

Skills, Economy and Regeneration Scrutiny Panel

Spotlight Policy Review 2012 – 2013

Work Programme

Final Report

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1 FOREWORD FROM THE SCRUTINY LEAD MEMBER FOR SKILLS, REGENERATION AND ECONOMY

It gives me great pleasure to be able to introduce the Skills, Regeneration and Economy Scrutiny Panel's spotlight policy review into the operation of the Work Programme in Sunderland.

At the start of the year, when the Scrutiny Committee was considering the range of issues it wished to examine, the Panel was asked to undertake a spotlight review into the operation of the Work Programme in Sunderland.

The Panel's review has therefore examined the impact of the Government's Work Programme and the introduction of national contracts on the people of Sunderland. It has also considered the performance of the Work Programme on clients and the performance measures being developed

The Panel's report includes a number of recommendations which we hope will be of assistance to those involved in delivering the Work Programme in the city.

Perhaps the most important is that the Council and Work Programme providers must continue to develop formal and informal channels of communication in order to inform and influence the delivery of the Work Programme for the benefit of Sunderland residents. We also consider that the Department of Works and Pensions should be encouraged to produce regular and tailored performance data for the Council and its partner organisations.

We feel that Work Programme providers should be encouraged to develop their role and involvement in local economic policy at a strategic level – for example through involvement in the North Eastern LEP, the development of Sunderland Economic Masterplan and the Local Strategic Partnership. We would also like to see Work Programme providers continue to develop their links with local businesses and look to work more closely with SMEs in the city.

In conclusion, I would like to thank my colleagues on the Skills, Economy and Regeneration Scrutiny Panel and all of the officers and staff involved for their hard work during the course of the review and thank them for their valuable contribution.

Councillor Tom Martin, Lead Member for Skills, Economy and Regeneration

2 INTRODUCTION

- 2.1 On 7 June 2012, the Scrutiny Committee requested that the Skills, Economy and Regeneration Scrutiny Panel undertake a policy review into the operation of the Work Programme in Sunderland. This issue was highlighted as a policy review topic during the Council's Annual Scrutiny Conference 2012.

3 AIM OF THE REVIEW

- 3.1 The aim of the review was to examine the impact of the Government's Work Programme and the introduction of national contracts on the people of Sunderland.

4 TERMS OF REFERENCE

- 4.1 The Panel agreed the following terms of reference for the review:-
- a) to consider the background to the introduction of the Work Programme and how it is being implemented in Sunderland;
 - b) to assess the scope of the service in Sunderland in comparison with previous arrangements;
 - c) to consider the performance of the Work Programme on clients and the performance measures being developed;
 - d) to consider whether there exists any gaps in the services delivered to clients.

5 MEMBERSHIP OF THE PANEL

- 5.1 The membership of the Skills, Economy and Regeneration Scrutiny Panel consisted of Councillors Thomas Martin; Len Lauchlan; Christine Marshall; Bob Price; David Snowdon; Denny Wilson and Thomas Wright.

6 METHODS OF INVESTIGATION

- 6.1 The following methods of investigation were used for the review:
- (a) Background information from officers on the policy context and the introduction of the Work Programme at a national and local level;
 - (b) A meeting with Job Centre Plus to discuss their role and their views on the operation of the Work Programme in Sunderland;
 - (c) Discussions with the two Prime Contractors (Avanta and Ingeus) on the operation of the Work Programme contract in this area;
 - (d) A visit to the offices of both Contractors in order to view operations at first hand and to speak to clients.

7 FINDING OF THE REVIEW

Findings relate to the main themes raised during the Panel's investigations and evidence gathering.

7.1 Work Programme - National Context

Background of the Work Programme

- 7.1.1 In June 2010, the new Coalition Government announced its intention to undertake a major reform to the nation's welfare system. Its proposals centred on wide ranging changes to mainstream employability programmes funded through the Department of Work and Pensions (DWP) in order to tackle two perceived weaknesses with the existing system; namely, a lack of work incentives and a system that was overly complicated.
- 7.1.2 The Coalition Government duly announced a suite of measures as part of the document 'Get Britain Working' including the establishment of community-led Work Clubs and Enterprise Clubs and the introduction of the New Enterprise Allowance to support business start-up. Further measures included the promotion of volunteering, greater use of work experience opportunities and the establishment of skills academies to promote demand-led vocational qualifications and skills.
- 7.1.3 However, an integral part of 'Get Britain Working' was the introduction in June 2011 of a new flagship initiative called the Work Programme. The Work Programme effectively replaces all other welfare to work programmes run by the Department of Work and Pensions including the New Deals, Employment Zones and Flexible New Deals and provides a single package of personalised support to help clients on out-of-work benefits, including Jobseeker's Allowance and Employment Support Allowance, to move off benefits and into employment.
- 7.1.4 Along with the introduction of Universal Credit, the Work Programme is therefore seen as central to the Coalition Government's plans for welfare reform and tackling long term worklessness.

Aim of the Work Programme

- 7.1.5 The Work Programme aims to help people who have been claiming out-of-work benefits for a long period or who are at risk of falling into this group. The Programme does not replace the service provided by Jobcentre Plus, which continues to retain responsibility for benefit delivery, for the overall customer experience and for supporting people in finding work in the early stages of their benefit claim. Jobcentre Plus is tasked to deal with over 90% of unemployed people nationally. The Work Programme therefore deals with less than 10% of benefit

claimants nationally.

- 7.1.6 Innovative features of the Work Programme are that it is a private sector-led, payment by results programme, delivered by a range of private, public and voluntary sector organisations. These providers are thought to be best placed to give unemployed people the skills, training and experience they need to get a job.
- 7.1.7 The Government estimates that the Programme will cost between £3 billion and £5 billion and help some £2.4m people to find jobs over the 5 years of its operation. One of the innovative features of the Work Programme is that it will be funded from the money saved from future benefit expenditure as people move into work.
- 7.1.8 The country has been divided into 12 areas, or 'Lots' with 2 Providers (or Prime Contractors) delivering in each area. Providers may also use sub contractors to provide specialist forms of employment support, or to take advantage of their local knowledge.
- 7.1.9 The Work Programme is designed to deal with a wide range of participants. Previously there were 20 different programmes for different categories of job seeker, including disabled people and those with health conditions, lone parents, ex offenders and young people. The Work Programme simplifies the support available by supporting all benefit claimants, with personalised support.
- 7.1.10 Details of the eligibility for the Work Programme are set out in Appendix 1.

Underlying Principles of the Work Programme

- 7.1.11 The underlying principles of the Work Programme include:-
- tailored support for claimants who need more help to undertake active and effective job seeking;
 - local provision designed and delivered by providers with complete autonomy;
 - payment by results and change to performance measures;
 - support based on individual needs to help overcome barriers that prevent people finding and staying in work.
- 7.1.12 *Payment by Results* - Providers are paid almost entirely by results, defined as sustained job outcomes for participants. The longer a customer stays in work, the more Providers are paid, thereby providing a strong incentive to continue the support once participants are in work. Providers are paid a small start fee for each new participant in the first 2 years of the contract, but this is reduced in year 2 and eliminated in year 3. Providers can only claim a job outcome payment after a participant has been in a job for 3 to 6 months, depending on how far they are from the job market. After receiving a job outcome, providers

can claim sustainment payments every four weeks when a participant stays in work longer. These payments can be claimed for up to one year, eighteen months or 2 years, depending on how far the participant is from the labour market. Under the Work Programme, providers can earn between £3,700 and £13,700 per person helped into work, depending how hard it is to give support to an individual, with an initial payment of between £400 and £600.

7.1.13 *Change in Performance Measures* - Providers are required to meet minimum performance levels and deliver results at least 10% higher than if there had been no intervention. Additional incentive payments for high performance are available from the fourth year of the contract, by which time providers have a chance to hone their service delivery models. Where providers achieve results that are 30% higher than the non intervention level they receive an extra £1,000 for every additional job outcome.

7.1.14 *A Competitive Approach To Delivery of the Work Programme* – Initially, providers receive an equal number of referrals from Jobcentre Plus. However, after a period of time, if one Provider is performing significantly better than the other, they will refer more participants to that provider, giving them the potential to increase their outcome payments and become more profitable.

7.1.15 *Local provision designed and delivered by providers with complete autonomy* - the Government considers that local providers are best placed to identify the most effective way of helping people into sustained work. Therefore, the level of prescription and requirements for providers have been minimised. However, while providers are free to innovate, they are expected to meet the minimum service standards agreed with the DWP as part of their contract.

7.1.16 *Tailored support for claimants who need more help to undertake active and effective job seeking* - the Work Programme aims to provide tailored support to meet the needs of individual's participants, rather than placing people on a standardised employability programme. Participants are told what kind of support they can expect to receive and the range of support they will be offered.

7.1.17 *A Long Term Commitment* – The Work Programme is seen as a long term process. It is recognised that many people have multiple barriers preventing them getting a job and will need a great deal of support to resolve their issues. The Programme is therefore designed to help people for 2 years, with incentives for providers to continue supporting people once they have found a job, in order to help them retain it. The Government considers that the establishment of 5 year contracts will also give Prime Contractors a firm basis on which to build long term partnerships with their specialist supply chains and other partners, including local government. It is felt that putting clear incentives in place over an extended period will create time for these partnerships to

invest in the infrastructure and resources required for success.

7.2 Work Programme – Local Context

7.2.1 Prior to the introduction of the Work Programme, funding has been made available to local authorities from central government to promote the regeneration of deprived areas, including providing services to tackle worklessness at a local level.

7.2.2 In Sunderland, such funding came from a range of sources including Single Regeneration Budget, New Deal for Communities, Neighbourhood Renewal Fund and, most recently, the Working Neighbourhoods Fund. This funding had been used to establish and sustain the Job Linkage Network, a neighbourhood-based employability delivery partnership between the Council and the Third Sector, led by Sunderland North Community Business Centre (SNCBC).

7.2.3 However, from 31 March 2011, the allocation of the Working Neighbourhoods Fund from central government ended and the Council made the decision to withdraw from direct delivery of local employability services.

7.2.4 In April 2011, DWP announced that Avanta Enterprise Ltd and Ingeus UK Ltd had been selected to deliver the Work Programme in the North East contract package area, which includes Sunderland. The contract is for a 5 year period.

7.2.5 Avanta Enterprise Ltd is a nationwide employment, skills and enterprise company which operates nationwide from over 100 locations. Avanta has sub-contracted with two providers in Sunderland in order to help deliver a specialist package of support to clients and the service is delivered from a number of centres across the most deprived neighbourhoods in the city:

- A4e Sunderland
- Sunderland North Community Business Centre (SNCBC)

7.2.6 Ingeus UK Ltd is one of the UK's leading welfare-to-work providers. The company is 50% owned by [Deloitte](#) and 50% owned by the [Ingeus Group of Companies](#). Ingeus has chosen to deliver the contract for a single, central location at Frederick Street, Sunderland.

7.3 Outcome of Discussion with Providers

7.3.1 As part of our review, the Panel took the opportunity to meet with the two Work Programme Providers operating in Sunderland - Ingeus and Avanta. Each was provided with a set of questions designed to learn more about the operation of the Work Programme in Sunderland. These questions covered issues such as the local economic situation and its

implications on employment opportunities; the areas of potential employment growth in the local economy; the way in which services are delivered to clients and the nature of their relationship with local employers and other partner organisations.

- 7.3.2 Members also took the opportunity to visit the offices of both Ingeus and Avanta to view at first hand the service provided and speak informally with clients.

Economic Situation

- 7.3.3 During our discussions, both Providers referred to the effect of the current economic climate - particularly in the north east - and the difficulties this posed in securing sustainable long term employment for clients. While the economic situation is challenging and likely to remain so for some time, both Providers are generally satisfied with the progress that had been made to date and are confident of making strong progress in the future.

- 7.3.4 They contended that employment opportunities and the potential for growth did exist and could be maximised by the existence of a strong provider chain using a mixture of private, public and voluntary sector organisations. Avanta consider that their use of two sub contracting providers was a source of strength and expertise and in the case of SNCBC helped to retain the link with people who were already operating in the area. Ingeus also referred to the importance of making use of specialist support from the voluntary sector in order to offer clients the best service available.

What type of sector are people being employed in (quality of opportunities)?

- 7.3.5 For both Providers, the key areas of potential employment growth lay in retail, customer services, manufacturing and social care. Each felt that it is important to be realistic about the employment opportunities that are available and to make the most of the opportunities that exist on the ground. It is important to be clear about the skills employers need and to develop and prepare clients in order to meet these demands. Clients need to be realistic about the job opportunities that are available though this is also true of employers. Avanta noted that they had had experience of firms wanting people with in demand skills, but being unwilling to pay a realistic salary.

- 7.3.6 An area of skill shortage lay in administration and this is an area in which clients often require more focused and intensive support.

What is the level of support that people receive?

- 7.3.7 Both Providers contend that in terms of the support which people receive there has been a change in approach under the Work

Programme. While in the past, the same programmes have tended to be offered to all clients, the emphasis is now on providing an approach tailored to the needs of the individual. Therefore every effort is made to try to understand the needs and skills of the individual client and then try to mould training to meet these needs.

7.3.8 Each provider undertakes group sessions to discuss with the client why they are on the Work Programme and given information about their provider. Each also provides an initial diagnostic interview supported by 1 to 1 sessions. The advisory appointment is 2 hours long and based on a case history prepared by Job Centre Plus. Client needs are assessed and an action plan prepared.

7.3.9 The progress of clients is closely monitored. While both Providers have tried to retain a flexible and informal atmosphere, each noted that sanctioning is an integral part of the process and will be used where necessary. If a person turns down an offer then they will try to look at the reason why – hopefully this approach helps prevent going down the mandatory route.

7.3.10 Both Providers are willing to support clients with assistance for the cost of transport, clothing and equipment. Specific training is also provided on the preparation of CV's and on interview skills. The Panel was particularly impressed with the IT application developed by Ingeus to help clients to identify jobs that are currently available in the area and the help given to clients to prepare multiple CV's for particular occupations.

Where does responsibility lie for those people who are referred but not attached?

7.3.11 The basis of the system is that Jobcentre Plus allocates people randomly to a Provider. Latest figures show that Providers have a referral to attachment rate of around 96% – therefore only a 4% drop out rate. Often the problem arises because a person has changed their mobile number and cannot be contacted. But once referred to the Work Programme it is the Provider's responsibility to contact the client, though this can be difficult where clients are located all over the country.

What measures are in place to ensure that Providers are addressing needs of "Hard to Help" groups?

7.3.12 It is estimated that around 10% can be classed as "hard to help", which includes ex offenders, clients who are pregnant, or with health issues. However, it can be difficult to get a detailed breakdown of hard to help clients. Clients are assessed according to their ability and willingness to work and are then monitored in order to determine the success of the intervention. A client claiming JSA may be found to have the same issues as a client on ESA. The important issue is to look at the barriers

and how best they can be moved forward, rather than the benefit they are claiming.

7.3.13 Both Providers buy in specialist services for hard to help groups e.g. Turning Point, Wearside Women In Need, NECA. During our discussions, Ingeus in particular highlighted the high priority accorded to specialist support for people with health and disability issues. They noted that work is going on to make use of health and recreational facilities already in the city such as those based at Aquatic Centre.

7.3.14 Avanta stressed the importance of working with local communities and building on the strengths and relationships already established within the city. It was noted that SNCBC is not seeking to make a profit from the programme and attaches great importance to trying to secure a long term benefit to clients.

What is the Work Programme doing for young people in Sunderland?

7.3.15 The Panel was keen to find out more about the approach being taken and the specific services available for young people in Sunderland.

7.3.16 Both Providers referred to the range of services aimed at young people, including apprenticeships and the Youth Contract. However, in terms of the financial assistance offered to employers who take on young people, it was noted that this was not of major importance. Generally, employers and particularly the larger employers feel that it is more important to secure the right young person. If an employer has a good experience then they are more likely to be involved in the future. It is therefore important to accurately match an employer with the right client.

7.3.17 Avanta did feel that there was an issue with regards to support for young people who are under 18yrs as the Work Programme only supports people over 18 years old. They felt that it was important to ensure that we have alternative provision in place for this group as a lot of damage can be done in those early formative years.

Relationship with Employers

7.3.18 Avanta and Ingeus consider that they have received good support from local employers and a strong commitment from firms in Sunderland. For example by developing close links with Greggs Bakers, vacancies that would have been previously filled via an agency are now filled through Avanta. Ingeus have also established their own IT site containing the latest vacancies and have established a team to develop links with local employers.

7.3.19 Both Providers contend that they are working closely with firms to identify the needs of employers and match these needs to the skills of clients.

7.3.20 However, Avanta did recognise that there was always scope to engage more closely with employers in Sunderland and in particular develop links with local Small and Medium Enterprises. Avanta also felt that it is important to, wherever possible, to put business back into Sunderland and it therefore tries whenever possible to commission locally.

Relationship with Partners

7.3.21 Both Avanta and Ingeus feel they have developed a good working relationship with Jobcentre Plus. Regular formal and informal meetings are held in order to streamline procedures and improve the flow of information.

7.3.22 In terms of their relationship with the Council, conversations are being held on a quarterly basis and both Providers are keen to share performance information and data.

7.3.23 Both providers consider that it would be of benefit if the Work Programme could be informed of potential investment and job growth in the city at the earliest possible opportunity in order that they are able to prepare for potential sectors of employment growth

7.3.24 Avanta also felt that the Council can assist by making the most of their planning and procurement powers in order to ensure that firms coming into Sunderland deliver as much work as possible to local residents.

Effect of Welfare Reforms

7.3.25 An issue raised by both Jobcentre Plus and Providers was the potential impact of the introduction of Universal Credits and changes to welfare benefits. It is considered important that the Council and its partners work closely together to monitor the situation and assess the implications at a local level.

7.4 Job Centre Plus

7.4.1 As part of our review, the Panel also took the opportunity to meet with representatives from Jobcentre Plus in order to discuss their role in the city and the developing relationship with the two Providers. We felt that this was important as Jobcentre Plus still retain direct responsibility for over 90% of unemployed people.

7.4.2 During our discussion, Christine Caine and Bernadette Topham provided us with details of local labour market in Sunderland. They noted that in terms of unemployment rates in the city, the latest JSA count is 10,205 and, of those, there are 3,490 who are aged 18-24.

7.4.3 Levels of unemployment and redundancies remain high, with particular concerns centring around young people and the long term

unemployed. However, there are 4,000 vacancies every week with a third of these coming to the Jobcentre. While it is considered that skill levels are not a major problem, one of the difficulties is that the employment opportunities becoming available often are not attractive to clients. Nevertheless, Sunderland is achieving a 70% rapid re-employment rate (i.e. 70% of those people being made redundant are re-employed before making a benefit claim).

7.4.4 Jobcentre Plus consider that they have built up a good relationship and partnership working with the large employers in the city, such as Nissan and they continue to closely monitor the local job market.

7.4.5 In line with the principles set out in "Get Britain Working", Jobcentre Plus has refocused their offer to clients with a greater emphasis on diagnosing the individual needs of customers and a greater emphasis on work experience and work placements.

7.4.6 The Panel was also provided with information on the introduction of the Youth Contract which represents a £1 billion package of support to help young people with no qualifications to prepare for work and find a job. This service is delivered in Sunderland by Pertemps People Development Group. Jobcentre Plus also helps fund a number of specifically projects in Sunderland for young people including The Bunker, Young Asian Voices, Street League and Get Sported.

7.4.7 Jobcentre Plus is very supportive of the National Apprenticeship Service and consider that there is real value in getting young people taken on as apprentices when they cannot get employment. They also consider that Sector Based Work Academies have been very useful in allowing an employer the chance to see how an individual performs in work. Work experience generally has been very well received, especially among young people. It is estimated that 47% of people get a job at the end of a work placement. Work placements can also do much to alter the perceptions of employers about the abilities of young people. It is therefore important that young people are well prepared and suited to the work involved.

7.4.8 In terms of the relationship between Job Centre Plus and the two Work Programme providers, regular meetings are held - both formal and informal working groups - to try to ensure that their work is aligned. While the current relationship is felt to be strong, it was recognised that some degree of overlap was inevitable given that the Work Programme is a payment by results system.

7.4.9 Job Centre Plus also consider that they have a good relationship with the Council and its other partners. An example was the joint working going on in the city on the effects of Welfare Reform legislations and on trying to target people who will be affected by the benefit cap.

7.4.10 One area where Jobcentre Plus consider that the Council could provide

additional assistance is in the level of intelligence and advance notice of potential investment opportunities in the city. While they recognise that such negotiations are often delicate or confidential, they do feel that the earlier that they made aware of any forthcoming investment, the more time they would have to prepare people for the potential job opportunities.

7.5 Work Programme – Outcome Performance Data

- 7.5.1 In November 2012, towards the end of our review, the Government published national performance data on the outcomes achieved by the Work Programme providers since they commenced delivery.
- 7.5.2 At a national level, the figures showed that the Work Programme has managed to get 3.5% of referred clients into work for 3 months or more in its first 13 months. This is against a Government target of 5.5%. Of the 878,000 people referred to the Work Programme between its start in June 2011 and July 2012, around 31,000 people have achieved sustained employment.
- 7.5.3 A table setting out the job outcome totals across the UK is set out across contract area in Appendix 2.
- 7.5.4 With regard to the relative performance of Ingeus and Avanta in the North East, the performance of Ingeus (3.33) in terms of job outcomes as a proportion of referrals has been superior to that of Avanta (2.62), though again it must be stressed that it is still early in the contract.
- 7.5.5 The national reaction to the performance figures has been mixed. From a Government perspective, the figures are considered to be disappointing, but it is argued that the Work Programme is still in its first year and needs more time to bed in. During our visit to Ingeus they stressed that the figures failed to take account of the fact that many of their clients have only recently joined the Programme and that providers should be judged over the full 2 years. It is also argued that the latest trends are more positive and will be reflected in the next performance data.
- 7.5.6 The Government has emphasised that more than half of people who joined the Work Programme in the first few months have spent some time off benefit. Nearly, 1 in 3 (30%) of those who joined the Work Programme in June 2011 have spent 13 continuous weeks off benefits and 1 in 5 (19%) have spent 26 continuous weeks off benefits.
- 7.5.7 It is also argued that the performance reflects the difficult economic position with economic growth lower than had originally been envisaged.
- 7.5.8 The Government contend that the Work Programme represents a better deal for the taxpayer than previous schemes. Data published by

the ERSA shows that the Flexible New Deal cost nearly £7,500 per job, while the Work Programme has cost just over £2,000 per job so far.

- 7.5.9 On the other hand, critics of the Programme point to the very disappointing nature of the figures with the Government's overall outcome target of more than 5% being missed across the country and across payment groups. Where the target was 5.5% for both 18-24 yr olds and over 25yrs on claiming Jobseekers Allowance in sustained work after the first year, the actual the figure has been 3.4%. For people claiming ESA the figure has been 1.5%.
- 7.5.10 Commentators have also noted that based on the current figures the Work Programme has shown no improvement on previous schemes and while it has been less costly than previous schemes, this in part reflects the lower payments as a result of lower job outcomes and does not reflect the human and economic cost of people failing to gain employment.
- 7.5.11 There is also a concern that the Work Programme has performed relatively better in more affluent areas where there are lower levels of unemployment and economic conditions more favourable thereby effectively targeting resources at areas of lesser need.

8 CONCLUSION

- 8.1 Based on our discussions with Jobcentre Plus and the local Work Programme Providers and in light of the recent performance figures both nationally and locally, the Panel has drawn a number of conclusions.
- 8.2 Firstly, the Panel has been most impressed by the professionalism and level of commitment shown by the organisations and staff delivering employment services in the city. New and innovative approaches are being developed with a focus on tailoring services to the specific needs of the individual. Specialist support is being made available to clients in order to tackle any skill gaps and address any health and disability issues. The Providers are seeking to develop close links with local businesses and fully exploit the employment opportunities that are available. There is recognition of the benefits of joint working and sharing information.
- 8.3 During our visit to each of the Providers, Panel members were able to view at first hand the kind of services being delivered and speak to clients. The level of enthusiasm and commitment from both providers was clear to see.
- 8.4 However, the recent performance outcome figures are an area of concern for the Panel. Clearly, the Work Programme is still in its early days and may need more time to bed in. Also, the outlook for the future is likely to improve as clients move through the full process of the Work

Programme and the benefits are fully delivered.

- 8.5 However, on the other hand, there remains continued uncertainty about the state of the UK economy which will have a major bearing on the number of people eligible to be placed in the Work Programme and the number of jobs available for them to be placed into.
- 8.6 The launch of the Programme coincided with the beginning of the double dip recession and economic growth has been below what was originally anticipated. This is likely to have a particular impact in a region such as the North East and it is important that the Government takes sufficient account of the effect of local economic conditions and the ability of providers to find people long term sustainable work. It is interesting to note that Work Programme providers have fared better in economically more prosperous areas or where not so badly affected by the recession.
- 8.7 Given the nature of the figures recently announced, it is important that performance data relating to the Work Programme is regularly monitored and made available to interested bodies such as local authorities. There has been some frustration that performance information has not been available to local authorities until over year into the introduction of the Work Programme.
- 8.8 While recognising that the Government was keen to get enough time and data to obtain a meaningful snap shot of performance, it is important that data is made available more regularly in future and is focused on smaller geographical areas (such as regeneration areas). It is pleasing that both our Work Programme Providers have shown a commitment to transparency and the sharing of information.
- 8.9 We consider it important that a properly funded and financially viable employment service is sustained at a time of high unemployment and that performance targets for Providers are realistic and achievable. For hard to help groups who require a greater amount of funding to be spent on their progression, it is important that sufficient resources are available to meet their needs and that contracts are monitored to ensure that an appropriate level of service is being delivered.
- 8.10 We are particularly concerned at the low figure of 1.3% of ESA claimants securing sustainable employment. It is important that the reasons for this low figure is examined and monitored to ensure that ill or disabled people do not fail to receive the tailored support they require.
- 8.11 It is also important that the preoccupation with figures does not cloud the importance of the quality of service being provided and the quality of the jobs secured. We would emphasise the importance of taking a local approach sensitive to the needs of individuals and local communities. We must recognise that failing to get job seekers into

long term employment carries an enormous human and economic cost.

- 8.12 We feel that Work Programme providers should look to develop their role and involvement in local economic policy at a strategic level – for example through involvement in the North Eastern LEP, the development of Sunderland Economic Masterplan and the Local Strategic Partnership. It also important for the Council to work with the Providers to encourage closer links with local employers and particularly SMEs in the city.
- 8.13 We would also be interested to hear the proposals for what will happen to those people who do not secure sustainable employment at the end of the 2 year period given that we are already 18 months into the Programme.

9 RECOMMENDATIONS

9.1 The Panel key recommendations are as outlined below:-

(a) That the Council and Work Programme providers continue to develop formal and informal channels of communication in order to inform and influence the delivery of the Work Programme for the benefit of Sunderland residents;

(b) That the DWP be encouraged to produce regular and tailored performance data for the Council and its partner organisations, for example across local regeneration areas;

(c) That Work Programme providers look to develop their role and involvement in local economic policy at a strategic level – for example through involvement in the North Eastern LEP, the development of Sunderland Economic Masterplan and the Local Strategic Partnership;

(d) That the Council examines ways of informing Work Programme providers of potential new investment in the city at the earliest possible opportunity in order that they are able to prepare for potential sectors of employment growth;

(e) That the Council looks to continue to do everything in its power to maximise local employment opportunities through the operation of its procurement process;

(f) That the Council as a major employer in the city continues to maximise the use of work placements;

(g) That the Work Programme providers continue to develop their links with local businesses and look to work more closely with SMEs in the city.

10. ACKNOWLEDGEMENTS

10.1 The Committee is grateful to all those who have presented evidence during the course of our review. We would like to place on record our appreciation, in particular of the willingness and co-operation we have received from the below named:-

- (a) Karen Alexander, Employment and Training Manager
- (b) Vince Taylor, Head of Strategy and Performance
- (c) Kaye Rideout, Regional Director North East, Avanta UK;
- (d) Nikki Vokes, Sunderland North Community Business Centre;
- (e) Bernadette Topham, Partnership Manager, Department of Work and Pensions;
- (f) Christine Caine, Senior External Relations Manager; Department of Work and Pensions;
- (g) Neil Johnson, Regional Director, Ingeus UK Ltd;
- (h) Lesley Ann Kirk, Operations Manager, Ingeus UK Ltd;
- (i) Craig Drummond, Performance and Delivery Manager, Ingeus UK Ltd;
- (j) Paul Wilson, Health and Well Being Team, Ingeus UK Ltd.

11. BACKGROUND PAPERS

11.1 The following background papers were consulted or referred to in the preparation of this report:

Note of Skills, Economy and Regeneration Scrutiny Panel meetings: [..\..\1.SCRUTINY COMMITTEE - 2012-13\Skills, Economy and Regeneration\Agendas\dec 20th\5.9.12 Draft note of visit to Ignatius Job Linkage with Avanta & SNCBC.doc](#)
[..\..\1.SCRUTINY COMMITTEE - 2012-13\Skills, Economy and Regeneration\Agendas\dec 20th\Ingeus Visit 13.12.12.doc](#)
Dept of Work and Pensions Guidance: [The Work Programme - DWP](#)
<http://www.dwp.gov.uk/docs/the-work-programme.pdf>
Rocket Science Statistical Analysis: [Rocket Science Atom Feed](#)
CESI Performance Data: http://stats.cesi.org.uk/website_documents/initial_WP_Performance_InclusionComment.pdf

APPENDIX 1

Work Programme Eligibility

Customer Group	Time of Referral	Basis of Referral
Jobseekers Allowance (JSA) age 18-24+	From 12 mths	Mandatory
JSA Claimants age 18-24	From 9 mths	Mandatory
JSA either NEET, repeat or ex Incapacity Benefit	From 3 mths	Mandatory
JSA Claimants seriously disadvantaged	From 3 mths	Voluntary
JSA former Prisoners	Immediately	Mandatory
All Employment and Support Allowance (ESA) Claimants	Any Time	Voluntary
New Claimants ESA (income related) Work Related Activity Group	12 months	Mandatory
Pension Credit Claimants	From 12 months after claim or from day 1 if have a health condition	Voluntary
Income Support Claimants	Any Time	Voluntary
Incapacity Benefit claimants	Any Time	Voluntary

APPENDIX 2

Table 5: Job outcomes as a proportion of referrals: Contract Package Areas and payment groups, June 2011–July 2012

	All Work Programme	Payment Group								
		JSA 18 to 24	JSA 25 and over	JSA early entrants	JSA ex-IB	ESA volunteers	New ESA claimants	ESA ex-IB	IB/IS Volunteers	JSA prison leavers
Total	3.6	3.4	3.4	4.9	2.1	1.3	1.6	0.3	4.3	0.0
East of England	3.6	3.3	4.0	3.9	4.0	2.4	1.7	0.0	5.6	0.0
East Midlands	4.2	4.6	3.6	5.7	2.1	2.0	1.7	0.0	6.3	0.0
West London	4.2	4.1	4.6	5.4	0.0	0.5	1.5	0.0	5.0	0.0
East London	3.1	2.4	3.4	3.6	0.0	0.8	1.2	0.0	3.1	0.0
North East	3.0	2.9	2.8	4.2	3.8	1.7	1.5	0.0	0.0	0.0
Merseyside, Halton, Cumbria and Lancashire	3.4	2.7	4.0	4.3	0.0	1.0	1.5	0.0	0.0	0.0
Manchester, Cheshire and Warrington	3.8	3.9	2.8	5.9	2.2	2.3	1.9	0.0	9.1	0.0
Scotland	3.8	3.8	3.9	4.8	2.4	1.8	1.6	1.5	0.0	0.0
Thames Valley, Hampshire and Isle of Wight	4.0	3.5	4.7	4.0	0.0	1.8	2.2	0.0	0.0	0.0
Surrey, Sussex & Kent	4.0	4.0	2.7	6.3	5.6	1.8	1.9	0.0	6.3	0.0
Devon and Cornwall, Dorset and Somerset	3.1	2.9	3.1	4.4	0.0	2.3	1.7	0.0	0.0	0.0
Gloucestershire, Wiltshire and Swindon, West of England	2.3	1.8	2.6	3.0	4.5	1.2	1.2	0.0	0.0	0.0
Wales	3.1	2.9	2.2	4.9	2.4	1.6	1.1	0.0	0.0	0.0
Birmingham and Solihull, the Black Country	3.4	3.3	2.4	4.8	0.0	1.4	1.3	0.0	0.0	0.0
Coventry, Warwickshire, Staffordshire and the Marches	4.8	4.7	3.1	7.6	4.5	0.0	2.4	0.0	0.0	0.0
West Yorkshire	3.3	2.6	3.7	4.2	0.0	0.0	0.9	0.0	0.0	0.0
South Yorkshire	3.5	3.5	2.7	4.9	3.4	0.0	1.5	0.0	0.0	0.0
North East Yorkshire and the Humber	2.9	2.7	2.0	4.3	3.3	3.3	1.1	0.0	0.0	0.0

source: DWP: Information, Governance and Security Directorate; *Inclusion* calculations