

# Response: 21st Century Welfare

Our response to the Secretary of State's report on welfare and benefits.

“We agree that we must reform”

“We welcome the government's determination”

“We support greater simplification”

Changing lives  
Creating futures

working links

## 21<sup>st</sup> Century Welfare

### Working Links' response to the Department for Work and Pension's paper

#### Introduction

1. The Government's plan to build a benefits system fit for the 21<sup>st</sup> Century is bold; striving to make work pay, simplify benefits and provide support in a way which will deliver significant benefits for both jobseekers and taxpayers. Working Links supports this ambitious plan and looks forward to playing an active role in both the development of this policy and its delivery.
2. We believe that employment and workforce progression is the best route out of poverty, and our innovative programmes have helped over 150,000 people change their lives for the better, by supporting them into sustainable jobs.
3. As a leading front line delivery organisation offering long-term training and employment solutions that create futures, we see firsthand the challenges experienced by those who try to navigate their way through the existing welfare system. It is clear that reform will not be an easy process but we must develop a more streamlined and cost-effective system.
4. The big picture is also important. We urge the Government to remain focused on job creation, ensuring the broader economic policy creates the right environment for jobseekers to succeed. This is particularly important as the Government's plans for welfare reform and the introduction of the single Work Programme in 2011 will result in an increase in the numbers of people on 'active benefits' and therefore deemed to be looking for work.
5. We will limit our responses to this consultation to those areas and questions in which we have expertise, in addition to making two points which lay the foundations for our response.
6. **Firstly**, we agree that we must reform our antiquated and complex benefits system. We need to ensure it both incentivises people to work but also supports those who are in greatest need and unable to work. In particular, we support greater simplification which will deliver significant benefits for both jobseekers and taxpayers.
7. **Secondly**, we welcome the Government's determination to make a sustainable difference by tackling the root causes of poverty, from education failure to poverty of aspiration that will build a system that incentivises and removes the cultural impediments to work.
8. We work with individuals, families and communities to increase access to work. Through our work in and with communities we have learned that on an individual level, entering work means more than just an income – it often brings with it a greater sense of worth, improved health and a more stable family environment. The wider impact on the community can be equally significant, as the cycle of deprivation is broken.

9. In our experience success hinges upon addressing this complex set of barriers. Changing attitudes is vital. We need to both lift the aspirations of those entering the labour market and, vitally, tackle in-work poverty by developing progression routes that are the key to making people see that work pays.

### **Working Links: Summary of key arguments**

We urge the Government to take the opportunity to:

1. **Localisation**

Promote strategic joined-up commissioning that is responsive, flexible and creative. This will provide successful local solutions and the best quality of service to individuals.

Short term localised funding is not particularly effective. We believe that one of the dangers inherent in 'localism' as a way of working is that Government may inadvertently devolve power through silos of government spending. This would result in the worst of both worlds – more power and short term funding to small bodies that are not joined up. We strongly recommend that funding is made available alongside major contract timelines, otherwise the opportunities available to individuals and the services to employers are inconsistent and confusing.

2. **Integration of employment and skills**

Promote the integration of employment and skills, ensuring that the training offered to jobseekers is relevant to business and that people can both secure sustainable employment and progress in the workplace.

3. **Workforce change**

Create a system that lifts the aspirations not only of those entering the labour market but those who have been in employment for many years, but have not had the opportunity to develop their skills or progress within the workplace. Developing progression routes is the best way to tackle in-work poverty and bring about sustainable change.

Furthermore the Government must not focus exclusively on the visible problem of those already on benefits. It is crucial that we also keep an eye on labour market trends, with a view to identifying those who may become the long term benefit recipients of the future;

4. **Protecting the most disadvantaged**

Ensure that the most vulnerable in society are protected from the unintended consequences of reform and are supported and guided through the proposed changes. Reforming benefit isn't enough, it may remove one of the biggest barriers but it isn't a silver bullet. Issues such as the persistently high unemployment rates in Black and Ethnic minority communities, those over 50, ex-offenders, and those most vulnerable in society need addressing.

5. **Simplification**

Ensure that the answer to 'will work pay?' is affirmative and immediate. We agree that the system must be streamlined and transparent. We recommend closer partnerships between the Government, government agencies, welfare to

work providers and employers. If all government departments work more cohesively together to commission integrated services it would reduce the confusion that exists.

**6. Wales**

Work with WAG on a common agenda of reducing economic inactivity and equipping people for the workplace. It is, of course, vital that WAG uses the introduction of the Work Programme and associated reforms to establish a clearer focus in terms of where additionality can be offered and delivered.

We strongly recommend that both WAG and DWP commit to progressing and prioritising the Joint Employment Board as a means to helping achieve greater cohesion between skills and employment policy in Wales.

**7. Scotland**

Work with the Scottish Government to ensure that the UK Government's wider reforms and the work of Skills Development Scotland and the European Structural Funds are greater aligned to ensure consistency and quality of service.

**Working Links**

Established in 2000, we deliver a range of government contracts to help Great Britain's most deprived communities. In the last decade we've helped over 150,000 people to change their lives by offering them skills, training and other interventions to help them gain sustained employment and progress in the workplace. We are responding on behalf of these 150,000 people who constantly tell us the short falls of the existing system.

Best known for working with long-term unemployed people, we now provide innovative services to support offenders in prisons with vocational training, in addition to robust skills programmes we also support young people not in education, employment or training. We provide support to help young people take up training and learning leading to worthwhile jobs; and providing access to employers with jobs to fill.

We are committed to working in partnership with quality voluntary and community organisations, public sector partners such as Jobcentre Plus, and a range of private providers. By working closely with them, we ensure that people can access the right support, at the right time. The involvement of community and voluntary sector organisations is essential to the success of our projects and to the fabric of the communities where we work.

**What steps should the Government consider to reduce the cost of the welfare system and reduce welfare dependency and poverty?**

10. We welcome the significant new opportunities for contractors from the private and voluntary sector to develop flexible and personalised support within the Work Programme. In our experience, the building of appropriate, localised delivery partnerships, including those with the voluntary sector, is the key to getting people into sustainable work.

11. We are confident that the 'Work Programme Framework' will deliver efficiencies. Furthermore, we support moves to encourage other public service commissioners who may wish to commission work-focused services to access it.

**Recommendation:**

12. We recommend that the Government continues the work started by the Work Programme Framework to streamline and focus the commissioning of services to those people currently excluded from society. We must allow clients to access the help they need, when they need it, without bureaucracy getting in the way.

**To what extent is the complexity of the system deterring some people from moving into work?**

13. One of the major barriers that stop people from returning to work is the loss of financial security that goes with giving up benefit and taking up a job. It is not necessarily due to lack of motivation or willingness of the jobseeker.
14. The cash flow gap between receiving the first pay cheque and benefits ceasing is a big barrier to many claimants. For instance Jobseekers Allowance (JSA) is paid fortnightly but jobseekers will get paid monthly in a new job. This has knock on effects for other services many jobseekers use. Such as childcare usually requires an advance deposit which the jobseeker does not always have available, and the Jobcentre Plus (JCP) job grant can sometimes take 6 weeks to arrive therefore not always helping to bridge the gap in cash flow. The same applies to Housing Benefit Run-on. All of these factors combine to make the process much more than just an in work benefit calculation.
15. Further work needs to be done to address bridging the gap in moving from benefits to monthly pay in arrears. This will give claimants security and peace of mind when entering back into the workforce.
16. We share the Government's concern about the complexity of the system and desire to make clear the link between work and rewards. We have direct experience of helping people navigate the 'back to work' welfare system.
17. Currently it can take a Working Links consultant up to an hour to demonstrate to a jobseeker (through the 'better off in work' calculations) that work can pay. This complex calculation, coupled with the risk of losing benefits and the fear of having to navigate the system anew if the job falls through, acts as a deterrent. The complexity of the system is a common factor in many jobseekers rejecting opportunities.
18. The answer to 'will work pay?' should be affirmative and immediate.
19. Our own research sheds light on what steps could be taken to make the system work more effectively. It showed that there is a confusing matrix of schemes,

initiatives and help available to employers and jobseekers<sup>1</sup>. This wide variety of schemes, each with different and contrasting eligibility, can act as a disincentive for some people.

20. The research showed that jobseekers thought that the welfare schemes were extremely confusing and many of them struggled to understand the subtleties of some of the initiatives, primarily due to the mix of eligibility criteria.

### Recommendations:

We recommend that the Government focuses on:

21. **Streamlining and transparency:** People returning to work need to be able to understand the financial benefits of work, the benefits they are entitled to and what they need to do to receive it. This will help to raise aspirations.
22. **Risk sharing:** We recommend that the risk of coming off benefits and returning to work is shared between the Government and the jobseeker. In particular we would like the Government to make it easier to re-instate benefits after a change of circumstances.
23. **Closer partnerships:** We recommend closer partnerships between Government, Government agencies, welfare to work providers and employers. If all Government departments work more cohesively together to commission integrated services – including employment and skills – it would reduce the confusion that exists.

### Has the Government identified the right set of principles to use to guide the reform?

24. The Government's seven principles for reform are a good basis for designing the new structure. However, we propose the inclusion of an eighth principle:

**Promote the integration of employment and skills, ensuring that the training offered to jobseekers is relevant to business and that people can both secure sustainable employment and progress in the workplace.**

25. By integration we mean “skills services and employment services which are mutually supportive and geared towards the twin objectives of sustained employment with career advancement for individuals, and increased productivity and profitability for businesses”<sup>2</sup>.
26. Jobseekers, those entering the labour market and those who have been in employment for many years, but have not had the opportunity to develop their skills or progress within the workplace, deserve an integrated employment and skills system. An integrated system will help to both lift the aspirations of those entering the labour market and, vitally, tackle in-work poverty by developing progression routes.

<sup>1</sup> ‘Breaking down bureaucracy: Is Whitehall the real barrier to social inclusion?’, Working Links research commissioned with Populus, September 2009.

<sup>2</sup> UK Commission for Employment and Skills, ‘2010 Review: The Integration of Employment and Skills’, February 2010, p 4.

27. Our recommendation is informed by our heritage. With global private recruitment company, Manpower, as a founder, we have always recognised the importance of understanding and meeting employer expectations as well as supporting individual jobseekers. We are confident that the Department will succeed in making a sustainable difference by promoting the integration of employment and skills.
28. As public sector finances are under pressure, the system needs to work more efficiently. A radical skills and employment strategy which is properly integrated with the benefits system is vital. It must help people on the employment journey, whether that is through re-training, up-skilling or developing more general employability skills.

**29. Do you think we should increase the obligations on benefit claimants who can work to take the steps necessary to seek and enter work?**

30. Over the last ten years we have worked with a great deal of vulnerable people, helping them on the journey from social exclusion to social inclusion. We have helped 150,000 people back to work over the last ten years, more than 24,000 last year and are currently getting one person back in employment every three minutes of the working day.
31. In our experience the carrot is far more effective than the stick. Success often hinges upon our consultants listening, building relationships and demonstrating the benefits of work. Reluctance to work often has its roots in alienation and disengagement from society. In cases such as these, a threatening response, such as sanctions, will often be counter-productive.
32. In addition, the imposition of penalties raises questions about what happens to the person who then loses financial support. Homelessness, criminal behaviour or a retreat into drug or alcohol abuse are all possible outcomes if sanctions lead to disengagement.
33. However, we know through our work with employers and employer groups that it is very frustrating to be presented with an individual who is unprepared and clearly does not want to work.
34. We have experience with dealing with claimants who have had sanctions imposed on them on numerous occasions with little effect to their behaviour. In many ways the current system is too slow, bureaucratic and ineffective.

**Recommendations**

35. Sanctions as a last resort: In our experience it is vital that jobseekers take personal responsibility for work when it is there. Once all other routes are explored then effective sanctions should be available.
36. Staged sanctions: We recommend introducing programmes that offer continued financial support, but only in return for participation in meaningful activities that replicate the disciplines of work and offer a 'next step'. For example, people who

are repeatedly non compliant and thus under consideration for sanctions, could be given an opportunity to spend time doing more intensive, high quality and supported jobseeking activities.

**If you agree that there should be greater localism, what local flexibility would be required to deliver this?**

37. Localism has always been at the heart of our way of working in communities. We work alongside partner organisations to deliver the best possible service. Many of the people we support are not engaged with any services or provision and will not readily do so. We therefore take our services to local people in environments where they feel comfortable. By supporting stronger family units and a sense of community, we hope to change attitudes towards work and overcome generational unemployment. This is crucial when there are currently three million homes in the UK where whole generations of families do not work.
38. By 'localism' we mean working in partnership with a range of organisations to deliver public services that benefit customers, offer value to the taxpayer and, vitally, are aligned to local needs. We fully support the Government's move to involve local organisations in future decision making.
39. In our experience, the success of 'localism' hinges on strong leadership, innovation and strong partnerships, based on expert understanding of the needs of local residents and clients and the need to deliver value for money.
40. True localism also requires political courage from central Government. The move to a less centralised welfare system requires ceding some control to local providers, from giving more discretion to local advisers to giving providers the space to take risks when devising innovative employment solutions.
41. We are committed to working in partnership with quality voluntary and community organisations, public sector partners such as Jobcentre Plus, and the new LEP's as well as a range of private providers because it delivers the right outcomes. By working closely with them, we ensure that people can access the right support, at the right time. The involvement of community and voluntary sector organisations is essential to the success of our projects and to the fabric of the communities where we work.

*Parkhead, Glasgow – A successful local solution*

*Working Links delivered an extremely successful 'working neighbourhoods' project in Parkhead, a deprived community in the east end of Glasgow. This project illustrates the value to individuals, their community and of working in partnership at the grassroots to deliver a solution that meets local circumstances.*

*The aim of the project was to tackle long-term unemployment and the corroding effect of such a culture on multiple generations. Our innovative approach, included working with all community groups such as the police and local pharmacies, using local experts*

*including those involved with mental health. We set up a part-time crèche and children's groups in order to help parents attend coaching sessions. We also liaised directly with local employers to deliver impressive results. During the two years of the pilot, a quarter of the local population went into work as a direct result of the project.*

### **The importance of simple public funding streams**

42. One of the major advantages of localism as a way of working is that it should mean that public services are not duplicated across an area and, consequently, efficiency savings are made. However, complexity in funding, the differing priorities and targets of Government Departments that impact on welfare and employment and the funding that is directed at the regional and local levels have generated confusion in the convoluted network of providers. Consequently there is overlap of provision and some over capacity. This suggests that there is significant potential to improve the return on investment so necessary during a period of fiscal constraint.
43. To date, providers, such as Working Links, have played an important role by joining up funding streams for individuals and employers. Reflecting on our experience, we have two recommendations which we believe will help to generate the right operating environment for greater localism.

### **Recommendations**

44. Firstly, we would like the Government to develop a more coherent cross departmental commissioning strategy as at present we have to do the joining up at provider level. For instance, in order to support a single customer into work we might have to draw on funding from three different sources – assistance with initial engagement through European Social Funding, skills development through Skills Funding Agency and then job placement through Department for Work and Pension. Whilst we can facilitate this integrated working on a bottom up basis we firmly believe there would be greater gains from joining up at the commissioning level. Strategic joined-up commissioning that is responsive, flexible and creative, will provide successful local solutions, and the best quality of service to individuals.
45. Secondly, short term localised funding is not particularly effective. We believe that one of the dangers inherent in 'localism' as a way of working is that Government may inadvertently devolve power through silos of government spending. This would result in the worst of both worlds – more power and short term funding to small bodies that are not joined up. We strongly recommend that funding is made available alongside major contract timelines, otherwise the opportunities available to individuals and the services to employers are inconsistent and confusing.

## Wales and Scotland

### Wales: The importance of a solution that works for Wales

46. Working Links is fully committed to working with the Welsh Assembly Government (WAG), the UK Government and others to ensure that Wales emerges from the recession with a strong economy and a fair society. Success hinges upon equipping the workforce with core employability skills which meet the demands of employers and the labour market.
47. We know that the challenges facing Wales are particularly pressing. There are currently around 120,000 unemployed people in Wales and almost half of them are under 25. In addition, there are nearly 430,000 people who are economically inactive, and there are second, third, even fourth generations of individuals and families who have never worked. Each one is a real person with a life, a family, and potential.
48. There are a myriad of employment and training/skills programmes and schemes in Wales funded from a variety of sources. But these programmes often suffer from lack of integration, duplication and are inefficient and difficult to navigate from the perspective of the customer and the employer.
49. WAG's key policy documents *Skills That Work for Wales* and its new *Economic Renewal Programme* (ERP) recognise that a robust skills structure is vital to support people into work and to progress once in work. The ERP also recognises that job creation and growth is equally essential to strengthen the broader environment for economic growth.
50. However, not all of the economic levers are at the hands of the WAG, and while policy areas such as skills and economic development are devolved to Wales, employment and benefits are not. The division of responsibilities between Westminster and Wales and the complex interface between them can often present barriers to delivering effective joined up solutions.
51. The case set out in this paper for the integration of employment and skills is particularly pertinent to Wales, given the division of responsibilities between Westminster and Wales and the specific challenges facing the Welsh economy. Wales' future prosperity depends upon achieving greater cohesion between skills and employment policies.

### Recommendations

52. We urge the UK Government and WAG to work together on a common agenda of reducing economic inactivity and equipping people for the workplace. It is, of course, vital that WAG uses the introduction of the Work Programme and associated reforms to establish a clearer focus in terms of where additionality can be offered and delivered.
53. We strongly recommend that both WAG and DWP commit to progressing and prioritising the Joint Employment Board, which comprises representation at a senior level from both DWP and WAG as a means to helping achieve greater cohesion between skills and employment policy in Wales. To add strength to that

Board, we believe that it should also seek views from providers and other stakeholders as part of its deliberations.

### **Scotland: Solutions that work for Scotland**

54. Working Links is fully committed to working with the Scottish Government, the UK Government and others to ensure that Scotland emerges from the recession with a strong economy and a fair society. Being able to acquire alternative employment through gaining new skills is an important option and safeguard against falling out of the active labour market or just getting by in a series of insecure jobs.
55. The widening gap in unemployment and job creation between England and Scotland needs to be considered in future reforms.
56. It is important to note that employment legislation is controlled in Westminster but skills, training, education and enterprise are devolved to Scotland. The division of responsibilities between Westminster and Scotland can often present barriers to delivering effective joined up solutions.
57. Skills Development Scotland (SDS) is responsible for the delivery of careers, skills and training services in Scotland. However, the acquisition of skills alone is not sufficient to help people gain sustainable employment. It is therefore crucial that employment bodies and delivery companies work with SDS to link skills supply and demand more effectively. The SDS has set out its own strategy to contribute to the achievement of the Scottish Government's Economic Strategy (GES), which will need to be considered in achieving greater cohesion between skills and employment policies.
58. In Scotland, Structural Funds are the significant source of European Union funding for economic development in Scotland. Programmes run over a seven year period and support the Scottish Government's aims of boosting economic growth and improving productivity while reducing economic and social disparities. How this programme interacts with employment and skills programmes needs to be considered to ensure that work is not duplicated and consistency is achieved.

### **Recommendation**

59. We urge the UK Government and the Scottish Government to work together on a common agenda of reducing economic inactivity and equipping people for the workplace. It is, of course, vital that the Scottish Government uses the introduction of the Work Programme and associated reforms in partnership with their economic and skills programmes. The current economic and labour market problems make this even more necessary, providing a difficult delivery environment for welfare reform.
60. We would like for the Government's wider reforms and the work of the SDS and European Structural Funds to be greater aligned to ensure consistency and quality of service.

**Is there anything else you would like to tell us about the proposals in this document?**

61. We look forward to working with the Government on the development and implementation of the most cost-effective and efficient delivery structure. We fully agree that complexity drives uncertainty, inconsistency and error. A new delivery system should lessen bureaucracy and reduce the risk for people moving from benefits to work. However, it will require very careful planning to ensure a smooth transition and stability within the sector. We also need to consider the following:

**Integration of employment and skills**

62. Further to our recommendation about promoting the integration of employment and skills, we have the following specific recommendations:

63. We would like the Government's wider reforms to provide employers and individuals, over the course of their employment journey, with a seamless, simple and accessible service.

64. Part of our role as a provider is to join up funding so that individuals can find a route into work, sustain the job and subsequently progress in work. This can be a frustrating experience as the funds often end before the individual's employment journey is complete. Inevitably this has a detrimental impact upon the quality of support delivered and, crucially, our ability to deliver the desired final outcome – a 'sustained job outcome'. A more integrated employment and skills commissioning and funding system would augment our ability to deliver results.

65. Furthermore, we would like the Government to consider creating a Cabinet Minister with specific cross departmental responsibilities to better align the policy development and budget allocations that impact on the effectiveness of our labour market.

**The big picture: Labour market trends**

66. The Government must not focus exclusively on the visible problem of those already on benefits. It is crucial that we also keep an eye on labour market trends, with a view to identifying those who may become the long term benefit recipients of the future;

67. The unintended consequence of reform is that some people are likely to be left behind – such as older people - and they will need further, tailored support.

**Workforce change**

68. We all agree that work is the best route out of poverty. However, we are concerned not just about those entering the labour market but also those who have been in employment for many years, but have not had the opportunity to develop their skills or progress within the workplace. We would like to see the Government give careful consideration to the challenges posed by 'in-work' poverty, and some of the solutions posed by the 'living wage' campaigners.

### **Changing employer attitudes**

69. We would like the Government to address the challenges posed by employer attitudes. We all need to break down prejudices to the employment of disadvantaged groups including those with mental health problems, ex-offenders and black and ethnic minority people.

70. In our experience temporary work schemes can play an important role. Temporary work often gives people the opportunity to demonstrate their capability to employers as well as breaking down preconceived views about potential employees. We would like to work with the Government to further develop such schemes.

### **Local Enterprise Partnerships**

71. The establishment of Local Enterprise Partnerships (LEPs) to set out local economic priorities will soon have a key role in the areas they operate. The partnerships are tasked with tackling a wide range of issues which include employment and enterprise. Working Links is very interested in proposals for devolution at a local level to deliver services with more flexibility and looks forward to learning more about how they will operate in the future.

72. As the LEPs will only operate in England, Government should be aware of how, if at all, they will impact on Scotland to ensure that disparity between the border does not increase.

73. In the same way that there should be better integration and alignment between employment and skills there should be coherency and transparency between economic and enterprise schemes in Scotland and wider employment programmes.

### **Working Links**

#### **September 2010**

For more information please contact:

Karen Masterson

Policy Director

[karen.masterson@workinglinks.co.uk](mailto:karen.masterson@workinglinks.co.uk)

07904 958 06428