

Fair Chance to Work 2

Experiences from the first phase of Work Programme delivery in London

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LVSC

Voluntary and
community action
for London

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Summary

LVSC represents the voluntary and community sector in London. This report describes the impact of the Work Programme on London's voluntary and community sector (VCS) organisations, and on disadvantaged unemployed people. It draws on our analysis of the Work Programme performance data for London; our survey of VCS Work Programme subcontractors in London (conducted in November 2012); and wider evidence gathering from organisations who deliver employment support in London but who are not involved in Work Programme delivery.

Evidence from the first year of delivery in London suggests that the Work Programme is failing to meet the needs of more disadvantaged customers. In particular, the number of job outcomes for ex-Incapacity Benefit claimants on the Work Programme is astonishingly low.

Few VCS Work Programme subcontractors are playing a meaningful role in delivering the Work Programme. Most VCS subcontractors have received far fewer referrals than expected - and many have received none at all. Subcontractors report that financial constraints and restrictions on delivery are stifling innovation within supply chains.

Specialist VCS organisations outside supply chains, on the other hand, are considering whether to limit the support they offer to Work Programme customers, and have had to retrench services as the Work Programme has replaced and displaced other statutory employment programmes.

Our recommendations:

- Work Programme customers must be given more information and greater protection: providers must do more to publicise in plain English the minimum service standards that customers are entitled to, customers should have the right to challenge the payment group to which they have been assigned, and voluntary customers should have the right to choose their provider.
- Restrictions on eligibility for other support must be relaxed: referral onto the Work Programme should be deferred for customers who are receiving high quality employment support outside the Work Programme.
- The differential payment system must reflect labour market disadvantage and the costs of service delivery in London.
- If the current poor performance for disadvantaged Work Programme customers continues, DWP should consider introducing paid-for

intermediate outcomes for the harder to help customers.

- Greater supply chain transparency will improve programme performance and accountability: primes should be encouraged to publicly report to their supply chain on their own performance and that of their subcontractors.
- Good practice in prime-subcontractor relationships does exist – and must be identified and promoted.
- Government, providers, and employers must do more to lift wages, enable in-work progression, and improve working conditions: the Work Programme should be lifting people out of poverty.

1. Introduction

What is the Work Programme?

The Work Programme is the government's flagship initiative to support long-term unemployed people into work. Most people are classed as 'long term unemployed' when they have been claiming Jobseekers Allowance (JSA) for 12 months or more.

A number of policy approaches underpin the design of the Work Programme:

It is universal. Whereas in the past there have been a range of employment programmes for the long term unemployed, the Work Programme is intended to replace them all with a single initiative.

It is mandatory. Once a jobseeker has been referred on to the Work Programme, they are obliged to comply with instructions from their Work Programme provider, and may have their benefits sanctioned (stopped) if they fail to do so.

Outsourced. The Work Programme is not delivered by the government. Instead, delivery is contracted out to employment support companies and organisations from the private sector and voluntary and community sector (VCS).

Prime contractor model. With very few exceptions, direct contracts with the Department for Work and Pensions (DWP) are held by private sector companies, known as 'prime contractors' or just 'primes'. These primes subcontract some or all of their delivery to a supply chain of smaller delivery organisations, often from the VCS. There are two distinct types of subcontractor. 'Tier 1' subcontractors generally work with an agreed volume of customers, on a long term basis, from the time of the initial referral onto the programme, through to the point that the customer finds work and remains in work for up to two years. Groups with 'tier 2' subcontracts, on the other hand, deliver a much shorter specialist intervention, focused on tackling a particular barrier to work (a short session giving debt advice, for example).

Payment by results. Primes are paid only once they achieve a job outcome for a customer. In general this payment model has been passed on to subcontractors too. This means that Work Programme providers do not get paid unless they deliver job outcomes. It also means the Work Programme must meet all operational costs out of other funds until the outcome payments kick in. Providers have flexibility to deliver employment support in any way they see fit, to deliver job outcomes. This flexibility is called the 'black box approach'.

Competition. Two or three primes are operating in every contract package area. Contract performance is reviewed by the DWP annually. Those primes who are performing best will have more customers referred to them, at the expense of

primes who are under-performing. This is known as ‘market share shift’.

Sustained outcomes. A customer must be in work for six months before a Work Programme provider is paid a job outcome fee. The provider then receives additional monthly sustainment payments (for a defined period), if the customer remains in work.

Differential payments. All Work Programme customers are assigned to one of nine payment groups. The job outcome fee received by a Work Programme provider depends on the payment group that the customer belongs to. Providers receive a higher fee for placing a harder to help customer into work. Payment groups are based primarily on the benefit to which the client is entitled, but also take into account factors such as age, labour market disadvantage, and whether a customer has volunteered to join the programme.

Fair Chance to Work Report

In October 2011, LVSC published *Fair Chance to Work: initial voluntary and community sector experiences of the Work Programme in London*. The report reviewed available information on Work Programme supply chains in London and drew on results from a survey of London VCS subcontractors to identify concerns and issues arising from the initial phase of the Work Programme.

The October 2011 report made a number of findings and recommendations:

- A number of VCS groups were well underway delivering ‘tier 1’ or ‘end to end’ Work Programme subcontracts. Most tier 1 providers reported that prime contractors had simply passed the Work Programme’s high risk, outcome based pricing structure on to groups in their supply chains, regardless of the size or financial capacity of these subcontractors.
- The vast majority of specialist ‘tier 2’ providers had had no Work Programme customers at all referred to them, however. There was little or no protection for tier 2 subcontractors who had had no referrals, and the Merlin Standard, intended to regulate relationships between primes and subcontractors, was not then in place. The report concluded that there was a grave risk of losing specialist VCS groups’ expertise unless they were given greater certainty regarding the number of customers they could be expected to work with.
- Levels of confidence among VCS subcontractors that the Work Programme would succeed in meeting its minimum performance levels, and that the payments on offer would incentivise providers to help the most disadvantaged customers, were very low.
- The DWP had not then finalised plans for monitoring the performance of the Work Programme. Careful monitoring would be needed to ensure that the most disadvantaged customers were not ‘parked’, and that employment

inequalities for groups such as lone parents, disabled people, and minority ethnic groups did not get worse.

- Aspects of the Work Programme design - the differential pricing mechanism in particular - needed to be adjusted to ensure it delivered fairly for the hardest to help, and that specialist VCS employment organisations played the role that the government had stated it wished to see.

Key developments since the first *Fair Chance to Work* report

Since October 2011, the Work Programme has rarely been out of the news. Key developments have included:

October 2011 – The DWP awards the two London contracts for its European Social Fund (ESF) - funded programme for Families with Multiple Problems to Reed in Partnership.

November 2011 – Government announces the Youth Contract, a new £1 billion package to tackle youth unemployment including: work experience placements; subsidies to employers who take on 18-24 year-olds; and targeted employment support provision for 16 and 17 year old young people not in employment, education, or training.

January 2012 – The National Audit Office publishes its report on *The introduction of the Work Programme*. It concluded that the DWP had introduced the Work Programme quickly (in just over a year) and whilst this had its benefits, the speed with which it was launched had also increased risks. The Department and providers had made assumptions about how many people the Programme would get back into work but there was a significant risk that these were over-optimistic.

January/February 2011 – controversy erupted over the ethics and effectiveness of the government's Work Experience, Work Academy and Mandatory Work Activity schemes, where JSA customers could face sanctions for failing to complete unpaid work placements with private companies. Following a flood of negative press, many large employers reconsidered their involvement in work experience schemes, including Argos, Superdrug, BHS, Pizza Hut, Waterstone's, Sainsbury's, TK Maxx, Poundland, Maplins, and Matalan. Meanwhile, Tesco agreed to pay wages to the 1500 unemployed people on Job Centre Plus (JCP) work experience schemes referred to it over the following six months.

February 2012 – more controversy erupted over A4e's role in the Work Programme and welfare to work programmes generally. First, its track record in delivering Pathways to Work was described as 'abysmal' and 'dreadful' by the Commons Public Accounts Committee. Then, the Daily Mail criticised the enormous personal

wealth (one year, paying herself £8.6 million in dividends) accumulated by A4e founder Emma Harrison in delivering public contracts. Meanwhile, police arrested a number of former A4e employees over allegations that they had fraudulently claimed job outcomes in 2010. Harrison subsequently stepped down from her (unpaid) role as government 'family champion', then as Chair of A4e, and later claimed to have been 'bullied out of a job'. The Advertising Standards Authority subsequently banned A4e from describing itself as a 'social purpose company'.

March 2012 – New payment groups were added to the Work Programme: ex-Incapacity Benefit and ex-Income Support claimants who were not otherwise eligible to be mandated on the programme could volunteer to take part; and all ex-offenders leaving custody were mandated onto the programme on the first day of their release.

March/May 2012 – Single Homeless Project and St Mungos became the first specialist VCS subcontractors to withdraw publicly from the Work Programme, citing lack of referrals as a key factor. Chris Grayling denied that VCS organisations had been used as 'bid candy', saying that groups who had dropped out had simply not negotiated appropriate contracts.

March 2012 – The government published an ad hoc 'stock-take' of Work Programme subcontractors in response to criticism over the lack of involvement by VCS organisations in programme delivery. The stock-take listed 412 VCS subcontractors nationally as at 30 January 2012 (down slightly from the beginning of the programme), but gave no indication of how many customer referrals (if any) each organisation had received. The stock-take was updated in July 2012.

April 2012 – Greater London Authority launched the procurement process for its ESF Youth Programme 2011-2013, targeting young people (mostly 17 and under) with learning difficulties and/or disabilities; young offenders leaving custody; and young people excluded from school.

July 2012 – All London prime contractors attained the Merlin Standard. The Merlin Standard recognises 'sustainable excellence within supply chains'.

September 2012 – Cabinet reshuffle saw Mark Hoban MP take over as Employment Minister from Chris Grayling.

September 2012 – a London Councils survey found that almost half London local authorities say they have "no influence" over the Work Programme in their borough.

October 2012 – London Councils launched the procurement process for its ESF programme, delivering employment and education outcomes for parents with long-term work-limiting health conditions; people with mental health needs; ethnic groups with low labour market participation; women; and people

recovering from drug or alcohol addiction.

November 2012 – The DWP released the first official performance data on the Work Programme, showing that 2.1% of claimants in three key participant groups referred to the programme in the first operational year, achieved a job outcome. At the same time, ERSA published its own complementary data on job starts. The ERSA data estimated that 29 of every 100 people who started the Work Programme in June 2011 had been supported into a job within 16 months. ERSA found that later cohorts were performing better than earlier cohorts.

November 2012 – The DWP published *Work Programme evaluation: Findings from the first phase of qualitative research on programme delivery*. The evaluation found limited use of specialist provision to address individual barriers to work, and that the personalisation of support is often 'more procedural than substantive' in nature. It also identified deficiencies in communication and information flow (in both directions) between Jobcentre Plus and Work Programme providers, finding that many providers were prioritising more 'job-ready' participants for support, ahead of those who were assessed as having more complex/substantial barriers to employment.

Structure of this report

This report begins by reviewing the recently published official Work Programme performance data, to assess how the programme is performing for different groups of customers in London, and how referral patterns and performance in London compares with the rest of the UK.

The next section provides results from a survey of VCS Work Programme subcontractors in London, conducted in November 2012. Following, is a description of the experience of VCS employment and skills providers who are not subcontracting in the Work Programme, focusing instead on the impact of the Work Programme on their work and their clients.

The next section identifies elements of Work Programme delivery which appear to be working well in London, with a view to helping to disseminate this good practice. The report concludes with a summary of findings and recommendations.

About LVSC

London Voluntary Service Council (LVSC) provides a strategic and independent voice for London's voluntary and community sector (VCS). We support London's voluntary and community organisations to improve the lives of Londoners.

Since 2010 LVSC has convened a network of VCS employment and skills providers, called the London Employment and Skills Policy Network. Over 200 organisations are now members of that network, from very small community groups, to large national charities.

For further information about the evidence and findings in this paper, please contact: Steve Kerr, Policy Officer – Employment and Skills, LVSC, phone 0207 832 5811, steve@lvsc.org.uk.

2. Work Programme performance in London

Overall performance

The DWP published the first official performance statistics for the Work Programme in November 2012. The data covered the 14 months from June 2011 to July 2012, and showed that the programme was performing far below expectations.

Just 4,810 Work Programme customers were successfully sustained in work in London in the period to July 2012. This represents 3.5% of total referrals to the programme. This overall London level of performance is comparable to that in the rest of the UK, where there were 741,150 referrals and 26,430 job outcomes: a performance rate of 3.6%.

Table 1: Work Programme performance by region

East Midlands	4.3%
South East	4.0%
West Midlands	3.8%
Scotland	3.8%
East of England	3.6%
North West	3.6%
Total	3.6%
London	3.5%
Yorkshire and The Humber	3.3%
Wales	3.1%
North East	3.0%
South West	2.8%

The table below shows referrals, job outcomes, and performance (total cumulative job outcomes as a percentage of total cumulative referrals) for each contract and contract package area (CPA) in London.

Table 2: Work Programme performance in London

	Referrals	Job Outcomes	Performance
Ingeus (West London)	19,160	910	4.7%
Maximus (West London)	18,830	760	4.0%
Reed in Partnership (West London)	18,870	690	3.7%
Careers Development Group (East London)	26,630	910	3.4%
A4E (East London)	26,690	860	3.2%
Seetec (East London)	26,550	680	2.6%
West London Contract Package Area	56,860	2,360	4.2%
East London Contract Package Area	79,870	2,450	3.1%
London Total	136,730	4,810	3.5%

Underlying the overall performance figure for London is a wide spread of performance figures between the prime contractors and across different areas. The highest performing prime contractor in London is Ingeus achieving a performance rate of 4.7%; the lowest is Seetec at just 2.6%. All the East London primes are performing at a lower level than the lowest performing West London prime.

The West London contract package area has had significantly fewer referrals than East (57,000 versus 80,000) and has achieved a considerably better rate of job outcomes (4.2% versus 3.1%).

This pattern is broadly reflected in performance at borough level, as shown in table 3 below. While the majority of boroughs across London East and West are performing somewhere between 3% and 4%, London East contains a handful of boroughs where performance is under 3%: Barking and Dagenham, Bromley, Tower Hamlets, Greenwich, Hackney, Lewisham, and Newham.

London West, on the other hand, contains a number of boroughs where performance is well over 4.5%: Haringey, Kingston upon Thames, Camden, Hounslow, Hillingdon, and Richmond upon Thames.

Broadly speaking, Work Programme performance is highest in the less deprived boroughs where unemployment is lowest, and *vice versa*. There are some interesting exceptions to this, however, such as Camden and Haringey. Further investigation may yield clues as to why the Work Programme is performing well in these relatively deprived boroughs, and what if any lessons can be taken to inform delivery in other deprived boroughs where the programme is struggling, such as Newham and Tower Hamlets.

Table 3: Work Programme performance by borough

Borough	Performance	Contract Package Area
Barking and Dagenham	2.50%	London East
Bromley	2.52%	London East
Tower Hamlets	2.62%	London East
Greenwich	2.81%	London East
Hackney	2.84%	London East
Lewisham	2.91%	London East
Newham	2.97%	London East
Waltham Forest	3.03%	London East
Lambeth	3.04%	London East
Havering	3.30%	London East
Merton	3.33%	London East
Sutton	3.59%	London East
Redbridge	3.59%	London East
Southwark	3.59%	London East
Croydon	3.75%	London East
Bexley	3.92%	London East
Kensington and Chelsea	3.29%	London West
Wandsworth	3.52%	London West
Harrow	3.61%	London West
Westminster	3.61%	London West
Hammersmith and Fulham	3.67%	London West
Barnet	3.67%	London West
Ealing	3.76%	London West
Brent	3.79%	London West
Islington	3.79%	London West
Enfield	3.95%	London West
Haringey	4.71%	London West
Kingston upon Thames	4.76%	London West
Camden	4.80%	London West
Hounslow	5.63%	London West
Hillingdon	5.74%	London West
Richmond upon Thames	5.81%	London West

While the performance data is very disappointing, it is too early to assert (as some have done) that the Work Programme has failed.

Firstly, the data represents the start-up phase of the programme, including the first couple of months when providers were setting up premises, bedding in delivery and so on.

Secondly, the measure of performance most commonly used (cumulative job outcomes divided by cumulative referrals), gives a distorted picture, because the cumulative total of referrals onto the programme includes many people who were referred on the Work Programme after January 2012 and who therefore could not possibly have registered a six month job outcome before July 2012. In other words, most Work Programme customers who found work through the programme after January 2012 will not show as job outcomes in these figures.

The DWP figures on outcomes for monthly cohorts of Work Programme customers show significantly higher levels of performance than the cumulative data. For the June 2011 cohort, for example, performance by July 2012 was 11.0% in London West and 8.7% in London East, and 9.9% for London as whole. For the September 2011 cohort, performance by July 2012 was 7.1% in London West, 5.4% in London East, and 6.1% for London as whole. **Appendix 2** shows Work Programme performance in London by monthly cohort. However the cumulative performance figure is the most widely used (including by the DWP), so is used here.

Finally, the poor economy has inevitably had a massive effect on the performance of the Work Programme. This economic effect does not fully explain the poor performance, however. Inclusion estimates that the performance expectations should be revised downwards by 15% to take into account the double-dip recession - but even making this adjustment to allow for the weak labour market, performance is 47% below target.¹

While it is important to understand the context, the performance of the programme has been poor. Significantly, none of the London primes have come close to meeting the minimum performance levels set by the DWP.

Work Programme performance in London by payment group

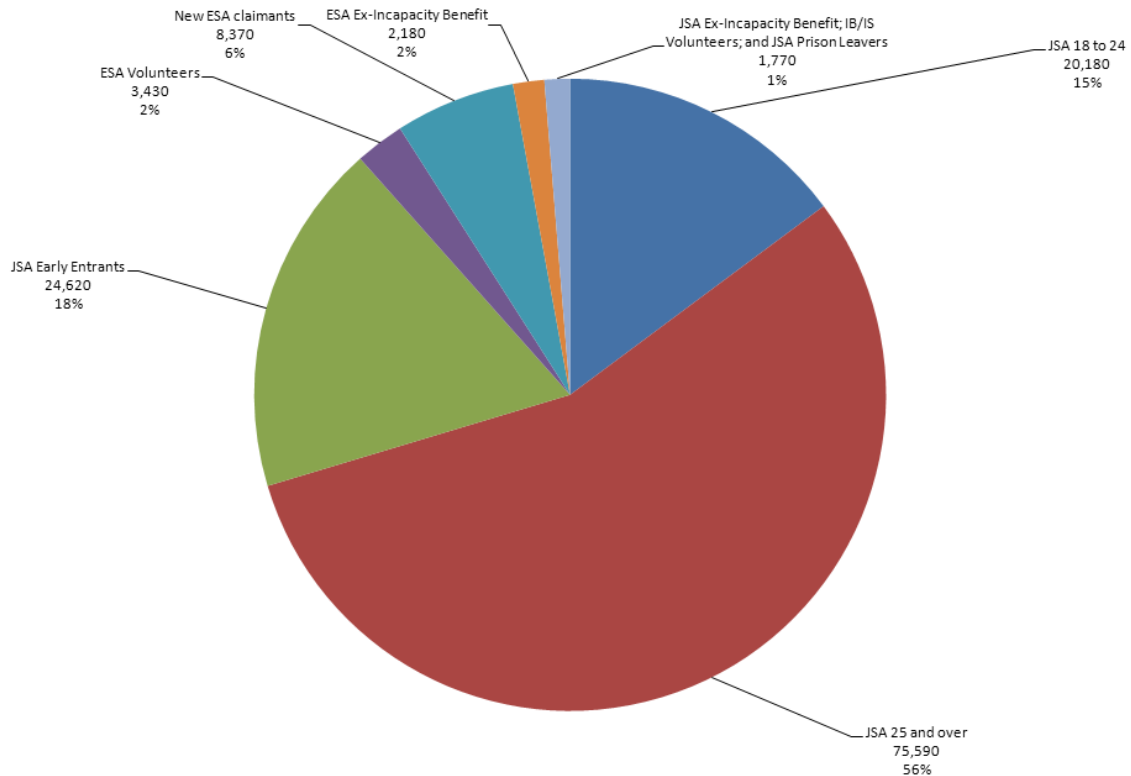
Work Programme customers are divided into nine payment groups, assigned by JCP when they are referred onto the programme. Payment groups are based primarily on benefit the client claims, but also take into account factors such as age, labour market disadvantages, and whether a customer has volunteered to join the programme. **Appendix 1** to this report shows referral and job outcome numbers in London for each payment group.

1

http://stats.cesi.org.uk/website_documents/initial_WP_Performance_InclusionComment.pdf

The **pie chart below** shows that almost 90% of Work Programme customers in London are in the three Jobseekers Allowance (JSA) payment groups. This pattern is very similar to the rest of the UK.

Figure 1: Work Programme Referrals in London by Payment Group



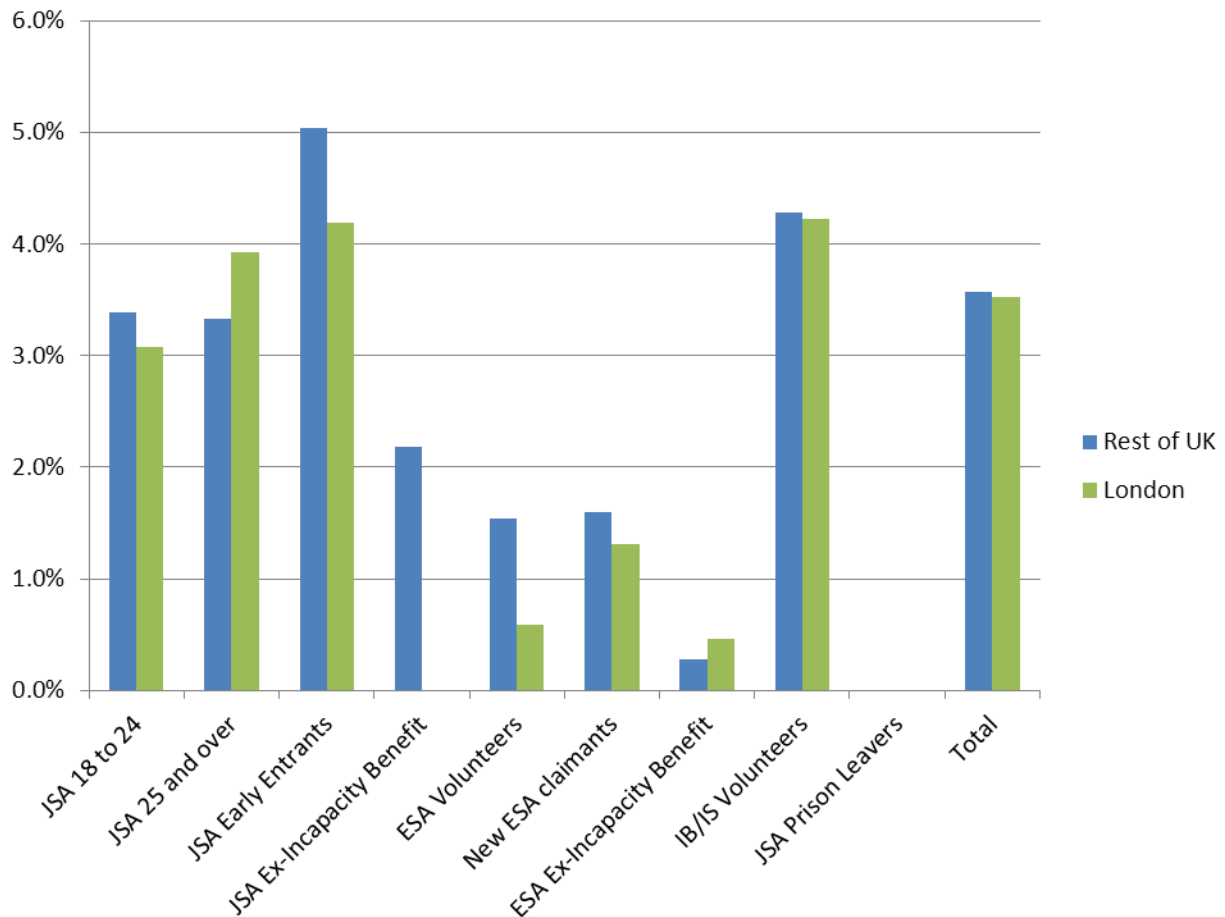
There are interesting differences in the levels of referrals within the three JSA payment groups in London versus the rest of the UK, however:

- There are proportionately more Work Programme customers in the JSA 25+ payment group in London (56% of all Work Programme customers) than in the rest of the UK (42%).
- There are proportionately fewer Work Programme customers in the JSA 18-24 payment group in London than the rest of the UK (15% in London versus 21% in the rest of the UK).
- The same is true for the JSA Early Entrants payment group (18% in London versus 26% in the rest of the UK).

These referral figures are surprising, given London's relatively youthful population, and its high level of disadvantage.

As mentioned above, overall Work Programme performance in London is on par with rest of the UK. The **bar chart below** shows Work Programme performance by payment group in London and in the rest of the UK.

Figure 2 : Work Programme performance by Payment Group



For the JSA 25+ payment group, Work Programme performance is higher in London (3.9%) than in the rest of the UK (3.3%). For every other payment group, however, job outcomes in London are lower than in the rest of the UK.

In the harder to help payment groups, the absolute numbers of job outcomes in London are tiny or in some cases zero:

- JSA Ex-Incapacity Benefit: 350 referrals, zero job outcomes (0%)
- Employment support Allowance (ESA) Volunteers: 3430 referrals, 20 job outcomes (0.6%)
- New ESA claimants: 8370 referrals, 110 job outcomes (1.3%)
- ESA Ex-Incapacity Benefit: 2180 referrals, 10 job outcomes (0.5%)
- Incapacity Benefit (IB) /Incapacity Support (IS) Volunteers: 710 referrals, 30 job outcomes (4.2%)
- JSA Prison Leavers: 710 referrals, 0 job outcomes (0%)

While the volume of referrals to these groups are lower than the other customer groups, nevertheless the differential in performance between London and the

rest of the UK is a great concern.

On a more positive note, in both London and in the rest of the UK, job outcomes are highest in the JSA Early Entrants payment group. The JSA Early Entrants payment group includes customers who are ex-offenders, disabled, people with mild to moderate mental health issues, care-leavers, homeless people, ex-forces, and others facing a particular labour market disadvantage. Work Programme providers receive a higher payment for placing these customers in work than for other JSA payment groups.

The evidence is mixed on whether the Work Programme's 'differential pricing' mechanism is succeeding in incentivising providers to support harder to help customers, by offering higher outcome payments. While the higher payments on offer for JSA Early Entrants appear to be lifting performance for that group, higher outcome payments are emphatically not driving strong performance for the ESA and IB payment groups.

Outcomes for groups facing disadvantage in London's labour market

Young people, lone parents, disabled people, and Black, Asian, and Minority Ethnic (BAME) people in London are less like to be in work than their counterparts in the rest of the UK. Until these inequalities are tackled, London will continue to suffer high rates of child poverty, and overall employment in London will never rise to the level of the rest of the UK. In the final report of the London Skills and Employment Board (April 2011), the Mayor of London set a target to 'close the gap between the London employment rate and that for disadvantaged groups to 15% by 2015.'²

The Work Programme performance data provides a breakdown of job outcomes by gender, ethnicity, age, lone parent status, and disability indicator, allowing an initial assessment of its success in closing the employment gaps for disadvantaged groups.

Gender

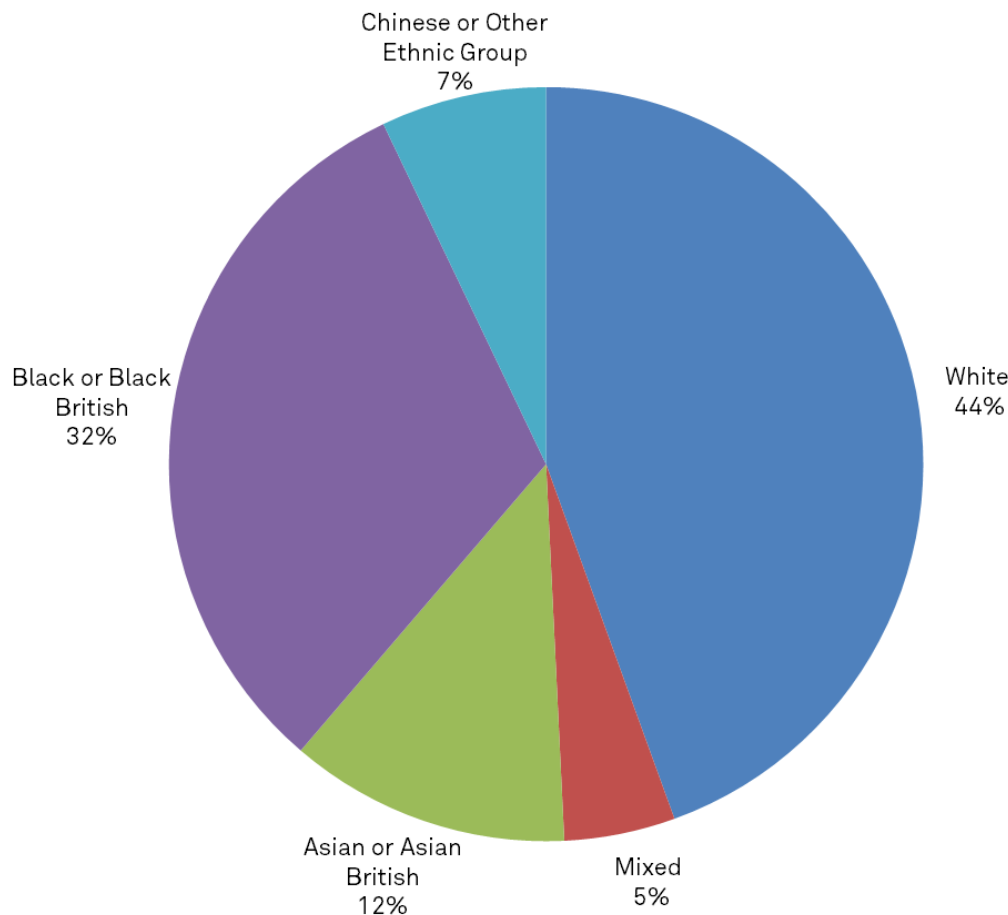
There are proportionately more women on the Work Programme in London than in the rest of the UK. Women comprise 38% of Work Programme customers in London, compared to 30% in the rest of the UK.

² See: http://lseo.org.uk/sites/default/files/LSEB_Legacy_report.pdf The 'disadvantaged groups' employment rate is calculated as the mean employment rate for BAME Londoners, disabled Londoners, and lone parents in London.

Women on the Work Programme in London are less likely to get a job than men: 3.3% of women on the Work Programme achieved a job outcome, compared to 3.7% of men. The gap is very similar in the rest of the UK.

Ethnicity

Figure 3: Work Programme referrals in London by Ethnicity



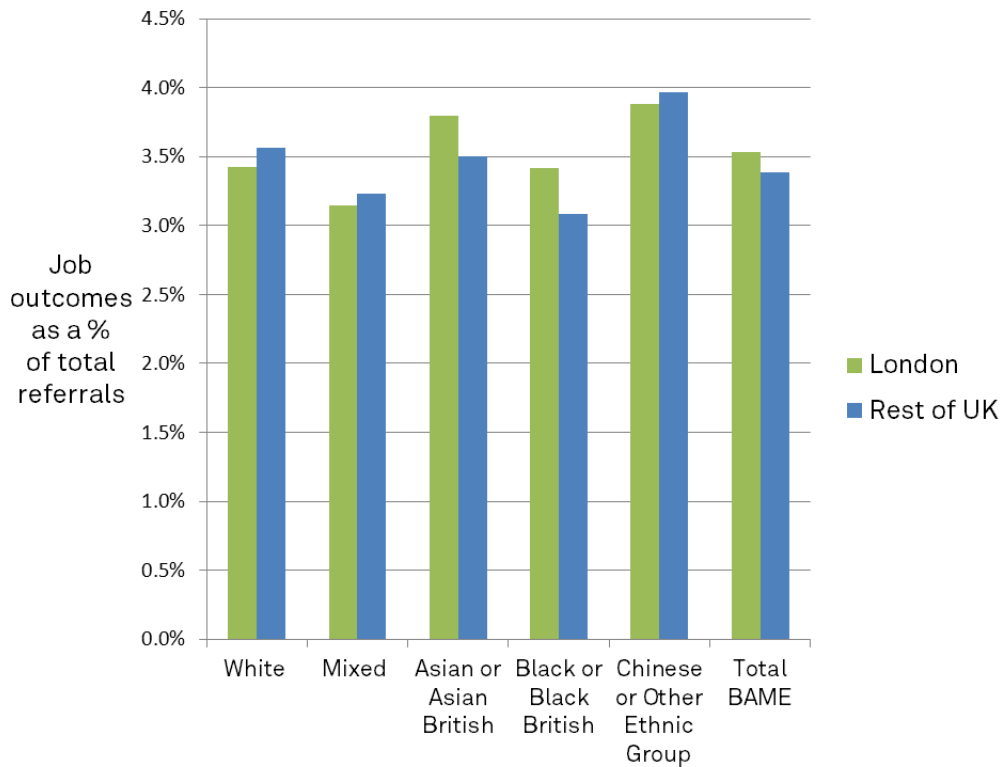
Work Programme customers in London are far more ethnically diverse than in the rest of the UK, reflecting the diversity of the capital's population. In London, BAME Work Programme customers outnumber White Work Programme customers, and one third of Work Programme customers are Black or Black British. In the rest of the UK, however, nearly 90% of Work Programme customers are White.

The bar chart below shows Work Programme performance for different ethnic groups in London and in the rest of the UK. Job outcomes for Black and Black British customers are lower than for other ethnic groups.³

³ These figures are for aggregated 'summary' categories of ethnicity. More detailed ethnicity data is available, which requires further analysis.

For Asian and Asian British and Black and Black British Work Programme customers, job outcomes are higher in London than in the rest of the UK. In London, overall job outcomes for all BAME groups are slightly higher than for White customers.

Figure 4: Work Programme performance by Ethnicity



Age

Work Programme customers in London tend to be older than in the rest of the UK. A significantly smaller proportion of Work Programme customers in London are in the 18-24 years age group (19%), as compared to the rest of the UK (31%). There are also proportionately more 50+ Work Programme customers in London (20%), versus the rest of the UK (16%).

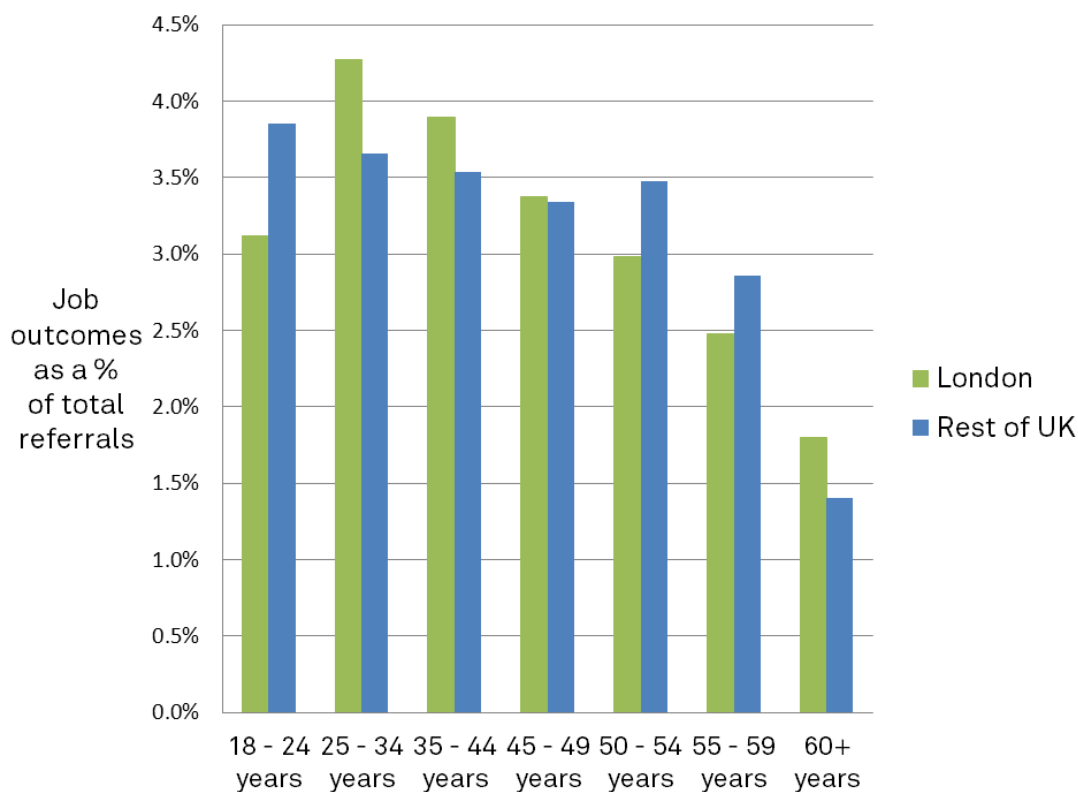
Table 4: Work Programme referrals in London and Rest of UK by Age

	18-24 years	25-49 years	50+ years
London	26,010 (19.0%)	82,700 (60.5%)	28,000 (20.5%)
Rest of UK	229,970 (31.0%)	392,650 (53.0%)	118,520 (16.0%)

The bar chart below shows that, both in London and nationally, Work Programme job outcomes tend to be higher for customers in the 25-49 age groups, than for young people and 50+. London is performing well compared to the rest of the UK in terms of job outcomes for the 25-49 age group, which comprises the majority of Work Programme customers.

By contrast, job outcomes for 18-24 and 50+ age groups, who tend to face disadvantage in the labour market, are lower in London than in the rest of the UK. For the 18-24 age group, job outcomes in London are 3.1% versus 3.9% in the rest of the UK. For the 50+ age groups, job outcomes in London are 2.7% in London versus 3.1% in the rest of the UK.

Figure 5: Work Programme performance by Age



Lone parent status

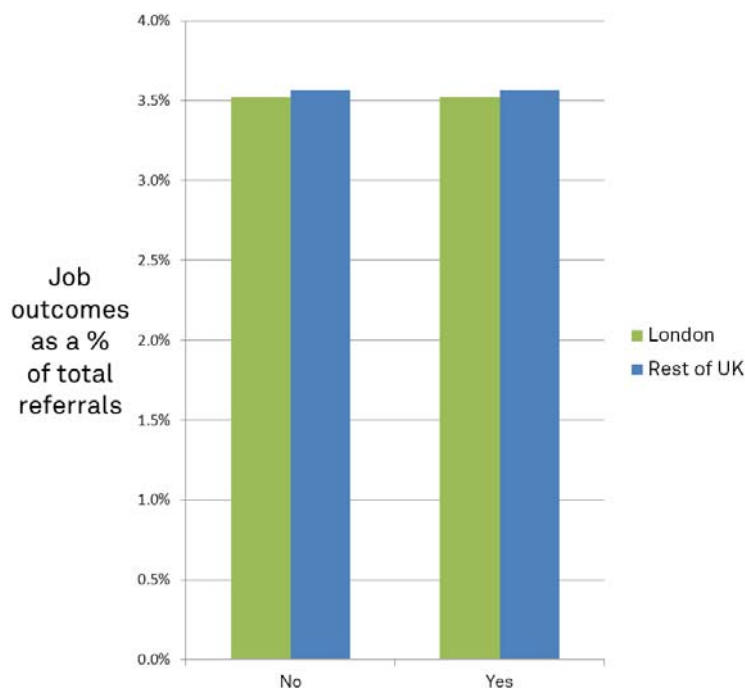
There are proportionately more lone parents on the Work Programme in London than in the rest of the UK. Lone parents comprise 10.5% of referrals on to the Work Programme in London; the equivalent for the rest of the UK is 6.7%. This reflects both the proportionately higher number of lone parents in London, and London's lower lone parent employment rate. Lone parents on the Work Programme are less likely to get a job than other Work Programme customers. This is true both in London and nationally.

Nevertheless, the Work Programme is performing better for lone parents in London than it is for lone parents in the rest of the UK. In London, 3.0% of lone parents on the Work Programme achieved a job outcome. The figure for the rest of the UK is 2.4%.

Disability Indicator

The DWP's 'disability indicator' data draws on a voluntary indicator used by JCP that allows clients to self-report as disabled. Over a quarter of Work Programme customers in London self-report as disabled. There is little further information available about the indicator and how it is used, for example on what kind of disability customers are reporting, or whether all JCP clients are consistently told about the indicator.

Figure 6: Work Programme performance by Disability Indicator



There is very little variation in job outcomes for customers who self-report as

disabled and those who do not; nor is there much variation between London and the rest of the UK.

Summary

The initial performance data for London offers cause for both optimism and concern. The Work Programme in London is performing comparatively well (compared to the rest of the UK) for minority ethnic groups and lone parents: two groups who suffer considerable labour market disadvantage in the capital. Similarly, the job outcomes data show that Work Programme performance is fairly equitable for women and for disabled Work Programme customers.

The fact that harder to help payment groups are achieving lower job outcomes (in some cases, no job outcomes) in London as compared with the rest of the UK, is a great concern, however. The poor performance in London for young people and those aged 50+ is also worrying.

The relatively strong performance for JSA Early Entrants, who face particular labour market disadvantage, is positive and indicates that differential pricing can incentivise providers to support harder to help customers. Further analysis is required to understand what lies behind this, and what lessons, if any, can be drawn to improve performance in other payment groups where job outcomes have been very low.

3. Experience of VCS subcontractors

The experience of VCS providers within Work Programme supply chains in London was the focus of LVSC's first *Fair Chance to Work* report, and has been the subject of much discussion and debate since the programme was first announced. The DWP document lists 64 organisations (not counting St Mungos, who have publicly left the Work Programme), including 25 tier 1 subcontractors and 43 tier 2 subcontractors in the capital. These organisations are listed in **Appendix 3** to this report.

This section describes the results of a survey of London VCS Work Programme subcontractors carried out in November 2012. All organisations on the July 2012 DWP supply chain list for the two London Contract Package Areas (CPAs) were invited to complete the survey.

Thirty-two organisations responded to the survey, eight with tier 1 subcontracts, and 23 with tier 2 subcontracts. There was an even split of delivery across the London West and London East CPAs. Interestingly, a number of organisations listed as tier 2 providers in the DWP list declined to complete the survey as they had had no referrals and did consider themselves to be part of the Work Programme. The survey questions are included in **Appendix 4** to this report.

Referral volumes

Respondents were asked how many customers had been referred to them to date. The responses varied widely, from zero to 4000 among the tier 1 subcontractors, and from zero to almost 500 among the tier 2 subcontractors. Thirteen organisations reported that they had had zero referrals to their tier 2 subcontract. Two further organisations had had negligible (fewer than five) referrals to their tier 2 contract.

When asked how referral volumes compared with initial expectations, four respondents answered 'much higher' or 'a bit higher', four said 'as expected'; and 20 responded 'a bit lower' or 'much lower'. Sixteen tier 2 subcontractors answered 'much lower'. Two tier 2 subcontractors, however, were among those who had had 'much higher' referral volumes than expected.

This suggests that while there is still a systemic failure within the Work Programme to access the expertise of specialist tier 2 subcontractors, in a few cases primes are making use of the 'spot purchase' model within their supply chains.

Comments from respondents offer some clues as to what the blockages are with referrals to specialist subcontractors, and how these might be resolved. A key problem is that the needs assessments undertaken by JCP and the primes are not identifying customer needs which can be matched to the appropriate specialist support:

'No referrals received at all ... Official response from prime was that they were not identifying people with significant mental health needs but [we] find this hard to believe.' (North London mental health charity)

'Clients are not asked if they are a refugee under Work Programme so there is no evidence to support referrals to our work.' (Pan-London refugee support charity)

Respondents described going to great effort to promote their services to their prime and other supply chain partners, to no avail:

'The prime made no visible effort to either promote our service internally and retrospectively it felt that there was no commitment to using our services despite being included in their catalogue of provision. In fact we even offered a 50% discount for a defined period as an incentive to get the ball rolling, and no referrals were forthcoming.' (Business-led charity)

'We have presented DVDs and run two engagement workshops as well as pitching to open day of business managers from different regional offices.' (Central London homelessness charity)

'On several attempts to engage, we were informed that those who shout the loudest win referrals. We don't have the manpower to consistently do this. We were also told that with so many partners on their list, that was most likely that staff that interviewed clients would not be aware of our service. We have twice been offered an opportunity to visit each branch at their morning team meeting to talk about our service. When we did this the first time, we were shocked at their attitude and behaviour which ranged from ignoring you completely, to playing on mobile phones, facing away from you, swinging back on chairs, etc,' (Pan-London young people's charity)

One respondent described how irregular customer volumes directly impact on the financial viability of the contract:

'Referrals in year one were above average whilst referrals in year 2 have plummeted... From a financial forecasting point of view these low flows now will impact financially in a year's time. We are top of our supply chain and have the highest conversion rates to job starts. Therefore you have a successful delivery organisation from the voluntary sector approaching a critical point where from a financial perspective it would be good business to withdraw from the programme in about nine months' time.' (West London charity and social enterprise working with ex-offenders and other disadvantaged groups)

Many respondents reported seeing a different balance of payment groups than anticipated, in particular fewer JSA 18-24 and ESA customers. This reflects wider patterns of customer referrals across the programme in London.

Seven respondents reported that they had had customers referred to them who they believed had been placed in the wrong payment group. The examples given suggest that significant numbers of long term JSA claimants have serious health problems which limit their ability to work, and that there are still serious problems with the Work Capability Assessment:

'People on JSA who are unable to work, including people with severe mental health problems and long term health conditions. We have had referrals for people who are terminally ill but in ESA work ready group.' (North London disability charity)

'We have had a few instances where customers are on JSA and have clear health issues and as such shouldn't be on JSA.' (South London social enterprise)

'Some customers should not have passed Work Capability Assessments.' (national employment support charity)

'We have many JSA customers... who have more complex barriers to employment than many ESA customers.' (West London charity working with disabled people and other disadvantaged groups)

These responses demonstrate the diversity of needs within the large JSA 25+ payment group, including many people facing serious barriers to work. It also suggests that the on-going problems with the Work Capability Assessment are directly impacting on Work Programme performance, and leaving many vulnerable customers facing reduced income and increased risk of sanction, without adequate employment support.

Contract performance and finance

Next, respondents were asked how their contract was performing against contractual targets, in terms of job outcomes to date. Four organisations answered 'a bit higher' ; three reported being on target; three 'a bit lower'; and 11 organisations reported that performance was 'much lower' than contractual targets. These results reflect the disappointing overall performance of the Work Programme.

When asked what key factors had determined contract performance to date, the most common responses were a lack of referrals, and poor communication from the prime:

'Lack of referrals from prime provider.' (North London mental health charity)

'A total lack of engagement from both the prime contractor and any of the tier 1 end-to-end providers.' (National charity working with ex-offenders)

'Communication from the prime has been poor and no real explanation why referrals did not happen.' (Pan-London drug and alcohol support charity)

'There have been about four separate meetings with [the prime] to finalise paperwork, contract, etc. They have changed managers at least three times. I believe there is no interest in referring any customers.' (North London homelessness charity)

Other respondents cited the economic downturn, and the serious barriers faced by their clients as factors behind their disappointing performance:

'Lack of available jobs. Most work which is suitable for our clients is part-time and low paid - not enough of an incentive for those clients to sign off JSA.' (West London volunteering charity)

'We have a lot of people with severe and multiple barriers to work - many that we would question the appropriateness of referral.' (North London disability charity)

'The majority of the clients referred to us are severely disadvantaged in the labour market. They need a level of support far in excess of that available through Work Programme resources.' (Pan-London regeneration charity)

'Multiple disadvantage of customers referred (including up to 30 years unemployed), and the shrinking local labour market caused by economic factors.' (West London working with disabled people and other disadvantaged groups)

Organisations who were performing well felt the key factors behind their success were high quality frontline staff, and the fact that their prime understood the need for their service:

'Having high performing advisors, getting the right number of referrals, keeping the sustainment rate as high as possible, highly skilled, performance driven business managers.' (East London regeneration social enterprise)

'[Demand for our] ad hoc services is growing as the providers recognise the need for mental health support.' (West London mental health charity)

Confidence that the programme would meet minimum performance levels was very low. Only one respondent was confident that the minimum performance level would be reached in their CPA. Seventeen respondents were unsure, and ten believed minimum performance levels would not be reached.

Respondents were asked whether they had sought additional finance to fund their Work Programme delivery until outcome payments kicked in. Only two respondents had done so: one was able to access finance from their bank, with whom they had a long history; the other had raised funds through grant providers for employment and skills projects which would support their Work Programme delivery. However, they had had no referrals.

One respondent explained that as initial attachment payments reduce then disappear over the lifetime of Work Programme contracts, subcontracting arrangements which are now viable (if marginally so), will become unsustainable. This will make it very difficult for primes to replace subcontractors who drop out, and disincentivise successful providers from taking on more customers:

'New VCS subcontractors entering the programme, or existing ones who could expand, will be entering a very different payment model than those who entered at the start. Next year, if a prime needs to replace a subcontractor it will not make any financial sense to enter the market at that point, because you would be entering a much lower payment model of little or no money for referrals and less money for job outcomes. This make[s] break[ing]-even almost impossible. ...The primes will struggle in a year's time to replace any failing subcontractors, if it doesn't make financial sense to us, it won't to them either.' (East London regeneration social enterprise)

Relationships between primes and subcontractors

The next set of survey questions focused on the relationships between subcontractors and primes.

None of the subcontractors had received financial support from their prime to manage the risk of Work Programme delivery (for example, through providing additional upfront payments). However, nine reported that they had been supported by their prime in other ways. The two most common types of support mentioned were transparent reporting on supply chain performance, and access to improved IT systems. Other respondents mentioned added capacity around employer engagement, brokering meetings with JCP to discuss referrals, flexibility over referrals, and regular review meetings had all been beneficial.

Eighteen respondents reported having some problems with their prime contractor. Predictably, the most common complaints related to a lack of referrals and lack of communication from the prime. Other problems included late payments and inappropriate referrals. One respondent commented that 'requirements from the prime contractor in terms of administration and attendance at meetings have been grossly disproportionate to the amount of money paid.' Seven respondents said they had had no problems with their prime contractor.

Overall levels of satisfaction with prime-subcontractor relationships were low among VCS organisations. When asked 'how satisfied are you with your relationship with your main prime contractor?', eight replied 'very satisfied' or 'fairly satisfied'; five 'neutral'; and 17 'fairly unsatisfied' or 'very unsatisfied'. A North London charity working with refugees, migrants, and other disadvantaged groups commented:

'We are utterly disappointed and dismayed of the fact that no referrals at all were made by the prime contractor over the last 14 months and no attempt whatsoever to explain the facts of the situation.'

None of the respondents had invoked the Merlin Standard to address any issues or concerns within the Work Programme. Only three respondents were confident that the Merlin Standard would ensure that they will be treated fairly as a Work Programme subcontractor. Seven were not confident that the Merlin Standard would ensure this, and 18 were unsure.

Respondents were asked if they had ever felt under pressure from their prime to sanction Work Programme customers. Twenty-two said they had not, and only three said they had. This suggests that undue pressure to sanction customers is not a widespread problem for subcontractors at present. Nevertheless, it is an issue which warrants on-going scrutiny as the financial pressure on primes increases.

Harder to help customers

Respondents were asked whether they thought that the differential payments model ensures that all Work Programme customers get effective support. Four believed it does, 11 believed it does not, and 11 were unsure.

'I'm not sure that people with mental health problems are receiving the support needed.' (West London mental health charity)

'My understanding - based on my own experience - is that those furthest from employment don't get help.' (North London homeless charity)

A range of reasons were given by those who thought that Work Programme customers did not get effective support. Many respondents believe the differential payments model, which is based on customer groups which are in turn based primarily on the type of benefit a customer receives, is not sophisticated enough to ensure that individuals received support proportionate to their needs:

'The model is based on benefit type rather than need' (East London employment support charity)

'We have many people with complex disabilities who need a lot of support but are on JSA so we get less money for them.' (North London disability charity)

'Differential payments are flawed. For example, we have some JSA customers who have greater needs and more complex barriers than some of our ESA customers.' (West London charity working with disabled people and other disadvantaged groups)

'The differential is not sufficient for the most needy groups. There is a huge variance in the work readiness of clients within the same category - so there needs to be some form of differential payment for those identified as needing more support - it can't simply be based on the very broad categorisation currently used.' (Pan-London regeneration charity)

A number of respondents mentioned the very low upfront attachment fee paid to providers in the Work Programme's payment by results system as an obstacle to customers receiving the support they need:

'There simply isn't enough upfront money to support the needs of customers.' (West London charity working with disabled people and other disadvantaged groups)

'The fact that no additional payments were made to the primes up-front made referrals to some provision options prohibitive.' (Business-led charity)

One respondent also pointed out that because there are a lot of people claiming the wrong benefit, the current differential payments model will never work.

Respondents were asked whether they are able to deliver innovative and personalised interventions for all the Work Programme customers they support. Thirteen answered yes; 12 answered no. Among those who answered no, the most common reason given was the lack of sufficient funding available (in particular, upfront funding) to work with customers.

'The financial constraints do not make fully innovative and personalised interventions possible.' (West London charity)

'Innovation in the form of the 'black box' model is undermined by contractual obligations, delivery models imposed by prime contractors, and the setting of minimum service standards. This restrains frontline organisations from truly innovating and tailoring approaches.' (Employment support social enterprise)

One organisation reported that they were able to achieve personalisation only by securing additional funding from other sources. Other groups mentioned that the lack of recognition of work experience, mentoring and training, in a payment model which only funds job outcomes, limited the support they could offer.

These responses suggest that the Work Programme's strict payment by results model (in which a job outcome is the only 'result' which pays) may work for those closest to labour market, but is not serving the needs of customers with more complex barriers to employment.

Independence of voice

Lastly, respondents were asked whether they felt restricted in what they could say publicly about the Work Programme, and why. Sixteen respondents said they felt restricted in commenting publicly about the programme; 11 did not.

When asked why they felt restricted, respondents gave a variety of reasons. Many cited the terms of their Work Programme subcontracts the so-called 'gagging clauses'. However, a number of other reasons were also given, most of which related to general reputational risk for the organisation, jeopardising future work, and not wishing to undermine the Work Programme as a whole:

'We have signed two other service level agreements with [a prime], one of which seems to be at the verge of delivery and any public statements against the prime contractor may jeopardise this contract.' (North London charity working with refugees, migrants, and other disadvantaged groups)

This suggests that the majority of subcontractors have suffered some loss of independence of voice through delivering the Work Programme, however

contractual 'gagging' clauses are only one of the reasons organisations self-censor.

4. How is the Work Programme impacting on other VCS employment services?

Because it is *universal* (all jobseekers, even the hardest to help, fall within its scope) and *mandatory* (customers face sanctions if they fail to follow instructions from providers), the Work Programme impacts not only organisations within supply chains, but any VCS organisation delivering employment services. Much debate and comment on the Work Programme misses this wider impact on the sector.

The introduction of the Work Programme coincided with the largest suite of public spending cuts in living memory. These cuts directly impacted on funding for specialist employment support provision: in particular the scrapping of local authorities' Working Neighbourhoods Fund and the London Development Agency (which funded a wide range of specialist employment provision). In other words the arrival of the Work Programme displaced a plethora of smaller and more specialist initiatives: during commissioning, it was often referred to as 'the only game in town' by VCS organisations.

While this placed considerable pressure on organisations to join, and hundreds sought to become part of supply chains, it is also worth noting that a number of experienced providers decided against seeking to subcontract in the programme (St Giles Trust and Women Like Us, for example). In their judgement the payment model would not allow them to deliver high quality support to their clients.

Now that the Work Programme is underway, VCS employment support organisations outside supply chains are facing a dilemma over whether or not to continue to support clients who are mandated onto the programme. If they do continue to support those clients, they may be putting them at risk of sanction (if, in accessing the organisation's support, the client fails to carry out work-related activity). They may also be in breach of the conditions of their funding. Further, if they place the client in work, they will be securing a job outcome fee for a prime contractor with whom they have no relationship. On the other hand, if they stop supporting such clients, they may breach the very charitable objectives on which they were founded.

The Work Programme is impacting organisations outside supply chains in other ways, too. Many organisations report having Work Programme customers referred to them for support by providers, on an unpaid basis. This issue has been raised in the past by a number of organisations, for example by Volunteering England in November 2011.⁴

⁴ <http://www.volunteering.org.uk/aboutus/news-releases/2124-work-programme-providers-should-pay-voluntary-organisations-for-their-services>

To explore these issues, LVSC collected additional evidence from a dozen London VCS employment and skills providers who are not Work Programme subcontractors. Their comments are reproduced below.

Dilemma over whether to support Work Programme customers

Organisations were asked if they had turned away, or reduced the support they offer to, individuals who are Work Programme customers, and if so, why. There was a mix of responses. Where organisations did not extend support to Work Programme customers, it was usually because the conditions of their funding precluded it:

'We consciously don't support [Work Programme customers] as we are now grant funded and we won't double up. We focus our help on potential second earners or lone parents not able to get help through Work Programme. These women are not eligible for mainstream provision (e.g. because they have been on JSA for less than 12 months). At the moment there is no other funding for these women, yet more than 60% are living in poverty.' (Pan-London social enterprise)

'We run one particular self-employment programme for which the funders specifically exclude Work Programme customers from eligibility.' (East London enterprise charity)

'We have one project that provides training in railway maintenance that [Work Programme customers] can't access because it is funded through JCP.' (South London charity working with ex-offenders and long term unemployed)

Other organisations had serious concerns about offering support to Work Programme customers, but had not yet made the decision to turn them away:

'We are unhappy 'subsidising' the Work Programme from our own reserves and resources where its customers access our services, however as a local charity we are happy to accept referrals of local people to us because we feel we should provide our service (which is much needed) for as long as it is viable for us to do so.' (East London charity)

'We haven't gone this far yet [turning away Work Programme customers] but are considering it. We are concerned that we are doing all the work and that the Work Programme will receive a healthy outcome payment for doing little more than independent job search.' (West London disability charity)

'We are frustrated by the fact that Work Programme providers claim job outcomes we have secured for clients who have not told us that they are on the Work Programme. When we have delivered support to those clients, Work Programme

providers will not reimburse us for our efforts.’ (South London disability charity)

‘We do have some of our customers who have gone into the Work Programme and to whom we continue providing support into and while at work but someone else gets the money for the outcome.’ (North London homelessness charity)

Unpaid referrals

Responses from non-subcontracting organisations confirm that it is common practice for primes and ‘tier 1’ subcontractors to refer customers on an unpaid basis to additional support outside the Work Programme. This is perhaps partly a legacy of the pre-cuts funding environment, where local VCS organisations were able to use funding from alternative sources (often local authorities), to work with unemployed people who were clients of previous welfare-to-work programmes, or of JCP.

‘As local specialists in enterprise and self-employment advice and support, a number of organisations (including Jobcentre Plus) are referring Work Programme customers to us for advice, training, and finance services for which we are not being paid.’ (East London enterprise support charity)

‘Yes, primes have tried [to refer Work Programme customers on an unpaid basis] and it puts us in very difficult position but we won’t take part unless we’re paid to. They try to refer [clients] to our core programme but we have to check eligibility first.’ (Pan-London social enterprise)

As organisations face increasing financial pressures, many are reconsidering such arrangements and seeking to negotiate a commercial basis for their support:

‘We receive many calls from advisors working for the primes asking for work placements. We have discussed this issue at management level and made a strategic decision to only progress these conversations if the prime has a budget. No primes have agreed to offer a budget, and as a result we have not offered placements.’ (West London disability charity)

Negotiating such arrangements retrospectively in a tough contracting environment is proving very challenging, and eventually more and more organisations will be faced with the dilemma of whether to turn Work Programme customers away:

‘Some of our clients have been told by [the prime] that they can stay with our supported employment service as long as they attend the infrequent meetings with their Adviser. I have heard of only one example where the prime has purchased a one-off service from a local specialist agency for a client who is autistic.’ (South London disability charity)

'We are currently in consultation about reviewing our service delivery. It is unreasonable for us to continue supporting clients on the Work Programme as we will be subsidising the [contracted] providers. We have already supported a number of clients on Work Programme into employment and we cannot justify the expense when the provider will receive a monetary pay out as a result of our efforts.' (West London homelessness charity)

Impact on support to disabled customers

The increasingly strict eligibility rules applied by funders to non-Work Programme initiatives include (perhaps surprisingly) restrictions on the DWP's own Access to Work scheme. This provides grants via JCP to assist disabled people into paid employment (or with a work trial) through paying for practical support to overcome work-related obstacles resulting from their disability.

A number of disabled people's organisations reported that this restriction was compromising their non-Work Programme employment support services:

'We rely heavily on the DWP Access to Work grant for job coaching. Job coaching is an effective technique for supporting people with learning disabilities into employment and we have had a lot of success using it. However – if a client is registered on the Work Programme then DWP do not allow the use of Access to Work for job coaching. Instead, any money for job coaching has to come from the Work Programme provider.' (West London disability charity)

'We are currently running an internship scheme for people with learning disabilities and two of the clients are on the Work Programme. When the time comes to support the interns into paid work we are going to need a substantial job coaching budget from Access to Work. However for the interns on the Work Programme this will not be possible. Our only option is to source the funding from the Work Programme provider. I have had some initial conversations with one of the Work Programme providers concerned and they have stated that it is unlikely they will provide anything like the level of funding that would otherwise be available to us under Access to Work (if any at all). I am currently looking for ways to see if we can exit the clients from the Work Programme because we are going to need a substantial in-work support budget. Essentially, the Work Programme is getting in the way of really helping these two clients.' (West London disability charity)

'People who are on the Work Programme cannot access one of our support programmes because we cannot use the Access to Work Scheme to support them at interviews and in their job.' (South London disability charity)

Are Work Programme customers losing out?

Organisations consistently commented that the support they provide their clients is more flexible and more effective than the support customers are getting through the Work Programme:

‘Recently a customer came to us after his Work Programme contact said they would not fund his placement. Fortunately we had some grant funding available for a horticultural course and within 13 weeks of our programme and pastoral support he is employed as a landscape gardener. He has a totally new outlook on life, is looking forward to his future, and has had his horizons opened through his experience.’ (South London environmental regeneration charity)

‘Recently I had a client call me to say that their Work Programme advisor suggested they contact [me] as I have links with Primark. This was following a successful employment outcome with Primark for another one of their clients who we had been working with for some time.’ (Advisor at homelessness charity in West London)

These comments are of enormous concern. We have seen that the early performance of the Work Programme for the hardest to help clients has been extremely disappointing, and specialist VCS subcontractors have not been engaged in delivery to support these clients. We can now also see that Work Programme is negatively impacting on the ability of specialist VCS providers outside the Work Programme to run their services.

For customers with specialist needs, this means they are not only missing out on appropriate support from Work Programme supply chain specialists, they may also be losing out on support from the broader pool of specialist VCS providers, who are facing difficult choices about restricting the support they offer to Work Programme customers. Paradoxically, rather than driving innovation in employment support services, the Work Programme may be killing it.

5. Experience of Work Programme customers

The experience of Work Programme customers themselves – and disadvantaged customers in particular – is not very well understood. This section reviews the findings of two studies which have looked at Work Programme customer experience, and sets out some anecdotal evidence gathered by LVSC on the experience of Work Programme customers in London.

There is little doubt that greater transparency on Work Programme customer experience and satisfaction would drive up the quality of support on offer and improve the accountability of providers. It would be interesting to know, for example, what level of awareness there is among Work Programme customers of the Minimum Service Delivery standards which each prime committed to in its Work Programme contract.⁵

The DWP's on-going evaluation of the Work Programme (led by the Institute for Employment Studies) includes qualitative interviews with Work Programme participants.⁶ While the evaluation does not investigate the experience of harder to help customer groups in particular, the findings of the first phase of the evaluation suggest that most of these customers are getting a 'one size fits all' service, regardless of the barriers they face. The evaluation concludes:

'The evidence suggested that providers were able to do more for participants with fewer and less severe barriers to employment, and that support for those who might benefit from specialist interventions was less widespread. In part, this appeared to reflect the tendency for many end-to-end providers, for reason of cost, to attempt wherever possible to meet support needs either in-house, or through referrals to cost-free support services.'

*'Participants' reported experiences in this respect were variable. Many of those whose barriers to work centred on confidence or motivation issues did indeed report a positive impact from supportive regular inputs from advisers. Others, including some with health conditions, reported being seen as 'job-ready' and were encouraged to enter work without any further specialist support. In those cases where participants were referred to specialist provision to address specific needs, this was typically provision which was available free of charge to the Work Programme provider (e.g. because it was a free service available from the voluntary sector, or because it drew on other funding sources).'*⁷

⁵ Minimum Service Delivery levels are summarised here: <http://www.dwp.gov.uk/docs/provider-minimum-service-delivery.pdf>

⁶ DWP, *RR 821 Work Programme evaluation: Findings from the first phase of qualitative research on programme delivery*, November 2012. Available at http://research.dwp.gov.uk/asd/asd5/report_abstracts/rr_abstracts/rra_821.asp

⁷ DWP, *Research Summary: Work Programme evaluation: Findings from the first phase of qualitative research on programme delivery*, November 2012. Available at

These comments shed light on the experience of specialist providers on supply chains who are seeing few or no referrals, and the financial pressure on primes that lies behind the lack of referrals. They also suggest that the government's aspiration that the Work Programme should provide a personalised journey back to work for all customers is far from being realised.

A recent survey of homeless people on the Work Programme by charities Homeless Link, St Mungos, and Crisis backs up these findings.⁸ Of the 81 homeless Work Programme customers across the UK surveyed for the report, 58 per cent had not been asked about the barriers to work that they face by prime providers or by JCP. Fifty-eight per cent said they were not treated with dignity or respect, and 54 per cent saw their advisor less than once a month.

Comments by respondents to the survey convey the sense that Work Programme provision is not meeting the needs of disadvantaged customers:

'The action plan does not consider the problems I have with addiction issues or offending and physical health issues.' (Rory, homeless for several years)

'It has been a very patronising service. When I attended a mandatory computer course I was told off in front of the class and the tutor made me cry. I don't expect to be treated this way.' (Michael, a former long-term rough sleeper)

'[My Work Programme provider has treated me] very poorly – meant to be helping me back to work, appalling that they are waiting four months to see me again.' (Jack)

Quality of support

LVSC has gathered some anecdotal evidence on the experience of Work Programme customers in London. We asked VCS organisations who are outside Work Programme supply chains if any of their clients were receiving support through the Work Programme as well, and if so what did those individuals have to say about the quality of that support.

Organisations reported that their clients were generally unsatisfied with the level of support they were getting through the Work Programme: clients were left to their own devices with not enough support, or had to go to another borough to receive a service. A number of organisations said that their clients are not always too sure if they are on the Work Programme.

Other organisations who deliver specialist services to people with disabilities

http://research.dwp.gov.uk/asd/asd5/report_abstracts/rr_abstracts/rra_821.asp

⁸ <http://homeless.org.uk/news/work-programme-not-working-homeless-people#.UL9fmuTgIWl>

reported that the support their clients are getting was generic, light touch and far from adequate for their needs:

'Twelve of our clients [with learning disabilities] have been referred to the Work Programme and all say that they are not being supported in the right way. Most are with [name of prime] and the clients say that the onus is on them doing their own job search. After being on the Programme for a year some are being referred to a 2 week programme which is supposed to help them update their CV and interview skills. Little support is offered. One client reported being laughed at by other attendees because he got upset during his session because he could not cope with the demands of the Programme. The same client has made a complaint to the Independent Case Examiner at Jobcentre Plus and is awaiting a response. Other clients have reported having 2-3 Work Programme Advisers in the year and describe infrequent meetings and a lack of understanding by the Adviser of the individual's special needs.' (South London disability charity)

'We have concerns about the quality of the Work Programme support for people with a learning disability. We are currently following one case where the Work Programme is more hindrance than help. The nature of the service this client receives amounts to little more than the opportunity to sit in front of a computer for independent job search. The client reports little contact time with advisors. This client will require a robust employer engagement programme with reasonable adjustments/job carving to find work. Independent job search does not go far enough.' (West London disability charity)

'Most clients accessing the Work Programme have shown very little satisfaction with the support they are receiving. Common issues include: feeling like they are wasting their time when they go to the provider; having no or very little support from their advisor; being sent jobs that are unrealistic and unsuitable; going through long periods where they receive no correspondence or support of any kind. I have one client who has not been seen or contacted for two months and I have another client who stopped going to see the provider but was not contacted or sanctioned.' (West London homelessness charity)

Similar problems were reported by an organisation which works with ex-offenders – though here clients reported some good practice also:

'We have had mixed responses from our clients. One individual in particular had a great experience and is now in full time work in the construction industry – basically exactly what he wanted... Others have been less positive, describing it as an additional, obligatory programme which hinders their work with us. [The Work Programme support is] less personal, and similar experiences to Jobcentre Plus where advisors push for them to go for roles which have nothing to do with their goals or ambitions. Additional Work Programme related appointments have meant that individuals' commitments to [our programme] e.g. shifts in our training cafe, personal development sessions, CV support, and employment related trips, have been affected negatively.' (East London charity working with young ex-

offenders)

Customers forced into bad jobs

Perhaps the most disturbing theme in the responses was that of disadvantaged clients being put under inappropriate pressure to take up very poor quality work (paying less than minimum wage), including self-employment 'non-jobs':

'One of our users... was encouraged by the Work Programme caseworker to set up as self-employed because she had not been able to find work and he could not help her otherwise. She felt under pressure that she had to do something so she registered as self-employed to do any kind of job. She has only had a few small pieces of work in the last six months. She is living most weeks only on the income she gets from child benefit and child tax credits.' (A user-led BAME and refugee organisation that works London-wide)

This case study contributed by another organisation is worth quoting at length, as it illustrates the perverse outcomes that a target-based culture within employment programmes can produce, the absolute vulnerability of some Work Programme customers, as well as the invaluable role that VCS organisations outside the Work Programme play, to protect their clients' interests:

'On one occasion, a client of ours was sent to work in a well-known hotel chain as a room attendant. She was given assurances that the employer would be paying minimum wage, but on starting work, she was told that she would only be receiving £1.40 per room cleaned. The client left the job and returned to her provider to tell them that she could not afford to work for that rate of pay as she was living in a hostel and taking on this job would result in her having rent arrears and then becoming homeless. The advisor again assured her that there was a mistake and that the employer will in fact be paying the minimum wage and she instructed the client to return to work.

After six days work, the client received a total of £46. It was at this point that she came to see me to report what was going on and with this information I intervened to advocate on her behalf. I made a formal written complaint to the provider and received a written response apologising for the misunderstanding and confirming that the client was in fact receiving £1.40 per room cleaned. The provider stated that they had been 'misinformed' by the employer and they will no longer be working with them.

As a result of this poor service delivery, the client went into rent arrears and received a 'Notice to Quit' from her hostel instructing her to vacate her room. We had to write to them to explain the situation and request that they review their decision. Fortunately, the decision was overturned and Client A was able to stay, but the emotional stress and anxiety caused by this whole incident was totally unnecessary and unforgivable.

We took this one step further and actually managed to speak to the CEO of the hotel chain and reported our findings. The CEO put us in touch with the HR department and after further investigation it was established that the hotel chain were contracting their work out to a cleaning contractor. In the end, the client received payment at the minimum wage for all the hours she worked. A good result for her, but I shudder to think how many clients are being sent to this hotel chain who do not have the support of organisations such as ours and simply have to put up with these conditions.’ (Advisor at homelessness charity in West London)

It’s not clear how representative these examples of bad practice by Work Programme providers are: we hope they are isolated cases. However, they highlight how the Work Programme’s payment by results model can militate against the interests of customers and the total lack of protection for customers in the current system.

More broadly, they highlight issues of low pay and poverty in London. It is widely recognised that the national minimum wage is not enough to lift Londoners out of poverty, and that more employers need to adopt the London Living Wage, in order for poverty rates in the capital to improve. Yet at the bottom of the capital’s labour market, thousands of people are working in jobs which do not even pay the national minimum wage.

The government and Work Programme providers need to work with employers to lift wages and improve working conditions. It is indefensible for a mandatory government programme to push unemployed people into jobs which pay poverty wages. Moreover, it seems likely that Work Programme customers will be more likely to sustain employment if they are paid a living wage. LVSC is not aware of any evaluation or research work examining how higher rates of pay (such as the London Living Wage) impact on the performance of welfare-to-work programmes, though recent research by Trust for London found that the introduction of Living Wage cut staff leaving rates.⁹

⁹ Trust for London, *Costs and Benefits of a Living Wage* (October 2012): <http://www.trustforlondon.org.uk/Living%20Wage%20Costs%20and%20Benefits.pdf>

5. What's working well?

There is no shortage of bad or indifferent news about the performance of the Work Programme in London. There are, however, a few glimpses of hope.

While the overall programme performance is very low, it is possible to cast the figures in a more positive light. Analysis by Inclusion has shown that large welfare-to-work programmes have tended to under-perform in London, with its highly competitive labour market, high levels of disadvantage, and high overhead costs.¹⁰ Given the historic under-performance of national welfare-to-work performance programmes in London, the fact that Work Programme performance in London is on par with the rest of the UK is cause for optimism. Secondly, as discussed above, Inclusion's analysis of Work Programme performance by monthly cohort shows a considerably higher rate of job outcomes than the overall cumulative performance figures. Performance in Camden and Haringey is much better than might be expected, given the levels of worklessness in those boroughs. Further analysis may reveal aspects of delivery in these boroughs that can be applied to lift performance in other areas. Lastly, frontline organisations report some isolated examples of good practice, for example the ex-offender getting work in construction quoted above.

The differential payments mechanism, though fundamentally flawed, appears to be driving up outcomes for customers in the JSA Early Entrants payment group, who face particular labour market disadvantage. This is emphatically not the case with other payment groups attracting higher outcome fees, whose employment outcomes are very low or non-existent (in particular for the ex-Incapacity Benefit groups). However, it is too early – and the number of customers too low – to assess whether the outcome fees for those groups will incentivise providers to develop more effective services for those customers.

There are some positive signs in terms of joint working between primes and subcontractors, too. Subcontractors report that the most productive relationships with primes are when:

- senior managers within primes genuinely understand the value of the specialist support offered by the subcontractor
- primes' frontline staff have the training to identify which customers have the particular need or barrier relevant to the subcontractor's service
- prime's frontline staff are encouraged by management to access specialist support where appropriate, and are given a budget to do so

Other good practice from primes identified by subcontractors included:

¹⁰ http://lseo.org.uk/sites/default/files/downloads/Work_Programme_report.pdf

- primes actively managing customer volumes to allow small providers to cope with irregular flows
- primes reporting transparently on performance within supply chains (so-called 'league tables')
- management information systems provided by primes have generally been an upgrade from what subcontractors have used previously, which has improved performance (though requiring staff training initially)

Given the urgent need to improve Work Programme outcomes, these examples of positive working relationships should be expanded upon.

6. Conclusions and recommendations

London's labour market offers great opportunities, but the capital also has very high levels of worklessness, deprivation, and inequality. It is vital that the Work Programme effectively tackles entrenched labour market inequalities in London, if unemployment in the capital is to be effectively tackled. The balance of evidence of the first year of delivery in London suggests, however, that the Work Programme is badly failing many of its most disadvantaged customers.

The next set of performance figures will give a more realistic picture of how the programme is performing, since problems related to start-up and sluggish referrals in the early period will have passed. We must build on these learning points if Work Programme performance is to improve in London, and across the UK.

Recommendations

1. Giving Work Programme customers more information and greater protection could improve performance

Regardless of the myriad reasons for the Work Programme's under-performance, the fact remains that ultimately it is customers who are losing out the most. Unlike 'customers' of other services, however, people on the Work Programme have no choice of provider, often are given little or no information about the level of service they are entitled to, the track record of the provider they have been assigned to, and they have no right of reply if they have been 'sold the wrong product' (that is, if they have been assigned to the wrong customer payment group). Nor, of course, do they have any choice about joining the Work Programme in the first place, and they may face financial sanctions for failing to comply with instructions. The use of the term 'customer' in this context is positively Orwellian.

Nevertheless, strengthening the hand of customers to take greater ownership of the support they receive would greatly improve overall programme accountability, and could improve performance. After all, these 'customers' know more than anyone else about their capabilities and the structural and behavioural barriers they face.

Our recommendations:

- The DWP and providers must do more to publicise in plain English the minimum service standards that each prime has committed to.
- Providers should commit to transparent reporting on levels of customer satisfaction.

- Customers should have the right to challenge the payment group to which they have been assigned. For example, a homeless customer who has not been identified as homeless by JCP and has been assigned to the JSA 25+ group, could request to be assigned into the JSA Early Entrants group, so gaining an entitlement to more funding for support services.
- Voluntary customers should have the right to choose which provider supports them, rather than being randomly allocated to a prime, so they can be certain of achieving the most effective support for their individual needs.

2. Restrictions on eligibility for other support must be relaxed

The Work Programme is stifling innovation across the welfare-to-work sector. Subcontractors within supply chains comment that ‘financial constraints do not make fully innovative and personalised interventions possible’, and ‘innovation in the form of the ‘black box’ model is undermined by contractual obligations, delivery models imposed by prime contractors, and the setting of minimum service standards.’

Specialist VCS organisations outside supply chains, on the other hand, are considering whether to limit the support they offer to Work Programme customers, and have had to retrench services as the Work Programme has replaced and displaced other statutory employment programmes.

The net effect of this must be to reduce the quality and range of specialist support available to London’s harder to help unemployed.

Our recommendations:

- Referral onto the Work Programme should be delayed or deferred for customers who are receiving high quality employment support from providers outside the Work Programme.
- Where customers have particular needs and barriers which are demonstrably not being provided for within the Work Programme, there must be some mechanism for those customers to access additional support from external providers - and for any outcome fee to be fairly apportioned between providers.

3. The differential payment system must reflect labour market disadvantage and the costs of service delivery in London

The current differential payments model must be reviewed because it does not ensure that customers receive the support adequate for their needs. Payment groups are defined almost entirely on the basis of the benefit a customer is

claiming, taking no account of other barriers and issues.

One exception is the JSA Early Entrants payment group, which recognises an individual's barriers to the labour market, and apportions additional resources to the provider to address those barriers. The relatively good performance of this payment group suggests that a more needs-focussed differential payment mechanism could improve overall Work Programme performance. The phasing out of the current benefits system with the introduction of Universal Credit provides an opportunity to revisit and reform the Work Programme customer categorisation model.

Inclusion's analysis of statutory employment programmes estimates that the costs of delivering employment services in London is 15-20 per cent higher than elsewhere in the UK. The current Work Programme payment model takes no account of London's higher costs.

Our recommendations:

- The differential payment mechanism must be revised to better reflect the barriers to the labour market faced by individual customers. At the very least, it should take account of the length of time a customer has been unemployed.
- At the same time, the accuracy of needs assessment for Work Programme customers carried out by JCP and primes must be reviewed. There would be no benefit in introducing a more sophisticated pricing mechanism, unless it is based on reliable customer needs assessments.
- The DWP should consider how providers could be compensated to reflect the higher cost of delivering employment support services in London.

4. The payment model must recognise milestones on the journey to work

People who have been out of work for many years, and/or with mental health problems, or poor literacy, need time and intensive support to move into work. The Work Programme's narrow focus on job outcomes incentivises 'parking' customers who are the hardest to place in work. This is probably a key factor in the programme's apparent failure to deliver for some harder to help clients.

If providers were rewarded for delivering intermediate outcomes for the most disadvantaged customers, we might see outcomes improve. There are a great many outcomes frameworks in existence which can be drawn on to develop a more nuanced payment-by-results model. The DWP's own ESF programme, for families with multiple problems, recognises a wide range of intermediate outcomes for people who are far from the labour market.

Our recommendations:

- Future commissioning of employment support for harder to help customers must pay for a wider range of results than a narrow employment outcome.
- If the current poor performance for disadvantaged customers continues, the DWP must investigate how the Work Programme payment model could be amended to introduce intermediate outcome payments for the harder to help customers.

5. Greater supply chain transparency will improve Work Programme performance and accountability

One of the most consistent demands from the VCS subcontractors we contacted in preparing this report was the need for improved communication from primes on customer flows and referrals. Where primes reported internally to supply chain partners on their own and subcontractor performance (so called 'league tables'), this was very valuable.

If primes shared more of this supply chain performance data publicly, delivery partners, stakeholders, and customers themselves could assess what is working well and what isn't. The current tight restrictions around sharing this data limit the identification and spread of good practice.

Our recommendations:

- Primes should be encouraged to publicly report to their supply chain on their own performance and that of their subcontractors.
- Subcontractors should be permitted to publish data on their own performance and user satisfaction.

6. Good practice in prime-subcontractor relationships must be identified and promoted

After a year and a half of Work Programme delivery, the majority of specialist tier 2 providers have still had no customers referred to them at all. They have suffered the insult of being 'bid candy', and the injury of losing time and money trying to engage with primes to resolve the situation. The complete lack of engagement with the Merlin Standard processes, despite the problems within supply chains, is of concern.

However, there is evidence to suggest that in some cases, prime-subcontractor relationships are working well. This tends to be when the prime develops an understanding of the value of the specialist provision, actively encourages its

advisers to draw on that support, and ring-fences budgets for that support.

Our recommendations:

- Subcontractors should come together where possible through provider forums (such those hosted by ERSA, NCVO, LVSC, and others) to discuss what makes for a productive prime-subcontractor working relationship, and use their collective voice to demand better treatment from primes.
- Subcontractors and primes must explore new models for accessing specialist support. For example if all primes in a CPA shared a pool of specialist subcontractors, this will increase the number of customers with a specific need to a critical mass level, which makes the specialist providers' offers more financially viable.
- The government must reassess whether the Merlin Standard offers real protection for subcontractors, and whether there is a need for independent arbitration of disputes between prime and subcontractors.
- The government should measure the volume of referrals going to subcontractors, rather than just the number of organisations in each supply chain. Then it should take a clear line about how long a subcontractor can languish on a supply chain with no referrals before we can call them 'bid candy' and hold their prime to account.
- The government should also take a clear line about whether it is acceptable for primes to refer their customers to unpaid, non-Work Programme support, and what compensation external providers can expect where they place a customer in work.

7. The government and Work Programme providers need to work with employers to lift wages and improve working conditions

The ultimate aim of statutory employment programmes is to improve lives and lift individuals and families out of poverty. Pushing Work Programme customers into non-jobs, short-term jobs or jobs paying poverty wages, as described above, will do nothing to reduce poverty in London. In-work poverty and underemployment are increasing in London, and Work Programme design and delivery must take account of this.

One of the ambitions of the Work Programme was to use sustained employment outcomes to incentivise innovation and good practice among providers in supporting customers to transition into the world of work, and to offer support for customers to progress in work over a sustained period of up to two years. Sadly, what we are seeing in some (hopefully, isolated) cases is precisely the opposite: providers are chasing short-term outcomes and forcing people off active benefits

and into short-term work paying less than the minimum wage.

Our recommendations:

- Central and local government bodies must do more to champion the London Living Wage among employers, and encourage more employers to recruit from welfare-to-work programmes.
- Central and local government bodies should start by committing to pay their own staff a Living Wage (and demanding the same of their suppliers), and committing to offer employment opportunities to Work Programme customers.
- The government must stamp out unscrupulous practice by Work Programme providers, such as claiming outcome fees for self-employment 'non-jobs', or very low paid jobs. No Work Programme customer should ever be forced to work for the less than the National Minimum Wage.
- The DWP should consider capturing data on the quality of employment outcomes: in terms of wages offered hours worked and career progression opportunities. At the very least, the DWP's Work Programme evaluation should investigate the impact of paying a Living Wage on sustaining employment.

Helpful links

NCVO Work Programme report: http://www.ncvo-vol.org.uk/sites/default/files/sig_survey_june_2012_report_17.9.12.pdf

ERSA job start data: http://www.ersa.org.uk/downloads/ERSA_Job_Start_data-PFw5hB.doc

Crisis/Homeless Link report: <http://homeless.org.uk/news/work-programme-not-working-homeless-people#.UL9fmuTglWI>

National Audit Office report: http://www.nao.org.uk/publications/1012/dwp_work_programme.aspx

DWP tabulation tool: <http://83.244.183.180/WorkProg/tabtool.html>

DWP press release on Work Programme performance: <http://www.dwp.gov.uk/newsroom/press-releases/2012/nov-2012/dwp128-12.shtml>

LVSC Work Programme pages: <http://www.lvsc.org.uk/research-policy/campaigns/work-programme-in-london.aspx>

Further information

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Appendix 1: Work Programme Referrals, Job Outcomes, and Performance in London by Customer Group, June 2011- July 2012

Data from DWP Tabulation Tool at <http://83.244.183.180/WorkProg/tabtool.html>

Cumulative Work Programme referrals, June 2011 - July 2012

	JSA 18 to 24	JSA 25 and over	JSA Early Entrants	JSA Ex-Incapacity Benefit	ESA Volunteers	New ESA claimants	ESA Ex-Incapacity Benefit	IB/IS Volunteers	JSA Prison Leavers	Total
West London: Ingeus	2,520	10,900	2,840	60	750	1,400	390	170	120	19,160
West London: Maximus	2,530	10,950	2,740	60	670	1,340	360	100	80	18,830
West London: Reed	2,450	10,830	2,750	60	780	1,380	380	130	90	18,870
East London: A4E	4,240	14,430	5,440	60	480	1,420	360	120	150	26,690
East London: CDG	4,220	14,440	5,410	50	440	1,460	360	110	150	26,630
East London: Seetec	4,250	14,480	5,410	50	320	1,440	350	90	150	26,550
West London	7,510	32,680	8,340	190	2,200	4,130	1,140	400	290	56,860
East London	12,710	43,350	16,270	160	1,250	4,310	1,060	320	440	79,870
London	20,180	75,590	24,620	350	3,430	8,370	2,180	710	710	136,150
Rest of UK	156,500	314,250	190,030	5,970	13,660	43,730	7,270	1,400	8,930	741,730

Cumulative Work Programme job outcomes, June 2011 - July 2012

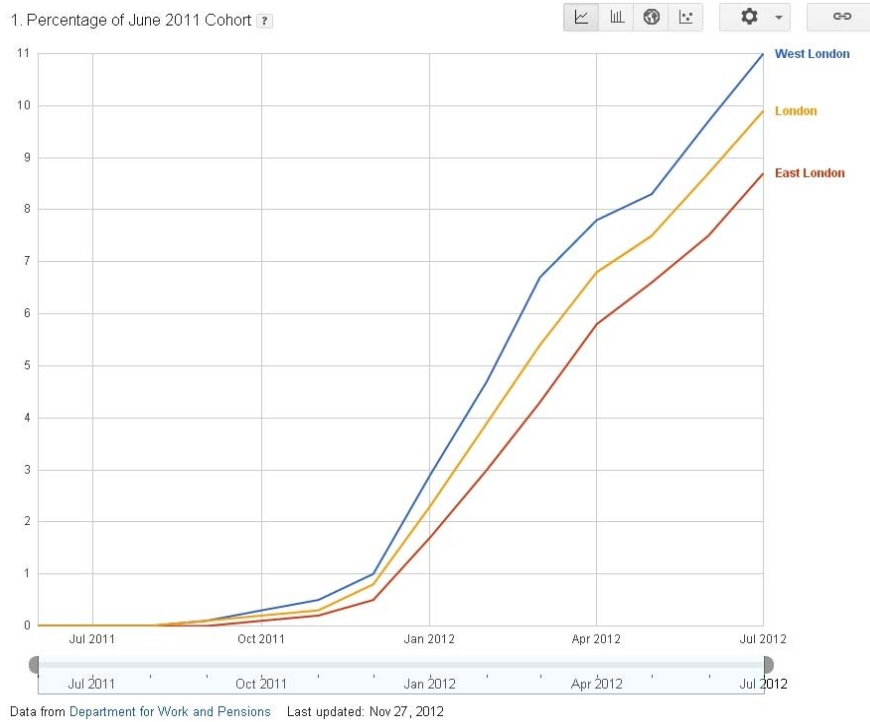
	JSA 18 to 24	JSA 25 and over	JSA Early Entrants	JSA Ex-Incapacity Benefit	ESA Volunteers	New ESA claimants	ESA Ex-Incapacity Benefit	IB/IS Volunteers	JSA Prison Leavers	Total
West London: Ingeus	110	570	180	0	10	30	0	10	0	910
West London: Maximus	100	490	150	0	0	20	0	10	0	760
West London: Reed	90	440	130	0	0	20	0	0	0	690
East London: A4E	130	520	190	0	0	20	0	0	0	860
East London: CDG	100	570	220	0	0	10	0	0	0	910
East London: Seetec	90	400	170	0	0	10	0	0	0	680
West London	310	1,500	450	0	10	60	0	20	0	2,360
East London	310	1,490	580	0	10	50	0	10	0	2,450
London	620	2,970	1,030	0	20	110	10	30	0	4,800
Rest of UK	5,300	10,450	9,580	130	210	700	20	60	0	26,440

Work Programme Performance, June 2011 - July 2012

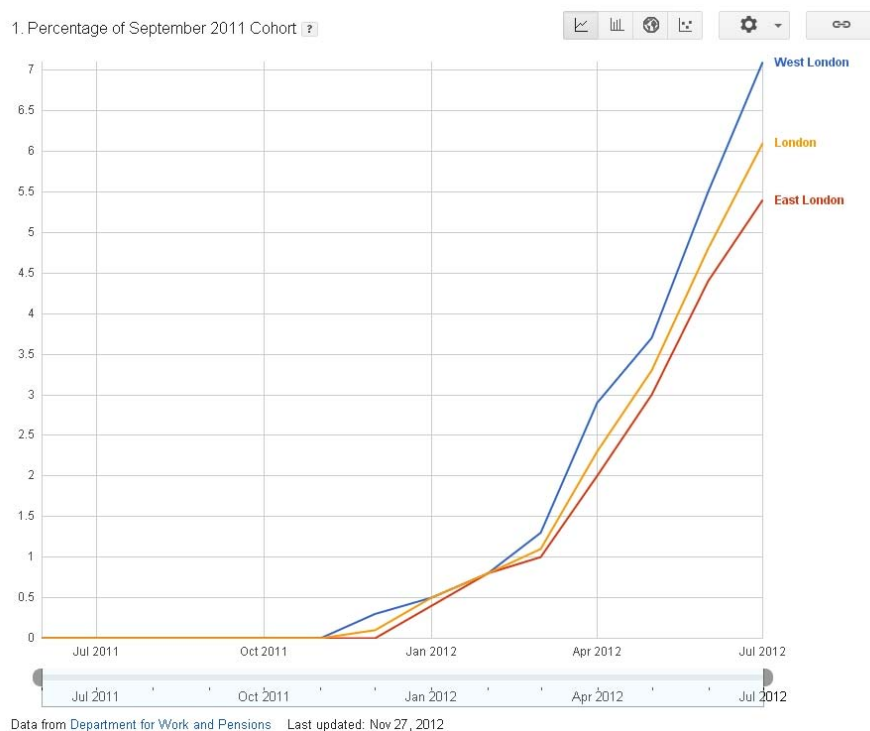
	JSA 18 to 24	JSA 25 and over	JSA Early Entrants	JSA Ex-Incapacity Benefit	ESA Volunteers	New ESA claimants	ESA Ex-Incapacity Benefit	IB/IS Volunteers	JSA Prison Leavers	Total
West London: Ingeus	4.4%	5.2%	6.3%	0.0%	1.3%	2.1%	0.0%	5.9%	0.0%	4.7%
West London: Maximus	4.0%	4.5%	5.5%	0.0%	0.0%	1.5%	0.0%	10.0%	0.0%	4.0%
West London: Reed	3.7%	4.1%	4.7%	0.0%	0.0%	1.4%	0.0%	0.0%	0.0%	3.7%
East London: A4E	3.1%	3.6%	3.5%	0.0%	0.0%	1.4%	0.0%	0.0%	0.0%	3.2%
East London: CDG	2.4%	3.9%	4.1%	0.0%	0.0%	0.7%	0.0%	0.0%	0.0%	3.4%
East London: Seetec	2.1%	2.8%	3.1%	0.0%	0.0%	0.7%	0.0%	0.0%	0.0%	2.6%
West London	4.1%	4.6%	5.4%	0.0%	0.5%	1.5%	0.0%	5.0%	0.0%	4.2%
East London	2.4%	3.4%	3.6%	0.0%	0.8%	1.2%	0.0%	3.1%	0.0%	3.1%
London	3.1%	3.9%	4.2%	0.0%	0.6%	1.3%	0.5%	4.2%	0.0%	3.5%
Rest of UK	3.4%	3.3%	5.0%	2.2%	1.5%	1.6%	0.3%	4.3%	0.0%	3.6%

Appendix 2: Work Programme performance in London by monthly cohort

Work Programme performance in London for June 2011 customer cohort



Work Programme performance in London for September 2011 customer cohort



Appendix 3: Third Sector Work Programme subcontractors in London

Source: DWP supply chain list correct as at 31 July 2012¹¹

Tier 1 (Total: 25)

5 E Ltd
Action Acton Ltd
Affinity Sutton
BEP (Business Education Partnership) Group
Careers Development Group (CDG)
Community Links
Disability Works UK Consortium
Ellingham Employment Services
Employment First
Faith Regeneration Foundation
Groundwork London
LifeLine (LifeLine Community Projects)
Renaishi Ltd
South Bank Employers Group
Stockwell Community Resource Centre (SCRC)
The Camden Society
The Citizens Trust
The Prince's Trust
Third Sector Consortia Management LLP (3SC)
Tomorrow's People Trust Ltd
TWIST Partnership Ltd
Urban Futures London Ltd
Vital Regeneration
Volunteer Centre for Kensington & Chelsea
Westminster Works Consortium (Paddington Development Trust)

Tier 2 (Total 44)

Action for Blind People
Addaction
Beatbullying
Blue Sky Development & Regeneration
Broadway Homelessness and Support
Business in the Community
Capitalise Debt Advice Partnership
Cardboard Citizens
Citizens Advice Bureau
Communities Into Training and Employment

¹¹ available at <http://www.dwp.gov.uk/docs/wp-supply-chains.xls>

Cricklewood Homeless Concern
Disability Works UK Consortium
Elevation Network Trust
Employment & Training Consortium
Expert Patients Programme Community Interest Company
Gingerbread Ltd
Hammersmith and Fulham Association for Mental Health
HCT Group
Hillside Clubhouse
Khulisa Crime Prevention Initiative
Leap
London Outreach Alliance
NACRO
Network for Black Professionals
New Deal of the Mind
New Highway
NOVA New Opportunities
Oracle Training C.I.C.
Phoenix House
Praxis Community Projects
RAPt (The Rehabilitation for Addicted Prisoners Trust)
Relate
Royal Mencap Society
Speakersbank
St Mungos Community Housing Ltd
Tamil Relief Centre
The Camden Society
The Football League Trust
The Prince's Initiative for Mature Enterprise (PRIME)
The Prince's Trust
The Refugee Council
The Soul Project Family Centre
Trees for Cities

Appendix 4: Survey questions from LVSC survey of VCS Work Programme subcontractors in London

Survey Questions

Q1. Your name

Q2. Your organisation

Q3. Your email address

Q4. What kind of Work Programme subcontract(s) does your organisation hold?

- Tier 1 / End to End
- Tier 2 / Menu Partner
- Both Tier 1 and Tier 2

Q5. Where in London does your organisation deliver Work Programme?

- London West
- London East
- Both London West and London East

Referral volumes

Q6. For your tier 1 contract(s), how many customer referrals have you had to date?

Q7. For your tier 2 contract(s), how many customer referrals have you had to date?

Q8. How do these referral volumes compare with your initial expectations?

- Much higher
- A bit higher
- As expected
- A bit lower
- Much lower

Q9. Do you have any other comments on referrals to date?

Contract performance

Q10. How is your contract performing against contractual targets, in terms of job outcomes to date?

- Much higher
- A bit higher

- The same
- A bit lower
- Much lower

Q11. What key factors have determined your contract performance to date?

Q12. Are you confident that the Work Programme will attain the DWP's minimum performance level in your contract package area(s)?

- Yes, it will meet the minimum performance level
- No, it will not meet the minimum performance level
- Not sure

Relationship with prime contractor(s)

Q13. Has your prime contractor(s) supported you financially to manage the risk of Work Programme delivery? (e.g. by providing additional upfront payments)

- Yes
- No

If yes, how?

Q14. Has your prime contractor(s) supported you in other ways? (e.g. with improved management information systems; smoothing uneven customer flows; transparent reporting on performance within supply chains)

- Yes
- No

If yes, how?

Q15. Have you experienced any problems with your prime contractor(s)? (e.g. late payments, lack of communication, slow referrals)

- Yes
- No

If yes, what problems?

Q16. Overall, how satisfied are you with your relationship with your main prime contractor?

- Very satisfied
- Fairly satisfied
- Neutral
- Fairly unsatisfied
- Very unsatisfied

Merlin Standard

Q17. Have you invoked the Merlin Standard to address any issues or concerns?

- Yes

No

Q18. Are you confident the Merlin Standard will ensure you are treated fairly as a Work Programme subcontractor?

Yes

No

Not sure

Finance for payment by results

Q19. Have you sought additional finance to fund your Work Programme delivery until outcome payments kick in?

Yes

No

Q20. Have you experienced difficulties in accessing finance to fund Work Programme delivery?

Yes

No

If yes, please give details

Harder to help customers

Q21. Do you think the differential payments model (i.e. different payments for each customer group) ensures that all Work Programme customers get effective support?

Yes

No

Not sure

If no, why not?

Q22. Are you able to deliver innovative and personalised interventions for all the Work Programme customers you support?

Yes

No

If no, what are the restrictions?

Q23. Have you had any customers referred to you who are in the wrong customer group?

Yes

No

Not sure

Please give examples

Q24. Have you ever felt under pressure from your prime to sanction Work

Programme customers?

- Yes
- No

Independence and voice

Q25. Do you feel restricted in what you can say publicly about the Work Programme?

- Yes
- No

Q26. If yes, is this because of the terms of your subcontract, or other reasons, or both? (tick all that apply)

- Work Programme subcontract
- Other reasons

What other reasons?

Q27. Would you be prepared to talk to media on the record about your experience as a Work Programme subcontractor? (To be clear: LVSC will NOT share your details with any third party without your explicit permission)

- Yes
- No

Q28. Do you have any additional comments on anything in this survey?



Trust for London

Tackling poverty and inequality

MAYOR OF LONDON



London Voluntary Service Council
2nd floor, 200a Pentonville Road
London N1 9JP

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