which it needs to be completed, the evidence that the customer will need to provide to show that it has been completed, and the consequences of not doing so.

The provider's delivery of support to customers will be monitored as part of regular performance engagement meetings between providers and DWP contract managers. This will include monitoring of delivery against the provider's minimum service offer for all customers referred to the Work Programme. In addition, customers will be able to escalate issues which they cannot resolve with their providers as complaints to the Independent Case Examiner (ICE).

#### 4. Quality Control and Contract Monitoring

4.1 We are concerned about the current lack of detail on this important aspect of the contracting procedure. We understand from officials that monitoring during the contract period is currently being considered. It is not yet clear, even from the ItT, what mechanisms DWP will use to assess delivery by providers. For example, the ItT simply reports that the Department will use "light touch methods to assure delivery of the proposals and standards". We would welcome discussion about the methods under consideration so that we are able to comment further, particularly with regard to assessing delivery against the minimum service levels. The ItT (p.20) also states that further details on contractual obligations will be set out in Provider Guidance. We would be very interested to review the guidance once it is available and recommend that it be placed in the public domain once it has been finalised.

4.2 We are also concerned that the Department will only be able to hold providers to account with respect to the minimum standards, and not to the quality of provision for individual customers. We understand that the Department will use direct feedback from customers about the quality of service as part of the performance monitoring process. However, Jobcentre Plus will only have regular contact with a proportion of the Work Programme caseload (JSA customers signing on fortnightly at the Jobcentre); ESA customers are not expected to have regular contact with Jobcentre Plus whilst on the Work Programme. It is therefore essential that adequate quality control procedures are in place to support this client group and that the details are publicly available. We would also welcome the introduction of a more proactive system of keeping in touch with ESA customers, whereby some degree of regular contact is instigated by Jobcentre Plus. This might include a letter or telephone call to customers, or advertised drop-in sessions.

4.3 The Department has made a commitment to address 'creaming and parking', to ensure that harder to help customers are supported by providers. We understand

from officials that the differential pricing model alone is not expected to tackle 'creaming and parking' but that differential pricing will be supported by more rigorous contract measurement and minimum requirements on providers. We are very keen to hear more detail on these issues and for them to be made publicly available once finalised. We are also concerned that 'parking' may be increased as a result of the fact that providers can decide that attendance and participation are voluntary, even for those customers mandated by Jobcentre Plus.

4.5 We were very interested to hear in the evidence to the Work and Pensions Select Committee (12/1/11) that DWP needed to "...closely manage the Work Programme contracts to get the best out of the new system". We also agree with the expert witnesses that more contract management will be needed the greater a black box approach is taken. We will be very interested in the Department's response to the inquiry.

4.6 We recommend that contract monitoring should include an assessment of displacement, for example through requiring providers to check that work placements are not sourced from employers who are using unemployed people to replace paid jobs.

## **Response**

The Department is committed to getting as many people into work as possible, and there will be competition for and within contracts to help the Work Programme contribute to this aim. Our primary approach to managing performance will be by comparing the relative performance of providers in the same Contract Package Area. Where, after a period of time, one provider is performing significantly worse than another we will, subject to other quality checks, move market share to the better performing provider. Market share shift will operate at a customer-group level, such that providers that perform better for certain customer groups – for example, ESA customers – will get a greater market share for that group. This comparative measure is supported by minimum performance expectations, below which a provider is subject to breach action and, incentive payments, for providers delivering at pre-determined higher levels.

During the life of the contracts, there will also be ongoing monitoring of business processes through provider assurance visits, and separately, by monitoring delivery against the provider's delivery plans. Contract managers will hold regular performance engagement meetings, in which they will address the provider's performance. This will include monitoring of delivery against the provider's minimum service offer for all customers referred to the Work Programme.

As stated in the response to section two, contract managers have the power to take breach action against providers that fail to meet minimum standards, and eventually to shift market share to better-performing providers.

The Department will be able to monitor the quality of provision for customers in a number of ways.

- The Department will monitor the provider's performance against their minimum service offer and take action to address any areas which are deemed to fall below the expected standard.
- The Department will conduct customer surveys to understand customers' experience of Work Programme provision.
- Customers will be able to escalate issues which they cannot resolve with their providers as complaints to the Independent Case Examiner (ICE). ICE will report regularly to the Department on the nature and volume of complaints it has received about providers.

Before a customer is referred to a provider, they will have a handover meeting with a Jobcentre Plus adviser, who will set out verbally and in writing the requirements that the provider may place on them, the minimum service levels they can expect, and the process for raising any concerns about the support offered by the provider. At this meeting ESA, IS and IB customers will be given the adviser's contact details, so that the customer can contact them during their period with the provider.

With regard to displacement, the Department believes that it is unacceptable that customers should be taken on to 'displace' a paid employee. We will make it absolutely clear in provider guidance that we expect providers to find the customer sustained work - and whilst this may include work experience or work placements, this should ultimately lead to paid employment. Customers should not be exploited by employers or providers. If the Department becomes aware of evidence that displacement is happening, we will raise this with the provider in the context of performance management arrangements.

## 5. Safeguarding Procedures

5.1 It is essential to the successful operation of the Work Programme that effective safeguarding procedures will be in place for customers. The Committee will be able to comment further when more details about the safeguarding procedures are available. We welcome the summary of the proposed customer complaints procedure set out in the ItT, in particular the expanded role of the Independent Case Examiner (ICE). There are, however, further details that we would welcome, for example, the time period after which customers will be able to approach the ICE, following an unresolved complaint to a provider.

5.2 One particular concern for the Committee relates to the fact that different procedures may be adopted by different providers. The ItT states that "Providers must have an appropriate complaints process..." (p.18). However, there is no detail or definition of what would be appropriate. We are very interested to know what will be specified in the contracts and what the evaluation criteria will include. Officials reported that they were willing to look carefully at the uniformity of safeguards and we strongly support the Department's desire to see the same level of protection for customers across providers, for example with regard to the customer complaints procedures.

5.3 With regard to customer complaints specifically we recommend that clear information about the process for making a complaint, including the interactions between providers, sub-contractors and Jobcentre Plus, is made easily available and accessible for customers. We therefore welcome steps by the Department to increase access to the Independent Case Examiner, particularly if this enables swift, impartial resolution for customers.

5.4 We would welcome assurances that adequate account will be taken of disability throughout the sub-contracting chain, both with regard to activities required of the customer and the support required to fulfil such activities, and in the safeguarding processes. This is essential to ensure that the DWP's public equality duty will flow seamlessly through the contracting chain in a way that DWP will be able to monitor effectively.

**Response**

The Department welcomes the Committee’s support for the expanded role of the Independent Case Examiner (ICE) in resolving complaints about providers. Customers on the Work Programme will be able to access the ICE service when they have had a final response from the provider, or if they have been waiting for over 8 weeks for that response. This is the same process that applies for all other DWP customers.

To promote innovation and improvements in service we have intentionally designed as much flexibility as possible into the Work Programme contracts, whilst stipulating the key aspects that must be delivered. We consider that providers understand the customers and are in the best position to work flexibly and innovatively with local partners and providers to develop the best service to support customers back into work.

Providers must have an appropriate customer complaints process but, as with other contracts, we are allowing variation in that process. Complaints processes will be judged as appropriate if their procedures for feedback and complaint handling are robust and detail how this information will be used to improve customer experience. More broadly, successful bidders must demonstrate a clear focus on meeting customers’ needs and describe effective systems to evaluate and monitor their Work Programme provision.

Details of providers’ service for customers are an important part of their bids. Below is the relevant section from the ItT, which sets out the criteria for the evaluation of customer complaints procedures.

5.6 Managing Customer Experience	Please describe: <ul style="list-style-type: none"> <li>▪ How you will evaluate and monitor the quality of the Work Programme provision to ensure that it meets the needs of individual customers;</li> <li>▪ What procedures will be in</li> </ul>	Response demonstrates a clear focus on meeting customer need in delivery and describes highly effective systems to evaluate and monitor Work Programme provision. Procedures for feedback
----------------------------------	---	--

	<p>place for handling complaints as well as feedback from customers of their experiences on the programme; and</p> <ul style="list-style-type: none"> <li>▪ How you will act on any findings.</li> </ul>	<p>and complaint handling are provided, Including Independent Case Examiner Process, and are robust and details on how this information will be used to improve customer experience.</p> <p>Each of the three bullets in the question will have equal weight in determining the evaluation score for this section</p>
--	--	---

It is important to the Department that customers fully understand the level of service they should expect from each provider, and how to complain if they feel these standards are not being met. The process will be explained to customers by their Jobcentre Plus personal adviser. The proposed text for inclusion in key literature offered to customers as they join the Work Programme is attached at Annex B.

In the ItT, bidders were asked to provide responses which address the needs of all customer groups and how they will address the variety of barriers that the full range of customers will have, including those of disabled customers. Their bids will be evaluated on their capability to work with the full range of customers and overcome their barriers to help them back into employment.

In addition, the terms and conditions of the contract will require the provider to abide by all relevant legislation. In particular, the provider is required to provide evidence, within a Diversity and Equality Delivery Plan demonstrating their completion of Equality Impact Assessments, that any reasonable adjustments are made to ensure that services are accessible to disabled people and that all staff have appropriate training to ensure they understand and promote the duties required by equality legislation. The Department may request further information and assurance from providers relating to diversity and equality practices at any point during the duration of the contract.

## 6. Effective Communication

6.1 Although the Work Programme aims to simplify the system for customers, with one interface for a range of customers, the inevitable range of sub-groups complicates communication from the Department. We would appreciate more detail about how customer understanding of the new system will be developed. It is vital that customers understand the conditionality requirements that apply specifically to them, in order to comply with the Programme and avoid being sanctioned. Similarly, it is important that customers understand fully what they should be able to expect by way of assistance from the provider and how they get redress if they do not get the help they should have received.

6.2 Whilst we are concerned about the effectiveness of Jobcentre Plus communication around the Work Programme generally we are particularly concerned about vulnerable groups and the sanctions regime, especially for those customers who were previously subject to lower conditionality. Evaluation evidence on sanctions indicates that claimants (and particularly those with literacy problems, learning difficulties or who speak English as a second language) are often unaware that they have been sanctioned and that there are disproportionate effects on certain groups. It is therefore essential that the conditionality requirements and the outcomes for non-compliance without good cause are well communicated and clearly understood by all customers. We would also welcome the provision of additional support and information before a sanction is applied in cases where customers have failed to comply fully with their conditionality regime.

## **Response**

Every customer entering the Work Programme will receive information explaining their rights and responsibilities clearly and simply in plain English, including an explanation of sanctions arrangements. We have separately shared our customer letters and leaflets with the Committee and are grateful for its comments on these.

Messages about customers' rights and responsibilities will also appear in our news releases and announcements where appropriate, in order to reinforce the messages customers will receive directly from Jobcentre Plus personal advisers. We are currently working on identifying additional communications needs for specific customer groups at various points during their time on the programme. We will also continue to work closely with stakeholders, including customer representative groups, to keep them informed so that they can help our customers to understand the new programme.

For vulnerable customers (for example, customers with mental health conditions and learning disabilities), safeguards are in place to ensure that the customer fully understands what is being asked of them, and understands the implications for not complying with those requirements. This may involve the provider conducting a home visit. Good cause will be considered by a Jobcentre Plus decision maker before the application of any sanction. Safeguards for vulnerable customers were covered in the Equality Impact Assessment that accompanied the ESA Work Related Activity Regulations laid on 28 February.

## **7. Transition Issues**

7.1 We are concerned about the potential impact of the timing of the ending of current contracts (e.g. FND) and the implementation of the Work Programme. In particular there is a risk that certain customers (e.g. JSA customers who have claimed for 12 months between April 2011 and the implementation of the Work Programme, or 9 months for JSA customers aged 18-24 years) might experience a gap in provision. We would like reassurance that this will not be the case. We are also concerned about the potential gap in support for customers who may have to leave a programme before the scheduled end of the provision, as a result of the existing programmes coming to an end.

## **Response**

We are committed to ensuring that there is continuity of provision for our customers and that the transition to the Work Programme does not leave any customer unsupported. We have listened to our stakeholders' concerns about when contracts for existing programmes, including the New Deals, are ending. As a result, we are extending referrals to Flexible New Deal contracts and to mainstream Employment Zone and New Deal contracts until June 2011, ensuring that provision is in place until the Work Programme starts. In Flexible New Deal areas we are also extending referrals for Young People to the Community Task Force until June to maintain the Young Person's Guarantee nationally until the Work Programme starts.

Customers already participating in a New Deal, Employment Zone or Flexible New Deal employment programme when the Work Programme launches in their area will receive a minimum of 13 weeks of support from their existing provider. Flexible New Deal customers returning to Jobcentre Plus without completing the full programme will be given the opportunity to volunteer for early entry to the Work Programme.

Customers that do not choose to take advantage of early voluntary entry, will have access to new tailored support delivered through Jobcentre Plus, including access to work experience, help to volunteer or take advantage of peer to peer support, as well as help with basic skills or jobsearch techniques and access to the Jobcentre Plus Flexible Fund.

### **8. ESA Referrals**

8.1 We have some concerns about the process for mandating ESA customers to the Work Programme based on WCA forecasting of the timescale within which they might be fit for work (prognosis), particularly as there is anecdotal evidence that this can be quite inaccurate. If the forecasting is incorrect then customers might be mandated to the Work Programme for inappropriate reasons. We are particularly concerned about this because the mandation process does not carry a right of appeal. The process under which the prognosis is made is inherently problematic; the prognosis makes an assumption that a customer is not fit for work now, yet at the time the prognosis is made the decision (by a Jobcentre Plus Decision Maker) about current fitness for work has not been made.

8.2 Whilst we welcome assurances from officials that the Department will be working with Atos and Jobcentre Plus Decision Makers on this issue, we will follow the outcomes closely during early implementation. We would also be very interested to know whether Atos or the Department have carried out any evaluation of the accuracy of prognosis. We recommend that any existing evidence on the accuracy of prognosis is published; and, if such evaluation has not yet taken place, that it is prioritised and the findings made public as soon as possible.

## **Response**

We want to ensure that ESA customers who are nearest to being fit for work step up their preparation for work by engaging with the Work Programme – evidence clearly shows that work is generally good for people's health and well-being, and that being

workless can have an adverse effect. Healthcare professionals conducting Work Capability Assessments provide an indication of when a return to work is likely. We believe that this is the best way we have of identifying those ESA customers who will benefit most from the support the Work Programme has to offer. The Department believes that basing referral points on this advice is preferable to imposing generic referral points that do not take individual customers' health conditions into account.

Whilst on the Programme the customer will only be required to undertake actions that are reasonable in their circumstances, taking into consideration their health condition and their limited capability for work. Customers in the work related activity group who are not referred to the Work Programme will all receive support from Jobcentre Plus. This will be personalised support, which may also include the requirement to undertake work related activity.

In relation to the accuracy of return to work advice, Atos Healthcare has an audit programme for all healthcare professionals that is overseen by the Department. The quality of advice provided by the healthcare professional about when a return to work might be considered is one of the criteria considered by the Atos auditor. In the last 6 months 15,300 ESA assessments were audited. In about 150 cases (just 1%), an issue with the advice about when a return to work might be considered was identified. Issues identified during audit are fed back to the relevant healthcare professional.

Atos Healthcare will deliver additional training this year specifically on this area to all healthcare professionals undertaking ESA examinations. The Department will consider whether to publish data in this area and work to ensure that data is quality-assured and meets the standards required in the statistics Code of Practice to be published.

## 9. Choice of Provider

9.1 We understand that neither customers nor Jobcentre Plus staff will have a choice of provider at the local level; initial allocation will be made randomly, with equal shares allocated to each provider in each contract package area, and decisions about market share shift will be made at Department level. However, in our view, allowing local discretion would enable Jobcentre Plus to pick up local variations in outcomes and quality, and respond more flexibly to local issues and customer needs. We are also concerned that lack of choice may impact negatively on the volume of voluntary customers. Lack of choice also runs contrary to the drive for greater personalisation and for greater responsibility to be exercised by customers.

### **Response**

The Department's priority in delivering the Work Programme is to get the highest-quality service and outcomes for customers. Random allocation is central to helping achieve this high quality: it allows us to fairly compare the performance and service of two providers operating in the same geographical area. We are using market share shift as an incentive mechanism to reward good performance, and to disincentivise poor performance. We expect that local competition will improve service in each Contract Package Area. If customers, including voluntary

customers, were to choose which provider to go to, we would not be able to drive performance in this way. Moreover, we would not be able to guarantee that customers – or Jobcentre Plus – would necessarily choose to go to the best-performing provider.

We will be picking up geographical variations in outcomes and quality through robust performance monitoring mechanisms. To ensure that these are consistent with a national standard, the monitoring of performance and subsequent decisions around allocation of market share shift will be taken centrally. Market share shift will operate at a customer-group level, such that providers that perform better for certain customer groups – for example, ESA customers – will get a greater market share for that group.

## 10. Tax Implications

10.1 We welcome the financial support that will be available to customers on the Work Programme. However, we would like confirmation that any payments or facilities made available to customers by providers under the Work Programme will not give rise to a liability to income tax or national insurance contributions on those customers.

### **Response**

Her Majesty's Revenue and Customs (HMRC) has confirmed that payments of this kind will not attract liability to income tax or national insurance. This will mean that consequently there will be no impact in relation to tax credits.

## 11. Conclusions and recommendations

11.1 We welcome the opportunity to comment on the development of the Work Programme and are pleased to be able to offer support and advice to the Department. We look forward to reviewing more details of the Work Programme as they are made available and to discussing further with officials if this would be helpful, particularly with regard to the recommendations detailed below.

11.2 However, we were disappointed that more detailed information was not available in the Invitation to Tender document, specifically on customer complaints and quality control procedures. We have suggested in the paper that more detail is made publicly available and we would welcome greater transparency in the information.

11.3 We share the concerns voiced by other key stakeholders that the current economic climate will be very challenging for providers and will follow the contracting procedure closely. We would also like reassurance that the contracts will reflect a balance between the responsibilities of providers and customers.

11.4 We have highlighted a number of recommendations in the paper, focusing in particular on ensuring adequate safeguards for customers. These include:

- introducing reciprocal Action Plans
- prescribing prohibited provision for all providers

- introducing a more proactive system of keeping in touch with ESA customers
- ensuring that contract monitoring includes an assessment of displacement
- implementing the same level of protection for customers across providers
- ensuring that clear information about the process for making a complaint, including the interactions between providers, sub-contractors and Jobcentre Plus, is made easily available and accessible for customers
- ensuring that the conditionality requirements and the outcomes for non-compliance without good cause are well communicated and clearly understood by all customers, including the most vulnerable
- publishing evidence on the accuracy of the WCA prognosis
- allowing local flexibility in choice of provider.

Minimum service standards: relevant evaluation criteria

## 3. QUALITATIVE EVALUATION

3.1. Framework Providers will be required to submit a separate Tender Form for each Contract where they are eligible to bid. Responses need to be specific to the local area. Some local information can be accessed through the web link at paragraph 4.02 of the Specification.

3.2 Localisation - ItT responses will be shared with Jobcentre Plus and they will be invited to comment on Section 5 Service Requirement, Section 6 Resources Delivery Locations and Section 7 Stakeholder Engagement, from a local perspective. Jobcentre Plus will be expected to engage with partners at a district and regional level to ensure local issues are taken into account in their comments. Tenders will be evaluated by Commercial Directorate assessment teams, taking into account these comments.

3.3 The 'open' specification approach offers the opportunity for bidders to provide innovative responses to service delivery without the limitations of a restrictive specification. DWP do however need to understand how you propose to deliver the service. DWP's evaluation will focus on the suitability, credibility and deliverability of your proposal, rather than specific process and actions you will take. DWP is interested in the outcomes you will achieve and the underpinning evidence to support your proposals

3.4 The Qualitative Evaluation score will account for a maximum of 60 of the Combined Evaluation Score.

3.5 The following table sets out what percentage of the Qualitative Evaluation score is attributed to each section of the ItT response:

Section	Descriptor	Impact
Part 1	Organisation Details	Not Scored
Part 2	Tender Declaration	Not Scored
Part 3	Agreement to Call-off T & Cs	Not Scored
Part 4	Service Requirement	20%
Part 5	Supply Chain Management	20%
Part 6	Resources & TUPE	15%
Part 7	Stakeholder Engagement	15%
Part 8	Performance	10%
Part 9	Implementation	20%
*	CPA Preference	Not Scored
**	Security Plan	Not Scored

\* The Preference form may inform the Preferred Bidder Selection process where the Framework Provider has bid in more than one CPA.

\*\* The Security Plan will build on the Plan submitted by Framework Providers but will focus on the security needs of the Work Programme delivery.

3.6 The tender response to each question within each part of the bid will be evaluated using the following criteria and sub criteria.

	ItT Question	
4.1 Customer Journey – Process	<p>Please submit a process map showing the proposed end to end customer journey(s) and attach the process map as Annex 1.</p> <p>This should include a detailed supporting description of the customer journey(s) specific to this CPA. Your response must describe how you will ensure the customer journey is tailored to meet the specific needs and barriers of individual customers, and include the customer requirements defined in the Specification.</p>	<p>Please note your response to this question will not be scored but will act as a reference point for the scoring of questions 4.1a and 4.1b</p>
<p><b>SERVICE REQUIREMENT – MINIMUM SCORE APPLIES TO ALL QUESTIONS THAT ATTRACT A SCORE WITHIN THIS SECTION. BIDS SCORING 2 OR LESS ON ANY QUESTION WITHIN THIS SECTION WILL BE REMOVED FROM THE COMPETITION.</b></p>		
Main Criteria	ItT Questions	Evaluation Criteria
4.1a Customer Journey – Rationale	<p>Please describe in detail:</p> <ul style="list-style-type: none"> <li>▪ Your rationale for your proposed Customer Journey(s) detailed above in 4.1 within this CPA;</li> <li>▪ The benefits to the individual customer groups of this approach.</li> </ul>	<p>Comprehensive response which addresses the needs of the Customers in this CPA in relation to the delivery proposal, supported by evidence of why this is the best approach. This should provide assurance that the full range of needs and barriers across all customer groups in every locality is fully addressed by delivery proposals.</p> <p>Please make specific references to how this relates to your response in 4.1</p> <p>Both bullets in the question will</p>

		have equal weight in determining the evaluation score for this section
4.1b Service Requirement	<p>DWP expect all customers to receive a minimum level of service Please clearly define:</p> <ul style="list-style-type: none"> <li>▪ Your minimum service delivery levels for all customers within this CPA;</li> <li>▪ Your rationale that supports your approach</li> <li>▪ How it addresses the needs by customer groups.</li> </ul>	<p>Comprehensive response which clearly states the minimum service all customers within the CPA will receive and how the approach addresses the needs of each of the customer groups. Each of the three bullets in the question will have equal weight in determining the evaluation score for this section Please make specific references to how this relates to your response in 4.1</p>

Proposed text for inclusion in the literature offered to customers as they join the Work Programme

Whether you are dealing with Jobcentre Plus or one of our providers, you should expect to be treated fairly. Your provider must explain the level of service you can expect from them.

If you think they are not meeting those standards, you have the right to complain. Your provider will not treat you any differently just because you have made a complaint.

If you do want to make a complaint about any aspect of the Work Programme, get in touch with the person you have been dealing with or their manager. Tell them what happened, how it affected you, and what you want to happen as a result.

Your provider will have their own complaints procedures that they'll explain to you at your first meeting. If you have gone through their process and are not satisfied with the way they have dealt with your complaint, you can ask the Independent Case Examiner to investigate. The Independent Case Examiner will normally only accept a complaint for investigation if you have:

- already received a final response from your provider; or
- waited eight weeks for a response.

You can contact the Independent Case Examiner at:

Independent Case Examiner  
PO Box 155, Chester CH99 9SA

Phone 0845 606 7777

Textphone 0151 801 8888

Email [ice@dwp.gsi.gov.uk](mailto:ice@dwp.gsi.gov.uk)

Website [www.ind-case-exam.org.uk](http://www.ind-case-exam.org.uk)

## ANNEX C

Sir Richard Tilt  
c/o SSAC Secretariat (via e-mail)  
The Adelphi

21 February 2011

Dear Sir Richard

### **Use of the powers in the Work Programme Regulations**

Following your discussion with Lord Freud last Thursday (10 February) you will be aware that up until recently my officials had been working on the basis that we would need additional sets of secondary regulations to support the implementation of: Skills Conditionality; Service Academies and The New Enterprise Allowance.

It has now become apparent that the Work Programme Scheme Regulations will enable the Department to implement all three policies. At the time that the Work Programme Scheme Regulations were put before the Social Security Advisory Committee the policy detail with regard to the above initiatives was not developed.

Although you fully explored the legal effect of the Work Programme Scheme Regulations in the context of the Work Programme, I appreciate that you have not been able to advise on the above policy initiatives. I know you will understand that this was simply because officials were not aware at the time that the regulations could be applied to a broader set of policies.

In order to enable SSAC to fulfil its function of advising and assisting the Secretary of State in relation to the full range of policies that will be making use of the powers set out in the Regulations, I have asked officials to attend the SSAC meeting on 2 March. Any resulting correspondence from SSAC will, of course, be in the public domain in the same way as it would had SSAC scrutinised the policies at the point that the Regulations were referred. I am keen to ensure that the process is as transparent as possible.

I hope you will agree that this is the most appropriate course of action in the circumstances and I look forward to hearing from you following the meeting on 2 March.



Rt Hon Chris Grayling MP  
Minister for Employment

**From the Chairman**

The Rt Hon Chris Grayling MP  
Minister of State for Employment  
DWP

2 March 2011

*By email*

Dear Minister

### **USE OF THE POWERS IN THE WORK PROGRAMME REGULATIONS**

Thank you for your letter of 21 February 2011. We are grateful for your prompt and thorough consideration of the issues raised by recent events.

The Committee met today and considered the information that has been provided by the Department on the three new schemes that you plan to take forward under the Work Programme Regulations that we originally scrutinised on 2 December 2010. Officials presented these measures to us and also explained in more detail how it came about that the full potential scope of the regulations was not brought to our attention at that time.

In the circumstances, and having explored a number of concerns we have about the new schemes with officials, we have decided that we shall be offering advice in the form of a report to the Secretary of State. You have agreed that this advice will be published in the same way as it would had we scrutinised the new measures at the point at which we first considered the proposals for the Work Programme regulations. We shall aim to produce a report using our powers under S.170 of the Social Security Administration 1992 before the Work Programme regulations are laid (we understand that the proposed date for laying is 31 March) so that our report and the Secretary of State's response and all the relevant accompanying documents can be published in the usual format – an Act Paper – and laid alongside the regulations.

Like you we are keen to ensure that this process is as transparent as possible and we would therefore seek your confirmation that this process will be extended to any further measures that could be covered by the powers in the Work Programme Regulations.

Regards

Richard Tux

# **ANNEX D THE DEPARTMENT'S EXPLANATORY MEMORANDA, EQUALITY IMPACT ASSESSMENTS AND DRAFT REGULATIONS**

**As presented to the Social Security Advisory Committee's Meeting  
2 March 2011**

## **EXPLANATORY MEMORANDUM FOR THE SOCIAL SECURITY ADVISORY COMMITTEE FROM THE DEPARTMENT FOR WORK AND PENSIONS**

### ***SKILLS CONDITIONALITY***

**No. 000**

#### **PROPOSALS TO USE THE POWERS IN THE WORK PROGRAMME SCHEME REGULATIONS TO INTRODUCE FROM 1 AUGUST 2011 INCREASED OBLIGATIONS ON THOSE SEEKING AND PREPARING FOR WORK TO ATTEND SKILLS PROVISION**

<b>Contents</b>	<b>Page</b>
<b>Introduction</b>	<b>2</b>
<b>Reasons for Change</b>	<b>3</b>
<b>Background</b>	<b>5</b>
<b>Policy and Operations Background</b>	<b>6</b>
<b>Devolved Administrations</b>	<b>12</b>
<b>Impacts of the changes on claimants</b>	<b>13</b>
<b>The Work Programme</b>	<b>20</b>
<b>Complexity/Simplification</b>	<b>21</b>
<b>Costs and Savings</b>	<b>22</b>
<b>Consultation</b>	<b>22</b>
<b>Child Poverty and rural impacts</b>	<b>23</b>
<b>Easing the Transition</b>	<b>24</b>
<b>Monitoring and Evaluation</b>	<b>24</b>
<b>Conclusions</b>	<b>24</b>
<b><u>Annexes</u></b>	
<b>1 Equality Impact Assessment</b>	<b>27</b>
<b>2 Background to cost and savings estimates</b>	<b>38</b>
<b>3 Skills Offer for claimants on active benefits</b>	<b>40</b>
<b>4 Entry points to Work Programme</b>	<b>42</b>

<b>5</b>	<b>Stakeholder engagement plan for consultation</b>	<b>43</b>
<b>6</b>	<b>Organisations Responding to the public consultation</b>	<b>44</b>
<b>7</b>	<b>Use of the Work Programme Regulations</b>	<b>47</b>

**EXPLANATORY MEMORANDUM FOR THE SOCIAL SECURITY ADVISORY  
COMMITTEE FROM THE DEPARTMENT FOR WORK AND PENSIONS**

***SKILLS CONDITIONALITY***

**No. 000**

**PROPOSALS TO USE THE POWERS IN THE WORK PROGRAMME SCHEME  
REGULATIONS TO INTRODUCE FROM 1 AUGUST 2011 INCREASED  
OBLIGATIONS ON THOSE SEEKING AND PREPARING FOR WORK TO  
ATTEND SKILLS PROVISION**

**Introduction**

1. Skills and qualifications play an important role in improving labour market outcomes, both for individuals and society. People with higher qualifications are more likely to be employed (and earn more) than people with lower level or no qualifications<sup>26</sup>. A lack of qualifications can be a disadvantage in the labour market, a disadvantage often compounded by other barriers to work. We also know that engaging in training when unemployed is associated with an increased likelihood of returning to paid work compared with other groups.<sup>27</sup>
2. However, we know that even where claimants have a training need they do not always take up or complete provision to address that need. Evidence in England on take-up of current skills interventions for unemployed people suggests that drop-out between referral from the Jobcentre and attending an initial provider interview or starting on the course is high.<sup>28</sup>
3. The Government is committed to ensuring that individuals who are able to look for work or prepare for work, should be required to do so as a condition of receiving benefit, and those who fail to meet their responsibilities, without good cause, should face a sanction in the form of loss of or reduction in benefit. Ministers are keen to make it clear to claimants that once committed to a period of training they should not drop out without good cause. By working with Next Step, the adult careers service in England, and in time the all-age careers service and colleges and training providers, Jobcentre Plus advisers will ensure that they focus help and support on those claimants who have an identified skills need that is a barrier to them gaining and keeping employment. It is essential that the support offered to benefit claimants is underpinned by clear expectations about what they need to do in return for the support they receive. We need to ensure that Jobcentre Plus advisers communicate clearly the benefits of training but that claimants also understand what is expected of them in terms of attendance.

---

<sup>26</sup> Analysis of the quarterly UK Labour Force Survey shows that the employment rate is higher for men and women with Level 2 qualifications than for men and women with no qualifications.

<sup>27</sup> Cheung and McKay "Training and progression in the labour market" DWP RR680 2010

<sup>28</sup> "Attendance rates at Training", DWP Ad-hoc publication, February 2011

4. Skills conditionality involves Jobcentre Plus referring claimants to a skills training provider, further education college or Next Step careers adviser with potential benefit sanctions for non-participation. The training will include vocational, basic skills including literacy and numeracy, employability training as well as support with softer skills such as motivation and confidence building. The main aim behind this policy is to ensure that those Jobseekers Allowance and Employment and Support Allowance Work-related activity group claimants who have a skills need that is preventing them from getting and keeping a job take the necessary steps to address that need as part of their journey back to work.
5. Skills conditionality will apply to Jobseekers Allowance (JSA) claimants and to Employment and Support Allowance claimants in the Work Related Activity Group (ESA WRAG). The Jobseeker's Allowance (Work Programme) Regulations 2011<sup>29</sup> will be used to apply skills conditionality to JSA claimants (please see Annex 7 for how they will apply it). Separate Regulations were put before the Committee on 3<sup>rd</sup> November 2010 which covered the ESA (WRAG) group.<sup>30</sup>
6. Skills conditionality will mainly be used by Jobcentre Plus when referring claimants to skills interventions prior to referral to the Work Programme but mandatory attendance at skills interventions can also be implemented by Work Programme delivery partners from August 2011.

## Reasons for Change

### Improving attendance and value for money

7. 'Skills for Sustainable Growth' (November 2010) set out BIS Ministers' ambition to give colleges and training providers greater freedom to respond to the needs of their local communities and economies. To support this new skills offer, Jobcentre Plus will need to work closely with learning providers to shape and influence the provision offered and ensure the particular skills needs of its claimants are served with appropriate courses. In order to ensure the viability of some of this provision and ensure government obtains value for money, Jobcentre Plus will need to reduce the number of claimants either failing to attend following referral to provision or dropping out.
8. Evidence for England (April 2009-October 2010) indicates that between 35-40% of people referred by Jobcentre Plus to skills provision (i.e., 6 Month Offer (Work focused Training) and Young Persons' Guarantee (Routes into Work and Work focused Training) actually started training.<sup>31</sup>

---

<sup>29</sup> Not yet laid before Parliament.

<sup>30</sup> the Employment Support Allowance (Work-Related Activity) Regulations 2011 (not yet laid before Parliament)

<sup>31</sup> "Attendance rates at Training", DWP Ad-hoc publication, February 2011

9. Feedback from colleges and training providers who attended four learning provider events<sup>32</sup> at the end of January also highlighted that high levels of drop out were an issue for them in setting up provision for Jobcentre Plus claimants.
10. The findings from the 2004-2005 Basic Skills Mandatory Training pilot showed that skills conditionality increased the probability of claimants (who were referred) starting provision by five percentage points. The threat of sanctions was also found to increase the percentage of claimants who completed provision once they had started it by three percentage points.

### **Improving support for claimants and helping them move towards the labour market**

11. The aim of skills conditionality is to increase attendance on provision and by doing so help more claimants to address their skills barriers and move into a job.
12. Whilst the evidence<sup>33</sup> suggests that employment focussed programmes have generally had more impact on initial employment outcomes for the low-skilled and are typically more cost-effective than education focussed programmes, the evidence also shows that the jobs low-skilled people enter are typically low paid and provide few prospects for progression. Training will be necessary to help move some of the low-qualified and low-skilled group into work.
13. The most recent evidence we have on the net impact of training on job outcomes comes from the longer-term evaluation of the Work Based Learning for Adults programme.<sup>34</sup> The study reports a 5 percentage point impact on employment 40 months after participation associated with all three training options (Short Job-focussed Training; Longer Occupational Training and Basic Employability Training). However, referrals to the Work-Based Learning for Adults programme ended in 2005 and there is a need for more recent evidence on the impact of training.
14. DWP and BIS are developing a new source of matched data drawing on administrative data to enable us to analyse the impact and value added of training. The sources of information include learning participation (from colleges and training providers) benefit claims (from Jobcentre Plus) and employment data (from HMRC).
15. General evidence on conditionality suggests that the threat of sanctions does have an effect on claimants' behaviour, although not necessarily making them

---

<sup>32</sup> Four provider events were held during week beginning 17 January 2011. Events were held in Telford, Cambridge, London and Salford.

<sup>33</sup> "DfES and DWP: A shared evidence base: The role of skills in the labour market" RW91 January 2007

<sup>34</sup> Speckesser, S. and Bewley, H. (2006). The longer term outcomes of Work-Based Learning for Adults: Evidence from administrative data. DWP Research Report No 390. WBLA available to JSA claimants of 6 months plus

more likely to find work or improving their employment prospects<sup>35</sup>, with international evidence showing mixed social and employment impacts<sup>36</sup>.

16. Evidence from the basic skills mandatory training pilot (2004-5) showed that the threat of sanctions had a negative impact on the probability of starting a job in the short run by three percentage points<sup>37</sup>. To test whether this negative effect on job outcomes was the result of a short-term lock in effect, DWP analysis conducted in 2008 looked at the impact on employment over the three years following starting on the pilot using a Propensity Score Matching technique. This analysis found that the impact of mandation on employment was negative even after three years<sup>38</sup>.
17. However our expectation is that mandation to the new types of skills provision will be more effective. The results from the basic skills mandatory training pilot applied to those attending basic skills provision only and it is likely that many of the participants were a long distance from the labour market. The pilot also involved mandating all those claimants identified with a basic skills need – many of these claimants may have been unwilling to learn and this might have impacted on the likelihood of them moving into work. Our proposal for skills conditionality involves advisers and learning providers using their discretion to judge when training would be appropriate. This is a big difference to the approach used previously. The proposed incentives framework for colleges and training providers will also be very different to that which was in place when the basic skills mandatory training pilot was delivered, when funding and performance measures were geared towards longer courses. In future, colleges and training providers will be able to offer flexible, locally responsive and labour market relevant provision, including shorter units and awards as well as full qualifications, on a fully funded basis for JSA and ESA WRAG claimants. (More detail is provided at Annex 3). There will also be job outcome incentive payments to reward colleges and training providers for getting unemployed learners into work. In this context, we are confident that skills conditionality will generate positive returns.

## Background

18. The Department has previously supported three basic skills pilots to mandate jobseekers to skills provision. The first took place in 2001 but participant numbers were too low to produce robust results. A second pilot testing mandation to basic skills training ran from 1 April 2004 to 31 March 2005. The third pilot (started on April 2010) has not been evaluated in terms of its impacts

---

<sup>35</sup> Peters, M.; Joyce, L. (2006): "A review of the JSA sanctions regime: Summary research findings", DWP Research Report No 313, [http://research.dwp.gov.uk/asd/asd5/report\\_abstracts/rr\\_abstracts/rra\\_313.asp](http://research.dwp.gov.uk/asd/asd5/report_abstracts/rr_abstracts/rra_313.asp)

<sup>36</sup> Griggs, J. and Evans, M.: "A review of benefit sanctions", Joseph Rowntree Foundation, December 2010, <http://www.jrf.org.uk/sites/files/jrf/conditional-benefit-systems-summary.pdf>

<sup>37</sup> Joyce, L.; Kasparova, D.; David Wilkinson, D. (2006): "Evaluation of basic skills mandatory training pilot: synthesis report", DWP Research Report No 385, [http://research.dwp.gov.uk/asd/asd5/report\\_abstracts/rr\\_abstracts/rra\\_385.asp](http://research.dwp.gov.uk/asd/asd5/report_abstracts/rr_abstracts/rra_385.asp)

<sup>38</sup> Wiggin, Natalie (2008): "Assessing the net impact of Basic Skills mandation". DWP ad-hoc analysis, [http://research.dwp.gov.uk/asd/asd1/adhoc\\_analysis/2011/basic\\_skills.pdf](http://research.dwp.gov.uk/asd/asd1/adhoc_analysis/2011/basic_skills.pdf)

on job outcomes. The original aim of the third pilot was to use a randomised control design to allow us to look at the impact of mandation on job outcomes as well as on attendance and completion on training. Whilst there are important lessons we can learn from the pilot, both the quantitative and the qualitative evaluations found some issues with the scope and implementation of the pilots which limit our abilities to draw conclusions.

19. Following the change in government, Ministers asked officials to explore the feasibility of rolling out skills conditionality as soon as possible. This was because of the fit with the general direction of travel towards the introduction of Universal Credit. The recent DWP White Paper '**Universal Credit: welfare that works**' sets out the intention to give Jobcentre Plus advisers the flexibility to target stronger conditionality on some jobseekers where they think it is necessary to help them move into work. The implementation of skills conditionality needs to be seen in the context in England of increasing flexibility for both training providers/colleges and Jobcentre Plus advisers alongside the move to a stronger conditionality and sanctioning regime across the employment system. In November 2010 both DWP and BIS ministers agreed that skills conditionality should be rolled out from August 2011.
20. Given the differences between the pilot and the proposed model, and the fact that ministers have already decided to roll out skills conditionality the decision has been made to stop the pilots at the end of March 2011. A high level communication to Jobcentre Plus Advisers and to colleges and training providers who are participating in the pilot will emphasise that the early ending of the pilot does not signal a shift in the policy direction. Despite the issues with the implementation of the pilots, the evaluation has still provided a lot of useful information that will be used to inform national roll-out. This evidence is referred to throughout the document and we expect the full report to be published in the first half of 2011.

## **Policy and Operations Background**

21. Skills play an important role in improving labour market outcomes, both for individuals and society. There is a range of evidence linking qualification levels with employment and earnings. Grinyer (2006) found a 12% premium for Level 1 literacy and 13% for Entry level 3 numeracy. At the top of the numeracy scale the effects were even larger, with a 19% effect for above Level 2 numeracy skills. Looking at employment effects, Dearden et al (2000) found that people with Level 1 numeracy are about 2-3% more likely to be employed, controlling for all other factors. The evidence for literacy varies according to the datasets used in this study, with one showing a 13% employment effect (10% after controlling for other factors).
22. Many benefit claimants lack the skills they need to find work, stay in work, and progress. These claimants have a significant distance to travel to get back into work, and the acquisition of economically valuable skills is a vital part of their journey. A lack of skills represents a significant challenge in the labour market, and a particular problem for many of those on benefits. Those who leave school with low or no qualifications tend to go on to suffer a significant labour market

disadvantage. It is also predicted that 70% of the 2020 workforce are already beyond age of compulsory education, and around half of the adult population in 2020 are already over 25<sup>39</sup>. Hence there is a need for better provision of adult education and training. Taking part in training could help some people to improve their job outcomes.

23. Adults who attain basic skills later in life often have a number of hurdles to overcome which impact on how quickly they are able to gain full time employment and higher earnings. Even so, McIntosh and Vignoles (2001) found the wage premium for gaining numeracy skills at level 1 or above was 8-10%; the wage premium for level 1 literacy skills was 2-6%. Bynner & Parsons (2006) also showed that adults who improved their numeracy skills between ages 21 and 34 were more likely to have their own home, savings and less likely to be on benefits than those who did not improve their skills. McIntosh (2004) fifteen found that unqualified male school leavers who go on to obtain Level 2 vocational qualifications are 10 percentage points more likely to be employed than those who do not acquire any qualifications after school. Jenkins et al<sup>40</sup> (2002) found that women who were unemployed and gained low-level qualifications were significantly more likely to move into work than women who did not gain qualifications or take part in learning.
24. For people who are unemployed the evidence suggests that employment focused programmes have generally been found to have larger effects on employment and move people into jobs more quickly than education-focused programmes. However the evidence on wage premia for adults who improve their skills demonstrates the need for is a mixed approach that is tailored to individual need.
25. BIS and DWP's shared policy aim is to put in place a high-quality, labour market relevant training offer for people on active benefits, to help them move into sustainable employment and progress in learning and work. To deliver this, Ministers have agreed that JSA and ESA WRAG claimants should be able to access fully funded, accredited training provision funded through the mainstream Adult Skills Budget, including units and awards as well as full qualifications, depending on what the individual needs to help them obtain work. This will also include enterprise education to help people set up their own business. There are already a number of units and qualifications in enterprise education on the Qualifications and Credit Framework, all of which may be fully funded from 1 August 2011 for the JSA and ESA (WRAG) claimant group. (Annex 3) Ministers have also agreed that active benefits claimants' skills barriers should be identified and addressed early in their claim, and that they should be given the opportunity to attend and complete relevant training and move into work before being referred on to a Work Programme provider. Work Programme Providers will be able to refer claimants onto fully funded skills

---

<sup>39</sup> Opportunity, Employment and Progression: making skills work" (DIUS-DWP, 2007), <http://www.official-documents.gov.uk/document/cm72/7288/7288.pdf>

<sup>40</sup> Jenkins A 'Women, Lifelong learning and employment' CEE August 2004 ISBN 07530 1733 4

provision but it is expected that this will not be a large volume. Referrals to skills provision from Work Programme providers is discussed in greater detail later in the paper.

26. 18 year olds who claim JSA are in scope of these Regulations for skills conditionality. Whilst in England they are not eligible for BIS funded training at the present time, work is ongoing to allow the funding to colleges who provide both YPLA and adult services to be flexible for 18 year olds, allowing them access to adult services where this is more appropriate to their needs. It is expected that this will be in place by Spring 2011.
27. Referrals to skills interventions will be a key part of the new Jobcentre Plus offer to claimants which is rolling out from April 2011. Jobcentre Plus advisers will be expected to identify and assess a claimant's skills needs during the proposed initial diagnostic activity at the beginning of a new claim and there will be further opportunities to review this throughout the period of the claim. Skills conditionality will build on changes already being implemented. Jobcentre Plus advisers are familiar with the referrals system to Next Step, learning provider interviews, and skills provision. In the future there will not be specific training programmes ring-fenced at national level for those on benefits. Colleges and training providers will have the freedom to use their mainstream skills funding to offer flexible, labour market relevant provision in response to the needs of employers and Jobcentre Plus claimants. Claimants will be referred to a college or training provider who will make a judgement about the most appropriate provision to meet the needs of the individual. This could, for example, include both basic skills training and vocational training. Jobcentre Plus advisers are already familiar with the Decision Making and Appeals process and refer individual cases to the decision maker for consideration of sanctions for a variety of reasons, such as refusal of employment.
28. Where appropriate Jobcentre Plus adviser will still be able to signpost a claimant to a college/provider or Next Step as part of a general conversation about the support available to help them get back to work. In these cases attendance will not be mandatory.

**Our proposal for skills conditionality is:**

29. At the beginning of a new claim a Jobcentre Plus adviser will identify and assess a claimant's skills needs. Where the adviser identifies a potential skills need and makes a referral to an initial provider interview, attendance at that initial interview will be mandatory. A suitably qualified professional at the college or training provider will undertake an initial assessment to identify the individual's skills barriers to employment, in light of local labour market conditions. The college/training provider will talk to the claimant about the training available and aim to tailor the provision to meet the needs of the claimant.
30. Alternatively, Jobcentre Plus advisers may decide that a referral to Next Step is needed first for a more in-depth diagnosis of an individual skills need. Advisers will talk to the claimant about the service that Next Step provides and will be

able to use their discretion to make either a voluntary or a mandatory referral to Next Step (and in time the all-age careers service). Next Step will provide a Skills Action Plan for each individual, based on a professional in-depth consideration of their skills, through one or more guidance sessions with them. The plan will identify the key actions, including suitable training courses that could be taken to help the claimant attain the skills they need to get a job or to prepare for work, taking account of local labour market considerations.

31. Once a firm offer of a fully funded training place has been made, Jobcentre Plus advisers in discussion with colleges/training providers (and, where appropriate, Next Step and/or other professionals with an interest e.g. Work Psychologist, see para 78) and taking account of the views of the claimant will have the flexibility to decide whether to refer the claimant to that provision.. Once the referral is made, attendance at the provision will be mandatory. Referrals to training should be made at an appropriate time in the claim – for example, if the claimant has a basic skills need that is acting as a significant barrier to employment then the referral could be early in the claim. There will be scope for the college/training provider to design the provision around the needs of the individual; the referral will not stipulate what the provision will include and will not bind the college/provider to a particular approach. It may however include other requirements of benefit conditionality (for example, jobseeking conditionality for claimants of Jobseeker’s Allowance).
32. Where an individual is mandated to attend training and the college/provider decides partway through the course that it is not suitable for the claimant; or is not the most suitable course of action; or that they need something different first (e.g. support with basic skills or non-skills support such as to address dependency), the Jobcentre Plus adviser will have the flexibility, in discussion with the college/training and with the claimant, to drop the requirement or amend it.
33. If the claimant has failed to start or left the training without good reason the Jobcentre Plus adviser, using any information given to them by the college/provider or college about the individual’s non-participation and also any information they may obtain directly from the claimant, will refer the case to a Benefit Delivery Centre where a decision maker will decide whether or not the individual had ‘good cause’ for failing to engage/attend or should be sanctioned. Whilst the onus is on the claimant to provide evidence of whether or not they had good cause for failing to attend the training, in a small number of cases the decision maker may need to contact the college/training provider in order to verify any evidence that has been provided by the claimant, or to ask them to comment on the circumstances in which someone left the provision, or their conduct while on training.
34. Currently training providers and colleges are expected to provide information on starts and attendance for Jobcentre Plus claimants attending provision on a full-time basis for two weeks or more as that information is needed for the payment of training allowances and travel and childcare costs. Under our proposal for skills conditionality we intend to pay travel and childcare costs for all those mandated to training – this will include those mandated to part-time training.

Training providers and colleges will, therefore, also be asked to provide this information for claimants referred to them on a mandatory basis for part-time training. We envisage that this can be done through the existing systems colleges and providers use to record full-time attendance. Many colleges/providers already have strong regular links with local Jobcentre Plus to support this level of information sharing. Others may initially find this more challenging, and implementation plans will include Jobcentre Plus District External Relations Managers taking a lead on engaging with all learning providers to forge the necessary links.

35. Until the claimant commitment is introduced, referrals to training will need to be recorded by the adviser on a Jobseekers Agreement (for Jobseekers Allowance claimants) or Jobcentre Plus action plan (for claimants in the Employment Support Allowance Work Related Activity Group). Claimants are currently given copies of these documents when they are set up and whenever reviewed.
36. The Jobseekers Agreement helps establish entitlement to JSA. It contains the claimant's job goals; availability for work and any agreed restrictions; and what they will do to look for work.
37. Whilst it is always the aim at an advisory interview to reach agreement with a claimant over the content of their Jobseekers Agreement there may be circumstances where a labour market decision maker will need to adjudicate over whether a proposed JSAG will meet the conditions of entitlement or whether a restriction that the claimant proposes is reasonable. If the decision maker determines that the restrictions the claimant wishes to place on his availability/jobsearch are such that they affect the claimant's ability to secure work, and agreement still cannot be reached, there will be no entitlement to JSA. The claimant does have a right of appeal.
38. The ESA WRAG claimant must be notified of the requirement to undertake work related activity in an action plan. The action plan must be in writing and be given to the claimant. The action plan must specify the work related activity which the claimant is required to undertake, the date and time by which the claimant is required to undertake it, the evidence they need to provide to demonstrate that the activity has been undertaken and any other information required. We would normally expect decisions about the nature of work-related activity to be taken in consultation with the claimant at work-focused interviews. Once an activity is recorded in the action plan it will be mandatory for the claimant and must be completed by the deadline set unless the claimant requests, and is granted, a reconsideration. There are no appeal rights against this part.
39. If a claimant fails to undertake work related activity specified on the action plan without good cause, a sanction may be applied to their benefit. Decisions on failures and good cause are made by a dedicated Jobcentre Plus Decision Making Team. If a sanction is applied the claimant has the right of appeal against that decision

40. The claimant commitment will be introduced through the Welfare Reform Bill. It is proposed that it will replace both the Jobseekers Agreement and Action Plan. It will set out clearly all the requirements expected of the claimant and the consequences of non-compliance. Any mandatory referral to skills training will be included in the claimant commitment, together with information on the sanction that will be imposed if the claimant fails to attend, drops out or does not participate. The claimant commitment will be made available to the claimant. There will be a right for a claimant to ask for their Claimant Commitment to be looked at again if they think it is unreasonable in any key way. However there will, as now with a Jobseekers Agreement, be no specific right of appeal against a Claimant Commitment. The right of appeal will, as fits with the general Departmental approach towards decision-making and appeals, lie on any decision to disentitle an individual following non-acceptance of their Commitment.
41. The implementation of skills conditionality will need to be supported by IT changes that are being proposed as part of the roll-out of the Jobcentre Plus offer from April 2011. Potential changes that are in scope include the facility to record signposting as well as mandatory referrals and to ensure that we will be able to collect MI on the referrals to DMA and those who receive a sanction because of skills conditionality. The intention is also to enable the skills sections of the Jobseekers Agreement or Action Plan to be shared with skills providers.

### **Sanctioning**

42. The sanctions systems that will be applied as part of skills conditionality in August 2011 will initially remain the same as those currently in use. In the current regime Jobseekers Allowance claimants would lose their benefit (specific arrangements are also in place for those who are part of a JSA joint claim) for a fixed period of time, two, four or up to twenty six weeks. For Employment and Support Allowance Work Related Activity Group claimants, the sanction is 50% of the work related activity component for the first four weeks and then 100% of the work related activity component after this period. This sanction remains in place until the claimant complies with the requirement placed upon them.
43. Claimants subject to a sanction retain access to the full range of Jobcentre Plus support that is available to their claimant group, and JSA claimants must continue to provide a signed declaration every fortnight in accordance with normal signing arrangements. Entitlement to passported benefits such as Housing and Council Tax Benefit is not affected.
44. **A new sanctions structure** (as outlined in the DWP white paper **Universal Credit: welfare that works**) is being proposed in the Welfare Reform Bill. It is intended that the new structure will apply to those claiming Jobseekers' Allowance and Employment and Support Allowance and includes proposals for open ended sanctions.
45. When considering a benefit sanction Decision Makers will apply the current JSA and ESA guidance on good cause. Any participant who fails to attend their

training, or leaves before the end of the agreed period will be able to argue good cause, as provided by section 17A of the Jobseekers Act 1995 and the new regulations.

46. Currently JSA claimants may apply for hardship payments at any point in their sanction. If they can demonstrate that they would otherwise suffer hardship, they will receive the payments. Under the new sanctions regime, hardship payments to non-vulnerable claimants will be recoverable. This recovery will be interest free and take place in small increments. It will not apply to vulnerable claimants, who will continue to receive hardship payments with no obligation to repay them. We are also considering limiting the length of time for which non-vulnerable claimants can claim hardship payments, where they have repeatedly breached their conditionality.
47. Under the existing sanctions structure, ESA WRAG claimants who become subject to a benefit sanction will not be eligible for consideration under the Hardship regime because the sanction is 50% of the work-related activity component for the first four weeks and then 100% of the work related activity component after this period, and not the whole amount of the benefit. With the new sanctions regime we will be introducing 100% sanctions for claimants in the Work Related Activity Group. To mitigate this, we will be introducing a hardship regime, mirroring that in place for JSA claimants. All ESA claimants will be deemed 'vulnerable', so neither the recovery nor the possible time limit will apply to them.
48. Some claimants have restrictions on their hours of work or patterns of work agreed by an adviser and this will be taken into account before they are referred to training provision. The flexibility to deliver part-time and full-time courses is one of the features of the training provision that Jobcentre Plus will need to negotiate with the local college(s) and/or provider(s), in the context of the new, flexible, locally responsive approach to determining the provision on offer.

## **Devolved Administrations**

49. We intend to adopt a phased approach to the roll-out of skills conditionality with roll-out taking place initially in England only. The Work Programme Regulations will apply in England, Scotland and Wales. However, we need to recognise that training is a devolved issue and there is a risk that imposing Skills Conditionality in the devolved administrations could result in fewer Jobcentre Plus claimants being offered access to their provision. Additionally it could cause tensions at the local level between Jobcentre Plus and colleges/training providers in Scotland and Wales. Therefore we propose to continue discussions with the Devolved Administrations with the aim of rolling out skills conditionality in Scotland and Wales at a later date. In the commissioning of Jobcentre Plus we will ensure that in Scotland and Wales advisers do not invoke skills conditionality until instructed.

## Impacts of the changes on claimants

### Claimants' views of skills conditionality

50. Research suggests that a majority of the general public believe that it is right that the support which Jobcentre Plus claimants receive to address their barriers to work should be balanced by an obligation to address those barriers when they are identified. In a DWP survey respondents were asked whether:

“a JSA claimant should attend relevant skills training that addresses a skills gap that has been identified as a barrier to work, or face a stronger sanctions regime”.

51. This proposition had high levels of general public support with almost two thirds of the respondents (63 per cent) agreeing strongly and a further quarter agreeing slightly (25 per cent). Levels of disagreement were very low with only 8 per cent of the respondents disagreeing overall.

52. This view is also backed up by some of the evidence coming from the qualitative evaluation of the JSA skills conditionality pilots. Some claimants were happy with mandation in principle, provided that:

- Individual needs and circumstances are taken into account before deciding on mandation,
- The referral by Jobcentre Plus was appropriate, i.e. the skills need was correctly identified and suitable provision offered,
- Training was of good quality and locally available.

53. These claimants viewed mandation as having the potential to contribute towards the improvement of claimants' skills and improve their job prospects.

54. Among those claimants who expressed more negative views on mandation, the key issues was a preference for positive motivation rather than coercion as well as the appropriateness of the referral and the quality, availability, relevance and level of the training available.

### Likelihood of receiving a sanction

55. Most people want to find work and are happy to take the necessary steps to prepare for work and will therefore never be in the position of facing a sanction. The 2004-05 Basic Skills Mandatory Training Pilot<sup>41</sup> found that only around 3% of the claimants referred to training actually received a sanction. Twenty-two per cent of these claimants received more than one sanction, with the maximum number of sanctions recorded as seven.

56. Evidence suggests that those who are sanctioned are less likely to repeat the same behaviour a second time. Of those claimants who are sanctioned, most

---

<sup>41</sup> Joyce, Kasparova, Wilkinson (2006), op cit

(73%) are only sanctioned once. Research shows that most jobseekers agree with this approach – even 40% of those who are sanctioned think their own sanction was fair.<sup>42</sup>

57. The qualitative research carried out for the JSA Skills Conditionality Pilot found that advisers expressed the views that sanctions were rarely applied to claimants as most claimants would comply with mandation. Where sanctions were applied it was sometimes due to poor organisational skills or poor motivation to attend training.

### **Ensuring claimants understand the implications of skills conditionality**

58. Given the lessons we have learned from the pilot we will need to make sure Jobcentre Plus advisers are completely clear on the requirement to make claimants aware that the training is mandatory and of the consequences of failing to attend. This needs to be presented in the context of a conversation about the benefits of training and why the adviser thinks it will be helpful in moving the claimant nearer to the labour market. The claimant needs to understand that going on the training is an opportunity but the expectation is that they must attend. This is similar to the expectation that employers will place on them once they move into a job.

59. It will be important for Further Education Colleges and Independent Training Providers to understand the local labour market that they are working in, and to have a good understanding of the current and future vacancies available locally. Jobcentre Plus and the Skills Funding Agency are working together to ensure that local labour market information and intelligence will be available to colleges/providers.

### **Role of the claimant in decision making**

60. Whilst claimants will be included in any decisions about whether a referral to training is appropriate or not it is ultimately up to the Jobcentre Plus adviser and the college/training provider to make the final decision. If a claimant believes that a training course is not appropriate for them and drops out but the training provider or college is of the opinion that the claimant should stay and complete the course, the Jobcentre Plus adviser will refer to the Decision Maker. As part of this process, the claimant and college/training provider will both be asked for evidence. The decision maker will judge whether the claimant had good cause for leaving or whether the non-attendance is sanctionable. We need to ensure that clear criteria on what behaviour could result in a referral to DMA are communicated clearly to both the colleges/providers and the claimants.

### **Quality of provision**

61. If Jobcentre Plus are mandating claimants to training we need to be assured that it is relevant and of good quality. The importance of good quality training was one of the issues raised by claimants in the qualitative evaluation of the

---

<sup>42</sup> As above

JSA Skills Conditionality Pilots. The college/provider is responsible for ensuring the quality of its offer and service. All of the learning providers used in England will be registered on the Approved College & Training Organisation Register (ACTOR) and covered by the FE Quality Assurance System.

62. To be included on ACTOR, organisations must demonstrate that they meet minimum standards of quality, capability and capacity. These standards have been developed in consultation with sector representative organisations.
63. The Quality Assurance System describes the individual and collective processes that are used for quality assurance of teaching, learning and wider FE delivery. The 'framework' is underpinned by setting of standards and a combination of institutional self-assessment, external inspection and public reporting. The Skills Funding Agency is responsible for performance assessment and quality assurance of colleges/providers it funds and adopts a proportionate approach to monitoring.
64. The key metrics for identifying poor performance are 'Minimum Levels of Performance' (MLPs). These are agreed annually between Departments (BIS & DfE) and Agencies (including YPLA), and with input from the sector. MLPs set expected standards for delivery, based on Qualification Success Rates (QSRs) and are used when reviewing performance. They underpin decisions by the Skills Funding Agency about the removal of funding from poor quality provision (part or whole provision).
65. Ofsted provide their assessment of the quality of individual colleges/providers, through monitoring and inspection visits (and through thematic reports and surveys). Providers/colleges judged as outstanding will be exempt from inspection in future, although they will be brought back into scope quickly, if annual risk assessments identify a drop in performance.
66. Any complaints about the quality of the provision should be directed to the college/provider. The Skills Funding Agency requires each learning provider to publish a complaints procedure as a condition of their funding. The move towards more transparency about quality in FE is being led by the sector through the development of FE Public Information. This means that learners will be better equipped to make choices (between colleges/providers and courses) and understand the steps they can take if they are not content. Colleges/providers are expected to be responsive to complaints, or face significant reputational risk.
67. Where local partners (including Jobcentre Plus) feel the sector is not responding they will be expected to challenge the leadership of the sector locally, including college governors and principals, and to raise issues with representative bodies, who are expected to take a stronger peer role in driving up improvement. If a complaint is not resolved locally, they can involve Skills Funding Agency, but their role is about helping reach a solution rather than the arbitration of individual cases.

## **Impact of mandated claimants attending provision**

68. The qualitative evaluation of the Skills Conditionality Pilot did not find evidence that mandated claimants had disrupted the training of others. This is consistent with the findings of the 2004-05 mandatory pilot, where there was only limited evidence of some disruptive behaviour<sup>43</sup>. However, the evaluation of the Skills Conditionality Pilot also found that colleges/providers were not fully aware of which claimants were mandated and which claimants were not (the same applies to the claimants' awareness). Colleges/providers usually have their own processes in place to deal with poor attendance and/or disruptive behaviour.

## **Support for vulnerable claimants**

69. A review of service delivery to vulnerable claimants across Jobcentre Plus has been commissioned with a focus on the identification of vulnerable claimants and the extent to which guidance & handling arrangements identify & support them. This review will report shortly but emerging proposals and recommendations to the Jobcentre Plus Operational Delivery Executive include the need for a single common definition of "vulnerable claimant" (para 70) which should be embedded into day to day processes; an escalation route to a Senior Responsible Officer and Special Case Officers at advisory level; and the commissioning of appropriate protocols and guidance to ensure full understanding at each level of the organisation and a consistent approach.

70. Vulnerable claimants are individuals who are unable to safeguard their personal welfare or the personal welfare of others (including dependents). They may have difficulties which could affect their welfare and well-being. These difficulties could include comprehending information, interpreting situations, making decisions, giving consent, communicating information or their views or requesting specialist help. This may be related to age, health conditions, physical, mental or learning disability (including individuals whose circumstances require an appointee) or severe financial insecurity or hardship and/or because of their personal circumstances at that time. Vulnerable claimants have difficulty coping with the demands of the organisations processes including the channels used to access benefits or services and/or meeting the obligations or conditions they are required to meet. Consequently vulnerable claimants will need additional help and support that takes account their changing circumstances (recognising that people move in and out of vulnerability) to safeguard their welfare and well-being in a co-ordinated way.

71. If a claimant is sanctioned and they fall into the 'vulnerable' group then they have immediate access to hardship payments. People who fall into the vulnerable category include:

- pregnant women;
- lone parents responsible for a child or a young person;
- members of couples or polygamous marriages responsible for children or young people;

---

<sup>43</sup> Joyce, L.; Kasparova, D.; David Wilkinson, D. (2006), op cit.

- claimants who qualify for a Disability Premium;
- certain claimants with long term medical conditions;
- certain claimants who provide care for disabled people;
- certain claimants aged 16 or 17; and
- certain claimants under the age of 21.

72. Hardship payments are reduced-rate payments of income-based JSA, the payments are normally set at 60% of normal benefit levels, although this can increase to 80% for pregnant women or those who are seriously ill. If a claimant disagrees with a decision not to award a hardship payment then they can apply for a reconsideration of the decision or appeal to first-tier tribunal.

73. We already have safeguards in place to ensure that vulnerable claimants are not sanctioned inappropriately. This includes conducting home visits before a sanction is considered. These safeguards will continue.

74. Claimants should only be referred to training if the Jobcentre Plus adviser and college/training provider thinks it is appropriate, and travel and childcare costs will be paid. Advisers will devise a tailored plan for each ESA WRAG claimant and will encourage, persuade and support people into an activity they consider to be beneficial to the claimant.

75. Jobcentre Plus Advisers and managers are able to seek advice and guidance from Disability Employment Advisers (DEA) and Work Psychologists (WP) with regard to claimants who may have additional support needs while attending training (e.g. claimants with support needs for reasons of a learning disability or mental health issue). DEAs and WPs can also be consulted in circumstances where it may be unclear whether or not a disabled or vulnerable claimant should be referred to learning or sanctioned if they do not comply. In such cases of uncertainty, it is recommended that the referring Jobcentre Plus Adviser discuss these issues with their line manager, a DEA and WP representative, the college/training provider and the claimant in order to ensure that all the appropriate viewpoints and evidence can be considered before making a decision. Whatever the outcome of the decision, the vulnerable or disabled claimants' progress should be monitored while attending training.

76. Like any other jobseeker, lone parents on JSA could be sanctioned if they do not comply with the labour market conditionality without showing good cause. However, we have in place a number of flexibilities and safeguards to help lone parents and others with caring responsibilities for children on Jobseekers Allowance, which after discussion with the adviser could also apply in the context of skills conditionality. A mandatory referral to training would only be made where provision patterns align to agreed availability for work patterns.

- They may limit the hours they are available for work to a minimum of 16 hours a week based on their caring responsibilities. Lone parents with a child under 13 have a right to restrict their availability for work to their child's normal school hours.

- They are considered to have “good cause” for refusing or leaving a job because appropriate childcare is not available. This means that they will not be subject to a sanction.
- They may be treated as available and actively seeking work once in any 12 month period for a maximum of 8 weeks where a bereavement or domestic emergency has occurred.
- They may be treated as available for work in the summer vacation if they are unable to find appropriate, affordable short-term childcare during that time.
- They may restrict the hours for which they are available for work if they are subject to a parenting order or have entered into a parenting contract.
- They may restrict the hours for which they are available for work if their child is excluded from school and no other reasonable childcare arrangements are available.
- They have time to make childcare arrangements before attending an interview or taking up a job, they may take up a job offer within 28 days, or attend a job interview within seven days, if they would experience difficulty in arranging appropriate childcare any earlier.

### **Travel and childcare**

77. Our current proposal is that all those mandated to skills provision would be eligible for travel and childcare costs. This applies to both full and part-time provision. A claimant will not be mandated to skills provision unless these costs will be met by Jobcentre Plus.

### **Employment and Skills Data Sharing Legislation**

78. New data sharing legislation has already been put in place under powers contained in the Welfare Reform Act 2009, to allow proportionate sharing of claimant information between organisations that are supporting Jobcentre Plus claimants with their employment, skills and training needs. To minimise bureaucracy and provide a seamless service to the claimant, the regulations allow for information to be shared without the need to repeatedly obtain claimant written informed consent each time updated information is required.

79. Social security, employment, skills and training information can be shared between Jobcentre Plus, DWP/Jobcentre Plus contracted providers, specified types of local authorities, careers advisers and skills training providers (including colleges) in England Scotland and Wales. In practice, this will mean that information can be shared as often as is necessary, to support activities such as the management of adviser caseloads, undertaking joint action planning across the relevant organisations and in monitoring and building on the progress a claimant is making with the skills activity they are undertaking to support a move into work

80. The final step to implementing the legislation is underway and DWP officials are taking the legislation through the DWP Data Security and Office for Information Commissioner Protocols, with a view to the powers being able to be operationally implemented by Jobcentre Plus in Spring 2011.

### **Claimants' rights**

81. Sanction decisions carry the right of appeal to the First-tier Tribunal, with a further right of appeal, with permission, on a point of law to the Upper tribunal. In taking decisions on good cause decision makers must ensure they are consistent with precedents and case law set by the Upper Tribunal and higher courts. Claimants also have the right to use the training provider's and colleges complaints processes, which will be published, in order to raise issues on the quality of provision.

### **Improving job outcomes**

82. Under the new Jobcentre Plus pre-Work Programme offer, New Relationships Teams will drive business planning and support Jobcentre Plus District Managers to deliver all external relations including engagement with skills providers. Maximised knowledge of the labour market and wider environment will enable Jobcentre Plus to work with colleges/training providers to develop provision aimed at providing the best outcomes for claimants.

83. Colleges and training providers will continue to be funded on the basis of the provision delivered and the learning outcomes (e.g. units, awards, qualifications) achieved. However, from 2011/12, the Skills Funding Agency will introduce job outcome incentive payments, to reward colleges/providers for getting unemployed learners into work. Funding for job outcomes will equate to 2.5% of the overall Adult Skills Budget. The Skills Funding Agency is working with FE and Skills sector representatives to develop and communicate this approach.

84. This will be supported by the new Jobcentre Plus Performance Management framework. The aim of this framework is to drive off flows into work before entry to the work programme. To achieve a balance between greater flexibilities and accountabilities district managers will need to work in partnership with colleges and training providers to deliver better outcomes. Within the Framework there will be the following operational measures that will help us understand whether claimants are getting the help they need:

- % referrals that attend Next Step interviews
- % referrals resulting in starts on skills provision.

Please refer to Annex 2 for more detail on the anticipated impact on employment outcomes.

## The Work Programme

85. Work Programme providers will be able to mandate claimants to skills provision including that which is funded by the Skills Funding Agency. In most cases skills needs should have been addressed before a claimant is referred to the Work Programme. However, potentially there could be a small number of claimants who may still have skills needs that need to be addressed once they are referred onto the Work Programme. These claimants retain the same eligibility for fee remission that they have when they are being supported by Jobcentre Plus. Any potential for double funding is minimal as the respective funding models are allocated in different ways and pay for different outcomes. Work Programme Providers are rewarded for achieving job outcomes and sustained employment, whilst colleges and training providers are funded to deliver learning outcomes (with a proportion of their overall funding allocations linked to their success in achieving positive employment outcomes)
86. In terms of the specific support to an individual, each of these services brings additionality to the other. The Work Programme will provide job search support and identify and address any barriers to finding a job. As is the case with the Jobcentre Plus offer, a referral to skills training would still be appropriate, where a skills deficiency is a major factor in a claimant's ability to move into and remain in a job. Work Programme providers could either deliver or sub-contract the training or could choose to refer the claimant to appropriate training funded by the Skills Funding Agency. In cases where the training is not delivered by the Work Programme provider, the Work Programme providers will be able to pass on information to colleges/training providers on the barriers identified and the type of work the claimant is seeking to move into. During any period of skills training we will expect Work Programme providers to continue to work with the claimant to address any other barriers and provide the "wrap around" support required. Once the training has been completed the Work Programme provider will be able to work with the claimant to convert this new qualification/skill into a move into work.
87. The alternative (restricting fee remission to claimants so it is only available before they reach the Work Programme) would be bureaucratic for both Jobcentre Plus and colleges and training providers to administer; and risks multiplying the barriers that could prevent claimants getting the training they need at the most appropriate time.
88. We will mitigate the risk of Work Programme Providers displacing Jobcentre Plus referred claimants by:
- A clear mandate through the commissioning process for Jobcentre Plus to engage with colleges and providers at District level to shape the training on offer, and at adviser level to make sure the right claimants are identified and referred to training at the start of their claim; and
  - Monitoring the take-up of BIS-funded provision by claimants from the Work Programme and those from Jobcentre Plus (pre-Work Programme).

- If Jobcentre Plus Advisers feel that a participant is sufficiently close to finding a job, following a training course, they will have the flexibility to delay referral to the Work Programme for up to three months. We have included this provision to ensure that having completed their training, claimants have the maximum opportunity to engage in intensive job search in order to capitalise on the experience and skills they have gained. This will also help to minimise the flow of deadweight onto the Work Programme.

## Complexity/Simplification

89. The switch from recording referrals on the JSAg/action plan to recording them on the claimant commitment should not have a significant impact on the referral process to skills provision or on the role of skills providers in notifying Jobcentre Plus if the claimant fails to attend or engage with the provision.
90. Legislation<sup>44</sup> has already been put in place to allow proportionate sharing of claimant information between organisations that are supporting Jobcentre Plus claimants with their employment, skills and training needs. To minimise bureaucracy and provide a seamless service to the claimant, the regulations allow for information to be shared without the need to repeatedly obtain an individual's written informed consent each time updated information is required. Social Security, employment, skills and training information can be shared by Jobcentre Plus, DWP contracted providers, specified types of local authorities, careers advisers and skills training providers in England, Scotland and Wales. In practice, this will mean that information can be shared as often as is necessary, to support activities such as the management of adviser caseloads, undertaking joint action planning between the relevant organisations and in monitoring and building on the progress a claimant is making with the steps they are undertaking to move into work.
91. Two separate pieces of legislation are underway that are expected to be in force for Spring 2011<sup>45</sup>. They will enable Work Programme delivery partners to have the discretion to mandate JSA and ESA WRAG claimants to skills training, and require Jobcentre Plus Advisers to include skills training as a mandatory Work Related Activity on an ESA WRAG claimant's action plan where both the Jobcentre Plus Adviser and college/training provider agree that this is suitable for the individual claimant and a place is offered. However, in order to streamline the introduction of skills conditionality and simplify the implementation for Jobcentre Plus these changes will be deferred until August 2011.

---

<sup>44</sup> The Welfare Reform Act 2009 introduced an amendment to Section 72 of the Welfare Reform and Pensions Act 1999. This was followed by Secondary Legislation – Statutory Instrument 2010 No 508 [The Social Security (Claims and Information) (Amendment) Regulations 2010] that came into effect 6 April 2010.

<sup>45</sup> The Jobseeker's Allowance (Work Programme) Regulations 2011 and the Employment and Support Allowance (Work-Related Activity) Regulations 2011

## Costs and Savings

92. DWP costs are expected to be minimal. We estimate that the costs will be less than £0.5m Del A per year. The costs are made up of the Jobcentre Plus administration costs that will be needed to apply sanctions to those claimants who fail to attend. For those claimants where sanctions are applied there will be AME savings for DWP and we estimate that these will outweigh the costs. An estimate of the annual (August 2011- July 2012) costs and savings generated for England are presented in the table below.

<b>COSTS</b>	<b>Total</b>
Childcare + Travel (only for extra attendants)	£300,000
<b>Total DEL-P Costs</b>	<b>£300,000</b>
Administration Costs	£300,000
<b>Total DEL-A Costs</b>	<b>£300,000</b>
<b>SAVINGS</b>	
AME Savings due to sanctions	£800,000
<b>Total AME savings</b>	<b>£800,000</b>

93. The estimates presented above assume that the effect of skills conditionality on training starts and training completions will be aligned to the effects found in the 2004-05 pilot<sup>46</sup>. Annex 2 provides more detail in terms of volumes and assumptions behind the estimates presented above.

94. We also anticipate a more efficient use of training provision and adviser time as a result of improving attendance rates at training courses.

## Consultation

95. We have carried out a public consultation on the implementation of skills conditionality. The consultation ran from 9 December 2010 to 3 February 2011. We received responses from 159 stakeholders. We proactively engaged with stakeholders to make sure that they were aware of the consultation and encouraged them to respond. The Stakeholder engagement list is at Annex 5 and the list of those organisations that responded at Annex 6.

96. The response from colleges/providers presented contrasting risks and opportunities. The approach is seen as an opportunity to improve conversion rates of Jobcentre Plus referrals to starts and engage with hard to reach learners, but at the same time has the potential to increase administrative burdens. It also presents significant financial and reputational risks for colleges and training providers if it results in fewer learning achievements. In order for

---

<sup>46</sup> Joyce, L.; Kasparova, D.; David Wilkinson, D. (2006): "Evaluation of basic skills mandatory training pilot: synthesis report", DWP Research Report No 385, [http://research.dwp.gov.uk/asd/asd5/report\\_abstracts/rr\\_abstracts/rra\\_385.asp](http://research.dwp.gov.uk/asd/asd5/report_abstracts/rr_abstracts/rra_385.asp)

the policy to succeed many of those consulted cited the establishment of good communication between local stakeholders as critical to delivery. In particular, for those being mandated to learning, it was important for colleges/providers to be given full details of personal circumstances, previous training, basic skill levels and aspirations of the claimant in order to plan the right training.

97. The majority of responses asked for efficient information sharing and a simplified referral process to enable colleges to maximise level of responsiveness. We will be using the feedback from the consultation to design robust implementation plans and are grateful to all those who responded.
98. The majority of staff responding on behalf of Jobcentre Plus were very much in favour of the policy. Several advisers were keen for all claimants to be mandated to Basic Skills and ESOL provision. When developing plans for national rollout, respondents stressed the importance of a streamlined approach with minimum paperwork and effective, accurate and timely feedback being given on attendance and progress as well as good relationships with Next Step.
99. To ensure fairness, claimants, colleges/training providers and Jobcentre Plus Advisers would need to fully understand what is required of them and the penalties that apply if claimants fail to attend/engage. Effective partnership working with local authorities, businesses, colleges and providers to accurately determine local skills and industry needs was cited as key. It was also important for claimants that the training was linked to employers and real jobs and not simply another 'employment programme'.
100. Some advisers said that it was difficult to get claimants to attend training, but when they did it lifted their self esteem and helped to motivate them. At the same time, it was recognised that for some, training is not appropriate i.e.; those with health issues/ disabilities that could affect their ability to learn new skills/ put them into practice.
101. We will be working with Jobcentre Plus, FE and Skills sector bodies and other key delivery partners on implementation plans. We'd also like to thank colleagues for their time and input.
102. We plan to publish the response to the consultation in mid-March.

## **Child Poverty and rural impacts**

103. Greater levels of skills and qualifications can help to reduce child poverty and, through inter-generational effects, improve the educational outcomes of children. To the extent that upskilling increases earnings, it could also alleviate child poverty. The effect of additional income is greater for more economically disadvantaged households. IFS research found that, if income is increased by one third of the mean average income, the probability of achieving GCSEs at

A\*-C increases by 3-4%, likewise for degree level education.<sup>47</sup> To the extent that sanctions may reduce income to families this could have a negative impact on child poverty.

104. The proposed policy will apply equally to all regions in England. Therefore, we do not expect any geographical imbalance in terms of the effect of conditionality across the English regions. As skills policy is devolved, we are working with the Devolved Administrations to confirm whether or not skills conditionality will apply in Scotland and Wales. The amount of financial support available to claimants attending provision varies from district to district, as does the kind of support available. Many local authorities provide half fare or free bus passes to unemployed people. When discussing suitable skills provision consideration will be given to public transport availability to ensure that it would be reasonable to expect the claimant to attend at the required times.

## **Easing the Transition**

105. One of the key issues identified in the pilot was the need for clear communications and a common understanding of the policy intent amongst all those delivering skills conditionality both within Jobcentre Plus and the skills systems. We will ensure that the implementation of national roll-out includes a clear communications strategy.

## **Monitoring and Evaluation**

106. We are planning to commission some qualitative research which will include questions to look at the implementation of skills conditionality following roll-out and at the effect of mandation on claimants. This will be carried out in two waves – the first in the Autumn 2011 and the second in early 2012.

107. We will monitor the number of people who have been mandated to training using management information. We hope to be able to analyse this information down by different demographic groups (e.g. gender, age and ethnicity) to monitor the effect of conditionality on different groups.

## **Conclusions**

108. The evaluation of the JSA Skills Conditionality Pilot highlighted a number of implementation issues. We need to ensure that these are addressed when we roll-out skills conditionality nationally. Some of the issues highlighted reflect the experimental design of the pilot and the need to randomly assign claimants to a test or a control group. This will, of course, not be an issue for national roll-out. However, there were other issues identified which we do need to think about. We need to ensure that there is sufficient lead-in time to make sure that all those involved in delivering Skills Conditionality are clear on the policy intent. Our proposal is to roll out in August 2011 which is four months after the new Jobcentre Plus offer is rolled out. Skills Conditionality will build on the changes

---

<sup>47</sup> Blow et al (2004) "How Important is Income in determining Children's Outcomes?" Institute of fiscal Studies

already being introduced in Jobcentre Plus in April such as feedback loops between Jobcentre Plus, Next Step and colleges/training providers and improvements to data sharing including the removal of informed consent. We need to ensure that clear guidance and any necessary learning and development products are developed well in advance of national roll-out. This should include guidance on the need for advisers to be sure that claimants have a clear understanding of what mandation means and the consequences for them of not attending provision. We need to support local engagement between delivery partners to ensure that there is sufficient, high quality provision available to refer claimants to. This is the aim of the new skills strategy which was set out in more detail in para 7. This provision will be developed taking account of local labour market needs.

109. The design for national rollout will be simpler than the pilot for Jobcentre Plus advisers to operate as they will not need to administer and separate a test and control group and record individuals as such. We will also put in place processes to ensure that colleges/training providers will know who is attending their course on a mandatory basis which was not always the case in the pilot. Communications and guidance for national rollout will be robustly managed and overseen by the policy team to ensure consistency and compliance with the policy. IT changes to be brought in before rollout will facilitate the recording of referrals and signposting as well as outcomes including sanctions to enable monitoring that was not possible in the pilot. The referral and feedback process between Jobcentre Plus and colleges/training providers will be key to the success of skills conditionality; we will ensure the implementation includes facilitating this at local level.

## **Annexes**

- 1** Equality Impact Assessment
- 2** Expected Volumes and assumptions for Cost Benefit Analysis
- 3** Skills Offer for claimants on active benefits
- 4** Entry points to Work Programme
- 5** Stakeholder engagement plan for consultation
- 6** Organisations responding to the public consultation
- 7** Use of the Work Programme Regulations

## Annex 1

### Equality impact assessment for Skills Conditionality

#### Introduction

1. The Department for Work and Pensions (DWP) has conducted the following equality impact assessment for Skills Conditionality to ensure the Department meets the requirements of the:
  - Disability Equality Duty;
  - Gender Equality Duty; and
  - Race Equality Duty.
2. The equality impact assessment will ensure:
  - The Department's strategies, policies and services are free from discrimination;
  - Due regard is given to equality in decision making and subsequent processes; and
  - Opportunities for promoting equality are identified.
3. The equality impact assessment considers the impact of Skills Conditionality in terms of age, disability, gender, gender reassignment, race, religion or belief and sexual orientation.

#### Policy description

4. Skills conditionality involves Jobcentre Plus referring claimants aged 18 or over to a skills training provider, further education college or Next Step careers adviser with potential benefit sanctions for non-participation. The training will include vocational, basic skills, employability training as well as support with softer skills such as motivation and confidence building. Part of the rationale for introducing skills conditionality is to improve support for claimants by addressing their skill needs to improve their chances of moving into work. The other reason for introducing this policy is to improve attendance on training. Evidence for England (April 2009-October 2010) indicates that between 35-40% of people referred by Jobcentre Plus to skills provision (i.e., 6 Month Offer (Work focused Training) and Young Persons' Guarantee (Routes into Work and Work focused Training) actually started training.<sup>48</sup> Many benefit claimants lack the skills they need to find work, stay in work, and progress. These claimants have a significant distance to travel to get back into work, and the acquisition of economically valuable skills is a vital part of their journey. Skills Conditionality will help to ensure that those Jobseekers Allowance and Employment and Support Allowance Work-related activity group claimants who have a skills need that is preventing them from getting and keeping a job take the necessary

---

<sup>48</sup> "Attendance rates at Training", DWP Ad-hoc publication, February 2011

steps to address that need as part of their journey back to work. We plan to roll out skills conditionality in England from 1st August 2011<sup>49</sup>.

**Our proposal for skills conditionality is:**

5. At the beginning of a new claim a Jobcentre Plus adviser will identify and assess a claimant's skills needs. Where the adviser identifies a potential skills need and makes a referral to an initial provider interview, attendance at that initial interview will be mandatory. A suitably qualified professional at the college or training provider will undertake an initial assessment to identify the individual's skills barriers to employment, in light of local labour market conditions. The college/training provider will talk to the claimant about the training available and aim to tailor the provision to meet the needs of the claimant.
6. Alternatively, Jobcentre Plus advisers may decide that a referral to Next Step is needed first for a more in-depth diagnosis of an individual skills need. Advisers will talk to the claimant about the service that Next Step provides and will be able to use their discretion to make either a voluntary or a mandatory referral to Next Step (and in time the all-age careers service). Next Step will provide a Skills Action Plan for each individual, based on a professional in-depth consideration of their skills, through one or more guidance sessions with them. The plan will identify the key actions, including suitable training courses that could be taken to help the claimant attain the skills they need to get a job or to prepare for work, taking account of local labour market considerations.
7. Once a firm offer of a fully funded training place has been made, Jobcentre Plus advisers in discussion with colleges/training providers (and, where appropriate, Next Step and/or other professionals with an interest e.g. Work Psychologist,) and taking account of the views of the claimant will have the flexibility to decide whether to refer the claimant to that provision.. **Once the referral is made, attendance at the provision will be mandatory.** Referrals to training should be made at an appropriate time in the claim – for example, if the claimant has a basic skills need that is acting as a significant barrier to employment then the referral could be early in the claim. There will be scope for the college/training provider to design the provision around the needs of the individual; the referral will not stipulate what the provision will include and will not bind the college/provider to a particular approach. It may however include other requirements of benefit conditionality (for example, jobseeking conditionality for claimants of Jobseeker's Allowance).
8. Where an individual is mandated to attend training and the college/provider decides partway through the course that it is not suitable for the claimant; or is not the most suitable course of action; or that they need something different first (e.g. support with basic skills or non-skills support such as to address dependency), the Jobcentre Plus adviser will have the flexibility, in discussion

---

<sup>49</sup> The proposed policy will apply to all regions in England. As skills policy is devolved, we are working with the Devolved Administrations to confirm whether or not skills conditionality will apply in Scotland and Wales. All the statistics in this document refer to England, unless stated otherwise.

with the college/training and with the claimant, to drop the requirement or amend it.

9. If the claimant has failed to start or left the training without good reason the Jobcentre Plus adviser, using any information given to them by the college/provider or college about the individual's non-participation and also any information they may obtain directly from the claimant, will refer the case to a Benefit Delivery Centre where a decision maker will decide whether or not the individual had 'good cause' for failing to engage/attend or should be sanctioned. Whilst the onus is on the claimant to provide evidence of whether or not they had good cause for failing to attend the training, in a small number of cases the decision maker may need to contact the college/training provider in order to verify any evidence that has been provided by the claimant, or to ask them to comment on the circumstances in which someone left the provision, or their conduct while on training.
10. Our best estimates suggest that we could expect around 140,000 claimants per year to be mandated to training (both before and after referral to The Work Programme).
11. Using estimates from the Basic Skills Mandatory Training Pilot which was run by the Department in 2004/5<sup>50</sup>, we estimate that, as a result of conditionality, the number of starts on training per year will increase by over 10,000 in England. Also, as a result of conditionality, we expect the number of training completions to increase by just under 10,000 per year.
12. Where appropriate Jobcentre Plus adviser will still be able to signpost a claimant to a college/provider or Next Step as part of a general conversation about the support available to help them get back to work. In these cases attendance will not be mandatory.

### **Consultation and involvement**

13. In developing our policy on skills conditionality we have worked with key stakeholders including: The Department for Business, Innovation and Skills, Jobcentre Plus and the Skills Funding Agency. We set up a Skills Conditionality Steering Group which included DWP policy experts and Psychologists.
14. We have carried out a public consultation on the implementation of skills conditionality. The consultation ran from 9 December 2010 to 3 February 2011. We received responses from 120 stakeholders including from customer representative groups such as Citizen's Advice, MIND, CRISIS, Lesbian and Gay Foundation. We proactively engaged with stakeholders to make sure that they were aware of the consultation and encouraged them to respond. This included discussing our proposals with DWP's Policy and Strategy Forum and at the Jobcentre Plus Customer Representative Group meeting. We also held a number of workshops with skills providers and Jobcentre Plus staff to discuss

---

<sup>50</sup> Joyce, Kasparova and Wilkinson (2006), op cit

our proposals for skills conditionality. All responses to the public consultation are being analysed and a government response will be published on 18 March.

### Equality impact of Skills Conditionality

15. Skills conditionality will apply to claimants both before and after referral to the Work Programme although we expect that the majority of mandatory referrals to skills provision will take place before referral to the Work Programme. Most claimants aged 25 and over will be referred to the Work Programme from 12 months of their claim, whereas most 18-24 year-olds will be referred the Work Programme from nine months of their claim.
16. The analysis that follows looks at the characteristics of Jobseeker's Allowance (JSA) and Employment Support Allowance Work Related Activity Group (ESA WRAG) claimants, with the aim of understanding the impact that skills conditionality may have on them. We use data from the Labour Force Survey (LFS, Q4 2010) to analyse the characteristics of JSA claimants who would be subject to skills conditionality. Skills conditionality will apply to those with lower levels of skills. The Labour Force Survey gives us information on the qualification levels of benefit claimants. Qualification levels are the best proxy we have for skills.
17. We use data from administrative sources for ESA WRAG claimants as the Labour Force Survey does not capture data on the ESA (WRAG) group. However, this administrative data does not include data on qualification levels.

### Disability

18. Table 1 shows that less than a fifth of potential JSA claimants aged 18-64 have a disability. This table also shows that the proportion of disabled people among those with lower qualifications is only slightly higher than among those whose qualification level is at or above Level 2 (or equivalent).

*Table 1: Percentage of those classified as ILO unemployed and claiming to be in receipt of JSA, aged 18-64, by qualification levels<sup>51</sup>*

	Quals below Level 2	Level 2 and above	All qualifications
Disabled	19	17	18
Non-Disabled	81	83	82
Total	100	100	100

19. This suggests that, looking at the JSA group skills conditionality is unlikely to have a disproportionate impact on disabled people.
20. We expect around 10% of those who are mandated to training to be in the ESA (WRAG) group. Claimants in the Employment Support Allowance (Work Related Activity Group) will have a disability or health condition which may

<sup>51</sup> Source: LFS, Q4 2010

make a return to work more difficult, but as these claimants are in the Work-Related Activity Group they will have been assessed as having limited capability for work. Table 2 below shows a breakdown of the type of disability reported by ESA WRAG claimants.

21. Table 2 shows that the two age groups covered differ substantially in the incidence of the different conditions. The table shows that the condition with the greatest incidence is 'Mental and behavioural disorders' (which includes learning disabilities). This is the condition most prevalent in all age groups except 50+, for which the most prevalent condition is 'Diseases of the Musculoskeletal system and Connective Tissue'.

*Table 2: Percentage of ESA WRAG claimants by age and condition group<sup>52</sup>*

Condition recorded at start of claim	Age Group				All
	under 18	18 - 24	25 - 49	50+	
Certain Infectious and Parasitic Diseases	2%	1%	1%	1%	1%
Neoplasms	2%	0%	2%	4%	3%
Diseases of Blood & Blood forming organs & diseases involving immune mechanism	0%	0%	0%	0%	0%
Endocrine, Nutritional and Metabolic Diseases	0%	1%	1%	3%	2%
Mental and Behavioural Disorders	53%	57%	45%	21%	37%
Diseases of the Nervous System	7%	7%	5%	4%	5%
Diseases of the Eye and Adnexa	2%	1%	1%	1%	1%
Diseases of the Ear and Mastoid Process	2%	1%	0%	0%	0%
Diseases of the Circulatory System	2%	1%	3%	10%	5%
Diseases of the Respiratory System	2%	1%	1%	4%	2%
Diseases of the Digestive System	2%	1%	2%	2%	2%
Diseases of the Skin and Subcutaneous System	0%	0%	1%	1%	1%
Diseases of the Musculoskeletal system and Connective Tissue	2%	6%	17%	28%	20%
Diseases of the Genitourinary System	0%	1%	1%	1%	1%
Pregnancy, Childbirth and the Puerperium	0%	1%	0%	0%	0%
Certain Conditions Originating in the Perinatal Period	0%	0%	0%	0%	0%
Congenital Malformations, Deformations and Chromosomal Abnormalities	0%	0%	0%	0%	0%
Symptoms, Signs & Abnormal Clinical & Laboratory findings not elsewhere classif	13%	10%	10%	11%	10%
Injury, Poisoning and certain other consequences of external causes	7%	8%	8%	8%	8%
Factors influencing health status and contact with health services	0%	1%	1%	1%	1%
Claimants without any diagnosis code on the system	2%	2%	1%	1%	1%
Total	100%	100%	100%	100%	100%

<sup>52</sup> Source: Administrative data for ESA WRAG claimants with an assessment decision made between Oct 08 - Sept 09.

22. Claimants should only be referred to training if the Jobcentre Plus adviser and college/training provider thinks it is appropriate. Advisers will devise a tailored plan for each ESA WRAG claimant and will encourage, persuade and support people into an activity they consider to be beneficial to the claimant.
23. Jobcentre Plus Advisers and managers are able to seek advice and guidance from Disability Employment Advisers (DEA) and Work Psychologists (WP) with regard to claimants who may have additional support needs while attending training (e.g. claimants with support needs for reasons of a learning disability or mental health issue). DEAs and WPs can also be consulted in circumstances where it may be unclear whether or not a disabled or vulnerable claimant should be referred to learning or sanctioned if they do not comply. In such cases of uncertainty, it is recommended that the referring Jobcentre Plus Adviser discuss these issues with their line manager, a DEA and WP representative, the college/training provider and the claimant in order to ensure that all the appropriate viewpoints and evidence can be considered before making a decision. Whatever the outcome of the decision, the vulnerable or disabled claimants' progress should be monitored while attending training.
24. All Jobcentre Plus offices are compliant with the Equality Act 2010 in ensuring that all reasonable steps are taken to ensure that the full range of services are offered to everyone. Jobcentre Plus insists that all the organisations they work with are compliant with legislation, such as the Equality Act 2010 and Health and Safety regulations. If a disabled person is unable to use public transport, Jobcentre Plus pays the cost of alternative transport (taxi).
25. If a claimant is sanctioned and they fall into the 'vulnerable' group then they have immediate access to hardship payments. People who fall into the vulnerable category include claimants who qualify for a Disability Premium or claimants with long term medical conditions.
26. Hardship payments are reduced-rate payments of income-based JSA, the payments are normally set at 60% of normal benefit levels, although this can increase to 80% for pregnant women or those who are seriously ill. If a claimant disagrees with a decision not to award a hardship payment then they can apply for a reconsideration of the decision or appeal to first-tier tribunal.
27. We already have safeguards in place to ensure that vulnerable claimants are not sanctioned inappropriately. This includes conducting home visits before a sanction is considered. These safeguards will continue.

## **Gender**

28. Table 3 looks at those aged 18-64, who are ILO unemployed, and claim to be receiving JSA. It shows that men should be more likely to be in receipt of JSA than women. The table also shows that young unemployed men are slightly overrepresented among the lower qualified group. Therefore, men are slightly more likely than women to be subject to skills conditionality.

*Table 3: Percentage of those classified as ILO unemployed and claiming to be in receipt of JSA, aged 18-64, by gender and qualification levels<sup>53</sup>*

	Quals below Level 2	Level 2 and above	All qualifications
Male	72	69	70
Female	28	31	30
Total	100	100	100

29. For ESA claimants the administrative data doesn't provide robust enough information on the qualification levels of claimants. Table 4 below presents data for gender and age group of ESA WRAG claimants.

*Table 4: Percentage of ESA WRAG claimants by gender and age<sup>54</sup>*

	Under 25	25 and above	All ages
Male	54	56	56
Female	46	44	44
Total	100	100	100

30. Table 4 shows less of a difference by gender than that shown in Table 3. Therefore, we expect the effects of skills conditionality to apply more evenly to both genders among ESA WRAG claimants than among JSA claimants.
31. The analysis suggests that we should expect the majority of JSA claimants subject to skills conditionality to be male. However, the proportions presented above are aligned with the actual gender distribution of all current JSA and ESA claimants. Therefore, we do not expect this policy to have disproportionate effects for a particular gender.

## **Ethnicity**

32. Sample sizes on the Labour Force Survey do not enable us to report data for each recorded ethnic group. Table 5 shows the maximum level of disaggregation that the existing LFS data allows for. The data shows that the vast majority of those unemployed, claiming to be receiving JSA and aged 18-64 are white. The distribution of ethnic groups is very similar among those with low and higher qualifications. Therefore, skills conditionality will tend to affect white claimants more than other groups, but this will be aligned to the distribution of ethnic groups among all the unemployed who claim to be receiving JSA.

*Table 5: Percentage of those classified as ILO unemployed and claiming to be in receipt of JSA, aged 18-64, by ethnicity and qualification levels<sup>55</sup>*

<sup>53</sup> Source: LFS, Q4 2010

<sup>54</sup> Source: Administrative data for ESA WRAG claimants with an assessment decision made between Oct 08 - Sept 09

<sup>55</sup> Source: LFS, Q4 2010

	Qualifications below level 2	Level 2 and above	Total
White	83%	83%	83%
Mixed	2%	2%	2%
Asian or Asian British	6%	7%	7%
Black or Black British	6%	5%	6%
Other ethnic group	3%	3%	3%
All	100%	100%	100%

33. There are a significant number of ESA WRAG claimants for whom we do not have administrative data on ethnicity. Table 6 presents the breakdown by age and ethnicity of the individuals for whom we do have ethnicity data.

*Table 6: Percentage of ESA WRAG claimants by ethnicity and age<sup>56</sup>*

Ethnicity	Age Group				All
	under 18	18 - 24	25 - 49	50 +	
Asian or Asian British	2%	2%	4%	4%	2%
Black or Black British	-	2%	2%	2%	1%
Chinese or other ethnic group	-	1%	2%	1%	1%
Mixed	-	2%	1%	0%	0%
Unknown	37%	13%	11%	19%	35%
White	61%	80%	80%	73%	61%
Total	100%	100%	100%	100%	100%

34. Table 6 shows that for all age groups, the majority of ESA WRAG claimants are white. Their overrepresentation is even greater than the one we found for JSA claimants.
35. Jobcentre Plus provides access to interpreters to accompany claimants at interviews. The provision of English for Speakers of Other Languages (ESOL) training reflects regional variations in demand. Local providers will decide how much English language training to offer locally.

## Age

36. This section looks at three age groups: 18-24, 25-49 and 50-64. Again, the data is presented separately for potential JSA and ESA claimants.

### Potential JSA claimants:

*Table 7: Percentage of those classified as ILO unemployed and claiming to be in receipt of JSA by age group and qualification levels. Column percentages.<sup>57</sup>*

<sup>56</sup> Source: Administrative data for ESA WRAG claimants with an assessment decision made between Oct 08 - Sept 09

<sup>57</sup> Source: LFS, Q4 2010

	Quals below Level 2	Level 2 and above	All qualifications
18-24	34	32	33
25-49	51	51	51
50-64	15	17	16
Total	100	100	100

*Table 8: Percentage of those classified as ILO unemployed and claiming to be in receipt of JSA by age group and qualification levels. Row percentages.<sup>58</sup>*

	Quals below Level 2	Level 2 and above	Total
18-24	47	53	100
25-49	45	55	100
50-64	43	57	100
All ages	45	55	100

37. Given the demographics of the claimant population, Table 7 shows that those aged 25-49 still make up more than half of the JSA claimants we expect to be subject to skills conditionality. However, Table 8 shows that those aged 18-24 are more likely to have lower levels of qualification than those aged 25 or over. Therefore, we can expect that JSA claimants aged 18-24 will be more likely than those in the older age groups to be subject to skills conditionality..
38. The age distribution of ESA WRAG claimants seems to be much more concentrated towards the older age groups than was the case for the potential JSA claimants (see Table 9).

*Table 9: Percentage of ESA WRAG claimants by age<sup>59</sup>*

	All ages
Under 25	11
25-49	52
50+	37
Total	100

39. The proportions in Tables 7 and 9 are not too dissimilar to the age distribution of all JSA and ESA claimants; the main difference is that we expect that the JSA claimants subject to skills conditionality are likely to be in the younger age group.

### **Sexual orientation**

40. No data is available on the sexual orientation of claimants who will be impacted by this proposal. No negative impacts are expected to result from this proposal. All Jobcentre Plus claimants attending adviser interventions and who are signposted or referred to training are done so regardless of their sexual orientation.

<sup>58</sup> Source: LFS, Q4 2010

<sup>59</sup> Source: Administrative data for ESA WRAG claimants with an assessment decision made between Oct 08 - Sept 09

### **Gender Reassignment**

41. No data is available to assess if Skills Conditionality will have an equality impact relating to gender reassignment. But we do not expect a disproportionate impact because Jobcentre Plus claimants who attend adviser interventions leading to referral to skills provision would be treated in line with Equality Legislation.

### **Religion or belief**

42. No data is available on the religion or faith of claimants who will be impacted by this proposal. No negative impacts are expected to result from this proposal. All Jobcentre Plus claimants attending adviser interventions and who are signposted or referred to training are done so regardless of their religion/beliefs.

### **Human rights**

43. The Department believes that the policy and design of skills conditionality are consistent with the European Convention on Human Rights.

### **Child Poverty**

44. Greater levels of skills and qualifications could help to reduce child poverty through an increased number of parents achieving sustainable employment and, via inter-generational effects, improve the educational outcomes of children. If this policy were to increase the skills levels of claimants and also help them achieve a sustainable job outcome, we may therefore expect this policy to present an opportunity to promote equality. Upskilling parents, particularly those with basic skills needs, could allow them to play a greater role in their children's education (e.g. helping with school work)<sup>60</sup>. If upskilling were to increase parents' earnings, it could also help to alleviate child poverty. The effect of additional income is greater for more economically disadvantaged households.<sup>61</sup> To the extent that sanctions may reduce income to families this could have a negative impact on child poverty.

### **Rural**

45. The proposed policy will apply equally to all regions in England. Therefore, we do not expect any geographical imbalance in terms of the effect of conditionality across the English regions. As skills policy is devolved, Skills Conditionality will initially be rolled out in England only. We are working with the Devolved Administrations to look at the feasibility of rolling out skills conditionality in Scotland and Wales.
46. Travel (and childcare costs) will be met for all those mandated to training.

---

<sup>60</sup> McNally, Stephen Machin and Sandra. (2006). *Education and Child Poverty: A Literature Review*. Joseph Rowntree Foundation.

<sup>61</sup> Blow et al. (2004). *How Important is Income in Determining Children's Outcomes?* Institute of Fiscal Studies.

**Monitoring and evaluation**

- 47. We are planning to commission some qualitative research which will include questions to look at the implementation of skills conditionality following roll-out and at the effect of mandation on claimants. This will be carried out in two waves – the first in the Autumn 2011 and the second in early 2012.
- 48. Using Management Information and administrative data from both Jobcentre Plus and the Skills Funding Agency we will know the number of people who have been mandated to training. We will be able to break this information down by different demographic groups (e.g. gender, disability, age and ethnicity) to monitor the effect of conditionality on different protected groups.
- 49. However, we will not be able to measure the net impact of skill conditionality on attendance on training or on job outcomes. This is due to the fact that we will not have a control or comparison group. Looking at comparisons before and after roll-out of skills conditionality could be misleading due to the changing wider skills offer that is being introduced from 1 August 2011.

**Next steps**

- 50. This equality impact assessment will be regularly reviewed as the policy is implemented.

1.1 Contact details

<b>Name of initiative</b>	Skills Conditionality
<b>Contact Details</b>	Mauricio Armellini

## Annex 2

### Background to cost and savings estimates

1. Our best estimates suggest that we can expect just under 150,000 pre-Work Programme training starts between August 2011 and July 2012 in England for JSA and ESA WRAG claimants. The numbers below refer to that time period.
2. Following estimates from a previous skills conditionality pilot<sup>62</sup>, we estimate that, as a result of conditionality, the number of starts on training in that year will increase by around 10,000 (this is equivalent to an increase of just under 10% on the number of starts we would see without skills conditionality). Also, as a result of conditionality, we expect the number of pre-Work Programme training completions to increase by just under 10,000 in that year.
3. Our estimates of costs and savings presented in the table after paragraph 95 focus on those 10,000 extra training starts that are due to skills conditionality.
4. We applied average childcare and travel payments (and average take-up of those payments) to those 10,000 extra starts to arrive to the £300,000 figure that appears in the first line of the table.
5. The sanctioning element of skills conditionality means that some money will be saved due to benefits being stopped for a period of time to those who are sanctioned. Based on proportions that emerged from a previous pilot<sup>63</sup>, we expect that approximately 7,000 sanctioning actions will be taken (or around 5% of the total number of starts). We estimate that this will generate savings of just under £1M in the year under analysis. However, the sanctioning process will also generate administrative costs, which we estimate in the region of £300,000 per year based on the time required to process the sanctions and the number of sanctions expected.
6. Finally, the extra training starts and completions due to skills conditionality may lead to additional employment outcomes. The evidence discussed earlier shows that the employment outcomes of skills conditionality may be negative in the short and medium run.
7. Here we assume that this particular implementation of skills conditionality will be different to those previously implemented, and in consequence we expect it to yield positive job outcomes. Our expectation is that mandation to the new types of skills provision will be more effective. The results from the basic skills mandatory training pilot applied to those attending basic skills provision only and it is likely that many of the participants were a long distance from the

---

<sup>62</sup> Joyce, Kasparova and Wilkinson (2006), op cit

<sup>63</sup> Joyce, Kasparova and Wilkinson (2006), op cit

labour market. Since the pilot was carried out there have been significant changes to the training provision available to Jobcentre Plus claimants and this will continue with the introduction of the new skills offer

8. To estimate the possible positive effects on job outcomes, we used additionality measures derived from previous DWP research that looked at the job outcomes of the WBLA (Work Based Learning for Adults) programme<sup>64</sup>. Those estimates cover a period of 36 months after training, and not the long run effects. According to those estimates, the additional training generated by skills conditionality could generate approximately 500 extra years in employment in the 3 years following training. If we use the Work Programme definition of the length of a 'sustainable job outcome' (6 months), then the additional 500 years on employment could be equivalent to 1,000 extra sustainable job outcomes.

---

<sup>64</sup> Speckesser, S. and Bewley, H. (2006): "The longer term outcomes of Work-Based Learning for Adults: Evidence from administrative data", DWP Research Report 390, [http://research.dwp.gov.uk/asd/asd5/report\\_abstracts/rr\\_abstracts/rra\\_390.asp](http://research.dwp.gov.uk/asd/asd5/report_abstracts/rr_abstracts/rra_390.asp)

## Annex 3

### The Skills offer for claimants on Active Benefits

#### Policy Objective

- The ability to get and keep a job and progress in work is the best route out of poverty. Improving skills can be one way to achieve this.
- The Government's objective is to align welfare-to-work and skills services for both claimants and employers. This will help people get the skills they need to get into and progress in work and help employers have employees with the right skills for the job.
- Colleges/training providers will have greater freedom to tailor training to the needs of the local community and economy.
- Jobcentre Plus will play an important role in influencing the local training offer, engaging with employers, colleges and providers. The Government's strategy for skills and training in England, Skills for Sustainable Growth, was published by the Department for Business, Innovation and Skills on 16 November 2010.
- The Government is moving towards a simplified skills system in which provision for unemployed people will be funded through the mainstream Adult Skills Budget, enabling a more flexible, needs-led approach.
- The skills strategy identifies which groups will attract full fee remission and what investment will be expected from individuals and from employers.
- Skills and training policy in Scotland and Wales is the responsibility of the devolved administrations.

#### Future skills provision – 2011/12

#### Entitlements to Government subsidy for academic year 2011/12 (England only)

Learning Level	Priority population groups and Government subsidy for learning they can expect		
	Individuals aged from 19 up to 25	Individuals aged 25+	Individuals who are unemployed and on active benefits (JSA and in ESA WRAG)
Basic Skills	<b>Fully funded</b>	<b>Fully funded</b>	<b>Fully funded</b>
Level 2 (first)	<b>Fully funded</b>	<b>Fully funded</b>	Fully funded targeted provision for learners with skills barriers to employment
Level 2 (retraining)	Co-funded	Co-funded	
Level 3 (first)	<b>Fully funded</b>	Co-funded	
Level 3 (retraining)	Co-funded	Co-funded	
Level 4 (any)	Co-funded	Co-funded	

- Basic skills includes basic literacy and numeracy qualifications
- All Apprenticeships for those aged 19+ will continue to be co-funded at 50% by Government and employers.
- Co-funding at Level 2 for workplace learning outside of Apprenticeships will only apply to SMEs and applies at a level of 50%.
- Learning at Level 3 and above for workplace learning outside of Apprenticeships and entitlements will not receive Government funding.

## Pre Work Programme Support Available

Before moving onto the Work Programme, some Jobcentre Plus claimants will be able to access a range of other support as well as skills training. Subject to local need this may include:

- Work Clubs – a way of encouraging people who are out of work to exchange skills and share experiences;
- Work Together – opportunities to gain skills through volunteering;
- Work Experience – launched on 24 Jan 2011 for 18 to 21 year olds;
- Service Academies; and
- the New Enterprise Allowance – for unemployed people who need financial support and mentoring to be able to start up their own business.

The recession measures (Six Month Offer, Young Person's Guarantee and the Response to Redundancy support) were always planned to end by 31 March 2011. New Deal and Employment Zone contracts will be extended until June 2011, ensuring that claimants referred to these programmes in March will be supported until the roll out of the Work Programme in the summer

### Entitlements to Government subsidy for academic year 2012/13 (England only)

Learning Level	Priority population groups and Government subsidy for learning they can expect		
	Individuals aged from 19 up to 24	Individuals aged 24+	Individuals who are unemployed and on active benefits (JSA and in ESA WRAG)
Basic Skills	<b>Fully funded</b>	<b>Fully funded</b>	<b>Fully funded</b>
Level 2 (first)	<b>Fully funded</b>	Co-funded	Fully funded targeted provision for learners with skills barriers to employment
Level 2 (retraining)	Co-funded	Co-funded	
Level 3 (first)	<b>Fully funded</b>	Co-funded	
Level 3 (retraining)	Co-funded	Co-funded	
Level 4 (any)	Co-funded	Co-funded	

- Basic skills includes basic literacy and numeracy qualifications.

This table shows the expected position from 2012/13 (following the legislative process required to reform statutory entitlements).

– All Apprenticeships for those aged 19+ will continue to be co-funded at 50% by Government and employers.

– Co-funding at Level 2 for workplace learning outside of Apprenticeships will only apply to SMEs and applies at a level of 50%.

– Learning at Level 3 and above for workplace learning outside of Apprenticeships and entitlements will not receive Government funding.

## Annex 4

### Entry to the Work Programme

<b>Claimant groups who will receive support under the Work Programme</b>		
<b>Claimant Group</b>	<b>Time of Referral</b>	<b>Basis for referral</b>
Jobseeker's Allowance claimants aged 25+	From 12 months	Mandatory
Jobseeker's Allowance claimants aged 18-24	From 9 months	Mandatory
Jobseeker's Allowance claimants who have recently moved from Incapacity Benefit	From 3 months	Mandatory
Jobseeker's Allowance claimants who are seriously disadvantaged by one or more factors	From 3 months	Mandatory
All Employment Support Allowance claimants	At any time	Voluntary
Employment Support Allowance (income related) claimants who are placed in the Work Related Activity Group	When claimants are expected to be fit for work within 3 months	Mandatory

## Annex 5

### Stakeholder Engagement Plan

Stakeholder	Date	Engagement type
<p><b>Jobcentre Plus staff</b> Jobcentre Plus “SpeakUp” via internal IT feedback</p>	ends 03/02/11	Internal Jobcentre Plus consultation
<p><b>Skills providers</b> John Hayes, Minister for Further Education, Skills and Lifelong Learning, wrote to all SFA-funded colleges and training providers encouraging them to respond to the consultation</p>	09/12/2010	Ministerial communication
Workshops for pilot providers and Jobcentre Plus districts - Telford	17/01/2011	Workshop
Workshops for pilot providers and Jobcentre Plus districts - Cambridge	19/01/2011	Workshop
Workshops for pilot providers and Jobcentre Plus districts - London	20/01/2011	Workshop
Workshops for pilot providers and Jobcentre Plus districts - Salford	21/01/2011	Workshop
Skills Funding Agency newsletter/weekly update to providers	w/c 13/12/10	For Information/update
Skills Funding Agency communication to Next Step Prime Contractors (In addition, BIS officials have contacted representatives of the Association of Colleges, Association of Learning Providers and the 157 Group of colleges to encourage them to respond to the consultation).	03/12/2010	For Information/update
<p><b>Claimant representative bodies</b> Jobcentre Plus Claimant Representative Group Forum</p>	08/02/2011	National Meeting
January Strategy and Policy Group	02/02/2011	National Meeting
DWP Monthly Stakeholder Bulletin	16/12/2010	For Information/update
<p><b>Devolved administrations</b> Presentation to National Delivery Group meeting in Scotland</p>	23/11/2010	Workshop

## **Annex 6**

### **Organisations Responding to the Consultation**

157 Group  
A4e  
Age Concern, Southampton  
Age UK  
Alliance of Sector Skills Councils  
ALP  
AoC  
Asset Skills  
Association of School and College Leaders  
Association of South East Colleges  
Bedfordshire Probation Trust  
Bradford Metropolitan District Council  
Bridgewater College  
BTCV  
Buckinghamshire Adult Learning Services  
Burns, Burns and Burns  
Burton College  
Calderdale Metropolitan Borough Council  
Cambrian Training Company  
Careers Wales North East  
Careers Yorkshire and Humber  
CBI  
Centre for Economic and Social Inclusion  
CfBT  
Citizen's Advise  
City & Guilds Centre for Skills Development  
City and Islington College  
College of West Anglia  
Cornwall College  
Coventry, Solihull & Warwickshire Partnership Ltd  
Crisis  
Crownship Developments Ltd  
Derby College  
Dudley Metropolitan Borough  
DWP Policy and Strategy Forum  
Energy and Utility Skills  
Equity  
G4S  
Gateshead Council  
Groundwork Oldham & Rochdale  
Halton Community Academy  
HDS Training and Development  
Highbury College  
Hull College Group  
igen Ltd  
ITEC Training Solutions

Jobcentre Plus CSD Yorkshire & the Humber  
Jobcentre Plus Speak UP  
JHP Training  
Lancaster & Morecambe College  
Leeds City Council  
Leeds City Region  
Leicestershire Adult Learning Service  
Leicestershire City Council  
Lesbian & Gay Foundation  
London Probation Trust  
Manchester City Council  
Merseyside Probation Trust  
Merton Adult Education  
Middlesborough Council  
Middleton Murray  
MIND  
Mind  
MyWorkSearch Ltd  
NAEGA  
National Offender Management Service  
Nescot College  
Newcastle College Group  
Next Step Prime Contractors Group  
NIACE  
North Lincolnshire Council  
Ofsted  
Park House Court Nursing Home  
Peabody Trust (individual response)  
Peterborough Regional College  
Plymouth Adult and Community Learning Service  
Poulton and Heysham Children's Centre  
Prince's Trust  
RAISE  
Reed  
Remploy  
Royal Forest of Dean College  
Senta  
Shaw Trust  
Signature  
Skills for Health  
Skills Funding Agency  
Skillsmart Retail  
SPAN  
St Loye's Foundation  
St Mungo's  
Staffordshire and Westmidlands Probation Trust  
Suffolk New College  
Thames Valley Probation  
The Global Association of Corporate Universities and Enterprise Academies  
The Good News Chronicle

The Lancashire Colleges  
The Manchester College  
The Salvation Army  
Tower Hamlets Lifelong Learning Service  
TUC  
Ufi/Learndirect  
UKCES  
University & College Union  
Voluntary Action North Lincolnshire  
Wirral Council  
Working Links  
(1) Pennine Lancashire Employment and Skills Board and (2) Blackburn with  
Darwen Borough Council

## Annex 7

### Use of the Work Programme Regulations

These will apply to Skills Conditionality as follows:

**Regulation 2** includes a definition of “Work Programme Scheme” which refers to “arrangements made by the Secretary of State” and which may include work related activity designed to assist claimants to obtain employment. It is intended that skills provision will come within the scope of work related activity. Similarly, the arrangements made by Jobcentre Plus in partnership with training providers would come within the scope of “arrangements made by the Secretary of State”.

**Regulation 3** allows the Secretary of State to select a customer for the scheme. This provision will enable a Jobcentre Plus Adviser to identify customers who would be suitable for a skills provision.

**Regulation 4** provides for a customer to be required to participate. In the case of Skills Conditionality, once a referral has been made, this provision will be used to notify the customer of which tasks they are required carry out and when.

**Regulation 5** will allow for the customer’s participation in the skills provision to cease when they are no longer required to participate, for example, when a notification is made that this is the case.

**Regulation 8** provides for sanctions of 2, 4 and 26 weeks to apply where a customer fails to comply without good cause. This will allow for sanctions to apply where a customer fails to carry out the tasks associated with participation in skills provision.

**Regulations 9 and 10** will allow for hardship payments where a customer or someone in their family unit comes within the definition of “vulnerable groups”.

**Regulations 14 and 15** will allow for disregards in relation to benefit entitlement calculations to apply to travel and childcare expenses paid to customers during their participation in skills provision.

**SUPPLEMENTARY MEMORANDUM FOR THE SOCIAL SECURITY  
ADVISORY COMMITTEE FROM THE DEPARTMENT FOR WORK AND  
PENSIONS**

***SKILLS CONDITIONALITY***

**No. 000**

**PROPOSALS TO USE THE POWERS IN THE WORK PROGRAMME  
SCHEME REGULATIONS TO INTRODUCE FROM 1 AUGUST 2011  
INCREASED OBLIGATIONS ON THOSE SEEKING AND PREPARING FOR  
WORK TO ATTEND SKILLS PROVISION**

1. Further to a meeting with the Social Security Advisory Committee (the Committee) on 2<sup>nd</sup> March 2011 amendments have been made to the Explanatory Memorandum to reflect the discussion as follows:
  - The definition of skills is clarified to include literacy and numeracy at paragraph 4.
  - Paragraph 27 is amended to illustrate Jobcentre Plus advisers familiarity with the Decision Making and Appeals process.
  - Paragraph 46 has been amended to clarify access to hardship payments for non-vulnerable claimants and paragraph 72 has been removed.
  - Confirmation has been given at paragraph 49 that skills conditionality will not be implemented initially by Jobcentre Plus in Scotland and Wales.
  - Clarification at paragraph 61 that the Approved College & Training Organisation Register (ACTOR) is relevant only in England.
  - Paragraphs 74 and 77 amended to consistently reflect the policy on travel and childcare.
  - The overall positive impact on child poverty is qualified by the possible negative impact of those families receiving a sanction in paragraph 103.
  - Paragraph 104 is clarified to ensure availability of public transport is taken into consideration when mandating a claimant to training to ensure that it is reasonable to expect them to attend at the times required.
  
2. In addition we would like to provide the Committee with the following information in response to the main points raised in the discussion on 2 March.

**Adviser Upskilling**

3. All Jobcentre Plus advisers have access to a Learning Centre diagnostic tool that helps them and their managers to identify any learning and development they have -this would include their confidence level in identifying skills needs and understanding the skills provision. If this is identified as a need, the relevant modules are available in the Personal Adviser Learning Routeway.
4. The Work Targeted Interview Structure and the Customer Assessment Tool both support advisers in considering if claimants have the skills required for their agreed job goal. Where advisers identify a skills need, they will either signpost, or refer on a voluntary or mandatory basis to a Next Step adviser, or they will signpost or mandate the claimant to an interview with a training provider. These specialists are best placed to identify the training solution for the skills need.
5. JCP handle significant numbers of vacancies to which advisers have access via the Labour Market System. This has been supplemented with a new tool - the Labour Market Intelligence hub which is to be formally launched next week. This is IT based and provides a range of labour market and recruitment information on each of the key occupational sectors.
6. Advisers have regular meetings in local offices with Employer advisers who handle relationships with employers and through these meetings advisers are aware of forthcoming recruitment areas, growth areas and new developments. In addition each District has employer engagement and external relations teams that provide information to local offices on developments in the District area.

### **Appeals against inclusion in Work-Related Activity Group (WRAG)**

7. Claimants who are receiving Employment and Support Allowance in the WRAG but have appealed against that decision in the belief they should be in the Support Group will not be referred to the Work Programme whilst the appeal is outstanding. However, mandatory back to work support will continue to be provided by Jobcentre Plus and, if appropriate for the individual, he or she will be supported to address any barriers to work including skills needs. As with all ESA WRAG claimants the adviser has the discretion on whether to apply work-related activity (WRA) or not and any WRA must always be reasonable in the claimant's circumstances (ie taking into account their health condition). It could therefore be possible for an adviser to decide (subject to following the skills conditionality policy principles) that skills provision is the right work-related activity for an individual who has appealed against their decision to be in the Work-Related Activity Group.
8. Currently, claimants who are found fit for work following the Work Capability assessment and appeal against that decision may remain on ESA during the appeal. These claimants cannot be mandated to attend work focussed interviews or undertake any work related activity. They will

therefore not be referred to the Work Programme or receive support from the Jobcentre Plus Offer unless they volunteer for support. This is under review.

### **Complaints about quality of skills provision**

9. The aim of this policy is for more claimants to start and complete their training. To avoid inappropriate sanctions it is important that claimants understand they should not immediately stop attending a course if they feel it is not benefiting them but seek to resolve the issue, and are given support to do this where appropriate.
10. At the point of referral to training as part of the conversation about the mandatory attendance and consequences of failing to attend, subject to good cause, the adviser will explain to the claimant what they should do in the event of them feeling the training is either not the right course for them or of sufficient poor quality to adversely impact their learning. Initially the claimant should talk to the training provider who in most cases would be expected to be able to resolve the issue. If this was not the case, or the claimant felt they needed support, they should contact the adviser to discuss the problem. The adviser will be in a good position to liaise with the training provider to reach a resolution, and using their knowledge of the particular provision by way of feedback from other claimants, and their knowledge of the individual be able to judge whether in some cases the claimant should be supported to use the providers complaints procedure.
11. Mandated claimants who stop attending training and give the reason to their adviser as being a problem with the provision will be asked if they have spoken to the provider about this or used the provider's complaints procedure.

### **Re-engagement after sanction**

12. What constitutes "re-engagement" is likely to vary from case to case. Typically it will be an action by a claimant that demonstrates their commitment to meeting their conditionality requirements. The action is likely to be set by an adviser and must be capable of being met quickly by the claimant. Examples could include:
  - That they meet the original condition for which they were sanctioned – ie return to the training course, subject to the college/training provider accepting them; or
  - If this is not possible that they meet an alternative condition to be determined by Jobcentre Plus (following discussion with other parties where necessary) ; and
  - That they fulfil a condition to demonstrate future compliance with a requirement – e.g. enrolling on a course that they are mandated to attend.

## **Engagement with Probation Services**

13. Officials in the Skills Funding Agency have been working closely with National Offender Management Service (NOMS) officials since the publication of 'Developing an improved Learning and Skills Offer for Offenders in the Community' in September 2009. Their focus has been on improving the way Probation Trusts, Jobcentre Plus and FE Colleges work together to improve the arrangements for referring probation clients to provision and for feeding back the results of those referrals.
14. The plans set out in the September 2009 document have been implemented, and are delivering enhanced support to those Probation Trust clients who are also Jobcentre Plus claimants in undertaking training with FE Colleges and providers. A subsequent 'Joint Strategic Review of Employment Services for Offenders' by Ministry of Justice and DWP has further bolstered local three-way working arrangements.
15. The risk of an ex-offender re-offending if sanctioned particularly if not entitled to hardship payments is acknowledged. Probation Trust clients who are being supervised by an offender manager will have that official's support whilst they are engaging with mainstream learning provision. In addition, NOMS has in place a major ESF funded programme to provide a range of mentoring support to offenders in the community (including befriending, coaching and peer-mentoring).
16. As well as this support from NOMS and its agents, there is a significant role played by the large range of third sector organisations engaged in supporting offenders.

## **Community Service Orders and mandation**

17. SSAC have requested that we look into any evidence available on the effectiveness of mandation on those undertaking mandatory training as a result of community service orders under the 2003 Criminal Justice Act. We will be looking into this.

## **Response to Consultation by Probation Trusts**

18. Five probation trusts responded to the consultation, as did the National Offender Management Service (NOMS). Their comments are summarised below:
  - There is a need for roll on/off courses, although it is acknowledged that this may be difficult for colleges.
  - The sanctions process needs to be swift, with benefits/sanctions policies made clear and simple to claimants.
  - Good communications are needed between JCP, providers/Next Step and the Probation Trusts/Offender Managers.

- An awareness is needed by JCP and skills providers of any restrictions which may have been imposed on an ex-offender by the courts.
- The London Probation Trust said that skills conditionality is a good opportunity for colleges/training providers to become part of the social conscience of their local area.
- There is a need for different delivery styles to support different learning styles.
- If both JCP and Probation Trusts mandate ex-offenders to an activity, there needs to be some guidance on which one would take precedence.

The following two points are from NOMS

- Next Step deliver for both JCP and the Probation Service, these need to be linked up to avoid duplication of work.
- Safe/secure sharing of information is necessary between Jobcentre Plus and the other relevant agencies.

19. SSAC asked for more information on the response to the public consultation. A full summary of the consultation responses and list of contributors is at Annex 2.

## **Annexes**

- 1. Equality Impact Assessment – this has been included as an annex to the Explanatory Memorandum**
- 2. Members were given early sight of the responses to the public consultation. Since then the Department has published the response to the consultation and this is now available on the Department’s website.**

**EXPLANATORY MEMORANDUM FOR THE SOCIAL SECURITY  
ADVISORY COMMITTEE FROM THE DEPARTMENT FOR WORK AND  
PENSIONS**

***SERVICE ACADEMIES***  
**No. 000**

**PROPOSALS TO USE THE POWERS IN THE WORK PROGRAMME  
SCHEME REGULATIONS TO INTRODUCE FROM 1 AUGUST 2011  
INCREASED OBLIGATIONS ON THOSE SEEKING AND PREPARING FOR  
WORK TO ATTEND SKILLS PROVISION, A WORK EXPERIENCE  
PLACEMENT AND A GUARANTEED INTERVIEW**

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Introduction</b>	<b>2</b>
<b>Policy Background</b>	<b>3</b>
<b>Get Britain Working targeted areas</b>	<b>9</b>
<b>Intended outcome of the Policy</b>	<b>10</b>
<b>Purpose of the Regulations</b>	<b>11</b>
<b>The Role of Jobcentre Plus</b>	<b>13</b>
<b>Impact on Jobcentre Plus</b>	<b>14</b>
<b>Impact on Customers</b>	<b>14</b>
<b>Volumes and Funding Model</b>	<b>18</b>
<b>Details of prior research and evaluation</b>	<b>18</b>
<b>Consultation</b>	<b>20</b>
<b>Monitoring and Evaluation</b>	<b>21</b>
<b>Management Information</b>	<b>21</b>
<b>Marketing and Information Strategy</b>	<b>22</b>
<b>Case Studies</b>	<b>23</b>
<b><u>Annexes</u></b>	
<b>1 The Work Programme Scheme Regulations</b>	<b>24</b>
<b>2 Organisations consulted on Service Academy Development</b>	<b>27</b>
<b>3 Case Studies</b>	<b>28</b>

**EXPLANATORY MEMORANDUM FOR THE SOCIAL SECURITY  
ADVISORY COMMITTEE FROM THE DEPARTMENT FOR WORK AND  
PENSIONS**

***SERVICE ACADEMIES***

**No. 000**

**PROPOSALS TO USE THE POWERS IN THE WORK PROGRAMME  
SCHEME REGULATIONS TO INTRODUCE FROM 1 AUGUST 2011  
INCREASED OBLIGATIONS ON THOSE SEEKING AND PREPARING FOR  
WORK TO ATTEND SKILLS PROVISION, A WORK EXPERIENCE  
PLACEMENT AND A GUARANTEED INTERVIEW**

**Introduction**

1. Service Academies aim to provide support to benefit customers through integrated pre-employment training and work experience placements. They aim to improve benefit off flow and employment rates by providing support that is flexible and responsive to meet the skills needs of those seeking work and the requirements of employers. The objectives of Service Academies are twofold:
  - To support customers who are close to the labour market but who have been unable to find work to move into sustained employment in a demand sector; and
  - To support employers in those sectors to fill their vacancies more efficiently.
2. We plan to run Service Academies during the period from August 2011 to March 2013. The delivery of Service Academies will be based on a flexible model that can be tailored to meet sector and local needs. However the model will comprise of three key components including pre-employment training, work experience with an employer and a guaranteed interview on completion of a Service Academy. The provision will be targeted at those Jobcentre Plus customers claiming Jobseeker's Allowance (JSA) and Employment Support Allowance in the Work Related Activity Group (ESA WRAG), who have no significant barriers to employment (such as literacy and numeracy) but would benefit from participating in the Service Academy to help them find work.
3. Service Academies will be established in sectors with high volumes of entry-level jobs and current local vacancies. They will last for a maximum of six weeks and will be accredited, with participants achieving units or qualifications on the Qualifications and Credit Framework as appropriate to the entry requirements for intended jobs.
4. Participants will remain on benefit for the duration of the Service Academy and will be subject to the normal JSA conditionality requirements.

## Policy background

5. This provision will be focused on Jobcentre Plus customers on active benefits who are close to the labour market and who would benefit from participating in the Service Academy to help them find work.
6. 'The Coalition: our programme for government' document set out the intention for a range of Service Academies to offer pre-employment training and work placements for unemployed people.
7. The design of Service Academies has been developed between the Department for Work and Pensions, the Department for Business Innovation and Skills, Jobcentre Plus, the Skills Funding Agency and other interested parties.

## Policy rationale

8. The current labour market is characterised by high unemployment. JSA levels are higher than they were prior to the recession (the claimant count has risen from 780k to 1,459k<sup>1</sup>) and the Government wants to address this. Many could take work of some description if given the right support and preparation. Service Academies therefore have a policy aim of putting in place high-quality, labour market relevant training and work experience placements, leading to a guaranteed interview for people on active benefits, to help them move into sustainable employment and progress in learning.
9. Skills play an important role in improving labour market outcomes, both for individuals and society. There is a range of evidence linking qualification levels with employment and earnings. For example McIntosh (2004)<sup>2</sup> found that unqualified male school leavers who go on to obtain Level 2 vocational qualifications are 10 percentage points more likely to be employed than those who do not acquire any qualifications after school. Jenkins et al<sup>3</sup> (2002) found that women who were unemployed and gained low-level qualifications were significantly more likely to move into work than women who did not gain qualifications or take part in learning. Ultimately people with higher qualifications are more likely to be employed (and earn more) than people with lower level or no qualifications<sup>4</sup>.
10. A lack of qualifications can be a disadvantage often compounded by other barriers to work such as lack of work experience. And whilst employment focused programmes have generally been found to have

---

<sup>1</sup> Data from the Jobcentre Plus Administrative system

<sup>2</sup> McIntosh, S. (2004) 'The Impact of Vocational Qualifications on the Labour Market Outcomes of Low-Achieving School-Leavers', CEP Discussion Paper No 621.

<sup>3</sup> Jenkins A 'Women, Lifelong learning and employment' CEE August 2004

<sup>4</sup> Analysis of the Labour Force Survey shows that the employment rate is higher for men and women with Level 2 qualifications than for men and women with no qualifications.

larger effects on employment and move people into jobs more quickly than education-focused programmes, the evidence<sup>5</sup> suggests that the best approach of all is a mixed approach, that is tailored to individual need. Service Academies, then, will integrate both pre-employment training and work experience, which customers choose to participate in, with the aim of moving people into sustainable employment in demand sectors.

11. To deliver this integrated package Jobcentre Plus will be working in partnership with local employers and training providers to determine the most appropriate offer to meet the needs of the local labour market. Indeed there were 706,130<sup>6</sup> elementary level vacancies notified to Jobcentre Plus in England alone last year, so working with Employers to determine what they need to fill their vacancies more efficiently will be crucial to the success of Service Academies.

### **Evidence from previous programmes**

12. Wage returns to training programmes vary widely according to the characteristics of the training. However, evidence consistently points to good returns to work-related training (see for example Feinstein et al 2004<sup>7</sup>).
13. Blundell et al<sup>8</sup> found that a spell of employer provided training yielded a pay-off of around 5% to individuals' real earnings growth (for individuals aged between 23 and 33). Similarly, the returns to NVQ 2s are much higher for those who gain their NVQ via an employer. They also found that average job tenure for someone who had received employer provided training in their current job was 9.5 years for men and 8.9 years for women, which is significantly higher than for those who had not received employer-provided training (6.8 years for men and 5.1 years for women).<sup>9</sup>
14. There is no previous employment programme that is directly equivalent to Service Academies. However there is data on take-up of the Young Person's Guarantee Routes into Work Pre-Employment Training (YPG PET), including demographic breakdowns (for England only) of those starts. YPG PET is sector based training, up to eight weeks, that can be accompanied by a Work Trial. It is only available for young people from the six month point of their claim.
15. Between November 2009 and October 2010 there were 16,280 starts to YPG PET. Analysis of the take-up (percentage starting out of all

---

<sup>5</sup> 'DfES and DWP: A shared evidence based – The role of skills in the labour market' 2007

<sup>6</sup> NOMIS: Jobcentre Plus notified Vacancies - notified by occupation in England in 2010

<sup>7</sup> Feinstein, Galindo-Rueda and Vignoles (2004): *The labour market impact of adult education and training: A cohort analysis*. Scottish Journal of Political Economy, vol 51, May 2004

<sup>8</sup> Blundell, R., Dearden, L., Meagher, C. (1996), 'The determinants and effects of work-related training in Britain', IFS research report.

<sup>9</sup> Blundell, R. Dearden, L and Meghir, C. *The Determinants of Work-Related Training in Britain* (1996) IFS

those eligible) of YPG PET showed that women were disproportionately more likely to take-up the training than men. However, take-up was slightly lower amongst disabled people than non-disabled people – we will have to monitor this for Service Academies. Take-up of YPG PET was proportionate across the different ethnic groups.

### **How the new policy differs from existing provision**

16. Service Academies will offer 19+ JSA and ESA (WRAG) customers integrated pre-employment training, work experience and a guaranteed interview. Earlier provision has not brought together these three elements and has not required mandatory attendance. For example, 'Routes Into Work' made sector based pre-employment training available to JSA customers and often, but not always, led to a job or a work trial but did not oblige participants to attend through a sanctions regime or guarantee them an interview apart from the normal JSA requirement to actively seek work.
17. We know that where customers have a training need they do not always take up or complete provision to address that need. Evidence in England, Scotland and Wales on take-up of current skills interventions for unemployed people suggests that drop-out between referral from the Jobcentre and attending an initial provider interview or starting on the course is high.<sup>10</sup> Including a sanctions regime that participants can opt-in to should reinforce customer's responsibilities and protect the increasingly stretched public purse, ensuring that programme spend is focused on participants that are willing and motivated to attend.
18. Unlike previous programmes the delivery of Service Academies will be demand led with a particular focus on the needs of local employers. The detailed design of Service Academies will not be prescribed from the centre and Jobcentre Plus, training providers and employers will be able to identify potential Service Academy sectors. It will then be up to Jobcentre Plus, working in partnership with local employers and training providers to determine the most appropriate offer to meet local need.

### **Voluntary take-up, mandatory participation**

19. Where a suitable Service Academy is available, a Jobcentre Plus Adviser will identify and assess a customer's skills needs. Where the Adviser identifies that:
  - a customer does not have significant, basic skills needs such as literacy, numeracy or employability skills; but

---

<sup>10</sup> England: 'Skills Offer MI Summary Sheet', version 14 (populated 14/12/2010); Wales: 'Skill build Activity and Comparisons', October 2010. Scotland: 'Training for Work MI' January 2011

- their search for a job would benefit from a period of pre-employment training relevant to an employment sector where jobs are available locally and from a work experience placement in that sector;
20. The Adviser will discuss with the customer the potential benefit of participating in a Service Academy. Advisers will ensure that as part of the discussion, customers are aware of the expectations of the programme and that, should they decide to opt-in, their participation will become mandatory at the point of referral.
  21. The Adviser will provide the customer with the opportunity to discuss the pre-employment training with a suitably qualified training provider, who will assess the customer's skills needs. The customer will also have the opportunity to discuss the work experience placement with the potential host employer. This will enable the training provider to identify whether the customer has a skills needs and to state whether suitable training is available. It will also allow the potential host employer to confirm that a suitable work experience placement is available. If both training and a work experience placement are available, the customer will have the opportunity to opt-in voluntarily to participate in the Service Academy. The Adviser will then refer the customer to the Service Academy and attendance will become mandatory.
  22. The approach to mandation for JSA customers and for ESA customers, once they have been referred, will be slightly different.
  23. In the case of JSA customers, attendance at the pre-employment training, the work experience and the guaranteed interview would be mandatory. But for ESA customers, while attendance at the pre-employment training would be mandatory, participation in the work experience and attendance at a guaranteed interview would be voluntary.
  24. Reasonable conditions will also be attached to the programme. These conditions should as a minimum be that the participant will attend on time, comply with the law and behave professionally. There will be a process in place for training providers and host employers to notify Jobcentre Plus of any breaches (e.g. failure to attend or exclusion etc). Sanctions will apply in line with relevant legislation.
  25. There are no quotas or targets set for Jobcentre Plus Advisers to refer a certain number of customers to the Service Academy programme in a specific time period (e.g. weekly, monthly, etc). Referral will be based on a customer's skills needs and the availability of a suitable Service Academy.
  26. As placements on the programme will be limited, there is no incentive for Advisers to refer unwilling customers. Indeed, Advisers will need to maximise off-flows in advance of the Work Programme. Guidance and

awareness products linked to the performance framework will support this.

27. Training providers will also be able to identify individuals attending mainstream provision who would benefit from attending a Service Academy and refer them to Jobcentre Plus for confirmation of suitability. Further work will be undertaken to develop this referral route and the regime that will apply in these cases.

### **Sanctioning**

28. The sanctions systems that will be applied to Service Academies will initially remain the same as those currently in use.
29. In the current regime Jobseeker's Allowance customers would lose benefits for a fixed period of time, either two, four weeks or twenty six weeks.
30. Customers who are sanctioned lose the total of their personal JSA (or a proportion of their ESA) for the period of the sanction, but retain access to the full range of JCP support that is available to their customer group, and JSA customers must continue to provide a signed declaration every fortnight in accordance with normal signing arrangements. Entitlement to passported benefits such as Housing and Council Tax Benefit is not affected.
31. A new sanctions structure (as outlined in the DWP white paper Universal Credit: welfare that works) is being proposed in the Welfare Reform Bill. It is intended that the new structure will apply to those claiming Jobseekers' Allowance and Employment and Support Allowance and includes proposals for open ended sanctions.
32. Under the proposals, open ended sanctions will apply in cases where a claimant fails to meet a requirement to prepare for work (e.g. Failure to attend an employment-related programme such as training). The sanction could lead to 100% of benefit payments ceasing until the claimant re-engages with requirements and for a fixed period after re-engagement (fixed period sanctions are expected to start at one week, rising to two, then four weeks with each subsequent failure to comply).
33. What constitutes "re-engagement" (to bring the open-ended part of the sanction to an end) is likely to vary from case to case. Typically it will be an action by a claimant that demonstrates their commitment to meeting their conditionality requirements. The action is likely to be set by an adviser and must be capable of being met quickly by the claimant. Examples could include:
  - That they meet the original condition for which they were sanctioned – ie return to the training course, subject to the college/training provider accepting them; or

- If this is not possible that they meet an alternative condition to be determined by Jobcentre Plus (following discussion with other parties where necessary) ; and
  - That they fulfil a condition to demonstrate future compliance with a requirement – e.g. enrolling on a course that they are mandated to attend.
34. In circumstances where a customer has left the work experience element of the Service Academy without good reason and the host employer is not willing to take them back, JCP might arrange for work experience to be with a different employer.
35. If it was not possible to secure a further work experience placement, so that re-engagement is not a realistic possibility, it would be possible for JCP to terminate the customer's participation in the Service Academy scheme so enabling the customer to return to benefit.
36. When considering a benefit sanction Decision Makers will apply the current JSA and ESA guidance on good cause. Any participant who fails to attend their training, or leaves before the end of the agreed period will be able to argue good cause as provided by Section 17A of the Jobseeker's Act 1995 and the new regulations. Any JSA customers who do find themselves subject to a benefit sanction will be eligible for consideration for a hardship payment.
37. Some customers have restrictions on their hours of work or patterns of work agreed by an adviser and this will be taken into account before they are referred to training provision. The flexibility to deliver part-time and full-time courses is one of the features of the training provision that Jobcentre Plus will need to negotiate with the local college(s) and/or provider(s), in the context of the new, flexible, locally responsive approach to determining the provision on offer.

**How many people do we expect to be covered by the policy, and who will benefit?**

38. Due to the flexible nature of the approach to Get Britain Working delivery, our current working assumption is that no targets will be set for Service Academies. The management information collected will be used to account for public spend, enable performance improvement and inform evaluation.
39. Service Academy provision will depend on local demand and local labour market characteristics.
40. Funding costs in the GBW Target Areas include an assumption of a volume of up to 20,000 starts up to March 2013.

**Get Britain Working targeted areas**

41. We are targeting DWP resources to deliver Service Academies (and Work Experience and Work Clubs) at areas in Great Britain that are likely to benefit most from an increase in the share of private sector employment.
42. Given the shortcomings of using data from local authority districts (owing to commuting patterns frequently being wider than these boundaries), this has been determined at NUTS 2 level using the following basket of indicators:<sup>11</sup>
- The proportion of the economically active population employed in the public sector
  - The number of private sector jobs per capita
  - And the public sector share of Gross Value Added
43. Service Academies will form part of the menu of support that will be available, in principle, to all Jobcentre Plus working age benefit claimants in the GBW targeted areas, and potentially to those outside of them. District Managers will have a choice over the range of provision to offer and to what extent, based on customer and local labour market characteristics.
44. The list of target areas identified is shown in Table 1 below. (Service Academies could be available in other areas, depending on local demand and available resources. Skills is a devolved matter and DWP is in discussions with the Devolved Administrations about whether similar offers might be set up in Scotland and Wales.)

**Table 1: Target Areas**

Target Areas (NUTS2)	Local Authorities covered
Tees Valley and Durham	County Durham, Darlington, Hartlepool, Middlesbrough, Redcar and Cleveland, Stockton-on-Tees
Northumberland and Tyne and Wear	Sunderland, Gateshead, Newcastle upon Tyne, Northumberland, North Tyneside, South Tyneside
Lancashire	Blackburn with Darwen, Blackpool, Burnley, Chorley, Fylde, Hyndburn, Lancaster, Pendle, Preston, Ribble Valley, Rossendale, South Ribble, West Lancashire and Wyre
Merseyside	Liverpool, Knowsley, Sefton, St. Helens, Wirral
South Yorkshire	Barnsley, Doncaster, Rotherham, Sheffield
Devon	East Devon, Exeter, Mid Devon, North Devon, Plymouth, South Hams, Teignbridge, Torbay, Torridge and West Devon

<sup>11</sup> We will be targeting funding at areas that meet at least two of the following criteria: more than 20% of the economically active population employed in the public sector (GB average=18.8%); less than 380 private sector employees per 1000 residents aged 16+ (GB average=444); public sector (public admin, education, health) accounts for 20.4% or more of GVA (GB average=17.1%).

Cornwall and Isles of Scilly	Cornwall, Isles of Scilly
Highlands and Islands	Argyll & Bute, Eilean Siar, Highland, Orkney Islands and Shetland Islands
West Wales and the Valleys	Anglesey, Blaenau Gwent, Bridgend, Caerphilly, Carmarthenshire, Ceredigion, Conwy, Denbighshire, Gwynedd, Merthyr Tydfil, Neath Port Talbot, Pembrokeshire, Rhondda, Cynon, Taff , Swansea, Torfaen
South West Scotland	Dumfries & Galloway, East Ayrshire, East Dunbartonshire, East Renfrewshire , Glasgow City, Inverclyde, North Ayrshire, North Lanarkshire, Renfrewshire, South Ayrshire, South Lanarkshire and West Dunbartonshire
East Wales	Cardiff, Monmouthshire, The Vale of Glamorgan, Newport, Flintshire, Powys, Wrexham
Eastern Scotland	Angus, Clackmannanshire, Dundee City, Falkirk, Fife, Perth & Kinross, Stirling, East Lothian, Edinburgh, Midlothian, Scottish Borders, West Lothian
West Midlands	Birmingham, Solihull, Coventry, Dudley, Sandwell, Walsall, Wolverhampton
Lincolnshire	Boston, East Lindsey, Lincoln, North Kesteven, South Holland, South Kesteven, West Lindsey

45. Other areas may be able to use their existing resource to offer Service Academies (and other targeted Get Britain Working measures) – if this is the most appropriate way to support unemployed people in that area.

### **Intended outcome of the policy**

46. The intended outcomes for participants are the appropriate units on the Qualifications and Credit Framework to enter the intended occupation for all who complete the Academy, and sustained employment for a substantial proportion, with progression in learning.
47. Those who are unsuccessful at the Guaranteed Interview stage of the Academy will be able to use their new found skills qualifications and work experience to enhance their jobsearch and market themselves to potential employers, thus enabling them to move closer to the labour market or into employment.
48. The intention is that participation in a Service Academy will mean that larger numbers of claimants enter into employment in advance of the Work Programme. Further to this, improvements in partnership working between JCP, skills providers and employers is intended to ensure Employers are able to fill their entry level vacancies more efficiently.

## **Purpose of the Regulations**

49. A detailed outline of the Work Programme Scheme Regulations is attached at Annex 1. These will apply to Service Academies as follows:
50. Regulation 2 includes a definition of “Work Programme Scheme” which refers to “arrangements made by the Secretary of State” and which may include work related activity designed to assist customers to obtain employment. It is intended that the key components of Service Academies: pre-employment training, a work experience placement and a guaranteed interview will come within the scope of work related activity. Similarly, the arrangements made by JCP in partnership with training providers and employers would come within the scope of “arrangements made by the Secretary of State”.
51. Regulation 3 allows the Secretary of State to select a customer for the scheme. This provision will enable a JCP Adviser to identify customers who would be suitable for a Service Academy.
52. Regulation 4 provides for a customer to be required to participate. In the case of Service Academies, once a customer has opted to participate in the Service Academy, this provision will be used to notify the customer of which tasks they are required carry out and when.
53. Regulation 5 will allow for the customer’s participation in the Service Academy to cease when they are no longer required to participate, for example, when a notification is made that this is the case.
54. Regulation 8 provides for sanctions of 2, 4 and 26 weeks to apply where a customer fails to comply without good cause. This will allow for sanctions to apply where a customer fails to carry out the tasks associated with participation in a Service Academy.
55. Regulation 9 will allow for hardship payments where the customer is a “person in hardship” as defined regulation 140~(1) of the Jobseeker’s Allowance Regulations 1996.
56. Regulation 10 will make similar provision in the case of joint claim couples to that in regulation 9.
57. Regulations 14 and 15 will allow for disregards to apply to travel and childcare expenses paid to customers during their participation in a Service Academy.

### **How the proposed regulations differ from current provision**

58. Using existing powers within the Jobseeker’s Act 1995, these regulations will provide the framework for participation in Service Academies by Jobseeker’s Allowance customers. The regulations will enable the Secretary of State to require a customer, who has opted to

do so voluntarily, to participate in the three components of the programme: pre-employment training, a work experience placement and a guaranteed interview. The regulations will also enable a customer's Jobseeker's Allowance to be sanctioned if the customer fails to participate in the required manner.

59. Within both the Service Academy and Jobcentre Plus we want to give greater discretion to advisers to deliver support in the way and at the time they think will be most effective for that customer. The support on offer will therefore vary between areas, and between individuals.
60. Jobcentre Plus advisers will be responsible for selecting participants for a Service Academy, in line with guidance. All Jobseeker's Allowance customers who have been identified as having the relevant skills and work experience needs, will be eligible for referral to a Service Academy as soon as that need is identified.
61. Training providers will undertake some form of initial engagement with each customer and will confirm whether the customer has a skills need and whether suitable training is available. Potential host employers will also confirm, after discussion with the customer, that a suitable work experience placement is available. These initial engagements will enable the customer to take an informed decision about participation in the Service Academy prior to referral and their attendance becoming mandatory. The referral will set out the activities that the customer is required to undertake and the start and end dates of the activities.
62. The nature and amount of activity required could vary from customer to customer, but the requirement will always have to be reasonable in the customer's circumstances. The overall aim will be to move the customer into sustained work.
63. Training providers and employers will have worked in partnership with the local JCP District to establish a Service Academy and the referral will take account of the design of the particular Service Academy and any other conditions attached to the customer's job search activity which is recorded in their Jobseeker's Agreement.
64. The programme will last up to a maximum of six weeks overall and the customer will be offered a guaranteed interview either with the host employer or with another employer in a relevant employment sector. If the customer does not secure a job at the end of the Service Academy, they will receive further support from the JCP Personal Adviser.

## **Role of Jobcentre Plus**

65. Service Academies will form part of the menu of support that will be available, in principle, to all Jobcentre Plus working age benefit customers in the GBW targeted areas. District Managers will have a choice over the range of provisions to offer and to what extent, based

on customer and local labour market characteristics. Other areas will also have the flexibility to offer Service Academies, using their existing resource – if this is the most appropriate way to support unemployed people in that area.

66. We are still developing with Jobcentre Plus the details of their precise role. What follows are current working assumptions.

67. Where Jobcentre Plus decides to implement Service Academies it will be responsible for:

### **Coordination and Brokerage**

Bringing parties together and brokering – to establish Service Academies; to support parties in agreeing selection processes, roles and responsibilities etc; to share best practice and any supporting tools (e.g. SSC toolkits); to ensure minimum standards are met (e.g. that the Service Academy lasts a maximum of 6 weeks, comprises pre-employment training, work experience and leads to a guaranteed interview); training to an agreed standard);

### **The matching process**

Designing the process for identifying and referring suitable customers for participation in Service Academies, including: identifying eligible customers and referring them to pre-employment training and work experience placements

### **Equality of treatment**

Jobcentre Plus is committed to offering their services and products in a way that is appropriate and accessible, meeting individual needs and enabling equal access for all – in line with Diversity and Equality legislation requirements.

### **Engaging host businesses**

Engagement with employers at a local and National level to secure support for the Service Academy programme (e.g. via local partnerships and the National Sales Team etc)

### **Incentives for businesses to offer placements**

Jobcentre Plus incentivise employer participation by assisting them to recruit more effectively

### **Ensuring quality of the placement**

Ensuring minimum standards are met (e.g. that the Service Academy lasts a maximum of 6 weeks, comprises of pre-employment training, work experience and leads to a guaranteed interview).

### **Support during the placement**

Jobcentre Plus will be responsible for providing support to customers and employers throughout the placement and will ensure the payment of travel and childcare expenses

### **Post placement support**

- Providing appropriate support post-placement
- Where appropriate, to ensure that arrangements exist locally to broker unsuccessful completers to other relevant vacancies.

## **Impact on Jobcentre Plus**

68. Jobcentre Plus is currently considering the impact of implementing Service Academies. There may be a potential impact on Advisers arising from: identifying and referring suitable customers and additional employer engagement and partnership management activities. Any proposed sanction activity may also impact on Advisers and Decision Makers within Jobcentre Plus.

## **Impact on customers**

69. Service Academies will be part of a menu of support options offered by Jobcentre Plus prior to a customer's eligibility to the Work Programme.

70. Research suggests that a majority of the general public believe that it is right that the support which Jobcentre Plus customers receive to address their barriers to work should be balanced by an obligation to address those barriers when they are identified. In a DWP survey respondents were asked whether

71. "a JSA customer should attend relevant skills training that addresses a skills gap that has been identified as a barrier to work, or face a stronger sanctions regime".

72. This proposition had high levels of general public support with almost two thirds of the respondents (63 per cent) agreeing strongly and a further quarter agreeing slightly (25 per cent). Levels of disagreement were very low with only 8 per cent of the respondents disagreeing overall.

73. This view is also backed up by some of the evidence coming from the qualitative evaluation of the JSA skills conditionality pilots. Some customers were happy with mandation in principle, provided that::

- Individual needs and circumstances are taken into account before deciding on mandation,
- Training corresponded to their skills needs,
- Training was of good quality level and locally available.

74. These customers viewed mandation as having the potential to contribute towards the improvement of customers' skills and improve their job prospects.

75. Among those customers who expressed more negative views on mandation, the key issues was a preference for positive motivation rather than coercion as well as the quality, availability and level of the training available.<sup>12</sup>

### **Likelihood of receiving a sanction**

76. Most people want to find work and are happy to take the necessary steps to prepare for work and will therefore never be in the position of facing a sanction. The 2004-05 Basic Skills Mandatory Training Pilot<sup>13</sup> found that only around 3% of the customers referred to training actually received a sanction. Twenty-two per cent of these customers received more than one sanction, with the maximum number of sanctions recorded as seven.

77. Evidence suggests that those who are sanctioned are less likely to repeat the same behaviour a second time. Of those customers who are sanctioned, most (73%) are only sanctioned once. Research shows that most jobseekers agree with this approach – even 40% of those who are sanctioned think their own sanction was fair.<sup>14</sup>

78. The qualitative research carried out for the JSA Skills Conditionality Pilot found that advisers expressed the views that sanctions were rarely applied to customers as most customers would comply with mandation. Where sanctions were applied it was sometimes due to poor organisational skills or poor motivation to attend training.

### **Ensuring customers understand the implications of skills conditionality**

79. Given the lessons we have learned from the pilot we will need to make sure JCP advisers are completely clear on the requirement to make customers aware that participation in the Service Academy would be mandatory once they have opted to participate and of the consequences of failing to attend. This needs to be presented in the context of a conversation about the benefits of attending a Service

---

<sup>12</sup> Wiggan, Natalie (2008): "Assessing the net impact of Basic Skills mandation". DWP ad-hoc analysis, [http://research.dwp.gov.uk/asd/asd1/adhoc\\_analysis/2011/basic\\_skills.pdf](http://research.dwp.gov.uk/asd/asd1/adhoc_analysis/2011/basic_skills.pdf)

<sup>13</sup> Joyce, Kasparova, Wilkinson (2006), op cit

<sup>14</sup> As above

Academy and why the adviser considers it will be helpful in helping the customer secure a job. The customer needs to understand that attending the pre-employment training and the work experience placement is an opportunity but the expectation is that they must attend. This is similar to the expectation that employers will place on them once they move into a job.

### **Role of the customer in decision making**

80. The expectation is that JSA customers will have the opportunity to find out about the training and work experience components of the Service Academy and will be able to opt-in voluntarily if suitable training and a suitable work experience placement are available. It is only once the customer has opted to participate that the Adviser will make the referral. Once the referral is made, attendance becomes mandatory.
81. We are working through the details of this but the assumption is that, there will be provision in place to cater for circumstances where a customer believes that a training course or a work experience placement is not appropriate for them.

### **Quality of provision**

82. If JCP are mandating customers to training and work experience placements we need to be assured that the provision is relevant and of good quality. The importance of good quality training was one of the issues that has been raised by customers in the qualitative evaluation of the JSA Skills Conditionality Pilots. The provider is responsible for ensuring the quality of its offer and service. To ensure this happens, BIS and the Skills Funding Agency use the FE Quality Assurance System and this will apply to Service Academy pre-employment training as it does to other BIS-funded training. .
83. In the case of work experience placements, the expectation is that JCP Districts, working in partnership with training providers and potential host employers, will develop a local Service Academy that meets the skills and work experience needs of customers and the recruitment needs of employers.

### **Impact of mandated customers attending provision**

84. The qualitative evaluation of the Skills Conditionality Pilot did not find evidence that mandated customers had disrupted the training of others. In the case of Service Academies, where participation is a result of the customer making an informed decision, the expectation is that participants will have strong motivation to take up and complete the training opportunity.

## **Support for vulnerable customers**

85. Customers may be considered vulnerable if they have a mental health condition, a physical disability or learning difficulties that makes it difficult for them to access Jobcentre Plus services. Customers who are vulnerable may not readily respond to a formal decision notice and therefore find themselves in hardship. A customer's personal circumstances may also make them vulnerable, for example, if a member of the family unit comes within the vulnerable category. If a customer is sanctioned and they fall into the 'vulnerable' group then they have immediate access to hardship payments. People who fall into the vulnerable category include:

- pregnant women;
- lone parents responsible for a child or a young person;
- members of couples or polygamous marriages responsible for children or young people;
- customers who qualify for a Disability Premium;
- certain customers with long term medical conditions;
- certain customers who provide care for disabled people;
- certain customers aged 16 or 17; and
- certain customers under the age of 21.

86. Hardship payments are reduced-rate payments of income-based JSA, the payments are normally set at 60% of normal benefit levels, although this can increase to 80% for pregnant women or those who are seriously ill. If a customer disagrees with a decision not to award a hardship payment then they can apply for a reconsideration of the decision or appeal to first-tier tribunal.

87. Jobcentre Plus Advisers and managers are able to seek advice and guidance from Disability Employment Advisers (DEA) and Work Psychologists (WP) with regard to customers who may have additional support needs while attending training (e.g. customers with support needs for reasons of a learning disability or mental health issue). DEAs and WPs can also be consulted in circumstances where it may be unclear whether or not a disabled or vulnerable customer should be referred to learning or sanctioned if they do not comply. In such cases of uncertainty, it is recommended that the referring Jobcentre Plus Adviser discuss these issues with their line manager, a DEA and WP representative, the training provider and the customer in order to ensure that all the appropriate viewpoints and evidence can be considered before making a decision. Whatever the outcome of the decision, the vulnerable or disabled customers' progress should be monitored while attending training.

## **Customers' rights**

88. Sanction decisions carry the right of appeal to the First-tier Tribunal, with a further right of appeal, with permission, on a point of law to the

### **Travel and childcare**

89. Our current proposal is that all those mandated to attend a Service Academy would be eligible for travel and childcare costs. This applies to both full and part-time provision.

### **Eligibility to National Minimum Wage**

90. Participants of Service Academies will remain on Jobseeker's Allowance and will not be paid by their placement hosts. As such no obligation to pay National Minimum Wage rates will arise under National Minimum Wage legislation.

## **Volumes and Funding Model**

91. The Service Academies policy has been developed in line with the new Jobcentre Plus Performance Framework. The Framework moves JCP away from a culture of multiple targets to one focussed on performance in the round. Significantly, the framework also prescribes more local devolution and flexibility for both delivery and performance management. Due to the flexible nature of this approach there are no central expectations around national delivery volumes.
92. Funding costs in the GBW Target Areas include an assumption that up to 20,000 places will be funded up to March 2013, representing the additional DEL(A) cost of delivering this programme. Again, the volumes are indicative and do not represent a target - it will be for Jobcentre Plus to determine, in the target areas, the right mix of Work Clubs, Work Experience and Service Academies. However we would expect Jobcentre Plus to account for, and report on, its outputs and outcomes on a regular basis. This is set out in the section on Management Information.

## **Details of prior research and evaluation**

### **Evidence on the impact of employment focussed programmes**

93. Evidence<sup>15</sup> suggests that employment focussed programmes have generally had more impact on initial employment outcomes for the low-skilled and are typically more cost-effective than education focussed programmes. The evidence also shows that the jobs low-skilled people enter are typically low paid and provide few prospects for progression. Training will be necessary to help move some of the low-qualified group into work.

---

<sup>15</sup> 'DfES and DWP: A shared evidence based – The role of skills in the labour market' 2007

## **Evidence on the impact of pre-employment training programmes**

94. The most recent evidence we have on the net impact of training on job outcomes comes from the longer-term evaluation of the Work Based Learning for Adults programme.<sup>16</sup> The study reports a 5 percentage point impact on employment 40 months after participation in Short Job-focussed Training – the option that is most similar to Service Academies. However, referrals to the Work-Based Learning for Adults programme ended in 2005 and there is a need for more recent evidence on the impact of training. To try and address this, DWP and BIS have established a project to match administrative data on learning participation (from training providers) with benefit claims (from Jobcentre Plus) and employment data (from HMRC). This will provide us with a dataset that will enable us to monitor the flows of benefit claimants onto training, and look at whether they subsequently leave benefit or start employment. DWP and BIS analysts are currently exploring the feasibility of using this data to look at the net impact of training on job outcomes.

## **Evidence on the impact of skills conditionality**

95. General evidence on conditionality suggests that the threat of sanctions does have an effect on claimants' behaviour, although not necessarily making them more likely to find work or improving their employment prospects<sup>17</sup>, with international evidence showing mixed social and employment impacts<sup>18</sup>.

96. Evidence from the basic skills mandatory training pilot (2004-5) showed that the threat of sanctions had a negative impact on the probability of starting a job in the short run by three percentage points<sup>19</sup>. To test whether this negative effect on job outcomes was the result of a short-term lock in effect, DWP analysis conducted in 2008 looked at the impact on employment over the 3 years following starting on the pilot using a Propensity Score Matching technique. This analysis found that the impact of mandation on employment was negative even after 3 years<sup>20</sup>.

---

<sup>16</sup> Speckesser, S. and Bewley, H. (2006). The longer term outcomes of Work-Based Learning for Adults: Evidence from administrative data. DWP Research Report No 390

<sup>17</sup> Peters, M.; Joyce, L. (2006): "A review of the JSA sanctions regime: Summary research findings", DWP Research Report No 313, [http://research.dwp.gov.uk/asd/asd5/report\\_abstracts/rr\\_abstracts/rra\\_313.asp](http://research.dwp.gov.uk/asd/asd5/report_abstracts/rr_abstracts/rra_313.asp)

<sup>18</sup> Griggs, J. and Evans, M.: "A review of benefit sanctions", Joseph Rowntree Foundation, December 2010, <http://www.jrf.org.uk/sites/files/jrf/conditional-benefit-systems-summary.pdf>

<sup>19</sup> Joyce, L.; Kasparova, D.; David Wilkinson, D. (2006): "Evaluation of basic skills mandatory training pilot: synthesis report", DWP Research Report No 385, [http://research.dwp.gov.uk/asd/asd5/report\\_abstracts/rr\\_abstracts/rra\\_385.asp](http://research.dwp.gov.uk/asd/asd5/report_abstracts/rr_abstracts/rra_385.asp)

<sup>20</sup> Wiggin, Natalie (2008): "Assessing the net impact of Basic Skills mandation". DWP ad-hoc analysis, [http://research.dwp.gov.uk/asd/asd1/adhoc\\_analysis/2011/basic\\_skills.pdf](http://research.dwp.gov.uk/asd/asd1/adhoc_analysis/2011/basic_skills.pdf)

97. However our expectation is that mandation to Service Academies and the other new types of skills provision will be more effective. The results from the basic skills mandatory training pilot applied to those attending basic skills provision only and it is likely that many of the participants were a long distance from the labour market. The pilot also involved mandating all those claimants identified with a basic skills need – many of these customers may have been unwilling to learn and this might have impacted on the likelihood of them moving into work. Our proposal for Service Academies involves advisers and providers using their discretion to judge when training would be appropriate and will be focused on those customers closer to the labour market. By adopting this targeted approach, with skills training strongly linked to labour market needs, we are confident that skills conditionality will generate significant returns from Service Academies.

## Consultation

98. Officials from DWP, JCP, BIS and SFA met with employer representatives and Sector Skills Councils to obtain initial thoughts and reactions to the developing policy on Service Academies. DWP and JCP also met with customer representative groups. The organisations that were consulted are set out in detail in Annex 2. The key themes that emerged from the discussions included:

- **Mandation:** At the customer representative group meeting concerns were raised over mandation and the potential risk of individuals being required attend inappropriate provision. It was suggested that customers should be able to raise with Advisers any concerns about the appropriateness of the provision. At the meeting with employers, it was suggested that it should be possible to fast-track an individual to the interview stage of a Service Academy – to avoid locking someone into a training/employment programme when they could start a job.
- **Content of provision:** Some argued for nationally standardized content for sector based pre-employment training – which they argued would make a participant more sustainably employable across the UK. Others were concerned that larger organisations would be better able to influence the content of a Service Academy with the risk of them becoming less relevant to smaller organisations – these people were therefore in favour of a more locally determined approach to the make up Service Academy Training elements.
- **Referral process:** Employers expressed a desire to engage early on with the Service Academy referral process in order to provide JCP customers with insight into working in particular sectors, which could encourage take up of Service Academies.

- **Resource and Planning:** Employers expressed the need to take account of organisations' own recruitment processes and the need to match Service Academy participants to organisations appropriately.

## Monitoring and evaluation

99. As one of the Get Britain Working strands, data recorded on Service Academies will be built into the overarching assessment of pre-Work Programme support, in line with the new Jobcentre Plus Performance Framework. The Framework moves Jobcentre Plus away from a culture of multiple targets to one focussed on performance in the round. Significantly, the framework also prescribes more local devolution and flexibility for both delivery and performance management. As such there will be a light touch approach towards central Get Britain Working evaluation, examining:

- flows off benefit and into employment
- the quality of customer experience, as well as delivery volumes and;
- the value for money and productivity story.

100. Due to the flexible nature of the approach to Get Britain Working delivery, our current working assumption is that no targets will be set for Service Academies. The management information collected will be used to account for public spend, enable performance improvement and inform evaluation.

101. The Service Academies evaluation strategy is currently in development and subject to resource and data.

## Management Information

102. We are still working on the detail of the management information requirement.

103. Our commissioning may be requesting that Jobcentre Plus collect and report upon, on a monthly basis, placement starts and ends (in month, cumulative and by Jobcentre Plus district). This would enable us to assess, in real-time, the take-up and attractiveness of the provision to customers and advisers.

104. For any wider evaluation of Service Academies we could be looking to collect management information on:

- **Referrals:** Referral numbers will act as a baseline against which flows through to other aspects of the support can be measured. As Skills Conditionality is active from the point of referral, referral information will also enable us to assess the

impact of this conditionality by allowing us to observe any fall out before training or placement starts.

- **Outcomes:** This will enable us to evaluate how successful Service Academies have been in moving people into sustained employment / increasing off flows / reducing flows onto the work programme.
- **Employer Characteristics:** Information on the sector and post code of an employer. This will enable the identification of the sector of a Service Academy and provide the information needed to facilitate any potential qualitative research on employer satisfaction.

105. We also hope to be able to gather Management Information on the Qualifications Achieved by Service Academy participants, but this is dependent on the availability of such data through the BIS Individualised Learner Record system.

## Marketing and Information Strategy

106. The overarching aim of the Service Academy marketing and information strategy is to ensure the right message gets to the right people at the right time, to support successful implementation of Service Academies. The specific objectives include:

- to engage with Departmental and Jobcentre Plus staff to inform them about Work Experience and how it differs from previous provision,
- to ensure that potential customers are informed of the Service Academy offer at the most appropriate time, encouraging participation and outlining what is expected of them;
- to ensure that all stakeholders and delivery partners – including potential training providers and employers - are consulted and updated on progress
- to ensure consistency with related policy areas and that Service Academies communications are co-ordinated with those on other strands of Get Britain Working, the Skills Offer and wider Welfare to Work Reform;
- to ensure customers understand their rights, responsibilities and the support that will be available to them.

## **Case Studies**

107. Case Study examples are included at Annex 3.

## The Work Programme Scheme Regulations

A detailed outline of each of the regulations is as follows:

### **1.2 Regulation 1 - Citation and commencement**

It is proposed that the Regulations come into force on 26 April 2011.

### **1.3 Regulation 2 - Interpretation**

This includes a definition of “Work Programme Scheme” as a scheme within section 17A(1) of the Jobseeker’s Allowance Act 1995 to assist customers to obtain employment including self employment and may include for any individual, work experience, work related activity and job search. Regulation 2 also includes provision so that where a “written notice” is sent by post, it will be taken to have been received on the second working day after posting.

### **1.4 Regulation 3 - Selection for participation in the Scheme**

Selection for participation in the Work Programme will be by the Secretary of State, (in practice by Jobcentre Plus).

### **1.5 Regulation 4 - Requirement to participate and notification**

Regulation 4 provides that a customer required to participate in the Scheme will be given a written notice stating that they are required to do so, details of what they are required to do and information about the consequences of failure to participate. Any changes to the requirements about what a customer is required to do, must also be notified in writing. It is intended that this will all be done by the provider and the contracting out provisions enable this.

### **1.6 Regulation 5 - Circumstances in which requirement to participate in the Scheme does not apply or ceases to apply**

This regulation specifies that a customer who is not required to meet the jobseeking conditions is not able to participate in the Scheme. A customer who is in receipt of a training allowance as a consequence of their participation in the Scheme is not, however, excluded from participation. A customer is no longer required to participate in the Scheme when his award terminates or when the Secretary of State notifies the customer in writing that this is the case.

### **1.7 Regulation 6 - Failure to participate in the Scheme**

Regulation 6 provides that a person will fail to participate in the Work Programme if they fail to comply with any requirement notified to them under regulation 4.

### **1.8 Regulation 7 - Good Cause**

When the Secretary of State considers that a customer has failed to comply with the regulations, the customer will be notified in writing of the failure and has a period of five working days from the date of notification to demonstrate that they had good cause for their failure to comply. The regulations provide that the Secretary of State must decide whether the customer has failed to undertake work related activity and, if so, whether, taking account of the customer’s circumstances, the customer has shown good cause for the failure. A definition of a “working day” is provided.

### **1.9 Regulation 8 - Consequences of failure to participate in the Scheme**

The consequences of failing to comply with the regulations without good cause are specified. The prescribed sanctions will be that no benefit will be payable for 2, 4 or 26 weeks depending on whether the customer has failed to participate on a previous occasion. A sanction of 26 weeks may be shortened where the customer subsequently demonstrates that they are complying with the requirements of the Scheme, subject to a 4 week minimum.

#### **1.10 Regulation 9 - Hardship**

Regulation 9 amends the Jobseeker's Allowance Regulations 1996 to provide that a customer required to participate in the Work Programme Scheme is not eligible for hardship payments unless the person is a 'person in hardship'.

#### **1.11 Regulation 10 - Hardship for joint claim couples**

Regulation 10 amends the Jobseeker's Allowance Regulations 1996 to make similar provision in the case of joint claim couples to that in Regulation 9.

#### **1.12 Regulation 11 - Definitions**

Regulation 11 inserts a definition of the Work Programme Scheme in various other sets of regulations.

#### **1.13 Regulations 12 and 13 - Notional income and notional capital**

These regulations ensure that certain payments made to participants in the Work Programme Scheme are not treated as notional income or notional capital.

#### **1.14 Regulation 14 and 15 - Income to be disregarded and capital to be disregarded**

These regulations ensure that payments for child care, travel or other expenses incurred by participants to comply with the regulations and made to participants in the Work Programme Scheme are disregarded in the computation of their income and capital.

#### **1.15 Regulations 16 and 17 – Further amendments of the JSA Regulations and Consequential amendments relating to sanctions**

These regulations make various minor changes to the Jobseeker's Allowance Regulations 1996 and consequential amendments relating to sanctions to ensure consistency with the treatment of customers sanctioned under section 19 or 20A of the Jobseeker's Act.

#### **1.16 Regulation 18 - Consequential amendments relating to decisions and appeals**

Regulation 18 makes consequential amendments to the Social Security and Child Support (Decisions and Appeals) Regulations 1999 to ensure consistency with the treatment of customers sanctioned under section 19 or 20A of the Jobseeker's Act.

#### **1.17 Regulation 19 - Contracting out certain functions in relation to the Scheme**

This Regulation permits the Secretary of State to authorise the contracting out of certain functions to another person or their employees and will be used to enable providers to carry out the functions specified.

### **Organisations consulted on Service Academy Development.**

Customer representative groups: MIND, SACC and the Disability Alliance

Adult Care sector: Castlebeck, REED, UK Home Care Association (UKHCA) and Skills For Care.

Contact Centres: Contact Centre Professional, Call Britannia, Reed, Lloyds TSB Group, Teleperformance, WVUK, Blue Arrow and City Regional Employer.

Retail sector: Asda, Marks & Spencer, John Lewis, O2, Tesco, Whole Foods, Debenhams, Skillsmart Retail and the Institute of Grocery & Distribution.

Hospitality sector: People 1<sup>st</sup>, McDonalds, Marriott, Punch Taverns, TUI, Whitbread, B.H.A., Aramark and Travelodge.

Logistics sector: National Skills Association - Skills for Logistics, Road Haulage Association, Ocado.

Cross sector: Sodexo, Reading UK CIC, NSA for Active Sport and Leisure, Engineering Construction Industry Technology Board and Cogent.

### **Additional Key Points and concerns:**

- Six weeks may not be long enough to get someone to a company standard.
- Some employers felt that Service Academies should aim to deliver consistent content so that businesses could effectively plan the next stage of induction for those they employ.
- Employers should have an opportunity to really shape the content of training participants receive
- In order to ensure that individuals are completing units that meet employers' needs, businesses will have to be proactive in their partnership working with JCP and training providers.
- The risk that SME's will perceive that Service Academies may not meet their needs but the fact that training could be tailored to meet an employers needs may overcome this concern. There will be a need to include SMEs in partnerships to ensure sector training meets their requirements as well as the requirements of the large organisations.
- Concerns were raised about who would fund CRB checks, Heavy Good Vehicle licences etc.
- Potential delays involved in obtaining CRB checks.
- Importance of prompt communications.

## **Service Academies: example case studies for SSAC**

**Please note that these examples reflect a proposed referral and opting-in process that DWP is currently working on in discussion with colleagues in JCP and BIS**

### **Example 1 – Jobseeker’s Allowance customer moving to work in a different sector**

Jobcentre Plus (JCP) identifies locally a large number of entry level vacancies in the Hospitality sector, which employers are struggling to fill. JCP works with local employers and training providers to establish a Service Academy to provide pre-employment training, work experience placements and guaranteed interviews at the end of the Service Academy.

Christine, a Jobcentre Plus Adviser, has been trying to help Jim into work for around 2 months. Jim worked in construction for 15 years before being made redundant and now claims Jobseeker’s Allowance. He would really like to move into hospitality work. He presents himself well and has no numeracy or literacy barriers. However he has been unsuccessful at the interview stage for several hospitality jobs as he hasn’t the relevant experience and lacks the industry skills needed to secure employment. Christine talks to Jim about the possibility of attending a Service Academy and explains how he would benefit from participating in the programme. She also explains that the decision to participate is voluntary but that, once he has opted to participate and has been referred, attendance becomes mandatory. Jim will continue to receive his Jobseeker’s Allowance and any travel and childcare costs. Christine arranges for Jim to meet the training provider and the potential host employer (a local pub landlord) before he makes his decision. The training provider confirms that Jim would benefit from the training provision and that a course is available starting soon. The landlord confirms a work experience placement. Jim decides to participate and is referred to the Service Academy.

Jim attends two weeks of training and gains a Level 1 Award in Introduction to Employment in the Hospitality Industry that employers in the Service Academy partnership identified as meeting their requirements. During this time he continues to sign on (this is arranged flexibly to avoid interrupting the training) in order to meet the conditions of his Jobseeker’s Allowance payments and to keep him in touch with other labour market opportunities that might interest him. When the training comes to an end he moves into the work experience element of the provision which will last up to 4 weeks. During this period, he does not have to attend the jobcentre and attends his work experience for 30 hours a week in a kitchen at a local pub. Following the 4 weeks at the pub the landlord interviews Jim for an opening they have. Jim is successful at the interview and moves off Jobseeker’s Allowance.

## **Example 2 – Jobseeker’s Allowance customer returning to work after a long break**

Jobcentre Plus (JCP) has been approached by the local branch of a national supermarket, which is increasing its sales space and wants to take on additional staff to cope with the expansion. Other, smaller supermarkets in the locality are also looking to recruit. The local JCP office has a number of customers who are referred direct to the employers and are taken on. However, more vacancies are likely to become available and there are a number of other JCP customers who don’t have relevant, recent work experience although they have been identified by their Personal Adviser as being capable of taking up an entry level job because they do not have numeracy or literacy needs. JCP brings together local training providers and the employers to work in partnership to set up a Service Academy in the Retail Sector. This will involve the employers and the training providers agreeing which units on the Qualifications and Credit Framework would provide participants with a basic starting point in the retail sector for their available jobs. It will also involve the partners working together to agree that employers will offer participants a guaranteed interview at the end of the work experience placement.

Steve, a Jobcentre Plus Adviser, has been trying to help Jane into work for several weeks. Jane has not worked for 15 years while she was bringing up her children but she has recently split up from her husband and is now claiming Jobseeker’s Allowance and is desperate to return to work. When she left school at 16, Jane had a handful of GCSEs and worked in an administrative role in local government. She is worried about returning to administrative work because she feels that IT has moved on in the meantime and her skills are so rusty that it would take some time to bring herself up to date. She has attended several interviews but her lack of recent experience or references prove to be an obstacle to getting a job. Steve talks to Jane about the Retail Service Academy and explains how she would benefit from the programme. He also explains that, if Jane opts to participate, her participation in the training, the work experience placement and the guaranteed interview become mandatory and she will continue to receive her Jobseeker’s Allowance and travel costs. Jane meets the training provider who agrees that she has a skills need and that suitable training is available. Jane then meets the Recruitment Manager at the supermarket who agrees that there is a suitable work experience placement available. Jane is enthusiastic about starting on the Service Academy and returns to discuss with Steve who then refers her to the provision.

Over five weeks, Jane attends a mixture of pre-employment training and work experience. This has been designed to provide one week of pre-employment followed by two weeks of work experience, then another week of pre-employment training and a further one week period of work experience to consolidate the training. At the end of the five weeks, Jane has acquired a Level 1 Award in Retail Knowledge and has spent three weeks learning about the retail sector first hand and demonstrating to the employer what she is capable of doing.

She has learnt very quickly and the supermarket is impressed with her enthusiasm to put her learning into practice. She attends her guaranteed interview and is offered one of the new posts. Jane moves off Jobseeker's Allowance.

### **Example 3 – Jobseeker's Allowance customer fails to complete the Service Academy**

Jake left school at 16 with a handful of GCSE's. He has spent the last 4 years in and out of work across various roles but has never really been employed long enough to build up solid evidence long-term work or to demonstrate work focussed skills. Jake spent a really enjoyable summer working as a seasonal activity leader in a local sports leisure centre. When the children he was working with returned to school and his job came to an end Jake made a decision to pursue a career in the sports leisure industry.

He had been unsuccessful at the interview stage for several sports centre jobs due to his lack of solid experience and industry recognised skills qualifications. After 3 months of focussed but fruitless job search, Anne, his JCP Adviser, suggested that he consider participating in the newly formed sports leisure Service Academy. Anne explained how he would benefit from participating in the programme. She also explained that opting-in would mean that his participation would become mandatory and described sanctions regime that he would be subject to if he failed to attend without reason. She recommended that he talk to the training provider and employers in the partnership before making the final decision to opt-in to the Service Academy.

A suitable Service Academy opportunity was found for Jake who enthusiastically attended the two weeks of sports leisure orientated skills training at a local college. He then completed the first week of his 4-week work experience placement with a local gym but failed to attend the remaining 3 weeks and, as a result, did not receive a guaranteed interview. The employer notified the JCP Adviser of his failure to turn up in the second week. His Jobseeker's Allowance claim will be referred for consideration of a sanction.

## **Equality Impact Assessment for Service Academies**

### **Introduction**

1. The Department for Work and Pensions has conducted the following Equality Impact Assessment for Service Academies.
2. The Equality Impact Assessment will ensure:

- the Department’s strategies, policies and services are free from discrimination;
  - due regard is given to equality in decision making and subsequent processes; and
  - opportunities for promoting equality are identified.
3. The existing public sector equality duties require the department to show due regard when developing new policies or processes to the impact of the proposals on race, disability and gender (including gender reassignment and pregnancy and maternity as an implicit part of gender ). The existing duty will be superseded by a duty of broader scope when sections 149 to 157 of the Equality Act 2010 are brought into force in April 2011
  4. This assessment looks at the available evidence to determine the extent to which the effect of the proposed change differs between persons sharing a protected characteristic and persons who do not.
  5. The Equality Act 2010 simplifies and strengthens the existing framework of anti-discrimination legislation. The equality impact assessment will demonstrate how the Department has demonstrated it has paid due regard when developing new services or processes to protection against discrimination on the grounds of age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, and sexual orientation (the relevant protected characteristics).

## **Background**

6. The publication, “The Coalition: our programme for government” stated that:
 

“we will draw on a range of Service Academies to offer pre-employment training and work placements for unemployed people.”
7. Subsequent discussions with Ministers and stakeholders have enabled us to refine these commitments to the proposals set out in this document.

## **Policy description**

8. Service Academies will be part of a package of additional support options to help individuals into work.
9. Service Academies form part of the Get Britain Working measures which include:
  - New Enterprise Allowance
  - Work Clubs
  - Work Together

- Work Experience

10. The aims of Service Academies are:

- To support customers who are close to the labour market but who have been unable to find work to move into sustained employment in a demand sector; and
- To support employers in those sectors to fill their vacancies more efficiently.

11. Service Academies will be targeted at fourteen areas across Great Britain depending on local demand. Target areas can use additional two years of funding provided to deliver Service Academies. There may be discretion to also offer opportunities in other areas, subject to available resources. Skills Policy is a devolved matter and the Department is in discussions with the Devolved Administrations about whether similar offers might be set up in Scotland and Wales.

12. Service Academies will form part of a wider menu of additional support options that can be used by Jobcentre Plus to help benefit claimants into work, prior to referral to The Work Programme.

13. The detailed design of Service Academies will not be prescribed from the centre and Jobcentre Plus, training providers and employers will be able to identify potential Service Academy sectors. However, the expectation is that all Service Academies will:

- Combine pre-employment training (funded and delivered through the skills system) with work experience with a host employer, leading to a guaranteed interview. This could take a sector based approach;
- Last for a maximum of six weeks, with the individual remaining on benefit during that time;
- Be targeted at JSA and ESA WRAG customers who are close to the labour market but have been unable to find work;
- Be targeted at sectors with high volumes of entry-level jobs and current vacancies in target areas; and with additional JCP funding targeted at areas most in need;
- Be delivered in partnership between Jobcentre Plus, SFA-funded training providers and employers, with the precise mix of training and work experience placement reflecting local need;
- Build on existing partnerships and good practices;
- Lead toward the achievement of units on the Qualifications and Credit Framework as appropriate to the entry requirements for intended jobs;
- Where appropriate, be delivered to an industry/ sector standard;
- Include provision to broker and match individuals to other employers where they cannot secure employment with their Academy "host"; and

- Lead to a substantial proportion of individuals who complete a Service Academy entering work immediately in a relevant sector.
14. Service Academies will be available to claimants who are in receipt of Jobseeker's Allowance (JSA) and Employment Support Allowance (in the Work Related Activity Group) ESA (WRAG). Participants will be paid benefits, plus travel and childcare costs where necessary, whilst taking part in a Service Academy.
15. The decision to participate in a Service Academy will be voluntary but:
- Once a claimant in receipt of JSA or ESA (WRAG) has opted to participate in a Service Academy, and the college or training provider has agreed the claimant meets the criteria for participation, taking up the place and attendance on the training becomes mandatory;
  - Once a claimant in receipt of JSA has opted to participate in a Service Academy, taking up a suitable work experience offer and a guaranteed interview from a host employer becomes mandatory;
  - ESA customers cannot be required to undertake the work experience but could do so on a voluntary basis.
16. From August 2011 SFA-funded Colleges and Training Providers in England will be able to deliver the training component of Service Academies using funding available through the single line budget for skills announced in 'Skills for Sustainable Growth' (November 2010). Colleges and Training Providers will have the flexibility to offer active benefit claimants accredited, work-focused training provision (including short sector-specific training) tailored to their needs and those of local employers.
17. We are targeting DWP resources to deliver Service Academies (and Work Experience and Work Clubs) at areas in Great Britain that are likely to benefit most from an increase in the share of private sector employment.
18. Given the shortcomings of using data from local authority districts (owing to commuting patterns frequently being wider than these boundaries), this has been determined at NUTS 2 level using the following basket of indicators:<sup>21</sup>
- The proportion of the economically active population employed in the public sector
  - The number of private sector jobs per capita

---

<sup>21</sup> We will be targeting funding at areas that meet at least two of the following criteria: more than 20% of the economically active population employed in the public sector (GB average=18.8%); less than 380 private sector employees per 1000 residents aged 16+ (GB average=444); public sector (public admin, education, health) accounts for 20.4% or more of GVA (GB average=17.1%).

- And the public sector share of Gross Value Added

19. Service Academies will form part of the menu of support that will be available, in principle, to all Jobcentre Plus working age benefit claimants in the Get Britain Working targeted areas, and potentially to those outside of them. District Managers will have a choice over the range of provisions to offer and to what extent, based on customer and local labour market characteristics.
20. The list of target areas identified is shown in Table 1 below. (Service Academies could be available in other areas, depending on local demand and available resources. Skills is a devolved matter and DWP is in discussions with the Devolved Administrations about whether similar offers might be set up in Scotland and Wales.)

Table 1: Target Areas

Target Areas (NUTS2)	Local Authorities covered
Tees Valley and Durham	County Durham, Darlington, Hartlepool, Middlesbrough, Redcar and Cleveland, Stockton-on-Tees
Northumberland and Tyne and Wear	Sunderland, Gateshead, Newcastle upon Tyne, Northumberland, North Tyneside, South Tyneside
Lancashire	Blackburn with Darwen, Blackpool, Burnley, Chorley, Fylde, Hyndburn, Lancaster, Pendle, Preston, Ribble Valley, Rossendale, South Ribble, West Lancashire and Wyre
Merseyside	Liverpool, Knowsley, Sefton, St. Helens, Wirral
South Yorkshire	Barnsley, Doncaster, Rotherham, Sheffield
Devon	East Devon, Exeter, Mid Devon, North Devon, Plymouth, South Hams, Teignbridge, Torbay, Torridge and West Devon
Cornwall and Isles of Scilly	Cornwall, Isles of Scilly
Highlands and Islands	Argyll & Bute, Eilean Siar, Highland, Orkney Islands and Shetland Islands
West Wales and the Valleys	Anglesey, Blaenau Gwent, Bridgend, Caerphilly, Carmarthenshire, Ceredigion, Conwy, Denbighshire, Gwynedd, Merthyr Tydfil, Neath Port Talbot, Pembrokeshire, Rhondda, Cynon, Taff, Swansea, Torfaen
South West Scotland	Dumfries & Galloway, East Ayrshire, East Dunbartonshire, East Renfrewshire,

	Glasgow City, Inverclyde, North Ayrshire, North Lanarkshire, Renfrewshire, South Ayrshire, South Lanarkshire and West Dunbartonshire
East Wales	Cardiff, Monmouthshire, The Vale of Glamorgan, Newport, Flintshire, Powys, Wrexham
Eastern Scotland	Angus, Clackmannanshire, Dundee City, Falkirk, Fife, Perth & Kinross, Stirling, East Lothian, Edinburgh, Midlothian, Scottish Borders, West Lothian
West Midlands	Birmingham, Solihull, Coventry, Dudley, Sandwell, Walsall, Wolverhampton
Lincolnshire	Boston, East Lindsey, Lincoln, North Kesteven, South Holland, South Kesteven, West Lindsey

21. Other areas may be able to use their existing resource to offer Service Academies (and other targeted Get Britain Working measures) – if this is the most appropriate way to support unemployed people in that area.

**How many people do we expect to be covered by the policy? Who will benefit?**

22. Due to the flexible nature of the approach to Get Britain Working delivery, our current working assumption is that no targets will be set for Service Academies. The management information collected will be used to account for public spend, enable performance improvement and inform evaluation.

23. Service Academy provision will depend on local demand and local labour market characteristics.

24. Funding costs in the GBW Target Areas include an assumption of a volume of up to 20,000 starts up to March 2013.

**Consultation and involvement**

25. Officials from DWP, JCP, BIS and SFA met with employer representatives and Sector Skills Councils to obtain initial thoughts and reactions to the developing policy on Service Academies. DWP and JCP also met with customer representative groups.

26. The key themes that emerged from the discussions included:

- Mandation: At the customer representative group meeting concerns were raised over mandation and the potential risk of individuals being required to attend inappropriate provision. It

was suggested that customers should be able to raise with Advisers any concerns about the appropriateness of the provision. At the meeting with employers, it was suggested that it should be possible to fast-track an individual to the interview stage of a Service Academy – to avoid locking someone into a training/employment programme when they could start a job.

- Content of provision: Some argued for nationally standardized content for sector based pre-employment training – which they argued would make a participant more sustainably employable across the UK. Others were concerned that larger organisations would be better able to influence the content of a Service Academy with the risk of them becoming less relevant to smaller organisations – these people were therefore in favour of a more locally determined approach to the make up Service Academy Training elements.
- Referral process: Employers expressed a desire to engage early on with the Service Academy referral process in order to provide JCP customers with insight into working in particular sectors, which could encourage take up of Service Academies.
- Resource and Planning: Employers expressed the need to take account of organisations' own recruitment processes and the need to match Service Academy participants to organisations appropriately.

## **Equality Impact Assessment of Service Academies**

27. We want to look at the equality impacts of Service Academies – i.e. the demographics of those likely to take-up the Service Academy versus those who are not. JSA and ESA WRAG customers will be eligible for Service Academies but there is no restriction on how long they need to have been claiming for. This Equality Impact Assessment focuses on the impact of Service Academies before customers enter the new Work Programme. There is ongoing discussion over whether the Service Academy (SA) model will be open for individuals once on the Work Programme (WP). Most JSA customers aged 25 and over will be referred to the WP from 12 months of their claim, whereas most 18-24 year-olds will be referred to the WP from nine months of their claim. All ESA customers can volunteer for the WP. Those in the WRAG, claiming Income Related ESA and with a short prognosis will be mandated. Although some additional support is available in the Get Britain Working targeted areas, the Service Academy model can be offered throughout the country. Therefore we have not done a separate analysis of the target areas versus the non-targeted areas.

28. There is no previous programme or offer that is directly equivalent to the Service Academy model. Therefore, we have to look at other sources that

can inform likely estimates of the impact of Service Academies. There are two sources of information that provide the most useful evidence of the likely equality impacts of Service Academies:

**(1) Analysis of previous take-up of similar programmes.**

29. There is data on take-up<sup>22</sup> of the Young Person's Guarantee Routes into Work Pre-Employment Training (YPG PET), including demographic breakdowns (for England only) of those starts. YPG PET is sector based training, up to eight weeks, that can be accompanied by a Work Trial. It is only available for young people from the six month point of their claim. When assessing the impact by age, it isn't appropriate to use YPG PET as it was only available for young people. So in the age analysis we have looked at take-up of Six Month Offer Work Focused Training. This is training offered to JSA claimants upon reaching the sixth month of their claim.
30. For ESA claimants, there is no equivalent programme from which assumptions about take-up can be extrapolated. On Pathways to Work, approximately 25% of new customers volunteered for some sort of support beyond mandatory Work Focused Interviews. However, the range of support available was very broad, including NDDP and the Condition Management Programme. Work Prep and Work STEP schemes, specifically for disabled customers, were available, but because these were targeted at people with specific health conditions, they are not really applicable to Service Academies.

**(2) Analysis of those who might take-up Service Academies.**

31. There is data from the Labour Force Survey (LFS) on benefit claimants and their qualification levels. Service Academies are intended for claimants who are close to the labour market but who would benefit from a short training intervention and a work experience placement to support them in finding work. Although they are not intended for those with numeracy or literacy skills needs, they are likely to be taken up by lower qualified claimants. For this analysis we have taken JSA claimants whose highest qualification is below Level 2 to act as a proxy for who we think will take up Service Academies. The analysis focuses on claimants aged over 19, as this is the group for whom BIS-funded training provision will be available. We are aware of the problems of using the LFS to identify individuals on benefits. On the other hand, the LFS is probably the best source to get a measure of the qualification level of the benefit claimants. As we are using it for percentages, rather than overall volumes, we believe it is fit for purpose for this analysis.
32. At the end of each section, we have brought together the findings from the two sources to conclude the likely impact of Service Academies.

---

<sup>22</sup> Percentage of those who started YPG PET out of all those eligible.

33. Service Academies are also available for ESA claimants in the Work Related Activity Group (ESA WRAG). However we do not have good data to indicate the likely take-up of Service Academies for this group. Previous similar programmes, e.g. YPG PET and 6 Month Offer Work Focused Training were only available to JSA claimants.
34. The LFS shows that for those claiming Incapacity Benefits, approximately 35% of claimants have low skills. However, this is an estimate from the caseload and doesn't reflect those who are likely to be in the WRAG after IB Reassessment.<sup>23</sup>
35. Given the fact that many people who claim IB or ESA are unable to do the job they were employed in previously, having higher skills doesn't necessarily imply someone would not be interested in Service Academies. In addition, given the fact that everyone in the ESA WRAG has a limited capability for work, it seems reasonable to expect that take-up of Service Academies would necessarily be quite low.
36. Given it is not clear which ESA WRAG customers will find Service Academies of value, we have provided statistics for IB and ESA as a whole, and made judgements based on that.

## Disability

### Analysis of previous take-up of similar programmes

37. Table 1 shows, by disability, the take-up of YPG PET starts compared to all those eligible for YPG – i.e. 18-24 year olds who have been on JSA for at least 6 months.

**Table 1: Starts to YPG PET (Nov 09 to Oct10) in England and all eligible JSA claimants by whether they report a disability<sup>24</sup>**

	YPG PET	All 18-24 year olds on JSA for more than 6 months
Disabled	10%	12%
Non-Disabled	90%	88%

38. For all those young people eligible to take-up YPG PET, disabled claimants were proportionately less likely to take up the programme – 12%

<sup>23</sup> Labour Force Survey Q2 2008

<sup>24</sup> Source for YPG starts: YPG Official Stats, 19th Jan 2011. Source for 18-24 year olds on JSA for more than 6 months; LFS, Q2 2010.

of all those eligible for YPG PET were disabled, but only 10% of those who started YPG PET were disabled.

### Analysis of those who might take-up Service Academies

39. Tables 2 and 3 below show the percentage of JSA claimants who report a disability, by their highest qualification level; Table 2 for 19-24 year olds and Table 3 for 25+.
40. Table 2 looks at this for young (19-24 year old) JSA claimants before they reach the Work Programme – i.e. it looks at those claiming for up to 6 months (the LFS does not indicate who has been claiming for 9 months, so we use 6 months instead). It shows that the incidence of individuals with a disability is greater among those qualified below Level 2 (8%) than among those qualified to Level 2 and above (5%).

**Table 2: Percentage of those classified as ILO unemployed aged 19-24 and reported claiming JSA for up to 6 months, by qualification level and disability status**<sup>25</sup>

	Quals below Level 2	Level 2 and above	All qualifications
Disabled	8%	5%	6%
Non-Disabled	92%	95%	94%
Total	100%	100%	100%

41. JSA claimants aged 25-64: Table 3 replicates the analysis of the previous subsection, but focuses on the ILO unemployed aged 25 and over who report to have been claiming JSA for up to 12 months – i.e. to look at JSA claimants before they are due to join the WP.

**Table 3: Percentage of those classified as ILO unemployed, aged 25-64 and reported claiming JSA for up to 12 months, by qualification level and disability status**<sup>26</sup>

	Quals below Level 2	Level 2 and above	All qualifications
Disabled	21%	16%	18%
Non-Disabled	79%	84%	82%
Total	100%	100%	100%

42. Table 3 shows that the incidence of disability is much greater among this age group (18%) than among the younger group (8%) shown in Table 2. However, the rest of the interpretation is similar: the incidence of

<sup>25</sup> Source: LFS, Q2 2010

<sup>26</sup> Source: LFS, Q2 2010

individuals with a disability is greater among those qualified below Level 2 (21%) than among those qualified to Level 2 (16%) and above.

**Table 4: Medical conditions analysis of the ESA / IBSDA caseload<sup>27</sup>**

Medical Condition	Share of the incapacity benefits caseload (IB/ESA/SDA)
Mental and Behavioural Disorders	43%
Diseases of the Nervous System	6%
Diseases of the Circulatory or Respiratory System	7%
Diseases of the Musculoskeletal system and Connective Tissue	16%
Injury, Poisoning and certain other consequences of external causes	6%
Other	22%
Total	100%

43. Table 4 shows the breakdown of primary health conditions of those people claiming IB, ESA and SDA. We do not know which ESA claimants are more likely to take up Service Academies. However, many people on ESA (or who have been re-assessed from IB) may require adaptations in order to undertake work experience. Because work experience is not paid, those employers who take on disabled JSA customers or ESA customers will not be able to apply for an Access to Work grant to pay for an adaptation that they cannot afford. Because those with physical and other non-mental health conditions are more likely to require costly adaptations there is a risk that they could be negatively affected by this. DWP is exploring alternative solutions, including providing advice to employers about how they can adapt the work-place more affordably and other sources of funding for adaptations for work experience. JCP will pay the transport costs of those who cannot use public transport.

## Conclusion

44. As stated above we do not have good data to indicate the likely take-up of Service Academies for ESA claimants. The LFS analysis of JSA claimants suggests that a policy which targets the lower-skilled (proxied by qualifications below Level 2) may be more likely to be applicable for disabled than the non-disabled. However, the YPG PET analysis (JSA only) showed that disabled claimants were disproportionately slightly less likely to actually take up the programme. So we will need to monitor take-up of Service Academies to check that there is a proportionate take-up of the offer by disabled claimants. As ESA claimants in the Work Related Activity Group will be eligible for Service Academies, then we expect a higher take up of Service Academies by disabled people than was the case with YPG PET.

<sup>27</sup> Source: DWP Work and Pensions Longitudinal Study, May 2010

45. Claimants should only be referred to a Service Academy if the Jobcentre Plus adviser, employer and college/training provider thinks it is appropriate. Advisers will devise a tailored plan for each ESA WRAG claimant and will encourage, persuade and support people into an activity they consider to be beneficial to the claimant.
46. Jobcentre Plus Advisers and managers are able to seek advice and guidance from Disability Employment Advisers (DEA) and Work Psychologists (WP) with regard to claimants who may have additional support needs while attending a Service Academy (e.g. claimants with support needs for reasons of a learning disability or mental health issue). DEAs and WPs can also be consulted in circumstances where it may be unclear whether or not a disabled or vulnerable claimant should be referred to learning or sanctioned if they do not comply. In such cases of uncertainty, it is recommended that the referring Jobcentre Plus Adviser discuss these issues with their line manager, a DEA and WP representative, the college/training provider and the claimant in order to ensure that all the appropriate viewpoints and evidence can be considered before making a decision. Whatever the outcome of the decision, the vulnerable or disabled claimants' progress should be monitored while attending training.
47. All Jobcentre Plus offices are compliant with the Equality Act 2010 in ensuring that all reasonable steps are taken to ensure that the full range of services is offered to everyone. Jobcentre Plus insists that all the organisations they work with are compliant with legislation, such as the Equality Act 2010 and Health and Safety regulations. If a disabled person is unable to use public transport, Jobcentre Plus pays the cost of alternative transport (taxi).

## Gender

Analysis of previous take-up of similar programmes

48. Table 5 shows, by gender, the take-up of YPG PET starts compared to all those eligible for YPG – i.e. 18-24 year olds who have been on JSA for at least 6 months.

**Table 5: Gender analysis of Starts to YPG PET in England and all eligible JSA claimants (Nov 09 to Oct10)<sup>28</sup>**

	YPG PET	All 18-24 year olds on JSA for more than 6 months
Male	66%	70%
Female	34%	30%

<sup>28</sup> Source for YPG starts: YPG Official Stats, 19th Jan 2011. Source for 18-24 year olds on JSA for more than 6 months; NOMIS, claimant count.

49. Table 5 shows that there were more men (70%) than women (30%) who were eligible for YPG PET and hence take-up was higher for men (66%) than women (34%). However, as only 30% of all JSA claimants eligible for YPG PET were female, compared to 34% of those who started the training, on average, an eligible woman was more likely to take up the offer than an eligible man.

### Analysis of those who might take-up Service Academies

50. Table 6 below shows a gender analysis from the LFS of JSA claimants under 25 years, by highest qualification level. It shows that males of this age group who are in the first six months of their claim are more likely to have lower qualification levels than women. Although men make up 73% of all the population in this group, they make 82% of those with qualifications below level 2.

**Table 6: Percentage of those classified as ILO unemployed, aged 19-24 and reported claiming JSA for up to 6 months, by qualification level and gender<sup>29</sup>**

	Quals below Level 2	Level 2 and above	All qualifications
Male	82%	66%	73%
Female	18%	34%	27%
Total	100%	100%	100%

51. JSA claimants aged 25-64: Table 6 focuses on the ILO unemployed aged 25 and over who report to have been claiming JSA for up to 12 months.

**Table 7: Percentage of those classified as ILO unemployed, aged 25-64 and reported claiming JSA for up to 12 months, by qualification level and gender<sup>30</sup>**

	Quals below Level 2	Level 2 and above	All qualifications
Male	63%	69%	67%
Female	37%	31%	33%
Total	100%	100%	100%

52. Table 7 presents a more balanced picture between men and women than Table 6. There is a fairly proportionate split of men and women who are lower qualified – i.e. 67% of everyone in this age group are men, and 63% of those qualified below level 2 are men.

<sup>29</sup> This table refers to individuals who, according to the LFS, are both ILO unemployed and report to have been claiming JSA for the period specified. Source: LFS, Q2 2010

<sup>30</sup> Source: LFS, Q2 2010

**Table 8: Gender analysis of the ESA / IBSDA caseload<sup>31</sup>**

Benefit	Percentage Male	Percentage Female
IBSDA	58%	42%
ESA	57%	43%
Total	58%	42%

53. Table 8 shows that ESA claimants are more likely to be male (57%) than female. However we do not have this data broken down by skill/qualification level. We are not able to tell at this stage whether ESA customers of one gender or another are more or less likely to take up Service Academies.

### **Conclusion**

54. So taking the results of the LFS and YPG PET analysis together, the LFS analysis seems to show that younger men, are more likely to be lower qualified. However, with YPG PET, on average, women were more likely to take up the offer. If this applies to claimants for Service Academies, we would expect the number of male participants to exceed the number of women participants as women make up less of the eligible group. However, we would expect take-up rates for Service Academies to be slightly higher for women than men – something that we will monitor from the start of Service Academies.

### **Gender Reassignment**

55. No data is available to assess if Service Academies will have an equality impact relating to gender reassignment. But we do not expect a disproportionate impact because Jobcentre Plus claimants who attend adviser interventions leading to signposting or referral to Service Academies would be treated in line with Equality Legislation and the referral mechanism for Service Academies includes the customer's agreement to participate.

### **Ethnicity**

#### **Analysis of previous take-up of similar programmes**

56. Table 9 shows, by ethnicity, the take-up of YPG PET starts compared to all those eligible for YPG – i.e. 18-24 year olds who have been on JSA for at least 6 months.

---

<sup>31</sup> Source: Work and Pensions Longitudinal Study May 2010

**Table 9: Ethnicity analysis of Starts to YPG PET in England and all eligible JSA claimants (Nov 09 to Oct10)<sup>32</sup>**

	YPG PET	All 18-24 year olds on JSA for more than 6 months
White	80%	78%
Black or Black British	5%	5%
Asian or Asian British	6%	6%
Mixed	3%	3%
Other/ Chinese	1%	1%
Unknown	5%	7%

57. Table 9 shows that the take-up of YPG PET by each ethnic group was fairly proportionate. For example 5% of the JSA claimants eligible for YPG PET were “Black or Black British”, and 5% of those who started were also “Black or Black British”. Similar proportionate levels of take-up are found for the other minority ethnic groups; “Asian or Asian British”, “Mixed” and “Other/Chinese”. The only slight difference is that 80% of starts to YPG PET were by “Whites”, whereas the eligible group was 78% “White”. This small difference is probably due to a slightly higher recording of “unknown” ethnicity on the source used for the eligible JSA claimants.

#### **Analysis of those who might take-up Service Academies**

58. In the analysis of the LFS, sample sizes do not allow us to report data for each recorded ethnicity. In consequence, we aggregate the results in the categories “white” and “non white”. Analysis of JSA claimants aged 19-24 in Table 10 shows that the majority of those in this group are “white”, who in turn are slightly over-represented among those qualified below Level 2. Therefore, this policy, by focusing on those who are lower-skilled, will tend to affect white claimants more than non-white ones.

**Table 10: Percentage of those classified as ILO unemployed, aged 19-24 and reported claiming JSA for up to 6 months, by qualification level and ethnicity<sup>33</sup>**

	Quals below Level 2	Level 2 and above	All qualifications
White	93%	83%	87%
Non-White <sup>34</sup>	7%	17%	13%
Total	100%	100%	100%

<sup>32</sup> Source for YPG starts: YPG Official Stats, 19th Jan 2011. Source for 18-24 year olds on JSA for more than 6 months; NOMIS, claimant count.

<sup>33</sup> Source: LFS, Q2 2010

<sup>34</sup> We are unable to break the non-white group down any further due to sample sizes.

59. JSA claimants aged 25-64: Table 11 focuses on the older group of JSA: the ILO unemployed aged 25 and over who report to have been claiming JSA for up to 12 months. Among this age group, the disparities found after segmenting by qualification level are less marked than for the younger group.

**Table 11: Percentage of those classified as ILO unemployed, aged 25-64 and reported claiming JSA for up to 12 months, by qualification level and ethnicity**<sup>35</sup>

	Quals below Level 2	Level 2 and above	All qualifications
White	87%	85%	86%
Non-White	13%	15%	14%
Total	100%	100%	100%

**Table 12: Ethnicity analysis of the ESA caseload**<sup>36</sup>

Ethnicity of Customer Summary	Proportion
White	68%
Mixed	1%
Asian or Asian British	4%
Black or Black British	3%
Chinese or Other Ethnic Group	1%
Prefer Not to Say	7%
Unknown	16%

60. Table 12 shows the ethnicity breakdown for the ESA caseload. However we do not have this data broken down by skill/qualification level. We are not able to tell at this stage whether ESA customers of one ethnicity or another are more or less likely to take up Service Academies.

<sup>35</sup> Source: LFS, Q2 2010

<sup>36</sup> Source: Work and Pensions Longitudinal Study May 2010

## **Conclusion**

61. Bringing the YPG PET and LFS analysis together; the above evidence for both age groups suggests that we should expect the majority of participants on Service Academies to be White. The LFS shows that claimants who are white are slightly more likely to be lower qualified than other ethnic groups. However, take-up of YPG PET was proportionate amongst the ethnic groups. Hence, assuming similar take-up rates for Service Academies, we would expect this policy to have an equal effect across ethnic groups.
62. Jobcentre Plus is committed to ensuring that in the delivery of services and products, they are offered in a way that is appropriate and accessible, meet individual needs, enables equal access for all and meets Diversity and Equality legislation requirements. Jobcentre Plus is able to demonstrate our commitment by:
- Promoting equality of opportunity and diversity within the communities in which we work and with all our partners and workforce.
  - Building in legislative requirements and best practice to all our service delivery and employee policies and procedures, and supporting these with appropriate training and guidance.
63. Every person working for the Department has a personal responsibility for implementing and promoting these principles in their day-to-day dealings with customers, with each other and with partners. Inappropriate behaviour is not acceptable.

## **Age**

### **Analysis of previous take-up of similar programmes**

64. To look at an age breakdown of previous take-up of equivalent programmes to Service Academies, it is not appropriate to look at YPG PET as it was only available for young JSA claimants. So a more appropriate programme to look at is Six Month Offer Work Focused Training (6MO WFT), that is available for all those claiming JSA for longer than 6 months.
65. Table 13 shows, by age, the take-up of 6MO WFT starts compared to all those eligible for 6MO WFT – i.e. those claiming JSA for at least 6 months.

**Table 13: Age analysis of Starts to 6MO WFT in England and all eligible JSA claimants (Apr 09 to Oct10)<sup>37</sup>**

	6MO WFT	All those on JSA for more than 6 months
18 to 24	14%	17%
25 to 49	68%	63%
50+	18%	19%

66. Table 13 shows that young people are slightly less likely to participate in 6MO WFT – 17% of 18-24 year old JSA claimants are eligible for the programme, but only 14% of starts were for this age group. This difference is partly due to other employment programmes being available to young people. For example, the New Deal for Young People was offering support that young people will have used where available, rather than the Six Month Offer. Allowing for this, then there is a fairly proportionate take-up amongst the different age groups.

#### **Analysis of those who might take-up Service Academies**

67. The following analysis from the LFS looks at qualification levels by three age groups: 19-24, 25-49 and 50-64. Table 14 shows percentages for each qualification level and Table 15 shows percentages for each age band.

**Table 14: Percentage of those classified as ILO unemployed, and reported claiming JSA for up to 6 months (under 25 years) or up to 12 months (aged 25 and above), by age group and qualification level and ethnicity. Column percentages.<sup>38</sup>**

	Quals below Level 2	Level 2 and above	All qualifications
19-24	25%	20%	22%
25-49	59%	63%	62%
50-64	16%	17%	16%
Total	100%	100%	100%

<sup>37</sup> Source for YPG starts: YPG Official Stats, 19th Jan 2011. Source for 18-24 year olds on JSA for more than 6 months; NOMIS, claimant count.

<sup>38</sup> Source: LFS, Q2 2010

**Table 15: Percentage of those classified as ILO unemployed, and reported claiming JSA for up to 6 months (under 25 years) or up to 12 months (aged 25 and above), by age group and qualification level and ethnicity. Row percentages.<sup>39</sup>**

	Quals below Level 2	Level 2 and above	Total
19-24	42%	58%	100%
25-49	35%	65%	100%
50-64	35%	65%	100%
All ages	37%	63%	100%

68. Given the demographics of the claimant population, Table 14 shows that those aged 25-49 still make up more than half of the individuals we expect to be applicable for Service Academies. However, Table 15 shows that those aged 19-24 have a lower qualification profile than those aged 25 and above. Also, those aged 25-49 and 50-64 have similar qualification profiles.

**Table 16: Age analysis of the ESA / IBSDA caseload**

Age	IB/SDA <sup>40</sup>	ESA <sup>41</sup>	All <sup>42</sup>
16-17	0%	1%	0%
18-24	4%	14%	6%
25-34	12%	17%	13%
35-44	21%	24%	22%
45-49	15%	13%	15%
50-54	16%	13%	15%
55-59	19%	12%	18%
60+	13%	5%	11%

69. Table 16 shows the age breakdown for the Incapacity Benefit/ Severe Disablement Allowance and ESA caseload. However we do not have this data broken down by skill/qualification level. We are not able to tell at this stage whether ESA customers of one ethnicity or another are more or less likely to take up Service Academies.

<sup>39</sup> Source: LFS, Q2 2010

<sup>40</sup> Source: Work and Pensions Longitudinal Study May 2010 Working age IBSDA

<sup>41</sup> Source: Work and Pensions Longitudinal Study May 2010 All cases ESA

<sup>42</sup> Source: Work and Pensions Longitudinal Study May 2010 Working age IBSDA and ESA

## **Conclusion**

70. Taking the YPG and LFS analysis together, young people will be more likely to be eligible for Service Academies because of their lower qualification profile. From the data on previous take up of 6MO WFT, it seems that take-up will be fairly proportionate across the age groups.
71. In order to tackle the higher unemployment rates for the 18-25 group, some employment measures are targeted on young people, for example the Work Experience element of Get Britain Working. While some policies are targeted on younger groups, it would not be appropriate for all policies to be targeted at certain age groups. While not as large as the increases for the younger age groups, the increase in the unemployment rate for those over 25 over the recession has still been significant.

## **Sexual orientation**

72. No data is available to assess if Service Academies will have an equality impact relating to sexual orientation. But we do not expect a disproportionate impact because Jobcentre Plus claimants who attend adviser interventions leading to signposting or referral to Service Academies would be treated in line with Equality Legislation and the referral mechanism for Service Academies includes the customer's agreement to participate.

## **Pregnancy and maternity**

73. No data is available to assess if Service Academies will have an equality impact relating to pregnancy and maternity. But we do not expect a disproportionate impact because Jobcentre Plus claimants who attend adviser interventions leading to signposting or referral to Service Academies would be treated in line with Equality Legislation and the referral mechanism for Service Academies includes the customer's agreement to participate.

## **Religion or belief**

74. There is no data on the religion or belief of customers who will be eligible. However the religion or belief of the participant could affect the take-up of Service Academies.
75. The policies, rules and procedures of the host of either the work related learning or the work experience element may indirectly discriminate against particular beliefs and we would therefore encourage the host organisation to consider whether any of their policies etc might impact

## **Human rights**

76. The Department believes that the policy and design of Service Academies are consistent with the European Convention on Human Rights.

## **Child Poverty**

77. Greater levels of skills and qualifications could help to reduce child poverty through an increased number of parents achieving sustainable employment and, via inter-generational effects, improve the educational outcomes of children. If this policy were to increase the skills levels of claimants and also help them achieve a sustainable job outcome, we may therefore expect this policy to present an opportunity to promote equality. Upskilling parents could allow them to play a greater role in their children's education (e.g. helping with school work)<sup>43</sup>. If upskilling were to increase parents' earnings, it could also help to alleviate child poverty. The effect of additional income is greater for more economically disadvantaged households.<sup>44</sup>

## **Rural**

78. Jobcentre Plus District Managers will have a choice over the range of provisions to offer and to what extent, based on customer and local labour market characteristics. Skills is a devolved matter and the Department is in discussions with the Devolved Administrations about whether similar offers might be set up in Scotland and Wales.

79. Additional funding for Service Academies is targeted at areas in Great Britain that are likely to benefit most from an increase in the share of private sector employment. Using a range of indicators we have identified 14 areas – covering around 40 per cent of Jobseeker's Allowance claimants. There will be discretion for local managers to offer Service Academies in other areas, subject to available resources.

## **Monitoring and evaluation**

80. As one of the Get Britain Working strands, data recorded on Service Academies will be built into the overarching assessment of pre-Work Programme support, in line with the new Jobcentre Plus Performance Framework. The Framework moves Jobcentre Plus away from a culture of

---

<sup>43</sup> McNally, Stephen Machin and Sandra. (2006). *Education and Child Poverty: A Literature Review*. Joseph Rowntree Foundation.

<sup>44</sup> Blow et al. (2004). *How Important is Income in Determining Children's Outcomes?* Institute of Fiscal Studies.

multiple targets to one focussed on performance in the round. Significantly, the framework also prescribes more local devolution and flexibility for both delivery and performance management. As such there will be a light touch approach towards central Get Britain Working evaluation, examining:

- Flows off benefit and into employment;
- The quality of customer experience, as well as delivery volumes; and
- The value for money and productivity story

81. Due to the flexible nature of the approach to Get Britain Working delivery, our current working assumption is that no targets will be set for Service Academies. The management information collected will be used to account for public spend, enable performance improvement and inform evaluation.

The Service Academy evaluation strategy is currently in development and subject to resource and data.

### **Next steps**

82. This equality impact assessment will be regularly reviewed as the policy is implemented.

### Contact details

Name of initiative	Service Academies
Contact Details	Tom Davies

**SUPPLEMENTARY MEMORANDUM FOR THE SOCIAL SECURITY  
ADVISORY COMMITTEE FROM THE DEPARTMENT FOR WORK AND  
PENSIONS**

***SERVICE ACADEMIES***

**No. 000**

Following a meeting with the Social Security Advisory Committee on 2<sup>nd</sup> March 2011, we would like to provide additional information to answer specific questions raised during the meeting.

**What would be the rural impact for Service Academies?**

Service Academies will be locally driven and Jobcentre Plus Managers in rural areas are experienced in dealing with the challenges those areas can present to customers and employers. They will work closely with their partners to develop Service Academies that are relevant to rural labour markets and accessible to customers in those areas. When discussing Service Academy pre-employment training and work experience placements with customers, Jobcentre Plus Advisers will also have regard to the local public transport or other transport that is available to them.

**What potential could there be for Service Academies to be used to recruit short-term or seasonal workers?**

One objective of Service Academies is to enable people to gain skills and experience in order to boost their chances of obtaining a sustainable job outcome. The partnership between JCP, employers and training providers would, therefore, be looking at opportunities that lead to progression and sustainability.

However, we would not wish to rule out the recruitment of Service Academy participants for seasonal work if such work is available in the locality and advertised as a job vacancy through JCP. For example, if, after participating in a Service Academy, a customer obtains a short-term or seasonal job, the additional skills and experience they would have built up could improve their chances of being retained in the job on a longer term basis once they have shown what they are capable of. Alternatively, the appointment will enable them to apply for subsequent, longer-term jobs on the basis of the additional skills and experience they have gained from both the Service Academy and the temporary job

**What would be the potential risk of employers using Service Academy work experience participants as unpaid workers?**

The employers who are involved in Service Academies will be expected to provide work experience placements and a guaranteed interview at the end of the placement. During consultation with employers and employer organisations, they made clear that taking on work experience participants and providing guaranteed interviews is not without resource implications for employers. For example, it will make demands on their HR functions and on staff who carry out induction and supervisory functions. In many employment sectors, work experience participants would not be put into front-line contact with members of the public before they had participated in the organisation's full training programme. It is, therefore, highly unlikely that employers would perceive Service Academy experience placements as a source of unpaid labour.

Service Academies will also be set up only where job vacancies are already available or will be available by the time a customer cohort completes the scheme. Jobcentre Plus will ensure that this is the case and will not establish a Service Academy unless a genuine demand exists.

**EXPLANATORY MEMORANDUM FOR THE SOCIAL SECURITY  
ADVISORY COMMITTEE FROM THE DEPARTMENT FOR WORK AND  
PENSIONS**

**NEW ENTERPRISE ALLOWANCE SCHEME**

**No. 000**

**Contents**

1	Introduction .....	2
2	Regulations .....	3
3	Policy Background .....	9
	3.1 How many people do we expect to be covered by the policy, and who will benefit? .....	5
	3.2 Age Eligibility .....	6
4	Merseyside Trailblazer and National Roll-out.....	9
	4.1 Regulations and impact on roll-out.....	9
5	Volumes and funding .....	10
<b>6</b>	<b>Role of Jobcentre Plus .....</b>	<b>11</b>
	6.1 Identifying customers for referral to New Enterprise Allowance....	11
	6.2 Referring Customer to New Enterprise Allowance.....	11
	6.3 Customers whose business propositions are approved .....	11
	6.4 Customers who are not approved.....	12
	6.5 Customers with an approved business plan .....	12
	6.6 Post start-up .....	12
	6.7 Mentoring partnerships.....	13
	6.8 Equality of treatment.....	13
<u>7</u>	Impact on Jobcentre Plus .....	13
<u>8</u>	Role of Providers.....	14
	8.1 Mentoring partnerships.....	14
	8.2 Equality of treatment.....	14
9	Impact on Customers .....	15
<u>10</u>	Research and Analysis.....	16
	10.1 Six Month Offer Self-Employment support .....	16
	10.2 Self-employed Credit .....	16
	10.3 Self-employment Providers .....	17
	10.4 Customer views and experiences.....	17
<u>11</u>	Consultation .....	18
	11.1 Mentoring and Microfinance Forum.....	18
	11.2 Customer Stakeholder Forum.....	18
12	Management Information .....	19
<u>13</u>	Marketing and Information Strategy .....	19

## 1. Introduction

1. The Government is committed to introducing a programme of support to promote self-employment as a route off benefits. This commitment was set out in *The Coalition: our programme for government*, under the name of Work for Yourself. New Enterprise Allowance will deliver this self-employment support as part of a wider menu of additional support options that can be used by Jobcentre Plus to help benefit claimants into work, prior to referral to the Work Programme. This menu includes policies known as the Get Britain Working measures, which includes the New Enterprise Allowance as well as:
  - Work Clubs
  - Enterprise Clubs
  - Work Experience
  - Service Academies
  - Work Together
2. The New Enterprise Allowance will be available to customers aged 18 years or over who have been claiming Jobseeker's Allowance for six months or more. The programme is expected to support 40,000 business start-ups by 2013.
3. The expected outcomes of the programme are:
  - to provide a viable route off benefit for eligible customers claiming Jobseeker's Allowance
  - to increase the volume of sustained self-employment outcomes by improving the support available to jobseekers
  - to encourage enterprise and job creation
4. It is a two-year programme starting from April 2011 in a staged roll-out, initially in the 14 Get Britain Working target areas and will be available nationally from Autumn 2011. New Enterprise Allowance will give customers access to:
  - a business mentor, for guidance and support, as they prepare to move into self-employment
  - a weekly allowance for up to 26 weeks broadly based on the basic rate of Jobseeker's Allowance, full rate for 13 weeks and half rate for a further 13 weeks, worth approximately £1,275
  - loan finance to help with start-up costs up to the value of £1,000.
5. A trailblazer was launched in Merseyside Jobcentre Plus District (Knowsley, Liverpool, Sefton, St. Helens, Wirral and Halton local authority districts) on 31 January 2011 using the normal Jobseeker's Allowance conditionality regime.
6. For the roll-out of the programme we propose that customers will remain on Jobseeker's Allowance during the mentoring stage, ie up to the point they have their business plan signed off and they move off JSA to take up

the allowance. Initially, this is a maximum period of 8 weeks, but pending review of the Merseyside Trailblazer we would consider extending this to a maximum of 13 weeks. During the mentoring stage they will be expected to meet tailored conditionality requirements applied using the Jobseeker's Allowance (Work Programme Scheme) Regulations 2011 (the Work Programme Scheme Regulations). We would expect participants of New Enterprise Allowance to take the steps necessary to develop their business plan, taking account of their mentor's suggestions, in preparation for starting their business and moving off Jobseeker's Allowance. As we will use the Work Programme Scheme Regulations, we propose that Jobcentre Plus may sanction people who fail (without good cause) to follow steps they have agreed steps towards launching their business. The sanctions will be the 2, 4 and 26 week sanctions in the Work Programme Scheme sanctions regime, with a reduction of the 26 week sanction to 4 weeks upon re-engagement.

7. Once a customer has terminated their claim to benefit and registered with HM Revenue and Customs as self-employed, they will be eligible for an allowance.

## **2. Regulations**

8. This is an initiative of the DWP Secretary of State with arrangements being made under Section 2 of the Employment and Training Act 1973, for the purpose of helping people to train for, obtain and retain employment. Conditionality and sanctions for this initiative utilises the Work Programme Scheme Regulations, specifically:
  - Sanctions – The Work Programme Scheme Regulations encompass a sanction regime involving 2, 4, and 26 week sanctions, with a reduction of the 26 week sanction to 4 weeks upon re-engagement.
  - Hardship – The Work Programme regulations specify that income based Jobseeker's Allowance is payable to a person in hardship as defined in regulation 140(1) of the Jobseeker's Allowance Regulations 1996.
  - Disregards – are given for notional income and capital in respect of a person's participation in the Work Programme Scheme.
  - Conditionality – customers are required to participate in the Scheme. As part of that participation, specific actions may be required and notified to the customer.
9. By using the Work Programme Scheme Regulations we have sought to create a carefully focused Jobseeker's Allowance conditionality regime in which specific activities can be required both at the beginning of, and during, the customer's engagement on the New Enterprise Allowance initiative. Failure to fulfil any of these tasks will be a failure to participate in the Scheme and will be directly sanctionable.
10. At present, the normal Jobseeker's Allowance conditionality is focused towards the achievement of employed earners employment. In order to

recognise the position of self-employment as a legitimate route away from benefits, we are likely to put a proposal for regulations before Social Security Advisory Committee which alters the conditionality regime for those seeking self employment under the New Enterprise Allowance initiative. We need to undertake further work on best way to achieve this, but it is likely that we will put a proposal to Social Security Advisory Committee before the Summer recess.

### **3. Policy Background**

11. In the publication *The Coalition: our programme for government*, the Government explicitly committed to: “support would-be entrepreneurs through a new programme which will give the unemployed access to business mentors and start up loans.”
12. Subsequent discussions with Ministers and stakeholders have enabled us to refine these commitments to the proposals set out in this document.
13. The current labour market is characterised by high unemployment. Levels of Jobseeker’s Allowance, particularly those claiming for more than six months, are higher than prior to the recession and the Government wants to address that.
14. Current help to become self-employed is offered to unemployed Jobseeker’s Allowance claimants at the 13 week stage of their claim. This enables them to access self-employment and business start-up advice, and training and support (under Section 2 of the Employment and Training Act 1973). Once a claimant moves off benefit and into self-employment, they can also receive an Allowance ‘Self Employment Credit’ of £50 per week for up to 16 weeks which is administered by Jobcentre Plus.
15. Business support in England is delivered by Business Link, through the Welsh Assembly Government in Wales and through Training for Work in Scotland. DWP funds Business Link and the Welsh Assembly Government to deliver intensive start-up support for eligible customers claiming Jobseeker’s Allowance. In Scotland, DWP funds additional volumes taking up the existing self-employment support through Training for Work.
16. This support is due to end on 31 March 2011, mainly because:
  - The current Jobseeker’s Allowance self-employment support was provided as a short-term recessionary measure and formed part of the Six Month Offer. It started in 2009 and is scheduled to end in March 2011; and
  - Ministerial decision to end in March 2011.
17. In addition to the Work Programme and New Enterprise Allowance there is a set of Get Britain Working measures, these include:

- Work Clubs – a way of encouraging people who are out of work to share skills and experience. Launched on 4 October 2010
- Enterprise Clubs – locally led, community based support for unemployed people interested in self-employment
- Work Together – a way of developing skills through volunteering. This was launched on 4 October 2010
- Work Experience – to gain a greater insight into the world of work. Launched on 24 January 2011
  - Service Academies - to provide pre-employment training and work placements. To be launched from August 2011.

18. The purpose is to capitalise on the Get Britain working measures to deliver additional support that offer the best and most locally relevant help. This will benefit people wanting to return to work, before they become eligible for the Work Programme.

19. New Enterprise Allowance will be available to people aged over 18 and over who have been claiming Jobseeker's Allowance for six months or more. Across Great Britain, the New Enterprise Allowance will help establish up to 40,000 new businesses over two years. The roll-out will be staged initially in the 14 Get Britain Working target areas (as detailed in section 3) but will be available nationally from Autumn 2011.

20. The Government is explicitly committed to supporting would-be entrepreneurs and see self-employment as a viable route off benefit into sustainable work in businesses with the potential for growth.

### **3.1 How many people do we expect to be covered by the policy, and who will benefit?**

21. The intention is that New Enterprise Allowance will be offered for two years (2011/12 and 2012/13) and support up to 40,000 business start-ups.

22. Currently 1.46 million people are claiming Jobseeker's Allowance (January 2011), up from around 800,000 before the recession but 20,000 lower than in May 2010. Of these, around 490,000 have been claiming for over 6 months, and 235,000 for over 12 months. The number claiming JSA for more than six months rose from 245,000 in January 2008 to 590,000 in February 2010. The level has since fallen back but remains well above pre-recession levels<sup>45</sup>.

23. Around 410,000 18-24 year olds are on Jobseeker's Allowance, with just over 70,000 currently having a duration of six months or more.

24. Generally, most people leave Jobseeker's Allowance reasonably quickly. Around 75 per cent of people who make a new claim for Jobseeker's Allowance leave within 6 months and over 90 per cent within a year. For

---

<sup>45</sup> Source: ONS Labour market statistical bulletin, February 2011.

18-24 year olds, the off-flow rates tend to be even higher (over 80 per cent and over 95 per cent respectively)

**Table 1: Eligible Jobseeker's Allowance claimants<sup>46</sup>**

	<b>Male</b>	<b>Female</b>	<b>Total</b>
18-24 year olds, six to nine month duration	24,600	11,500	36,100
Over 25 year olds, six to 12 months	131,800	56,700	188,500
<b>Total</b>	<b>156,400</b>	<b>68,200</b>	<b>224,600</b>

### **3.2 Age eligibility**

25. The self-employed population tends to be older than the average working age population, and there is evidence from the evaluation of Enterprise Allowance (which ran until 1992) that older participants were more likely to succeed in sustaining self-employment for more than a year. However, this is not a sufficient basis on which to restrict access to the programme by age. Therefore, there are no plans to place age restrictions on eligibility to join New Enterprise Allowance, other than to restrict the participation to Jobseeker's Allowance claimants aged 18 or over.

### **4. Merseyside Trailblazer and National Roll-out**

26. Elements of the New Enterprise Allowance have been part of a trailblazer in Merseyside which began in January this year. Following an advertisement by the Department, the St Helens Chamber was successful in their application for grant funding to deliver a mentoring partnership covering Merseyside. The St Helens Chamber is the lead partner, co-ordinating delivery by the six Merseyside Chambers.

27. The Department is currently running a procurement exercise for a provider to deliver low cost loans in Merseyside, and delivery options for roll out in other areas from April are being finalised. Subsequent procurement exercises will be run to appoint suitable lenders for the administration of the loans in other areas.

28. Learning from the delivery in the Merseyside Trailblazer, the full New Enterprise Allowance offer will be rolled out into the remaining Get Britain Working target areas from April, and then nationally from Autumn 2011.

29. All the extra measures available as part of our plans to Get Britain Working will cover those areas in Great Britain that are likely to benefit most from an increase in the share of private sector employment. The criteria used to assess these areas were the proportion of economically active people employed in the public sector; the public sector's share of local economy (Gross Value Added); and the number of private sector jobs per capita. Areas were included on the list where they met a threshold on two of the

<sup>46</sup> Source: NOMIS Claimant Count administrative data January 2011 seasonally unadjusted

three indicators. The areas cover 17 whole Jobcentre Plus Districts and 4 partial Districts, and are shown in Table 2 below.

**Table 2: Get Britain Working Target Areas.**

Nuts 2 Target Area	Jobcentre Plus District (whole)	Jobcentre Plus District (Part)
<b>Cornwall and Isles of Scilly</b>		Devon & Cornwall <sup>1</sup>
<b>Devon</b>		Devon & Cornwall <sup>1</sup>
<b>Lancashire</b>		Cumbria & Lancashire
<b>Lincolnshire</b>		Lincolnshire & Rutland
<b>Merseyside</b>	Merseyside	
<b>Northumberland and Tyne &amp; Wear</b>	Northumbria	South Tyne and Wear <sup>2</sup>
<b>South Yorkshire</b>	South Yorkshire	
<b>Tees Valley and Durham</b>	Tees Valley	South Tyne and Wear <sup>2</sup>
<b>West Midlands</b>	Birmingham & Solihull, Black Country	Coventry & Warwickshire
<b>Eastern Scotland</b>	Forth Valley, Fife & Tayside, Edinburgh, Lothian & Borders	
<b>Highlands and Islands</b>		Highlands, Islands, Clyde Coast & Grampian
<b>Southern Western Scotland</b>	Lanarkshire & East Dunbartonshire, Ayrshire, Dumfries, Galloway, Inverclyde & Glasgow	Highlands, Islands Clyde Coast & Grampian
<b>East Wales</b>		North & Mid Wales <sup>3</sup> & South East Wales <sup>4</sup>
<b>West Wales &amp; The Valleys</b>	South West Wales & South Wales Valleys	North & Mid Wales <sup>3</sup> & South East Wales <sup>4</sup>

<sup>1</sup>The entire Devon & Cornwall Jobcentre Plus district is covered by Devon and Cornwall & Isles of Scilly target areas.

<sup>2</sup> The entire South Tyne & Wear Jobcentre Plus district is covered by Tees Valley & Durham and Northumberland and Tyne & Wear target areas.

<sup>3</sup> The entire North & Mid Wales Jobcentre Plus district is covered by West Wales and the Valleys & East Wales target areas.

<sup>4</sup>The entire South East Wales Jobcentre Plus district is covered by West Wales and the Valleys & East Wales target areas.

The phased rollout schedule for the remainder of the Get Britain Working areas is shown below in Table 3.

**Table 3: Geographical phased roll-out schedule.**

<b>NUTS2 Target Area</b>	<b>JCP Districts</b>	<b>New District (working titles only)</b>	<b>Local Authority District</b>
<b>From April 2011</b>			
Merseyside	Merseyside	- Merseyside	Knowsley, Liverpool, Sefton, St. Helens, Wirral, Halton
West Midlands	Birmingham & Solihull, Coventry & Warwickshire Black Country	- Birmingham & Solihull, - Coventry, Warwickshire, Hereford & Worcestershire - Black Country	Birmingham, Solihull, Coventry, Dudley, Sandwell, Walsall, Wolverhampton, Bromsgrove, Herefordshire, Malvern Hills, North Warwickshire, Nuneaton & Bedworth, Redditch, Rugby, Stratford on Avon, Warwick, Worcester, Wychavon, Wyre Forest
South Yorkshire	South Yorkshire	-South Yorkshire	Barnsley, Doncaster, Rotherham, Sheffield
Northumberland and Tyne & Wear	Northumbria South Tyne & Wear Valley	-Northumbria, Tyne and Wear	Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside, Sunderland
Tees Valley and Durham	South Tyne & Wear Valley Tees Valley	-Northumbria, Tyne and Wear -Durham and Tees Valley	County Durham, Darlington, Hartlepool, Middlesbrough, Redcar and Cleveland, Stockton-on-Tees
<b>From May 2011</b>			
Devon	Devon & Cornwall	-Devon & Cornwall	East Devon, Exeter, Mid Devon, North Devon, Plymouth, South Hams, Teignbridge, Torbay, Torridge, West Devon
Cornwall and Isles of Scilly	Devon & Cornwall	-Devon & Cornwall	Cornwall, Isles of Scilly
Lincolnshire	Lincolnshire & Rutland	-Nottinghamshire, Lincoln and Rutland	Boston, East Lindsey, Lincoln, North Kesteven, South Holland, South Kesteven West Lindsey, Ashfield, Bassetlaw, Broxtowe, Gedling, Mansfield, Newark & Sherwood, Rushcliffe, Rutland
Lancashire	Cumbria & Lancashire	-Cumbria & Lancashire	Blackburn with Darwen, Blackpool, Burnley, Chorley, Fylde, Hyndburn, Lancaster, Pendle, Preston, Ribble Valley, Rossendale, South Ribble, West Lancashire, Wyre, Allerdale, Barrow in Furness, Carlisle, Copeland, Eden, South Lakeland

<b>NUTS2 Target Area</b>	<b>JCP Districts</b>	<b>New District (working titles only)</b>	<b>Local Authority District</b>
<b>From June 2011</b>			
West Wales and The Valleys	North & Mid Wales South Wales Valleys South West Wales South East Wales	-North & Mid Wales -South East Wales -South West Wales	Anglesey, Conwy, Denbighshire, Gwynedd, Blaenau Gwent, Bridgend, Merthyr Tydfil, Rhondda, Cynon, Taff, Caerphilly, Carmarthenshire, Ceredigion, Neath, Port Talbot, Pembrokeshire, Swansea, Torfaen
East Wales	South East Wales North & Mid Wales	-South East Wales -North & Mid Wales	Cardiff, Monmouthshire, The Vale of Glamorgan, Newport, Flintshire, Powys, Wrexham
South Western Scotland	Lanarkshire & East Dunbartonshire Ayrshire, Dumfries, Galloway and Inverclyde, Glasgow,	-Central Scotland -West Scotland	East Dunbartonshire, North Lanarkshire, South Lanarkshire, Dumfries & Galloway, East Ayrshire, Inverclyde, North Ayrshire, South Ayrshire, Glasgow City, East Renfrewshire, Renfrewshire, West Dunbartonshire
Highlands and Islands	Highlands, Islands, Clyde Coast & Grampian	-North Scotland	Argyll & Bute, Eilean Siar, Highland, Orkney Islands, Shetland Islands, Aberdeen City, Aberdeenshire, Moray
Eastern Scotland	Forth Valley, Fife & Tayside Edinburgh, Lothian & Borders	-East Scotland	Angus, Clackmannanshire, Dundee City, Falkirk, Fife, Perth & Kinross, Stirling, East Lothian, Edinburgh, Midlothian, Scottish Borders, West Lothian

We are currently working on a timetable for rollout to the rest of the country in line with the Government announcement in January. The timing and duration is yet to be determined.

#### 4.1 Regulations and impact on roll-out

30. For the purposes of roll-out, the timing of the regulations will have an impact on sanctions and conditionality. Until the Jobseeker's Allowance (Work Programme Scheme) Regulations 2011 are laid, the New Enterprise Allowance delivery model will follow the Merseyside model. Once the Jobseeker's Allowance (Work Programme Scheme) Regulations 2011 are laid the processes and sanctions outlined in Section 6 will be implemented. Our proposals for any amendments to the Jobseeker's Allowance (Work Programme Scheme) Regulations 2011 will be confirmed in Spring and, if the need for amendments is confirmed, are expected to be laid in Summer 2011. Table 4 below summarises this position (if the need for amendments is confirmed):

<b>Delivery Model</b>	<b>From</b>	<b>To</b>	<b>Summary</b>
Merseyside Model	Present	May	Business Plan preparation – up to 8 weeks Deemed actively seeking employment Must be available to take up paid employment
Post Work Programme Scheme Regulations	May	June	Business Plan preparation – pending review of Merseyside evidence, up to 13 weeks maximum Deemed actively seeking employment Must be available to take up paid employment Scheme conditionality
Amended Regulations on Self Employment	June	Duration of New Enterprise Allowance	Business Plan preparation – up to 13 weeks Deemed actively seeking employment Counted as available (for self-employment) Scheme conditionality

**Table 4: Phased delivery roll-out schedule.**

#### 5. Volumes and Funding

31. Funding has been agreed for the delivery of 40,000 New Enterprise Allowance starts in 2011/12 and 2012/13 as part of the department's baseline funding settlement. (The design of New Enterprise Allowance would involve some of the costs falling into 2013/14.) The funding for the trailblazer activity in the 2010/11 financial year will come from departmental underspend in agreement with Her Majesty's Treasury. Based on the phased roll-out, we expect around 15,000 starts in 2011/12 and 25,000 in 2012/13.

32. The unit cost of the programme is expected to be around £2,100, including the allowance, mentoring and loan elements. Based on the time spent on benefits by the eligible group in the absence of the programme, and the impact of previous welfare to work programmes, the expected AME savings of the programme are around £930 per participant.

## **6. Role of Jobcentre Plus**

33. Jobcentre Plus will have a key role in identifying and referring customers to mentoring provision. They will be responsible for tracking a customer's progression during the business plan preparation stage. They will also make payments to customers eligible for the weekly allowance and check that the eligibility requirements continue to be met.
34. Jobcentre Plus will have the role of administering a grant funding mechanism to source mentoring organisations.

### **6.1. Identifying customers for referral to New Enterprise Allowance**

35. Advisers will assess a customer's eligibility and suitability for New Enterprise Allowance – identifying whether they have an established idea for their business, and if they are ready to commit to exploring further options to turn the idea into a reality. Stringent care will be taken to ensure that customers are not supported in any attempts to establish businesses that are illegal or that may bring the Department into disrepute.
36. Jobcentre Plus Advisers can identify customers at any intervention from the six month stage of their benefit claim. Customers are also able to put themselves forward if they are interested in taking part in New Enterprise Allowance.
37. When identifying suitable customers, Advisers will take into account how close the customer is to the Work Programme before making a referral to New Enterprise Allowance. Once the Work Programme has rolled out, customers may have their entry delayed for up to three months. Until full roll-out of the work programme has been completed, due to the extension of the New Deal contracts in phase 2 areas, 18-24 year olds will access the current New Deal Self Employment provision rather than New Enterprise Allowance in those areas. Therefore, no referral will be made to New Enterprise Allowance if the customer is within 6 weeks of referral to either the New Deal or Employment Zone options.

### **6.2 Referring customers to New Enterprise Allowance**

38. Once a customer's eligibility for New Enterprise Allowance is established, Jobcentre Plus Advisers will refer the customer to a mentoring organisation. The mentoring organisation will make an initial assessment of the business proposal and its viability. If successful, the customer will be matched with a volunteer mentor who will help them to produce a business plan.

### **6.3 Customers whose business propositions are approved**

39. Customers with an approved business plan move to the business preparation stage of New Enterprise Allowance. This stage can last up to

13 weeks although the aim will be to have the period shorter than this wherever possible.

40. Jobcentre Plus will remain in contact with the customer as they work with their mentor to prepare to start their own business and develop a business plan. This includes continuing the Fortnightly Jobsearch Review as required by Jobseeker's Allowance conditionality rules. This also gives the Adviser the opportunity to monitor the progress of the business plan and ensure that the customer is completing all the steps agreed to set up their business as per the New Enterprise Allowance process.
41. The Adviser will also meet with the customer after 13 weeks from the start of the mentoring relationship to ensure that the business preparations are on track. This meeting will include discussion of an update supplied by the mentor by the end of the twelfth week of the mentoring relationship. It is important to note that the length of the mentoring period will vary from customer to customer; we would expect some to be able to produce a business plan and have it approved earlier.

#### **6.4 Customers who are not approved for New Enterprise Allowance**

42. Mentoring organisations may not feel that the business proposition is viable. Customers who are not successful may resubmit a business plan subject to agreement from the mentor and Jobcentre Plus. For other customers this may not be feasible and the Adviser will consider what other sources of help are available to the customer.
43. Beyond the maximum 13 week period the mentor can offer to continue support and help the customers. However, they must specify how much longer they think the customer will require. Jobcentre Plus advisers will make the customer aware that as they have passed the maximum 13 weeks set up period on New Enterprise Allowance, they will now become subject to full employed earners Jobseeker's Allowance conditionality, i.e. they must be available and actively seeking employment.

#### **6.5 Customers with an approved business plan**

44. Once the mentoring organisation has approved the business plan and the customer has terminated their claim for benefit, the customer can apply for New Enterprise Allowance weekly allowance. Jobcentre Plus will assess eligibility and administer payment of the weekly allowance which is paid the first six months of the new business, at a rate of:
  - £65 – weeks 1-13
  - £33 – weeks 14-26
45. Customers also have access to the loan facility of up to £1,000.

## **6.6 Post start-up**

46. Jobcentre Plus will remain in touch with customers when their business has been set up and trading has begun. At three specific points in the New Enterprise Allowance claim period (at six, 11 and 19 weeks) the customer will need to provide Jobcentre Plus with evidence that they continue to be meaningfully self-employed. Ideally, this evidence should be presented at face-to-face meetings. Advisers will look for types of evidence such as:
- A bank statement showing details of recent transactions/earnings
  - Recent entries in the company cash book
  - Invoices, purchase orders recently received/sent
  - Job sheets, diary bookings

## **6.7. Mentoring Partnerships**

47. The New Enterprise Allowance mentoring partnerships will be funded through a grant mechanism. Jobcentre Plus will be responsible for the administration of the grant funding process including advertising and publicising the opportunity to apply for a grant, generating interest and applications at the local level, assessing applications, awarding grants to successful applicants and managing the grant awards to ensure financial propriety and that performance is meeting expectations.

## **6.8 Equality of treatment**

48. Jobcentre Plus is committed to ensuring that the delivery of services and products are offered in a way that is appropriate and accessible, meets individual needs, enables equal access for all and meets Diversity and Equality legislation requirements. Jobcentre Plus is able to demonstrate this commitment by:
- Promoting equality of opportunity and diversity within the communities in which we work and with all our partners and workforce.
  - Building in legislative requirements and best practice to all our service delivery and employee policies and procedures, and supporting these with appropriate training and guidance.

## **7. Impact on Jobcentre Plus**

49. The mentoring service for the Merseyside Trailblazer was established by a grant mechanism, and this will be used again to establish the mentoring service in 17 Districts due to be rolled out over a three month period from April.
50. Jobcentre Plus would be responsible for placing the advert for grant funding, managing queries on the application process, assessing applications submitted and awarding funding to the successful Lead Accountable Body. Following the award, Jobcentre Plus will maintain a close working relationship with the Lead Accountable Body and will be responsible for monitoring performance and making payments to them.

51. Jobcentre Plus will be responsible for administering the weekly allowance payment. Jobcentre Plus will use Resource Management electronic payment system to make the payments, and will also carry out three keep in touch meetings with the customer to ensure they continue to remain eligible to receive the weekly allowance. This approach is the same as carried out currently by Jobcentre Plus in their administration of the 16 week Self-Employment Credit. Additional Jobcentre Plus DEL costs associated with the new 26 week payment have been included in New Enterprise Allowance costings.

## **8. Role of Providers**

### **Business Plan preparation and mentoring**

52. Following referral to mentoring support, the mentoring organisation is expected to make an initial assessment of the customer's self-employment prospects and their business proposition. If this initial assessment is positive, the mentoring organisation will refer the customer to a volunteer business mentor, who will work with customer to support them in developing their business plan. A minimum of three meetings should take place, but the length of the business plan preparation stage will vary from customer to customer. The mentoring organisation should notify Jobcentre Plus if a customer fails to attend a scheduled meeting. The initial time allowed for business preparation is a maximum of 13 weeks but with an expectation it will be shorter than that wherever possible.
53. During this initial business plan preparation stage, the mentoring relationship ends if either the customer or the mentor terminates the relationship at any point prior to the plan being approved. This could be because the customer no longer wishes to pursue self-employment or the mentor believes that the business idea is no longer viable. The mentoring organisation should notify Jobcentre Plus if the relationship is terminated.
54. At the end of the mentoring period the mentoring organisation will assess the business plan and will notify Jobcentre Plus whether or not the plan is approved and what additional activity is required by the customer if applicable. Once a business is established mentors are expected to continue to support the customer for a further six months.
55. The mentoring organisation will be expected manage the working relationship between themselves and the providers appointed by the Department to administer the New Enterprise Allowance loans.

### **Loans**

56. DWP Policy have worked with DWP Financial Inclusion Team and Procurement colleagues to lead a procurement exercise for suitable lending organisations. Jobcentre Plus does not have a role in procuring New Enterprise Allowance lenders, or determining whether loans are payable.
57. The Department intends to contract with organisations that have a proven track record in delivering enterprise loans to deliver and administer small loans to programme participants who have demonstrated they have a viable business proposition, had their business plan approved and ended their claim to benefit. The main elements of the loan service are set out below:
- Low value loans: The service is designed to cover small capital requirements of programme participants. Therefore, the loans under this contract would be capped at £1,000.

- Affordable for programme participants: This will involve a low rate of interest and a repayment schedule that allows the participant time to get the business running before repayments begin. The rate of interest to be charged will be capped at 10% APR. Loan capital repayments will begin one year after the loan is made (and repaid over two years maximum) but interest on the loan will begin to be repaid a month from the date on which the loan was made.
- Simple application process: The process for application should be simple.
- Decision to lend would be made by the delivery organisation, but we would expect the organisation to consult the business mentor (and any other parties involved in the approval of the business proposition at that stage) when considering the application.

## **9. Impact on Customers**

58. New Enterprise Allowance will be available to all Jobseeker's Allowance claimants over 18 years of age who reach 6 months duration on Jobseeker's Allowance.
59. New Enterprise Allowance is part of a menu of support options offered by Jobcentre Plus prior to a customer's eligibility to the Work Programme. Discussions should be primarily focused at the 26 week point of a claim, but options can be discussed between Advisers and customers at any appropriate intervention.
60. Individuals who express interest in participating in New Enterprise Allowance will be made fully aware that while the choice to participate is voluntary, participation in the scheme is mandatory once a placement has been agreed.
61. Customers that choose to take part in New Enterprise Allowance will remain on Jobseeker's Allowance for the initial Business Plan preparation stage and will be subject to conditionality and sanctions regime that reflects their status as moving into self-employment. It will be understood that reasonable conditions will apply, such as, taking steps to complete their business plan and attending mentoring meetings. It will be made clear that non-compliance will result in referral to a Decision Maker, which could result in a benefit sanction if there is deemed to be no good cause.
62. This enables participants to undertake the necessary steps to move into self-employment within a conditionality and sanctions regime that treats them in a similar way to those looking for employed earners employment.
63. We understand the risks in starting a business and will ensure that customers receive the best advice and decisions to minimise the risk of debt and business failure. Following the mentoring stage, customers' business plans will be submitted for approval to providers. Only customers with viable business plans may proceed to the next stage. Customers who

are not successful may resubmit a business plan subject to agreement from the mentor and Jobcentre Plus.

64. Customers who have an approved business case can apply for the New Enterprise Allowance weekly allowance when they terminate their Jobseeker's Allowance claim and start their business. The claim for the weekly allowance must be submitted within five weeks of their Jobseeker's Allowance claim termination date.

## **10. Research and Analysis**

65. DWP commissioned the Policy Studies Institute to evaluate the Support for Newly Unemployed, the Six Month Offer and extra help to claimants of Jobseeker's Allowance during the economic recession. The information below on the Self Employment support and Self-Employed credit is extracted from this report, which was published in July 2010.

### **10.1 Six Month Offer Self-Employment support**

66. Customers who were interested in moving into self-employment could receive information, advice and practical support on becoming self-employed from specialist providers. These providers were comprised of Business Link (in England), Business Gateway/Training for Work (in Scotland) and Flexible Support for Business (in Wales). In addition, customers moving into self-employment could also receive a Self-Employment Credit worth £50 per week for the first 16 weeks of trading. Eligibility for Self-Employment Credit was not contingent on engagement with a specialist provider.
67. The uptake of the self-employment option was quite variable across the districts and offices. Some Jobcentre Plus staff described it as a very popular, widely used option, while others suggested that the numbers taking advantage of self-employment provision were few. Advisors specialising in 18-24 year old customers did not encounter much interest in the self-employment option.
68. In the opinion of some Jobcentre Plus staff, the popularity of self-employment in some offices did not reflect a surge in entrepreneurial spirit, however. Instead, according to advisers, pursuit of the option was often a constrained decision or an act of 'desperation' in the face of few alternatives and not always fully thought through, as one manager noted.
69. The uncertain economic climate was either viewed as a catalyst for customers to consider other options in a precarious job market, or as too risky a time to 'go it alone'. Therefore, the Six Month Offer self-employment was not considered viable for everyone. Perspectives seemed to be influenced by the level of affluence in an area, with running a business more suited to customers living in prosperous areas. Advisers considered marketable skills (and trades experience) plus previous self-

employment experience for gauging suitability of the offer. The demeanour of a customer was also important as someone who was reserved or 'shy' was not judged likely to be successful at selling their skills.

## **10.2. Self-employed Credit**

70. If a customer decided to sign off Jobseeker's Allowance and set up trading they could receive a transitional fund of self-employment credit at £50 per week for 16 weeks. A follow up interview to ensure all was well and the customer was still trading was then organised by the adviser, at six and 12 weeks. If the business was not doing well the customer has the option of ceasing self-employment and reclaiming Jobseeker's Allowance, in which case a 'rapid reclaim' would be initiated.

71. The majority of Jobcentre Plus staff perceived the credit as a transitional payment which was treated by most customers as a bonus or a safety net, helpful during the early months of business start-up. One adviser described how customers appreciated the temporary support.

## **10.3. Self employment Providers**

72. Twenty-six telephone interviews were conducted with providers (national, regional, local) of self-employment support.

73. Perceptions about the volume of referrals were mixed, varying by region and position in the chain of services. It was reported that the numbers of Six Month Offer clients who opted for the more intensive support were lower than expected, so these providers were underutilised. There were also a high number of enquiries that did not take up services and high 'fail to attend' rates for services. One provider reported that attendance at information workshops, for example, was typically 60 per cent of those registered. Estimates of the percentage of clients who received support and then went on to start trading were relatively low; between 2 and 7.5 per cent was suggested.

## **10.4 Customer views and experiences**

74. Customer interviewees who chose to embark on self-employment were highly diverse in terms of job history, educational attainment and skills. The occupational backgrounds of these customers included engineering, retail management, building trades, fashion design and television production. Obstacles faced in their search for work included; ageism, lack of experience, broken career histories, eldercare responsibilities, dyslexia and low and falling salaries among available jobs that were perceived as unsustainable. Some people chose to seek self-employment support due to disillusionment with their job search while for others the desire to be self-employed was a long held goal.

75. Among the sample, self-employment was perceived by some as the only option available to them, given the dearth of employment opportunities. So

rather than being pulled into entrepreneurial endeavour with innovative business ideas, most were pushed into this option in the face of circumscribed employment choices. The extent to which customers felt pushed by their circumstances in this direction is highlighted in the following statements:

*'Well I didn't really have a choice in a way...well I'll be 59 in September, I didn't think I would...get a staff job.'*

*'You ask them [employers], they say, "it's full", you can't even talk to these people ... I'm like insulted to be honest and I'm not going to bother anymore. This is what is driving me to do something on my own. Really, I don't have enough funding, but somehow ...'*

## **11. Consultation**

### **11.1. Mentoring and Microfinance Forum**

76. Members of the New Enterprise Allowance policy team, together with colleagues in Business Innovation and Skills, met with small business representatives, employer representatives, entrepreneurs, and voluntary and community sector organisations to get initial thoughts and reactions to our developing policy.

77. The organisations included:

- East London Small Business Centre
- FreshIdeas Events
- Bright Ideas Trust
- Derbyshire Chief Executive
- National Federation of Enterprise Agencies
- Cumbria Community Asset & Reinvestment Trust (IPS) Ltd
- Capitalise Business Support
- Prince's Trust
- Community Development Finance Association
- Rockstar Group
- Fair Finance
- Horses Mouth
- School for Start-ups
- Manchester
- Chartered Management Institute
- Women Like U
- Roast

78. Feedback from this meeting included a number of key points on the mentoring and finance elements:

- Everyone who receives finance needs a mentor, but not vice versa.
- There were divergences on the question of paid or unpaid mentor and there was no consensus on which was right.
- A consensus was reached that mentoring should be face-to-face and was therefore necessarily resource intensive (in time, at least).
- There was some discussion of 'scaleability', though there was then some backing away from the word itself as it implied rolling out a standard national model.

79. Some organisations such as The Prince's Trust have their own scheme to support people into self-employment and we have worked closely with them on a one-to-one consultation basis.

### **Customer Stakeholder Forum**

80. We have arranged a consultation workshop on 28 February to consult with customer representative groups such as: Citizens Advice Bureau, Royal

National Institute of Blind People, Disability Alliance and Mind. We have prepared a brief policy proposition for these organisations to see in advance of the meeting. Feedback from this meeting will be used to inform and guide the way the Department commissions Jobcentre Plus policy delivery and highlight any additional support or guidance that may need to be considered in its implementation.

## **12. Management Information**

81. As one of the Get Britain Working measures, data recorded on New Enterprise Allowance will be built into the overarching assessment of pre-Work Programme support, in line with the new Jobcentre Plus Performance Framework. The Framework moves Jobcentre Plus away from a culture of multiple targets to one focussed on performance in the round. Significantly, the framework also prescribes more local devolution and flexibility for both delivery and performance management. As such there will be a light touch approach towards central Get Britain Working evaluation, examining:

- Flows off benefit and into employment;
- The quality of customer experience, as well as delivery volumes; and
- The value for money and productivity story

82. The management information collected will be used to account for public spend, enable performance improvement and inform evaluation.

83. The Department is currently developing an evaluation approach for the Get Britain Working measures, including New Enterprise Allowance, as part of a wider evaluation strategy for pre-Work Programme support.

84. Where data is available, monitoring of the diversity breakdown of customers who are interested in and then who actually receive New Enterprise Allowance will be undertaken to ensure any unintended effects are identified and addressed.

## **13. Marketing and Information Strategy**

85. The overarching aim of the New Enterprise Allowance communications strategy is to ensure the right message gets to the right people at the right time, for successful implementation of the self-employment support.

86. The specific communications objectives include:

- to ensure that existing and potential customers are informed of the changes at the most appropriate time, encouraging participation and outlining what is expected of them and risks associated with moving to self-employment
- to ensure message are transmitted using the most appropriate media, which may include leaflets and similar publicity; and pre-entry interviews with advisers

- to engage with Departmental and Jobcentre Plus staff to inform them about the Get Britain Working measures the Work Programme and how it differs from previous provision, taking into account organisational design changes due to delegated flexibility within all offices. There will be a full programme of learning and development for operational staff, including implementation memos and regional staff events, staff guidance, and an issues / questions and resolution / escalation procedures
- to inform the market of our commercial requirement and stimulate market interest in the procurement
- to ensure that all stakeholders and partners are consulted and updated on progress to appropriate, agreed timescales
- to ensure customers understand their rights, responsibilities and the support that will be available to them. The Customer Charter will be at the centre of this, and have key service objectives to notify customers of changes in a timely, appropriate, and understandable manner. We are continuously developing our advisory services, and will ensure customers are made aware of their responsibilities, our expectations, and conditions for ongoing receipt of benefit.

87. Our communications approach will be based on previous good practice and liaison with Jobcentre Plus, DWP and Commercial Communications Teams. Where possible, New Enterprise Allowance communications will be integrated with communications for other welfare reform initiatives.

## **Equality impact assessment for New Enterprise Allowance**

### **Introduction**

51. The Department for Work and Pensions (DWP) have conducted the following equality impact assessment for the New Enterprise Allowance (NEA) to ensure the Department meets the requirements of the:
- Disability Equality Duty;
  - Gender Equality Duty; and
  - Race Equality Duty.
52. The equality impact assessment will ensure:
- the Department's strategies, policies and services are free from discrimination;
  - due regard is given to equality in decision making and subsequent processes; and
  - opportunities for promoting equality are identified.
53. The equality impact assessment considers the impact of NEA in terms of age, disability, gender, gender reassignment, race, religion or belief and sexual orientation.

### **Brief outline of the policy or service**

54. The Government is committed to introducing a programme of support to promote self employment as a route off benefits. This commitment was set out in The Coalition: Our Programme for Government, under the name of Work for Yourself. NEA will deliver this self employment support as part of a wider menu of additional support options that can be used by Jobcentre Plus to help benefit customers into work, prior to referral to the Work Programme. This menu includes policies known as the Get Britain Working measures, which includes NEA as well as:
- Work Clubs
  - Work Experience
  - Service Academies
  - Work Together
55. NEA will be available to customers aged 18 years or over who have been claiming Jobseeker's Allowance (JSA) for six months or more. The programme is expected to support 40,000 customers by 2013.

56. The expected outcomes of the programme are:
- to provide a viable route off benefit for eligible JSA customers; and
  - to increase the volume of sustained self-employment outcomes by improving the support available to jobseekers.
57. NEA participants are required to work with a business mentor, for guidance and support, as they prepare to move into self-employment and through the early stages of start up. Customers will be required to work with a mentor and to demonstrate they have a viable business proposition with the potential for growth. The mentor will be expected to support customers in getting to this stage.
58. The customer's business proposition will need to be approved and once this stage has been completed, the customer would be expected to register as self employed. They would then be able to access financial support. Financial support will include a weekly allowance payment paid for up to 26 weeks and loan finance. The allowance will be broadly equivalent to the customer's JSA payments for the first 13 weeks and half that amount for a further 13 week period. This will ease the transition into self-employment and underpin finances whilst the business is developed. In addition to the allowance, participants will be able to apply for a low cost loan of up to £1,000 from contracted finance institutions.
59. The intention is to have a phased implementation:
- NEA went live as a trailblazer in Merseyside on the 31 January 2011;
  - the Get Britain Working target areas identified below will roll out from April 2011; and
  - nationally from autumn 2011.
60. The Get Britain Working target areas have been identified as priorities based on two of these three indicators:
- the proportion of the economically active population employed in the public sector;
  - the number of private sector jobs per capita; and
  - the public sector share of Gross Value Added within the area.
61. The Get Britain Working target areas are:
- Tees Valley and Durham
  - Northumberland and Tyne and Wear
  - Lancashire
  - Merseyside
  - South Yorkshire
  - Devon
  - Cornwall and Isles of Scilly
  - Highlands and Islands

- West Wales and the Valleys
- South West Scotland
- East Wales
- West Midlands
- Lincolnshire
- Eastern Scotland

**How many people do we expect to be covered by the policy? Who will benefit?**

62. Funding will be made available for up to 40,000 JSA customers to take up NEA by the end of 2012/13.
63. The eligible group for NEA will be JSA customers over 18 with claims over six months duration, and before they are referred to the Work Programme. Jobseekers aged 18 to 24 year will be referred to the Work Programme at nine months duration, and older groups at 12 months duration. Table 1 shows the size of the eligible group in January 2011.

**Table 1: Eligible JSA customers<sup>47</sup>**

	Male	Female	Total
18-24 year olds, six to nine month duration	24,600	11,500	36,100
Over 25 year olds, six to 12 months	131,800	56,700	188,500
Total	156,400	68,200	224,600

**Consultation and involvement**

64. In formulating the policy on NEA internal and external stakeholders have been consulted to learn from their experience of delivering mentoring and financial support. Internally, this includes Jobcentre Plus, the Department for Business, Innovation and Skills (BIS) and the Devolved Administrations to learn from their roles in the current self-employment offer.
65. We have also been involved in wider BIS-led stakeholder events on mentoring and microfinance events. The purpose of these events was to work with stakeholders to discuss how mentoring provision might be better joined up and made more accessible to customers, how to open up microfinance and make it more accessible and understandable to customers who need it; and Government's role in delivering this type of support.
66. External engagement with stakeholders with relevant self-employment/enterprise expertise, including those which provide business mentoring or advice, such as the Princes Trust, ACT, Advantage 42, Avanta and Horseshoam has also taken place.

<sup>47</sup> Source: NOMIS Claimant Count administrative data January 2011

67. A number of key points were raised during our consultation including:

- many business people and organisations already share their time, skills and experience on an entirely voluntary nature;
- organisations providing mentoring support tell us that one-to-one mentoring boosts motivation, helps people set goals and plan ahead, enabling them to achieve outcomes they would not have achieved by themselves; and
- involving mentors in the final approval of a customer's business proposition could compromise the relationship between customer and mentor.

### **Equality impact of the New Enterprise Allowance**

68. To assess the equality impact of the NEA we have considered the following sources of information:

- comparison of JSA customers reaching six months unemployment to JSA customers who took up the self employment support available through the Self-Employment Credit (SEC) element of the Six Month Offer to identify if particular customer groups are disproportionately likely to take up support available through NEA. The SEC offered in-work financial support worth £50 per week for up to 16 weeks, initially targeted at JSA customers with a claim duration of over six months. This was later reduced to three months, but the data used in this section only uses data on customers who took up the self-employment offer after six months of their claim, as this matches the eligible group for NEA.
- comparisons of six month JSA customers with the wider benefit population (both JSA and other benefits) to assess the potential impact of targeting NEA on JSA customers who have been unemployed for six months.

### **Disability**

69. Table 2 below compares the characteristics of six month JSA customers to SEC starts, and six month JSA customers compared to new JSA customers.

Table 2

	Disabled	Non-Disabled
JSA on-flow <sup>48</sup>	18%	82%
JSA customers reaching six months <sup>49</sup>	23%	77%
Self Employment Credit Starts (six month eligibility) <sup>50</sup>	16%	84%

70. The statistics above suggest that disabled JSA customers reaching six months unemployment are slightly less likely to take up self employment support than non-disabled six month JSA customers, but that JSA customers with a disability are slightly more likely to reach six months unemployment than non-disabled JSA customers. Overall, this suggests a risk that the equality impact of the NEA could benefit non-disabled customers slightly more than disabled customers.
71. To reduce the risk that disabled customers will be under-represented among NEA participants, NEA will offer personalised support to help customers make the transition into self employment by helping to reduce the barriers to self employment that disabled customers face. These include difficulties in obtaining capital, fear of loss of benefits and lack of access to business advice and support.<sup>51</sup> NEA includes more generous in-work financial support compared to the self-employment credit, which will help in the transition from benefits to self-employment. The one-on-one support of a mentor will provide advice and information. Finally, the NEA will offer access to affordable small loans to address difficulties in accessing finance and capital.
72. The majority of disabled benefit customers claim incapacity benefits (IB) or Employment and Support Allowance (ESA), limiting the eligibility of NEA to JSA customers could risk having a negative impact on disabled people claiming IB or ESA who are interested in self-employment. However, all ESA customers will have access to the Work Programme,

1.1 <sup>48</sup> **Source: National Benefits Database. Cohort of new JSA claims in 2008/09. The statistics in the table below are calculated by linking individual level data from the National Benefits database and the LMS Client Evaluation database, and is based on 3.1 million new JSA claims of which 520,000 have declared a disability during a Jobcentre Plus interview.**

1.2 <sup>49</sup> **Source: National Benefits Database. Cohort of new JSA claims in 2008/09. The statistics in the table below are calculated by linking individual level data from the National Benefits database and the LMS Client Evaluation database, and is based on 3.1 million new JSA claims of which 520,000 have declared a disability during a Jobcentre Plus interview.**

<sup>50</sup> Six Month Offer Official Statistics, January 2011

<sup>51</sup> Boylan and Burchard, 2002, *Barriers to Self Employment for Disabled People*, <http://www.berr.gov.uk/files/file38357.pdf>

which will deliver intensive personalised support, following their Work Capability Assessment and IB customers will also have access to the Work Programme prior to their reassessment through ESF funded support. Access to the Work Programme will mitigate the potential equality risk associated with limiting NEA eligibility to JSA customers.

## Gender

73. Table 3 compares the characteristics of six month JSA customers to SEC starts, and six month JSA customers compared to new JSA customers.

Table 3

	Male	Female
JSA on-flow <sup>52</sup>	71%	29%
JSA customers reaching 6 months <sup>53</sup>	76%	24%
Self Employment Credit Starts (six month eligibility) <sup>54</sup>	83%	17%

74. The data in the tables above show that men are more likely to reach six months on JSA than women and that men are more likely than women to take-up the self employment support.
75. Therefore, there is a risk that women could be disproportionately impacted by the introduction of NEA. To mitigate this risk NEA will provide personalised support for eligible jobseekers, alongside support to overcome financial barriers to setting up in business. NEA is also part of a wider package Get Britain Working support enabling customers and their adviser to build the right package of back to work support for them.
76. Table 4 below shows workforce jobs by industry and sex in Great Britain<sup>55</sup>

1.3 <sup>52</sup> Source: National Benefits Database. Cohort of new JSA claims in 2008/09. The statistics in the table below are calculated by linking individual level data from the National Benefits database and the LMS Client Evaluation database, and is based on 3.1 million new JSA claims of which 520,000 have declared a disability during a Jobcentre Plus interview.

1.4 <sup>53</sup> Source: National Benefits Database. Cohort of new JSA claims in 2008/09. The statistics in the table below are calculated by linking individual level data from the National Benefits database and the LMS Client Evaluation database, and is based on 3.1 million new JSA claims of which 520,000 have declared a disability during a Jobcentre Plus interview.

<sup>54</sup> Six Month Offer Official Statistics, January 2011. Where data is unknown it has been excluded from the breakdown.

Table 4

Sex	self-employment jobs
Male	2,902,300
Female	1,310,900
Total	4,213,200

77. Table 4 shows that there is a national trend that men have greater preference to pursue self-employment over women

78. We will monitor the take up of NEA as it is introduced.

### Age

79. Table 5 below compares the characteristics of six month JSA customers to SEC starts, and six month JSA customers compared to new JSA customers.

Table 5

	18-24	25-49	50+
JSA on-flow <sup>56</sup>	37%	49%	13%
JSA customers reaching 6 months <sup>57</sup>	32%	53%	14%
Self Employment Credit Starts (six month eligibility) <sup>58</sup>	7%	70%	23%

80. The statistics presented above show that older JSA customers are more likely to reach six months unemployment, and are also more likely to take up self employment support than younger customers. This is in line

<sup>55</sup> Source: Nomis Workforce jobs by industry (SIC 2007) and sex – unadjusted 03/2010.

1.5 <sup>56</sup> **Source: National Benefits Database. Cohort of new JSA claims in 2008/09. The statistics in the table below are calculated by linking individual level data from the National Benefits database and the LMS Client Evaluation database, and is based on 3.1 million new JSA claims of which 520,000 have declared a disability during a Jobcentre Plus interview.**

1.6 <sup>57</sup> **Source: National Benefits Database. Cohort of new JSA claims in 2008/09. The statistics in the table below are calculated by linking individual level data from the National Benefits database and the LMS Client Evaluation database, and is based on 3.1 million new JSA claims of which 520,000 have declared a disability during a Jobcentre Plus interview.**

<sup>58</sup> Six Month Offer Official Statistics, January 2011. Where data is unknown it has been excluded from the breakdown.

with evidence from the evaluation of Enterprise Allowance (which ran until 1992) that older participants were more likely to succeed in sustaining self-employment for more than a year<sup>59</sup>. Therefore, there is likely to be differential take-up by age, but a differential impact on young people is not expected because younger customers will have the opportunity to access NEA, and young people will also have access to a range of other support, including other Get Britain Working measures and personalised support from the Work Programme after nine months duration on JSA.

## Ethnicity

81. Table 6 below compares the characteristics of six month JSA customers to SEC starts, and six month JSA customers compared to the on-flow to JSA.

Table 6

	White	Ethnic Minority
JSA on-flow <sup>60</sup>	87%	13%
JSA customers reaching 6 months <sup>61</sup>	85%	15%
Self Employment Credit Starts (six month eligibility) <sup>62</sup>	92%	8%

82. The figures in Table 6 show that the take-up of the SEC credit from ethnic minority customers is lower than the proportion of ethnic minority customers in the eligible group (8% compared to 15%), but that ethnic minorities are more likely to reach six months unemployment than white JSA customers.

83. Overall, there could be a risk that ethnic minority customers will be under-represented in the group taking up NEA. The personalised

<sup>59</sup> Owens, 1989, Enterprise Allowance Scheme Evaluation. Sixth Six Month National Survey, Research and Evaluation Branch.

1.7 <sup>60</sup> **Source: National Benefits Database. Cohort of new JSA claims in 2008/09. The statistics in the table below are calculated by linking individual level data from the National Benefits database and the LMS Client Evaluation database, and is based on 3.1 million new JSA claims of which 520,000 have declared a disability during a Jobcentre Plus interview.**

1.8 <sup>61</sup> **Source: National Benefits Database. Cohort of new JSA claims in 2008/09. The statistics in the table below are calculated by linking individual level data from the National Benefits database and the LMS Client Evaluation database, and is based on 3.1 million new JSA claims of which 520,000 have declared a disability during a Jobcentre Plus interview.**

<sup>62</sup> Six Month Offer Official Statistics, January 2011. Where data is unknown it has been excluded from the breakdown.

approach of Jobcentre Plus will contribute to ensuring equality of access to JSA customers from all ethnic minority groups. In addition, the Ethnic Minority Advisory Group has been engaged on the issue of widening awareness of self-employment and NEA among Ethnic Minority communities.

84. We will monitor the take up of NEA as it is introduced.

### **Religion or belief**

85. No data is available to assess if NEA will have an equality impact relating to religion or belief. However, it is not anticipated that the religion or belief of customers will affect their eligibility or take-up because advisers and mentors will offer support tailored to the individual.

### **Sexual Orientation**

86. No data is available to assess if NEA will have an equality impact relating to sexual orientation. However, it is not anticipated that the sexual orientation of customers will affect their eligibility or take-up because advisers and mentors will offer support tailored to the individual.

### **Gender reassignment**

87. No data is available to assess if NEA will have an equality impact relating to gender reassignment. However, it is not anticipated that gender reassignment will affect customers' eligibility or take-up because advisers and mentors will offer support tailored to the individual.

### **Pregnancy and maternity**

88. No data is available to assess if NEA will have an equality impact relating to pregnancy and maternity. However, it is not anticipated that pregnancy and maternity will affect customers' eligibility or take-up because advisers and mentors will offer support tailored to the individual.

### **Human rights**

89. No human rights impacts have been identified relating to NEA.

### **Child Poverty**

90. Greater levels of employment and enterprise could help to reduce child poverty through increased employment, increased family income and increased sustained self employment. These positive impacts can improve the outcomes for children, such as their level of education, through inter-generational effects.

91. The positive effect of additional income on improving outcomes is greater for more economically disadvantaged households.<sup>63</sup> In addition, there is evidence that families with self-employed workers have lower levels of material deprivation than employed families with similar levels of income.<sup>64</sup>

## Rural

92. The proposed policy will apply equally to all regions in Great Britain. Therefore, we do not expect any geographical imbalance in terms of the effect of NEA.

## Evaluation and Management Information

93. As one of the Get Britain Working measures, data recorded on NEA will be built into the overarching assessment of pre-Work Programme support, in line with the new Jobcentre Plus Performance Framework. The Framework moves Jobcentre Plus away from a culture of multiple targets to one focussed on performance in the round. Significantly, the framework also prescribes more local devolution and flexibility for both delivery and performance management. As such there will be a light touch approach towards central Get Britain Working evaluation, examining:

- flows off benefit and into employment;
- the quality of customer experience, as well as delivery volumes; and
- the value for money and productivity story.

94. The management information collected will be used to account for public spend, enable performance improvement and inform evaluation.
95. The Department is currently developing an evaluation approach for the Get Britain Working measures, including NEA, as part of a wider evaluation strategy for pre-Work Programme support.
96. Where data is available, monitoring of the diversity breakdown of customers who are interested in and then who actually receive NEA will be undertaken to ensure any unintended effects are identified and addressed.

## Conclusion

97. NEA provides support for JSA customers to enter self employment. In doing so, the policy should take account of the particular needs of

---

<sup>63</sup> Blow et al. (2004). *How Important is Income in Determining Children's Outcomes?* Institute of Fiscal Studies.

<sup>64</sup> Brewer, M. et al (2009) *The Living Standards of Families with Children Reporting Low Incomes* Department for Work and Pensions.

different customers, and ensure that the support helps to overcome barriers identified for particular groups.

### **Next steps**

98. This equality impact assessment will be regularly reviewed as the policy is implemented.

Contact details

Name of initiative	New Enterprise Allowance
Contact Details	Ali Humberstone  Address : Caxton House Tothill Street London Telephone number 0207 449 5132 Email <a href="mailto:alison.humberstone1@dwp.gsi.gov.uk">alison.humberstone1@dwp.gsi.gov.uk</a>

**SUPPLEMENTARY MEMORANDUM FOR THE SOCIAL SECURITY  
ADVISORY COMMITTEE FROM THE DEPARTMENT FOR WORK AND  
PENSIONS**

**NEW ENTERPRISE ALLOWANCE SCHEME**

**No. 000**

20. Following a meeting with the Social Security Advisory Committee on 2<sup>nd</sup> March 2011, we would like to provide additional information to answer specific questions raised during the meeting.

**21. Under what powers is the NEA allowance paid, and will it be taxable?**

The NEA weekly allowance will be paid under powers given by Section 2 (d) of the Employment and Training Act 1973, which states:

(1) The Secretary of State shall make such arrangements as he considers appropriate for the purpose of assisting persons to select, train for, obtain and retain employment suitable for their ages and capacities or of assisting persons to obtain suitable employees (including partners and other business associates).

(2) Arrangements under this section may—

(d) include provision for the making of payments by the Secretary of State, by way of grant or loan or otherwise, to persons who provide facilities in pursuance of the arrangements, to persons who use those facilities and to other persons specified in or determined under the arrangements;

We have agreement from HMRC and HMT that the NEA weekly allowance will be disregarded for tax purposes as it is a return to work credit. The allowance will be exempt from Income Tax (IT), Class 1 NICs and is also disregarded for Tax Credits purposes (similarly to the outgoing Self Employment Credit). It will also be disregarded for Housing Benefit/Council Tax Benefit purposes under *Schedule 5, paragraph 13 of the Housing Benefit Regulations 2006 and Schedule 4, paragraph 14 of the Council Tax Benefit Regulations 2006*.

**22. Will the NEA loan repayments be included on the list of Third Party Deductions?**

New Enterprise Allowance loans will not be included in the list of debts covered by Third Party Deductions (TPD). This is because the purpose of the NEA loans – to help the individual finance start-up costs for their business, does not reflect the intention of the TPD scheme, which is to act as a safety net service for a minority claimants on a means-tested

benefit who have got in arrears with essential household bills and are threatened with supply disconnection or eviction.

Individuals who are taking part in the NEA will have support from a mentor while building up their business plan. This will afford individuals the best advice on decisions they need to make around setting up their business, and reduces the risk of debt and business failure.

The loans will be awarded through a contracted body, who will check the credit history of the individual concerned and their ability to repay the loan before any sum is lent. There is also a built in agreement with the contracted body that loans can be paid over a period of 36 months, starting with a 12 month period of interest only payments. This will give any fledging business the chance to establish and flourish before any repayments are taken.

**2011 No. 000**

**SOCIAL SECURITY**

**The Jobseeker's Allowance (Employment, Skills and Enterprise Scheme) Regulations 2011**

<i>Made</i> - - - -	2011
<i>Laid before Parliament</i>	2011
<i>Coming into force</i> - -	20 <sup>th</sup> May 2011

**CONTENTS**

**PART 1**

**General**

1. Citation and Commencement 228
2. Interpretation 228

**PART 2**

**Selection for and participation in the Employment, Skills and Enterprise Scheme**

3. Selection for participation in the Scheme 229
4. Requirement to participate and notification 229
5. Circumstances in which requirement to participate in the Scheme does not apply or ceases to apply 229

**PART 3**

**Sanctions**

6. Failure to participate in the Scheme 229
7. Good cause 230
8. Consequences of failure to participate in the Scheme 230

**PART 4**

**Hardship**

9. Hardship 231
10. Hardship for joint-claim couples 231

**PART 5**

**Consequential Amendments**

11. Definitions 232

12.	Notional income	232
13.	Notional capital	233
14.	Income to be disregarded	233
15.	Capital to be disregarded	233
16.	Further amendments to the Jobseeker's Allowance Regulations	234
17.	Consequential amendments relating to decisions and appeals	234

## PART 6 Contracting out

18.	Contracting out certain functions in relation to the Scheme	234
-----	---	-----

The Secretary of State for Work and Pensions makes the following Regulations in exercise of the powers conferred by sections 123(1)(d) and (e), 136(3) and (5)(a) and (b), 137(1) and 175(3) and (4) of the Social Security Contributions and Benefits Act 1992<sup>(65)</sup>, sections 30 and 146(1) and (2) of the Housing Grants, Construction and Regeneration Act 1996<sup>(66)</sup>, sections 9 and 10 of the Social Security Act 1998<sup>(67)</sup> and sections 12(1), (4)(a) and (b), 17A(1), (2), (5)(a), (d) and (e) and (6) to (9), 20, 20A, 20B(4) to (6), 20E(3)(a), 21, 35(1) and 36(2) and (4) of, and Schedule 1 to, the Jobseekers Act 1995<sup>(68)</sup>.

These Regulations are made with the consent of the Treasury in respect of provisions relating to section 30 (means testing in case of application by owner-occupier or tenant) of the Housing Grants, Construction and Regeneration Act 1996<sup>(69)</sup>.

In respect of provisions in these Regulations relating to housing benefit and council tax benefit, organisations appearing to the Secretary of State to be representative of the authorities concerned have agreed that consultations need not be undertaken<sup>(70)</sup>.

---

<sup>(65)</sup> 1992 c. 4. Section 123(1) was amended by section 103 of, and Schedule 9 to, the Local Government Finance Act 1992 (c. 14), by section 60 of, and Schedule 6 to, the Tax Credits Act 2002 (c. 21); section 137(1) is an interpretation provision and is cited because of the meaning given to the word “prescribed”; section 175(1) and (4) were amended by section 2 of, and paragraph 29(1) and (2) of Schedule 3 to, the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c. 2).

<sup>(66)</sup> 1996 c. 53 (“the 1996 Act”). Section 30 was amended by S.I. 2002/1860 and by section 81 of, and Schedule 8 to, the Civil Partnership Act 2004 (c. 33); the functions of the Secretary of State and the Treasury, so far as exercisable in relation to Wales were transferred to the National Assembly for Wales, by the National Assembly for Wales (Transfer of Functions) Order 1999, SI 1999/672, art. 2, [Schedule 1](#); section 146 was amended by the Local Democracy, Economic Development and Construction Act 2009 (c. 20) on a day to be appointed and the functions of the Secretary of State, so far as exercisable in relation to Wales, transferred to the National Assembly for Wales, by the National Assembly for Wales (Transfer of Functions) Order 1999, SI 1999/672, art. 2, [Schedule 1](#).

<sup>(67)</sup> 1998 c.14.

<sup>(68)</sup> 1995 c. 18. Section 17A was inserted by section 1 of the Welfare Reform Act 2009 (c. 24); section 20B was inserted by section 59 and Schedule 7 to the Welfare Reform and Pensions Act 1999 (c. 30); sections 35(1) and 36(4) were amended by section 2 of, and paragraphs 62 and 63 of Schedule 3 to, the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c. 2). Section 35(1) is an interpretation provision and is cited because of the meaning it gives to the words “prescribed” and “regulations”.

<sup>(69)</sup> See section 30(9) of the 1996 Act.

<sup>(70)</sup> See section 176(2) of the Social Security and Administration Act 1992.

In accordance with sections 172(1) and 173(1)(b) of the Social Security Administration Act 1992<sup>(71)</sup>, the Social Security Advisory Committee has agreed that the proposals in respect of these Regulations should not be referred to it.

## PART 1

### General

#### Citation and Commencement

1. These Regulations may be cited as the Jobseeker's Allowance (Employment, Skills and Enterprise Scheme) Regulations 2011 and shall come into force on 20<sup>th</sup> May 2011.

#### Interpretation

2.—○ In these Regulations—

“the Act” means the Jobseekers Act 1995;

“claimant” means a person who claims a jobseeker's allowance, except that in relation to a joint-claim couple claiming a joint-claim jobseeker's allowance, it means either or both of the members of the couple;

“the Council Tax Benefit Regulations” means the Council Tax Benefit Regulations 2006<sup>(72)</sup>;

“the Housing Benefit Regulations” means the Housing Benefit Regulations 2006<sup>(73)</sup>;

“the Housing Renewal Grants Regulations” means the Housing Renewal Grants Regulations 1996<sup>(74)</sup>;

“the Jobseeker's Allowance Regulations” means the Jobseeker's Allowance Regulations 1996<sup>(75)</sup>;

“the Scheme” means the Employment, Skills and Enterprise Scheme;

“working day” means any day except for a Saturday, Sunday, Christmas Day, Good Friday or bank holiday under the Banking and Financial Dealings Act 1971<sup>(76)</sup> in England, Wales or Scotland;

“the Employment, Skills and Enterprise Scheme” means a scheme within section 17A (schemes for assisting persons to obtain employment: “work for your benefit” schemes etc.) of the Act known by that name and provided pursuant to arrangements made by the Secretary of State that is designed to assist claimants to obtain employment, including self-employment, and which may include for any individual work experience, work-related activity and job search.

(1) For the purpose of these Regulations where a written notice is given by sending it by post it is taken to have been received on the second working day after posting.

---

<sup>(71)</sup> 1992 c.5.

<sup>(72)</sup> S.I. 2006/215.

<sup>(73)</sup> S.I. 2006/213.

<sup>(74)</sup> S.I. 1996/2890.

<sup>(75)</sup> S.I. 1996/207.

<sup>(76)</sup> 1971 c. 80.

## PART 2

### Selection for and participation in the Employment, Skills and Enterprise Scheme

#### Selection for participation in the Scheme

3. The Secretary of State may select a claimant for participation in the Scheme.

#### Requirement to participate and notification

4.—○ Subject to regulation 5, a claimant (“C”) selected under regulation 3 is required to participate in the Scheme where the Secretary of State gives C a notice in writing complying with paragraph (2).

(1) The notice must specify—

- (a) that C is required to participate in the Scheme;
- (b) the day on which C’s participation will start;
- (c) details of what C is required to do by way of participation in the Scheme;
- (d) that the requirement to participate in the Scheme will continue until C is given notice by the Secretary of State that C’s participation is no longer required, or C’s award of jobseeker’s allowance terminates, whichever is earlier;
- (e) information about the consequences of failing to participate in the Scheme.

(2) Any changes made to the requirements mentioned in paragraph (2)(c) after the date on which C’s participation starts must be notified to C in writing.

#### Circumstances in which requirement to participate in the Scheme does not apply or ceases to apply

5.—○ Only a claimant who is required to meet the jobseeking conditions<sup>(77)</sup> may be required to participate in the Scheme.

(1) Paragraph (1) does not apply to a claimant (“C”) who is in receipt of a training allowance (and therefore exempted from the jobseeking conditions) by virtue of C’s participation in the Scheme.

(2) A requirement to participate in the Scheme ceases to apply to C if—

- (a) the Secretary of State gives C notice in writing that C is no longer required to participate in the Scheme, or
- (b) C’s award of jobseeker’s allowance terminates,

whichever is earlier.

(3) The requirement ceases to apply on the day specified in the notice.

## PART 3

### Sanctions

#### Failure to participate in the Scheme

6. A claimant (“C”) is to be regarded as having failed to participate in the Scheme in accordance with these Regulations where C fails to comply with any requirement notified under regulation 4.

---

<sup>(77)</sup> See section 17A (10) of the Act for the meaning of the “jobseeking conditions”.

## **Good cause**

7.—○ A claimant (“C”) who fails to participate in the Scheme must show good cause for that failure within 5 working days of the date on which the Secretary of State notifies C of the failure.

(1) The Secretary of State must determine whether C has failed to participate in the Scheme and, if so, whether C has shown good cause for the failure.

(2) In deciding whether C has shown good cause for the failure, the Secretary of State must take account of all the circumstances of the case, including in particular C’s physical or mental health or condition.

## **Consequences of failure to participate in the Scheme**

8.—○ Where the Secretary of State determines that a claimant (“C”) has failed to participate in the Scheme, and C has not shown good cause for the failure in accordance with regulation 7, the appropriate consequence for the purpose of section 17A of the Act is as follows.

(1) In the case of a jobseeker’s allowance other than a joint-claim allowance, the appropriate consequence is that C’s allowance is not payable for the period specified in paragraphs (4) to (7) (“the specified period”).

(2) In the case of a joint-claim jobseeker’s allowance, the appropriate consequence is that C is to be treated as subject to sanctions for the purposes of section 20A (denial or reduction of a joint-claim jobseeker’s allowance) of the Act for the specified period.

(3) The period is 2 weeks in a case which does not fall within paragraph (5), (6) or (7).

(4) The period is 4 weeks where—

(a) on a previous occasion the Secretary of State determined that C’s jobseeker’s allowance was not payable or was payable at a lower rate because C failed without good cause to participate in the Scheme (“the first determination”), and

(b) a subsequent determination is made no more than 12 months after the date on which C’s jobseeker’s allowance was not payable or was payable at a lower rate following the first determination.

(5) Subject to paragraph (7), the period is 26 weeks where—

(a) on two or more previous occasions the Secretary of State determined that C’s jobseeker’s allowance was not payable or was payable at a lower rate because C failed without good cause to participate in the Scheme, and

(b) a subsequent determination is made no more than 12 months after the date on which C’s jobseeker’s allowance was not payable or was payable at a lower rate following the most recent previous determination.

(6) Where paragraph (6) applies but the Secretary of State is satisfied that C has re-complied in accordance with paragraph (8), the period is either—

(a) 4 weeks, or

(b) 4 weeks plus a period which ends with the last day of the benefit week in which C re-complies,

whichever is longer.

(7) C will be taken to have re-complied where, after the date on which the Secretary of State determines that C has failed to participate in the Scheme, C complies with—

(a) the requirement as to participation in the Scheme to which the determination relates, or

(b) such other requirement as to participation as may be made by the Secretary of State and notified to P in accordance with regulation 4.

(8) The specified period begins—

(a) where, in accordance with regulation 26A(1) of the Social Security (Claims and Payments) Regulations 1987<sup>(78)</sup>, C's jobseeker's allowance is paid otherwise than fortnightly in arrears, on the day following the end of the last benefit week in respect of which that allowance was paid, and

(b) in any other case, on the first day of the benefit week following the date on which C's jobseeker's allowance is determined not to be payable or to be payable at a lower rate.

(9) Paragraphs (4) to (7) are subject to paragraph (11) which applies where the Secretary of State notifies C in writing that C is no longer required to participate in the Scheme with effect from a day referred to in the notice which falls within the specified period.

(10) Where this paragraph applies, the specified period terminates at the end of

(a) one week beginning with the day referred to in the notice, or

(b) the benefit week in which the requirement to participate ceases to apply,

whichever is longer.

(11) In this regulation "benefit week" has the same meaning as in regulation 1(3)<sup>(79)</sup> of the Jobseeker's Allowance Regulations.

## PART 4

### Hardship

#### Hardship

9. Regulation 140 (meaning of "person in hardship") of the Jobseeker's Allowance Regulations<sup>(80)</sup> is amended as follows—

(a) in paragraph (2) substitute ", (4A), (4B) or (4C)" for "or (4A) or (4B)";

(b) after paragraph (4B) insert—

"(4C) In paragraph (2), a "person in hardship" does not include a claimant who is required at that time to participate in the Employment, Skills and Enterprise Scheme."

#### Hardship for joint-claim couples

10. Regulation 146A (meaning of "couple in hardship") of the Jobseeker's Allowance Regulations<sup>(81)</sup> is amended as follows—

(a) in paragraph (2) substitute ", (5A) or (5B)" for "or (5A)";

(b) after paragraph (5A) insert—

"(5B) In paragraph (2), a "couple in hardship" does not include a joint-claim couple either or both of whom are at that time required to participate in the Employment, Skills and Enterprise Scheme."

---

<sup>(78)</sup> S.I. 1987/1968. Regulation 26A was inserted by S.I. 1996/1460.

<sup>(79)</sup> A relevant amending instrument is S.I. 2009/604.

<sup>(80)</sup> Regulation 140 was amended by S.I. 1996/1516, 1996/1517, 1997/2863, 1999/2860, 2000/239, 2000/1978, 2001/1029, 2003/445, 2005/2687, 2005/2877, 2008/1554, 2008/3051, 2009/480 and 2010/509.

<sup>(81)</sup> Regulation 146A was inserted by S.I. 2000/1978 and was amended by S.I. 2001/1029, 2005/2877, 2005/2687, 2008/1554, 2009/480 and 2010/509.

## PART 5

### Consequential Amendments

#### Definitions

11.—○ Paragraph (2) applies to the following provisions (which relate to interpretation)—

- (a) regulation 2(1) of the Council Tax Benefit Regulations;
- (b) regulation 2(1) of the Housing Benefit Regulations;
- (c) regulation 2(1) of the Housing Renewal Grants Regulations;
- (d) regulation 1(3) of the Jobseeker's Allowance Regulations<sup>(82)</sup>.

(2) In each of the provisions to which this paragraph applies insert the following definition in the appropriate place—

““the Employment, Skills and Enterprise Scheme” means a scheme within section 17A (schemes for assisting persons to obtain employment: “work for your benefit” schemes etc.) of the Act known by that name and provided pursuant to arrangements made by the Secretary of State that is designed to assist claimants to obtain employment, including self-employment, and which may include for any individual work experience, work-related activity and job search;”.

(3) The definition of “the self-employment route” in each of the provisions mentioned in paragraph (1)(a), (b) and (d) is amended as follows—

- (a) at the end of sub-paragraph (a) omit “or”; and
- (b) at the end of sub-paragraph (b) insert “or” and the following sub-paragraph—

“(c) the Employment, Skills and Enterprise Scheme;”.

(4) The definition of “self-employment route” in the provision mentioned in paragraph (1)(c) is amended as follows—

- (a) in head (iii) omit “or”; and
- (b) at the end of head (iv) insert “ or” and the following head—

“(v) the Employment, Skills and Enterprise Scheme;”.

#### Notional income

12.—○ This regulation applies to the following provisions (which relate to notional income)—

- (a) regulation 32(7) of the Council Tax Benefit Regulations<sup>(83)</sup>;
- (b) regulation 42(7) of the Housing Benefit Regulations<sup>(84)</sup>;
- (c) regulation 31(9A) of the Housing Renewal Grants Regulations<sup>(85)</sup>;
- (d) regulation 105(10A) of the Jobseeker's Allowance Regulations<sup>(86)</sup>.

(2) In each of the provisions to which this regulation applies insert the following sub-paragraph after sub-paragraph (cb)—

---

<sup>(82)</sup> Relevant amending instruments are S.I. 2001/739 and 2002/530 which relate to the definition of “self-employment route” in the Jobseeker's Allowance Regulations.

<sup>(83)</sup> Regulation 32(7) was amended by S.I. 2006/588, 2008/698, 2008/2767, 2009/480 and 2011/688 and was modified by S.I. 2010/1222.

<sup>(84)</sup> Regulation 42(7) was amended by S.I. 2006/588, 2008/698, 2008/2767, 2009/480 and 2011/688 and was modified by S.I. 2010/1222.

<sup>(85)</sup> Paragraph (9A) was inserted by S.I. 1998/808, was substituted by S.I. 1999/1523, was amended by S.I. 2000/973, 2000/531, 2000/2798, 2002/530 and 2011/688 and was modified by S.I. 2010/1222.

<sup>(86)</sup> Paragraph (10A) was inserted by S.I. 1998/2117, was amended by S.I. 1999/2640, 2003/455, 2006/588, 2008/698, 2009/480 and 2011/688 and was modified by S.I. 2010/1222.

“(cc) in respect of a claimant’s participation in the Employment, Skills and Enterprise Scheme;”.

### **Notional capital**

**13.**—○ This regulation applies to the following provisions (which relate to notional capital)—

- (a) regulation 39(4) of the Council Tax Benefit Regulations<sup>(87)</sup>;
- (b) regulation 49(4) of the Housing Benefit Regulations<sup>(88)</sup>;
- (c) regulation 38(3A) of the Housing Renewal Grants Regulations<sup>(89)</sup>;
- (d) regulation 113(3A) of the Jobseeker’s Allowance Regulations<sup>(90)</sup>.

(2) In each of the provisions to which this regulation applies insert the following sub-paragraph after sub-paragraph (bb)—

“(bc) in respect of a claimant’s participation in the Employment, Skills and Enterprise Scheme;”.

### **Income to be disregarded**

**14.**—○ This regulation applies to the following Schedules (which relate to sums to be disregarded in the calculation of income other than earnings)—

- (a) Schedule 4 to the Council Tax Benefit Regulations;
- (b) Schedule 5 to the Housing Benefit Regulations;
- (c) Schedule 3 to the Housing Renewal Grants Regulations;
- (d) Schedule 7 to the Jobseeker’s Allowance Regulations.

(2) In each Schedule to which this regulation applies insert the following paragraph after paragraph A2<sup>(91)</sup>—

#### **“A3**

Any payment made to the claimant in respect of any travel or other expenses incurred, or to be incurred, by him in respect of his participation in the Employment, Skills and Enterprise Scheme.”.

### **Capital to be disregarded**

**15.**—○ This regulation applies to the following Schedules (which relate to capital to be disregarded)—

- (a) Schedule 5 to the Council Tax Benefit Regulations;
- (b) Schedule 6 to the Housing Benefit Regulations;
- (c) Schedule 4 to the Housing Renewal Grants Regulations;
- (d) Schedule 8 to the Jobseeker’s Allowance Regulations.

---

<sup>(87)</sup> Regulation 39(4) was amended by S.I. 2006/588, 2008/698, 2008/2767, 2009/480 and 2011/688 and was modified by S.I. 2010/1222.

<sup>(88)</sup> Regulation 49(4) was amended by S.I. 2006/588, 2008/698, 2008/2767, 2009/480 and 2011/688 and was modified by S.I. 2010/1222.

<sup>(89)</sup> Paragraph (3A) was inserted by S.I. 1999/1523, was amended by S.I. 2000/531, 2000/973, 2002/530, 2002/2798 and 2011/688 and was modified by S.I. 2010/1222.

<sup>(90)</sup> Paragraph (3A) was inserted by S.I. 1998/2117, was amended by S.I. 1999/2640, 2001/1029, 2004/2308, 2005/3391, 2006/588, 2008/698, 2009/480 and 2011/688 and was modified by S.I. 2010/1222.

<sup>(91)</sup> Each of the Schedules listed in regulation 14(1) was modified by S.I. 2010/1222 so as to insert paragraph A1 and amended by S.I. 2011/688 so as to insert paragraph A2.

(2) In each Schedule to which this regulation applies insert the following paragraph after paragraph A2<sup>(92)</sup>—

**“A3**

Any payment made to the claimant in respect of any travel or other expenses incurred, or to be incurred, by him in respect of his participation in the Employment, Skills and Enterprise Scheme but only for 52 weeks beginning with the date of receipt of the payment.”.

**Further amendments to the Jobseeker’s Allowance Regulations**

**16.** The Jobseeker’s Allowance Regulations are amended as follows—

- (a) in the definition of “relevant notification” in regulation 25(1A) (entitlement ceasing on a failure to comply)<sup>(93)</sup>, insert “, under the Employment Scheme” after “scheme”;
- (b) at the end of regulation 53 (persons treated as not engaged in remunerative work)<sup>(94)</sup> insert—

“(m) he is participating in the Employment, Skills and Enterprise Scheme.”.

**Consequential amendments relating to decisions and appeals**

**17.** The Social Security and Child Support (Decisions and Appeals) Regulations 1999<sup>(95)</sup> are amended as follows—

- (a) after regulation 7(8ZA) (date from which a decision superseded under section 10 takes effect)<sup>(96)</sup> insert the following paragraph—

“(8ZB) A decision to which regulation 6(2)(fa) applies shall take effect on the day specified in regulation in regulation 8(9)(a) or (b) of the Jobseeker’s Allowance (Employment, Skills and Enterprise Scheme) Regulations 2011.”.

## PART 6

### Contracting out

**Contracting out certain functions in relation to the Scheme**

**18.**—○ Any function of the Secretary of State specified in paragraph (2) may be exercised by, or by employees of, such person (if any) as may be authorised by the Secretary of State.

(1) The functions are any function under—

- (a) regulation 4 (requirement to participate and notification);
- (b) regulation 5(3)(a) (notice that requirement to participate ceases); and
- (c) regulation 8(8)(b) and 8(10) (requirements and notices after failures).

---

<sup>(92)</sup> Each of the Schedules listed in regulation 15(1) was modified by S.I. 2010/1222 so as to insert paragraph A1 and amended by S.I. 2011/688 so as to insert paragraph A2.

<sup>(93)</sup> Relevant amending instruments are S.I. 1999/530, 2000/1978, 2000/2194, 2010/509 and 2011/688; regulation 25(1A) was also modified by S.I. 2010/1222.

<sup>(94)</sup> Relevant amending instruments are S.I. 1999/2165, 1999/3156, 2000/1978, 2000/2910, 2004/963, 2004/3168, 2005/2060, 2005/2929, 2006/2378, 2009/3228, 2010/641 and 2011/688; regulation 53 was also modified by S.I. 2010/1222.

<sup>(95)</sup> S.I. 1999/991.

<sup>(96)</sup> Regulation 7 was revoked, in so far as it related to child benefit or guardian’s allowance, by S.I. 2003/916. Regulation 7(8) was substituted by S.I. 1999/2677 and was amended by S.I. 2000/1982 and 2008/2677.

Signed by authority of the Secretary of State for Work and Pensions

Date

We consent

Two of the Lords Commissioners of Her Majesty's Treasury

Date

### **EXPLANATORY NOTE**

*(This note is not part of the Regulations)*

These Regulations establish the Employment, Skills and Enterprise Scheme, under section 17A of the Jobseekers Act 1995 ("the Jobseekers Act"), which is designed to assist claimants to obtain employment, including self-employment, and which may include for any individual work experience, work-related activity and job search.

Part 1 contains general provisions, including provisions concerning interpretation.

Part 2 concerns the circumstances in which jobseeker's allowance claimants are required to participate in the Scheme. Regulation 3 provides that any claimant can be selected.

Regulation 4 requires a person so selected to participate in the Scheme upon being notified by the Secretary of State from the date specified in the notice. It also prescribes the contents of the notice.

Regulation 5 sets out the circumstances in which a claimant is not required (or no longer required) to participate in the Scheme. They are where a participant's award of jobseeker's allowance terminates or where the Secretary of State gives the participant notice in writing that his or her participation is no longer required. It also provides that a claimant who is not required to meet the jobseeking conditions is not required to participate in the Scheme except where they are exempt from those conditions by virtue of being paid a training allowance in connection with their participation in the Scheme.

Part 3 deals with failures to participate in the Scheme and good cause for failure to participate.

Regulation 6 provides that a claimant who fails to comply with any of the requirements notified under regulation 4, is to be regarded as having failed to participate in the Scheme.

Regulation 7 provides that a claimant who fails to participate in the Scheme must show good cause for that failure within 5 working days. It is then for the Secretary of State to determine whether that claimant has shown good cause, taking into account his or her circumstances.

Regulation 8 provides that claimants fails without good cause to participate in the Scheme, the claimant's jobseeker's allowance will not be payable or will be reduced for 2, 4 or 26 weeks subject in the last case to a reduction back to 4 weeks where the claimant re-complies. It also makes provision for bringing the sanction period to an end in the case of claimants who are no longer required to participate in the Scheme.

Part 4 allows for an income-based jobseeker's allowance to be payable even though a sanction applies to the claimant because of a failure without good cause to participate in the Scheme, if the person is a vulnerable person. It does so by amending the hardship provisions in Parts 9 and 9A of the Jobseeker's Allowance Regulations 1996.

Part 5 makes various consequential amendments to other Regulations in relation to a person's participation in the Scheme.

Regulation 11 inserts a definition of the Employment Scheme in the Jobseeker's Allowance Regulations 1996, the Housing Renewal Grants Regulations 1996, the Council Tax Benefit Regulations 2006 and the Housing Benefit Regulations 2006. Regulations 12 and 13 ensure that persons will not be treated as having notional income or notional capital by virtue of their participation in the Scheme, and regulations 14 and 15 provide that travel and other expenses paid to participants are disregarded as income and capital for the purposes of certain income-related benefits.

Regulations 16 and 17 make consequential amendments to other Regulations to ensure that, where a sanction is imposed on a claimant for failure without good cause to participate in the Employment Scheme and in relation to decisions and appeals, the claimant is treated consistently with a claimant who incurs a sanction under section 19 or 20A of the Jobseekers Act. Regulation 16 also makes provision for claimants on the Employment, Skills and Enterprise Scheme to be treated as if they are not engaged in remunerative work.

Regulation 18 makes provision for contracting out the Employment, Skills and Enterprise Scheme functions (with the exception of functions relating to the consideration of good cause and the imposition of sanctions).

A full impact assessment has not been produced for this instrument as it has no impact on the voluntary or private sectors.



information & publishing solutions

Published by TSO (The Stationery Office) and available from:

**Online**

[www.tsoshop.co.uk](http://www.tsoshop.co.uk)

**Mail, Telephone, Fax & E-mail**

TSO

PO Box 29, Norwich, NR3 1GN

Telephone orders/General enquiries: 0870 600 5522

Order through the Parliamentary Hotline Lo-Call 0845 7 023474

Fax orders: 0870 600 5533

E-mail: [customer.services@tso.co.uk](mailto:customer.services@tso.co.uk)

Textphone: 0870 240 3701

**The Parliamentary Bookshop**

12 Bridge Street, Parliament Square

London SW1A 2JX

Telephone orders/General enquiries: 020 7219 3890

Fax orders: 020 7219 3866

Email: [bookshop@parliament.uk](mailto:bookshop@parliament.uk)

Internet: <http://www.bookshop.parliament.uk>

**TSO@Blackwell and other Accredited Agents**

**Customers can also order publications from:**

TSO Ireland

16 Arthur Street, Belfast BT1 4GD

Tel 028 9023 8451 Fax 028 9023 5401

ISBN 978-0-10-180582-7



9 780101 805827