

# **LGA submission to the Work and Pensions Select Committee inquiry into Jobcentre Plus**

Friday 22 April



# **Submission**

## **1. About the Local Government Association (LGA)**

- 1.1. The Local Government Association (LGA) is the national voice of local government. We work with councils to support, promote and improve local government.
- 1.2. We are a politically-led, cross party organisation which works on behalf of councils to ensure local government has a strong, credible voice with national government. We aim to influence and set the political agenda on the issues that matter to councils so they are able to deliver local solutions to national problems.

## **2. Summary**

- 2.1. Councils work together with businesses and local partners to anticipate and respond to the labour market and identify the skills needed for local employment opportunities. We are the only public sector organisation able to pro-actively advance local economic growth as well as help residents overcome complex barriers into jobs.
- 2.2. Greater Manchester's Working Well, London's Working Capital and Suffolk's MyGo are good examples of employment initiatives designed to help those who have struggled to find work, through more integrated and intensive support. These schemes demonstrate the ambition and capability of councils to co-ordinate employment and support schemes for their residents when powers and funding are devolved locally.
- 2.3. Steps taken by the Department for Work and Pensions (DWP) to influence the design of Jobcentre Plus (JCP) and co-design the Work and Health Programme with local areas are positive. However we are calling on the DWP to take a holistic approach to all employment services, and ensure funding for these services is devolved to all areas across England.
- 2.4. Local government can provide a more comprehensive and integrated locally-led service to support unemployed people. Councils need a formal role to develop a single place-based employment and skills strategy. They should be able to design a locally responsive re-engagement system, to help people find sustainable long term employment. We would achieve this by having primary responsibility for the allocation and distribution of a single pot of money, to enable councils to plan and fund schemes more effectively.
- 2.5. JCP services should be at the very least co-located, and, ideally integrated with wider support for claimants, jobseekers and those looking to progress in work. There should be locally commissioned by groups of councils (including combined authorities) and held accountable to both the DWP and to the local areas in which they serve. JCP performance should be measured by the amount of people finding sustainable employment, in the

same way as nationally contracted schemes such as the Work Programme are measured.

2.6. The Work and Health Programme (WHP) needs to be designed in partnership with all councils, not just those that have a devolved deal to co-design or co-commission support. We recommend that the DWP uses the principles within the LGA proposal<sup>i</sup> for integrated and devolved employment support to operationalise the WHP.

### **3. The likely effects of the planned changes on claimants, including on the quality of services offered to them and the implications in relation to digital inclusion.**

3.1. The Government's welfare reforms have looked to improve employment incentives and outcomes. Local authorities have helped to support these outcomes, and to mitigate the transitional or unintended consequences of reform. An adequately resourced local government-led safety net is crucial to promoting equality of opportunity and life chances for low income households, and for the effective functioning of Universal Credit. Councils need devolved powers and sufficient funding to provide a local safety net alongside the Government's responsibility for benefits administration under Universal Credit. The local safety net would include a locally commissioned and accountable JCP, integrated support for families, greater control over the supply of social housing provision, and local commissioning and delivery of employment and skills support.

3.2. Councils have taken an innovative approach to providing support for residents, however their ability to address and integrate support around an individual's broader circumstances, such as employment or housing, remains constrained. Some areas have taken positive initial steps towards co-location and integration of services. This can and should be developed much more widely, and the 2018 re-let of the JCP estate provides an excellent opportunity.

3.3. The DWP worked with the LGA on a number of Universal Support pilots, to explore the type of local support needed by claimants. The pilot schemes highlighted the crucial role of councils in integrating employment support with wider support for claimants, although the Department did not pursue this. We would like to see job centres work more effectively with the agencies responsible for the wider support needs of claimants, such as housing, debt services, and mental health provision.

### **4. The potential implications for JCP, including in relation to Jobcentre "footfall" and the configuration of JCP offices.**

4.1. The job prospects of residents are affected by where they live. JCP districts are inconsistent with the contemporary labour market and the areas people recognise they can travel to work or learn in. In addition, JCP does not align with other nationally defined economic, welfare and skills boundaries including Combined Authorities (CAs) and Local Enterprise Partnership areas (LEP), the current Work Programme Contract Package Areas (CPAs), and the Skills Funding Agency regions (SFA). This creates a complex system which is difficult to coordinate, and can mean employment support becomes fragmented. These types of challenges are exacerbated in very rural areas, where it is critical that JCP services connect or align with other services, for instance transport, broadband and mobile access, which need to be factored in when helping customers in these areas sign

on and job search.

- 4.2. The LGA recommends the DWP works towards making JCP boundaries co-terminus with groupings of councils (including combined authorities) to ensure services can be co-ordinated effectively. (Annex A)

## **5. The development of suitable performance measures**

### *Current JCP performance*

- 5.1. A one off piece of research<sup>ii</sup> commissioned by DWP in 2011 into the destinations of JSA and ESA leavers provides invaluable information of what happens to claimants after they have been to JCP. The research found that 75 per cent of claimants moved off Job Seekers Allowance (JSA) within six months, whilst 25 per cent become long-term claimants. Whilst JCP is commended for its success at moving people off benefits quickly, it is clear that overall performance is underwhelming, particularly for those at risk of long-term unemployment. For the people who moved off JSA:

- Only two thirds move into employment
- One in five move onto another benefit
- One in ten become underemployed working less than 16 hours a week
- Around a half are still in work eight months later
- A third are claiming JSA eight months later<sup>iii</sup>

- 5.2. JCP performance is measured by the number of people who are moved off benefits and into employment. However, they have not been as successful in addressing the more fundamental underlying barriers to employment. The recycling of individuals between short periods of benefits and insecure employment masks underlying barriers individuals face, and delays access to contracted-out provision like the Work Programme designed to offer targeted provision. Structural labour market change is also a factor, as more employers look to offer short-term, part-time, insecure employment. This is a false economy, especially for individuals who will lose faith and motivation in employment services.

- 5.3. JCP performance should be measured by off-flows to sustained employment, in the same way as the Work Programme is measured. In the future, especially with the wider introduction of Universal Credit, there should be more emphasis on wage progression for those who are in work<sup>iv</sup>.

## **6. JCP's capability to provide new, tailored services for particular groups of people, including people with mental health problems.**

### *Improvements in outreach*

- 6.1. In December 2015, the number of unemployed people not claiming the Jobseekers Allowance (JSA) out of work benefit passed the one million mark for the first time.<sup>v</sup> This means that many hard-to-reach jobseekers are not in receipt of any Government support to reintegrate them into the labour market, including access to JCP services or contracted provision. This is damaging for individuals at risk of social and economic exclusion, and for the economy. There needs to be a greater understanding as to why such large numbers of unemployed people are not claiming benefit support or presenting at the job centre.

### *New role to support claimants for up to two years*

- 6.2. Universal Credit Service Centres will take over primary responsibility for administering benefit to working age claimants. This will allow JCP to deliver quality employment support. From April 2017, they will take on new responsibilities to support jobseekers for up to two years of their claim. They will need to support increased numbers of jobseekers into work, including those with complex needs. Otherwise it will place inordinate pressure on the new specialist Work and Health Programme.
- 6.3. The Government's commitment to halve the disability employment gap is to be commended. In effect, this will mean supporting one million people into work. We would expect therefore for adequate investment to achieve this ambition. The DWP's main flagship employment programmes, the Work Programme and Work Choice, will expire in March 2017. They will be replaced by the specialist Work and Health Programme providing support for claimants with health conditions or disabilities and those unemployed for over two years. It is likely to start in Autumn 2017, with an annual budget of £130 million per year. This budget is a fifth of the Work Programme size. It is currently not decided how many claimants this will support, but using the same unit price as the Work Programme it would support around 110,000 people per annum.
- 6.4. The LGA has a number of concerns about this approach. Firstly, the Work Programme model has struggled to support people with weaker labour market prospects, and may not be able to deliver effective support for people with such complex needs. For example just one in five disadvantaged Jobseekers Allowance (JSA) and Employment Support Allowance (ESA) claimants secured a job through the Work Programme. After two years on these schemes, 70 per cent of all jobseekers and 87 per cent of all ESA claimants had returned to the job centre looking for work<sup>vi</sup>.
- 6.5. People who face complex and multiple disadvantages in the labour market, require more tailored support to meet their individual needs. Employment support should be delivered alongside skills provision, welfare support and other services people rely on, including housing, childcare, health, debt management and substance misuse. This can only be achieved locally and requires coordinated and consistent support. We urge the DWP to clarify how the work and health elements of the Work and Health Programme will add value to employment support. We would like to see providers bidding to deliver the Work and Health Programme working collaboratively with councils and health services as part of the procurement process.
- 6.6. Secondly, we do not believe that the low levels of funding available for Work and Health Programme match the scale of the challenge, and will result in either too few claimants receiving support or interventions falling short of the support claimants need to enter into sustainable jobs. The DWP should consider alternative funding streams available within the Department (for instance Work and Health Unit budgets) and seek to truly integrate policy and funding across Whitehall.
- 6.7. JCP will need to adapt its services if it is to be successful in supporting sufficient amounts of claimants into work and not place further demand on the Work and Health Programme. We are concerned that based on JCP's current performance it lacks the capacity and capability to support an increasing number of vulnerable claimants into work. This is especially important given that JCP will need to support customers with mental health issues and / or learning difficulties. This requires specific, skilled and intense support. Given that the WHP may not be able to support all customers who fall into these categories straight away, it will be critical that

the support they receive prior to that through JCP, is effective.

- 6.8. It is also unclear how DWP proposes to fill a potential six month gap in specialist support between current contracts ending and the new Work and Health Programme starting.

#### *Youth Obligation*

- 6.9. Jobcentre Plus will also deliver the new Youth Obligation for 18-21 year olds from April 2017. We have suggested the DWP brings young people services into one place, such as access to independent careers advice and work experience while in education and work. This has been piloted through MyGo since 2015, and jointly funded by Suffolk County Council and DWP. The LGA recommends that DWP explores localised models such as MyGo across the country.(Annex A)

#### *Advising 12 to 18 year old school pupils in schools.*

- 6.10. Jobcentre Plus support into schools will be rolled out across the country this November. This will be a new function and will include support for advising 14 year olds. It adds to an already fragmented provider base for careers guidance service which is currently delivered by councils (for young people not in education, employment or training), schools, colleges and the National Careers Service which supports people over the age of 19. A locally commissioned careers advice service based on local labour market data would be more effective. This would ensure consistent messages are provided to all local residents about jobs currently available or planned in the local area.

#### *New in-work support*

- 6.11. Jobcentre Plus will need to focus on the importance of skills in helping people to secure sustainable employment, for example prospects of personal development and promotion. This will be essential to moving people out of Universal Credit. We have suggested the National Careers Service could be better integrated with JCP to coordinate employment and skills support. The LGA would like to see more alignment between the two, and accountability to local areas.

#### *Engage broader range of employers*

- 6.12. Low numbers of employers advertise through JCP, and when they do, they tend to be immediately available and often low skilled without an achievable career path. It is difficult for an adviser to understand the jobs available in the local economy in the immediate and medium term, and the courses available locally to help claimants train for those jobs. These barriers could be overcome if JCP did more to engage all employers, both large and small through local enterprise partnerships and local chambers of commerce. Councils are well placed to help create and broker these partnerships and to produce quality, robust local labour market intelligence to inform this provision. This is in addition to their existing close ties with Further Education providers across a local area.

#### *Further reform on the cards*

- 6.13. The DWP's Work and Health Unit is expected to launch a White Paper to explore ways to integrate health and employment. This will have a significant impact on the way future employment support is designed

however it is a missed opportunity that that the timing of the White Paper has not coincided with the reform of the Work and Health Programme.

## **7. The extent to which reforms will require cultural change within JCP, and the DWP's capability successfully to foster this change.**

- 7.1. DWP's PFI contract on JCP estates expires in 2018. In the Spending Review (November 2015), increased co-location of services was encouraged between councils and JCPs. This provides an opportunity to shape its future design.
- 7.2. More effective engagement between JCP and local authorities is critical. Quality information and data is essential for tailoring a coherent offer for jobseekers with complex need. However, information is fragmented across agencies that are each restricted on how they use it by national departments. This puts real limitations on partners' capacity to deliver effective interventions; too often local authorities do not know who is delivering what to whom in their area. This includes JCP. We recommend legislative change to encourage data-sharing and tracking of claimants between all partners in an area; led, facilitated and held by groups of councils as the agency with the responsibility for holding the most sensitive data.
- 7.3. JCP also uses 'Support Contracts' to increase capacity where needed and also has the Flexible Support Fund to commission projects locally. We recommend that the Flexible Support Fund, worth £100 million per annum<sup>vii</sup> and Support Contracts are co-commissioned in line with local priorities ensuring spending meets employer and claimant needs and delivers capacity where it is most needed. It could be used to map what provision is already being delivered by all local partners, so that new support adds value, rather than complicating the landscape.

## **8. The opportunities and challenges for JCP presented by greater devolution of employment services to regional and national governments**

- 8.1. Greater Manchester's Working Well, London's Working Capital and Suffolk's MyGo demonstrate councils' ambition and capability when powers and funding are devolved. Local areas want to move further and faster on this agenda. They can help manage national budget reductions, reduce duplication and provide a more coherent service. To do that, they need a formal role to develop a single place based strategy, with secure funding from central government channelled into one place with influence over levers to plan more effectively.
- 8.2. This must include a devolved mainstream skills system, further education, 16-19, adult skills, apprenticeships, higher skills, learner loans and careers advice and guidance for all ages, to prepare people to enter and progress into the jobs market. Alongside this, a locally responsive re-engagement system is critical to help people who require extra support to enter, get back into, or progress in work.

The LGA urges the Government and DWP in particular to embrace localism, have confidence in the local government sector, and take more radical steps to join up thinking and devolve funding to all areas across England.

## **Annex A**

### **Cornwall Works**

Established by Jobcentre Plus and Cornwall Council, Cornwall Works brings together over 60 partners and their 120 local projects, programmes and services to redefine the back to work offer for disengaged young people in Cornwall – it has helped 10,000 people into work since 2006. It mitigates incentives in the national funding system that encourage organisations to work in isolation on the ground by taking a programming approach, brokering providers to share funding and incentives for the benefit of the individual - making clear the role of different organisations in the progression of people towards work. The model has been successful in areas with high levels of long-term worklessness, where provision is plentiful but uncoordinated. Cornwall Works links social enterprises working with young people unlikely to otherwise engage, slowly brokering progression into back-to-work services.

Additional schemes have been routed through the model. For instance from 2008 – 2011 it received £1.5 million to help people with learning disabilities, with five specialised organisations within the partnership delivering provision in line with existing services. Over three years 600 people were supported, with 100 securing employment. Since 2013 Cornwall Works takes all customers applying to Cornwall Council's discretionary funds (the most excluded) through a "Cornwall Works Conversation" providing support and signposting to remove barriers.

### **Newcastle Futures project**

Newcastle Futures, established by Newcastle City Council, Jobcentre Plus and the Chamber of Commerce is a small non for profit company to ensure effective collaboration between and beyond employment services, supporting more disengaged groups and linking to other services and priorities including housing, child poverty and health. Between April 2014 and March 2016 1,986 people have registered, with 995 placed into work (a placing ratio of 48 per cent), with a focus on those living in the most deprived areas. In recent years the organisation has provided intense support on enabling customers to be digitally and financially included.

At a strategic level, Newcastle Futures leads the discussion on employment services for the city, bringing together local services to add value to national provision through Jobcentre Plus, and using a singular data management system for stakeholders. The organisation helps Newcastle to identify areas of current need for strategic focus, in recent years young people, while now developing the right support for those over 50yrs who are experiencing higher levels of disadvantage than in previous years.

At the operational level, Newcastle Futures includes a mobile team of employability advisers (including Jobcentre Plus advisers, who are matrix managed in the organisation) that deliver outreach services across partner venues in the city. They link closely with Newcastle's Adult Service provider to encourage better take up of skills development. Advisers are tasked with offering a personalised customer journey which utilises both mainstream and discretionary funded offers.

Newcastle Futures support is wider than job placement, it is fully inclusive to address some of the underlying causes of unemployment such as debt, housing and health, by linking closely with local services and provision offered by Newcastle City Council and partners. It seeks to bring innovative solutions and explore new approaches that allow customers to get the right services by demonstrating and

measuring a holistic collaborative approach at the very local level.

### **MyGo: Suffolk and JCP's one stop shop for young people**

Job Centre Plus (JCP) struggled to support young people into sustained jobs, had little impact on reducing ESA claimants, and is not geared up to support low paid workers to progress in work. The Greater Ipswich City Deal identified persistent youth unemployment as a barrier to growth, and in consultation with local partners and young people developed a new approach to deliver a Youth Guarantee for 16-24 years through MyGo. Under the Guarantee, every young person is offered a job, a job with training, further education or work-related training within three months.

Part of its success has been to mobilise an effective local public/private/ third sector partnership. Since starting in 2015, 4600 young people registered with MyGo, 2000 received support from a dedicated coach and 1050 secured work. Of those going into work 50% have sustained this outcome for more than six months.

### **Greater Manchester Working Well project**

Greater Manchester five-year Working Well project started last March. Delivered by two providers and part-funded by central government, the £14.9m scheme is aimed at people who have spent two years on the Work Programme and need personalised support to find work. Key features have been flexible local services including dental services being changed, new debt advice clinics set up and training schemes expanded, as well as monthly local integration meetings in each of the 10 local authority areas, which bring key workers, partners and Working Well programme board together.

It is still early days, but it has already had 4,500 referrals with 270 people jobs starts, which is above target. These range from sales and admin positions to working in the building trade and care sector. Each person referred to the service is given a key worker for up to two years. Caseloads are kept small (40-50 per worker). Once a job is found, support continues, but involvement of other agencies is vital before that stage is reached.

A significant number of clients have a mental health condition or a physical health problem, and overcoming barriers to work is not as straightforward as referring them on to local services. For instance a 29-year-old man from Bolton had never worked but was eager to find employment, but faced a significant barrier – he had no teeth. Despite efforts to get him dental treatment, local practices were unwilling to take on complicated case. The case was referred up and led to a change in policy with incentives for dentists to take on cases like this. Since treatment, he completed security qualifications, undertook voluntary work and found employment with a sports retailer.

Debt has also emerged as a common problem so Bolton Money Skills Service has established a dedicated clinic for Working Well clients as well as providing training to key workers. Meanwhile, in Bury the Troubled Families programme was extended to people on the programme, and in Rochdale basic skills training for 18 to 24-year-olds has been offered to older Working Well clients.

In addition, Greater Manchester is working closely with DWP nationally and JCP locally to design what an integrated mainstream work, skills and health 'eco-system' could look like. This also includes JCP staff work with Children's Services and other professionals on Troubled Families, to address a multitude of issues in some of our most complex families, and examples of co-location and joint working in Universal



Support Delivered Locally pilots.

## Liverpool City Region

In the Liverpool City Region, the JCP district boundary is co-terminus with the administrative boundaries of the Combined Authority, Local Enterprise Partnership, Skills Funding Agency and European Commission (NUTS2). This enables the City Region to ensure local initiatives remain focused on, and provide a consistent offer to, a critical mass of residents and businesses that live and work together. The alignment of these boundaries has underpinned a long track record of partnership working across employment and skills stakeholders within the Liverpool City Region, with strong business and civic leadership working closely with relevant Government agencies to ensure residents can realise their economic potential. In addition to the ongoing implementation of the City Region's Devolution Agreement with Government, which further enhances these relationships. The benefits from this approach are most recently evident in the City Region's co-commissioning of a range of European funding opportunities with DWP and SFA, which continues to benefit from strong links across a recognised geography and shared local priorities.

**Central London Forward's Working Capital**, launched last autumn, is an employment service across its eight London boroughs with the aim of helping 4,000 long-term unemployed in the next five years. The £11m initiative, funded by the European Social Fund, focused on Employment Support Allowance work-related activity group who left the Government's Work Programme without securing sustained work. The new approach builds on learning from locally-led programmes, including borough-led Family Recovery programmes and specialist health interventions such as Individual Placement and Support schemes.

## Melton Borough Council, Me and My Learning ESF funding case study

Melton Borough Council was a Universal Credit Local Authority - led pilot site from 2012/13 and focused on digital access and coordinated support for customers furthest away from the job market. Melton Borough Council had already embraced a co-location approach in its main council offices and used this to help cement partnerships.

The learning from this experience, and from working closely with partners on employment issues when Sainsbury's opened a new store in summer 2013 helped shape the development of the 'Me and My Learning approach'. The chance to bid for ESF funding provided an ideal opportunity to develop this early thinking into a full-scale programme.

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<sup>i</sup> LGA proposal to support disadvantaged jobseekers into work (November 2015):

[http://www.local.gov.uk/economy/-/journal\\_content/56/10180/7638188/ARTICLE](http://www.local.gov.uk/economy/-/journal_content/56/10180/7638188/ARTICLE)

<sup>ii</sup> Destinations of JSA and ESA leavers, DWP 2011: <https://www.gov.uk/government/publications/destinations-of-jobseekers-allowance-income-support-and-employment-and-supportallowance-leavers-2011-rr791>

<sup>iii</sup> Destinations of JSA and ESA leavers, DWP 2011: <https://www.gov.uk/government/publications/destinations-of-jobseekers-allowance-income-support-and-employment-and-supportallowance-leavers-2011-rr791>

<sup>iv</sup> Realising Talent (March 2015):

<http://www.local.gov.uk/documents/10180/6869714/Realising+Talent+for+Everyone/7a44acf7-d757-4ebf-9a04-6c5ace7a2537>

<sup>v</sup> Learning and Work Institute (December 2015)

<sup>vi</sup> Realising Talent report 4, (LGA, November 2015):

<http://www.local.gov.uk/documents/10180/11527/LGA+PROPOSAL+EMPLOYMENT+SUPPORT+NOVEMBER+2015.pdf/3056ccb2-8e28-4457-9fc8-3bd380e65e39>

<sup>vii</sup> The latest published figure is £106 million for 2013/14:

<http://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN06079>