

# WIRRAL COUNCIL

## ECONOMY AND REGENERATION OVERVIEW AND SCRUTINY COMMITTEE

7<sup>TH</sup> NOVEMBER 2011

<b>SUBJECT:</b>	<b>DEPARTMENT FOR WORK AND PENSIONS WORK PROGRAMME</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>ACTING DIRECTOR OF REGENERATION, HOUSING &amp; PLANNING</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR PHIL DAVIES REGENERATION &amp; PLANNING STRATEGY</b>
<b>KEY DECISION</b>	<b>NO</b>

### 1.0 EXECUTIVE SUMMARY

1.1 This report was requested by Members at Economy and Regeneration Overview and Scrutiny Committee to analyse progress against delivery of the Department for Work and Pensions (DWP) Work Programme to include comparisons with arrangements/results at other local authorities.

### 2.0 RECOMMENDATION/S

2.1 That the detail of the DWP Work Programme be noted.

### 3.0 REASON/S FOR RECOMMENDATION/S

3.1 The delivery of the DWP Work Programme will support long term workless Wirral residents into employment. Supporting Wirral residents into employment is a fundamental element in the delivery of Wirral's Investment Strategy.

### 4.0 BACKGROUND AND KEY ISSUES

#### 4.1 Background

4.1.1 The Spending Review 2010 confirmed the introduction of the DWP Work Programme in summer 2011. The programme is designed to replace the majority of employment support programmes contracted by DWP, including New Deal and Pathways to Work contracts. The Work Programme is a mandatory programme for those reaching key milestones of unemployment with entry points to the programme based on benefit type. These expected programme entry points for benefit customers are outlined at Appendix 1 of this report. The programme is designed on a 'black box' principle which means that providers can direct participants to a wide range of activities deemed necessary to achieve sustainable employment.

4.1.2 The DWP Work Programme was launched nationally on 10<sup>th</sup> June 2011.

## 4.2 DWP Framework and Contract Package Area (CPA)

4.2.1 DWP now procure Employment Related Support Services from a preferred supplier Framework. The Framework is divided into Contract Package Areas with Wirral being part of a larger area encompassing Cumbria, Lancashire, Merseyside and Halton.

4.2.2 The Work Programme was the first contract to be let from the DWP Framework. The preferred suppliers who are able to bid for DWP contracts in this area are as follows:

- A4e
- Atos Origin
- Avanta
- BBWR
- BTCV
- Fourstar
- G4S
- Ingeus Deloitte
- JHP Group
- Maximus
- Newcastle College Group
- Pertemps
- Reed in Partnership
- Seetec
- Serco
- Twin Training

## 4.3 Work Programme Payment Model

4.3.1 The Work Programme is funded on a payment by results model; funding providers using the reinvestment of future benefit savings. The payment model is based on 4 main categories which are listed below; however the value of each payment is based upon a range of eligibility payment groups. Essentially the provider will receive increased funding for supporting participant groups deemed furthest from the labour market. This differential payment model has been designed to incentivise suppliers to support all customer groups, particularly those with the greatest level of need.

- **Attachment Fee** when an individual starts Work Programme.
- **Job-outcome fee** paid only after an individual has been in work for 6 months.
- **Sustainment payment.** Paid each 4-week period the individual stays in work after the 26 week job outcome.
- **Incentive Payment** for providers achieving performance above expectations for particular benefit client groups.

4.3.2 The above payment model means that even for those individuals helped into work, the supplier will be waiting for a number of years before realising the full return on their investment.

#### **4.4 Work Programme Subcontracting Opportunities**

- 4.4.1 The Liverpool City Region held a Work Programme event on 1<sup>st</sup> October 2010. All the preferred suppliers from the Contract Package Area were invited, as were organisations who were interested in potential subcontracting opportunities. This information was shared via Wirral's existing local partnerships as well as via Voluntary and Community Action Wirral.
- 4.4.2 Following this event local organisations, including Wirral's Voluntary, Community and Faith sector, completed expressions of interest to subcontract with potential suppliers. Wirral Council did not negotiate an agreement to subcontract for the Work Programme as this would have put the local authority in direct competition with Wirral's Voluntary, Community and Faith Sector who have traditionally delivered a significant volume of employment support programmes in the borough.
- 4.4.3 Historically, Wirral Council has not delivered employment support programmes and the Council would have been required to recruit staff to deliver sub-contracted elements of the Work Programme. This would have necessitated significant additional resource, with a risk regarding the achievement of outcomes in this payment by results model.
- 4.4.4 Councils such as Liverpool, Knowsley, Sefton and Halton have traditionally taken a different perspective and used resources to deliver directly. They had significant numbers of staff, whose jobs were at risk as a result of funding such as Working Neighbourhoods Fund ceasing, and saw the potential of applying to be a sub contractor via the Work Programme, albeit bearing the risk of potentially receiving payment via results.

#### **4.5 Organisations Leading the Work Programme CPA**

- 4.5.1 The Work Programme was the first contract to be let from the DWP Framework, with **A4e** and **Ingeus Deloitte** announced as the successful providers for the Cumbria, Lancashire, Merseyside and Halton CPA.
- A4e is a large private sector organisation with an annual turnover of around £150m. They are one of the largest commercial welfare to work specialists in the UK with over 20 years experience in the direct delivery of services.
  - Ingeus Deloitte is a partnership venture between global welfare to work contractors Ingeus and Deloitte who deliver professional services.
- 4.5.2 Both A4e and Ingeus are directly competing with each other, with an added level of competition from Jobcentre Plus who broadly deal with shorter term unemployed/workless benefit recipients.
- 4.5.3 At a given point of referral, (details of entry points outlined at Appendix 1 of this report) Work Programme providers receive mandatory referrals from Jobcentre Plus via a "random allocation tool" that ensures an equal flow of referrals. However, DWP will encourage on-going competition between providers in each area by over time, shifting market share to those who perform best.

4.5.4 The DWP website provides minimum service delivery models that providers will deliver across the CPA. Full details can be found in Appendix 2 of this report.

## 4.6 Supply Chain Information across CPA

4.6.1 Analysis of the published supply chain information for A4e and Ingeus Deloitte across the Cumbria, Lancashire Merseyside and Halton CPA is as follows:

Name	In-house Delivery	Voluntary & Community (%)	Public (%)	Private (%)
A4e	47.9	15.2	16.2	20.7
Ingeus Deloitte	49.7	27.5	6.7	16.1

## 4.7 Supply Chain Information in Wirral

4.7.1 Officers have met with A4e and Ingeus to discuss local delivery models, supply chains, employer engagement and performance reporting. The initial meetings have established positive local relationships with both providers who have agreed to join local partnerships. Additionally Officers have ensured that they are both aware of local opportunities that can support their participants

4.7.2 During these supply chain discussions, Officers have additionally pointed out the success of local providers, however any such decision regarding sub contracting is solely down to those organisations. To date, discussion with A4e and Ingeus Deloitte has indicated the following supply chain delivery in Wirral:

- **Ingeus Deloitte's** model in Wirral involves them retaining full 'end to end' responsibility for all residents referred to them. They are also based in Birkenhead. They will then purchase specific elements of support from specialist suppliers. They have indicated the following providers delivering in Wirral:
  - **Vocational Routeway Providers (18 week programme)**
    - Local Solutions (Voluntary/community)
    - Scientium (Public)
    - ESG (Sencia) (Private)
  - **Accessible Community Experts**
    - Action For Blind ((Voluntary/community)
    - Clarion Work Focus (Private)
    - NACRO (Voluntary/community)
    - Royal Mencap Society (Voluntary/community)
    - Citizens Advice Bureau (Voluntary/community)
    - UFI Learndirect (Private)
    - Richmond Fellowship (Voluntary/community)
    - Phoenix Futures (Voluntary/community)
    - Exemplas Holdings Ltd (Private)

- **A4e's** model in Wirral involves themselves and Avanta delivering 'end to end' services for residents, with each organisation taking a 50% share of referrals made to A4e. Both organisations are based in Birkenhead. A4e also have a specialist delivery contract with The Social Partnership (voluntary/community).

4.7.3 Members should note that arrangements between the Work Programme providers and their sub-contractors are commercial agreements. Additionally the extent to which sub-contractors share the payments by results risk structure is likely to vary and is once again dependent upon the commercial deal agreed with each Prime Contractor.

#### **4.8 Local Authority Sub-contracting activity**

4.8.1 As outlined in paragraph 4.4 of this report, Councils such as Liverpool, Knowsley, Sefton and Halton entered into sub-contracting negotiations with prime contractors to directly deliver Work Programme services. It is known that these authorities have all successfully gained an element of sub-contracting delivery, however these negotiations are commercially confident with the exact details of all of these commercial agreements not currently available.

#### **4.9 Performance Reporting of Work Programme**

4.9.1 During local engagement discussion with A4e and Ingeus, Officers requested for them to provide, at Wirral level, quarterly performance reports to include as a minimum numbers engaged on the programme and job outcome performance. Both providers agreed to do this; however it has since come to light that all Work Programme providers are contractually prevented from doing so until DWP release their own statistics in autumn 2012.

### **5. RELEVANT RISKS**

5.1 DWP Work Programme contracts are procured against large contract package areas, without any requirement for minimum levels of delivery across local authority areas. In addition to this, performance data relating to Work Programme delivery within the borough will not be available until this is released by DWP in autumn 2012. Therefore, as it stands, Officers are unable to report to members any issue relating to local performance or Wirral's proportionate share of performance across the wider contract package area. This is a significant issue which has been progressed via the Liverpool City Region Cabinet, with a combined response to DWP submitted on behalf of the sub region.

5.2 That said, Members should note that there may be some movement on this issue, following information received by LCR representatives at a meeting with officials from DWP held on 20<sup>th</sup> October 2011. At this meeting, DWP advised they are exploring the possibility of signed confidential agreements with local authority areas for them to receive commercially confident information regarding their own locality. If this can be progressed, it is unlikely that this information could be shared wider until the appropriate release of information from DWP. This could however provide local authorities with more timely information regarding delivery in their area.

**6. OTHER OPTIONS CONSIDERED**

6.1 This is a national government programme procured by the Department for Work and Pensions.

**7. CONSULTATION**

7.1 This is a national government programme procured by the Department for Work and Pensions.

**8. IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

8.1 Some voluntary, community and faith organisations in Wirral negotiated successful agreements with preferred suppliers who were unfortunately not then selected by DWP to deliver the Work programme in the Cumbria, Lancashire, Merseyside and Halton CPA.

**9. SOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

9.1 There are no direct implications arising from this report.

**10. LEGAL IMPLICATIONS**

11.1 There are no direct legal implications arising from this report.

**12. EQUALITIES IMPLICATIONS**

12.1 The DWP Work Programme supports a range of priority customer groups who are currently under-represented in the labour market to secure sustainable employment.

12.2 Equality Impact Assessment (EIA)  
(a) Is an EIA required? No.  
(b) If 'yes' has one been completed?

**13. CARBON REDUCTION IMPLICATIONS**

13.1 There are no direct carbon reduction implications arising from this report.

**14. PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

14.1 There are no direct planning or community safety implications arising from this report.

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**SUBJECT HISTORY (last 3 years)**

Council Meeting	Date

## Appendix 1

### Overview of Participant Referral Points by Benefit Type

Customer Group	Time of Referral	Basis for referral
Jobseekers Allowance customers aged 25+	From 12 months	Mandatory
Jobseekers Allowance customers aged 18-24	From 9 months	Mandatory
Jobseekers Allowance customers who have recently moved from Incapacity Benefit	From 3 months	Mandatory
Jobseeker Allowance customers facing significant disadvantage (e.g. young people with significant barriers, NEETs, ex offenders)	From 3 months	Mandatory or voluntary depending on circumstance
All Employment and Support Allowance customers	At any time after their Work Capability Assessment	Voluntary
Employment and Support Allowance (income related) customers who are placed in the Work Related Activity Group	When customers are expected to be fit for work in 3 months	Mandatory

**DWP Work Programme: Minimum Service Delivery Models**

**The Ingeus Customer Pledge**

- A flexible service that is convenient and accessible
- A personalised package of support that is tailored to your needs
- A professional Careers Academy and support to help you develop and progress in work
- Priority access to exclusive job vacancies and job market information
- Respect at all times and support to set your own goals
- If you would like to make a complaint about the service you receive, please speak to your advisor or ask for a copy of our complaints procedure.

**What we will do for you:**

- Keep in regular contact with you
- Ensure you can easily contact us
- Give you access to the tools and information you need
- Encourage and act on your feedback or complaints\*
- Protect your personal information
- Provide you with equality of opportunity
- Focus on your safety and welfare



**A4e** and our supply chain are committed to improving the lives of our customers, their families and communities. In addition to our commitment to DWP's Customer Charter, our Minimum Service Levels (MSLs) will ensure a step change in performance, a high-quality service and the best chance of success for each customer.

1. **A fully accessible service:** that is accessible to all on public transport within 30 – 45 minutes travelling time, DDA compliant and in a safe and respectful environment.
2. **Individual assessment and plan:** every customer will receive a tailored assessment and action plan that will be reviewed at least monthly.
3. **Health support:** we will assess health as a barrier to working. Those identified as needing additional assessment/support will be referred to a specialised health assessment and support to develop a health-focused back to work plan.
4. **A fully personalised service:** including (minimum) monthly 1:1 contact with a named advisor and a tailored journey that address their broader needs.
5. **Customer empowerment & Work Ethic:** customers will be given a choice about how they first engage with their service provider and a choice of work-focused activity early in the journey to promote 'Job First', the development of essential work habits and exposure to the benefits of working.
6. **Improved relevant skills:** all customers will receive a Skills Audit and have access to soft and locally-tailored vocational skills development opportunities.
7. **Recharge activities:** all customers will access Recharge activities if they are not making progress in their journey.
8. **Incentive to engage:** all customers will have access to A4e's Incentive Scheme that recognises and rewards achieving journey milestones.
9. **Total Person:** we will work with all other agencies that support customers to ensure that we meet all of their wider needs – A4e's Total Person service.
10. **Family service:** we will support our customers within the context of their family.
11. **Feedback:** customers can provide feedback at any point and will be requested at specific points in the journey. We will respond where requested within 7 days.
12. **In-work progression and sustainability:** tailored support Mon-Fri, 8am-8pm and life access to A4e's on-line job search facilities. We will contact in-work customers according to their Risk Profile