

	<p><b>Realising Potential: developing personalised conditionality and support</b></p>
	<p><b>A discussion paper on next steps in implementing the Gregg Review</b></p>
	<p>January 2009</p>

# Executive summary

This discussion paper sets out further detail about how the Government plans to implement the recommendations of the Gregg Review on personalised conditionality and support (published in December 2008). In particular it focuses on the supportive framework we want to put in place to help many more parents with younger children and Employment and Support Allowance claimants to prepare for work. Putting this framework in place should ensure further progress in our aim to support families, promote employment and eradicate child poverty.

The paper outlines our latest thinking on the design of the 'Progression to Work' approach and how we intend to test this out. This is one where claimants:

- Actively engage with their adviser on an ongoing basis;
- Consider, discuss and agree an Action Plan comprising activities they think will improve their prospects of moving back into work; and
- Undertake these agreed activities as part of their own journey towards employment.

This model will work best where we have advisers with the necessary skills and capabilities to encourage claimants to genuinely co-produce, co-own and take responsibility for their journey back to work. Because we know that the availability of childcare is so central to enabling parents with younger children to realise their aspirations for work, we will pay for childcare that they need to carry out their Action Plan (building on existing provision). We will also test out whether offering an improved financial incentive for parents to try out work supports people to make the full transition from benefits to work.

The current Welfare Reform Bill will give us the necessary legislation to test out the progression to work approach over the next few years. Our plan is to do this through a series of pathfinders. These pathfinders will benefit around a fifth of new & existing ESA claimants and a similar proportion of parents with younger children. Parents with a youngest child aged between one and two will be expected to engage with an adviser and agree an Action Plan, but undertaking work preparation activities will be voluntary (see Annex A for further details).

This paper is aimed at stakeholder organisations and other interested parties to enable further, more detailed discussion to take place as we move through policy development towards implementation. The paper recognises that there are some areas where further work is needed on the design and delivery of this model, and we look forward to engaging with people on these over the coming months.

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# Introduction

In December 2008 Professor Paul Gregg published his independent review "*Realising Potential: A Vision for Personalised Conditionality and Support*", which made recommendations about how the Government could make further progress in reforming the welfare system to promote employment and reduce child poverty. In the recent White paper "*Raising expectations and increasing support: reforming welfare for the future*", the Government endorsed Professor Gregg's vision of a system where virtually everyone on benefits is on an active journey back to work, but where that journey is tailored to their individual goals and circumstances.

This discussion paper sets out how the Department for Work and Pensions' intends to take forward work on the core recommendations of the Gregg Review - the development of a new 'progression to work' approach. This is for those people who may not be ready to work immediately, but with the right mix of support and encouragement could get back into employment. In line with Professor Gregg's proposals, we intend for this approach to apply to parents on benefits with younger children and the vast majority of those claiming Employment and Support Allowance.

People want to have control over their lives, but too often are held back by poverty or lack of support and opportunities to achieve their goals. To overcome these barriers, we want to create a fairer, more equal society with high rates of employment and low levels of poverty. This requires a welfare system where people have the support they need to realise their potential, but also the expectation that they will positively engage with that support and take control of their own journey back to work. It also depends on world class public services like health, as well as high quality, affordable childcare and family support to enable parents to combine paid work and caring. That is why, alongside this discussion document, the Government is also publishing a refreshed childcare strategy (*Next Steps for Early Learning and Childcare*) and launching a consultation on our plans to enshrine our historic goal of eradicating child poverty into law (*Ending Child Poverty: Making it Happen*).

Britain is currently feeling the effects of the most serious global financial crisis for decades. This is inevitably having an impact on the labour market, with unemployment rising significantly. The Government cannot prevent every job being lost, but we will do all we can to help people get their next job as quickly as possible. We are also determined to avoid the long term unemployment and inactivity which was the lasting consequence of previous recessions. That is why it is vital to continue reforming the welfare system to ensure people have the support they need to prepare for work – so they are ready to take advantage of the upturn and no-one is written off.

# Chapter 1: Context and goals

## Promoting employment, supporting families and eradicating child poverty

1. Britain is currently feeling the effects of the most severe global economic crisis for decades. This is inevitably affecting families and putting pressure on household budgets. The immediate steps the Government has taken to underpin the stability of the financial system has reduced the risk of a deeper or long-term recession. The Government is also taking action to take people fairly through the downturn, focusing support on those who need it most.
2. While this short-term action is absolutely critical, it is also vital that we continue to focus on the reforms and investments which will contribute to a successful future for our country. Central to this is reforming the welfare state to promote high levels of employment and give people the opportunity to progress at work. Combined with high quality, affordable childcare and wider support for families, this can make a major contribution to realising our goal of eradicating child poverty.
3. Having a family member in work significantly reduces the risk of poverty. Figures from *Ending Child Poverty: Making it Happen*, published alongside this document, show that living in a household where:
  - No adult is working puts a child at a 63 per cent risk of poverty;
  - One or more, but not all, adults are in work puts a child at a 29 per cent risk of poverty; and
  - All adults are in work puts a child at an 8 per cent risk of poverty.
4. Worklessness and poverty have negative impacts on adults both now and over the long-term. These include lower earnings and employment chances as well poorer health, reduced psychological well-being, and increased risk of suicide and self-harm. Working on the other hand is associated with better physical and mental health and well-being<sup>1</sup>.
5. Children in workless families are similarly affected, experiencing poorer health and educational outcomes as a result of parental unemployment and persistent low income. The reverse is also true. There is now compelling evidence that parental employment has positive effects on both childhood outcomes and experiences, as well as children's future life chances<sup>2</sup>.

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<sup>1</sup> Waddell, G. and Burton, A.K. Is work good for your health? 2006; Brinkley, I. et al. Hard Labour: Jobs, unemployment and the recession 2008

<sup>2</sup> For a comprehensive review see Waldvogel, J. What Children Need 2006

6. Worklessness and poverty waste talent, constrain aspirations and reduce opportunities. We know that they also damage the strength of our society, by limiting our economic competitiveness and undermining social cohesion.
7. It is in this context that we asked Professor Paul Gregg to examine the current balance of support and expectations for people on benefits and to make recommendations for reform. His independent review, '*Realising Potential: A Vision for Personalised Conditionality and Support*', was published in December 2008.
8. Professor Gregg's core recommendations are intended to ensure a significantly greater number of people claiming benefits get the support and encouragement they need to realise their own aspirations for a return to work. We believe they offer a radical and effective way forward, creating a framework for positive engagement with families and making a major contribution to promoting employment and eradicating child poverty.
9. The review recommended that, for the first time, virtually everyone claiming benefit should be required to engage in activities that will help them move towards, and ultimately into, employment. It found that the strongly work-focused jobseeking regime for those who are able to look for and take up paid work straight away was effective and should broadly remain the same. This 'ready for work' approach includes those currently required to claim JSA which, over the next few years, will include lone parents whose youngest child is aged 7 or over and partners of benefit claimants<sup>3</sup> including those with a youngest child aged 7 and over.
10. At the other end of the spectrum, the review identified a small group of people who should not be required to meet any work-related requirements in return for their benefits because of the caring work they do or the severity of their condition. This 'no conditionality' group will include: carers; lone parents and partners of benefit claimants with a child under the age of one; and those in the Employment and Support Allowance (ESA) Support Group. Making progress towards work will be completely voluntary for people in these situations.
11. The Review also identified a large group of people claiming benefits where a return to paid work is a reasonable and positive possibility if sufficient time, encouragement and support is provided and people can be engaged positively in mapping out a journey back to work. This group comprises the vast majority of people claiming ESA as well as lone parents and partners of benefit claimants with a youngest child aged between one and seven. For these people, conditionality requirements therefore need to:
  - Reflect the individual's co-ownership of the return to work process;
  - Be tailored to their capabilities and built around their circumstances and goals;
  - Be based on activity that supports their own path back to work at a speed that is right for them; and

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<sup>3</sup> Unless the partner is a carer, or of pension credit age

- Be linked up with effective support offered on the basis of need rather than benefit label.
12. The Department warmly welcomed the Gregg Review in the White Paper '*Raising expectations and increasing support; reforming welfare for the future*', published on 11th December 2008. It represents a quite profound change in the culture and expectations for both claimants and frontline staff. However we believe the review sets out the right direction of travel. It complements and builds upon the recommendations of the Freud Review which the Government is also implementing.
13. We recognise that achieving high rates of employment and eradicating child poverty cannot be achieved by the welfare system alone. For instance, they require an effective lifelong education system to equip people with the skills they need to succeed in the modern workplace, and an effective health system that not only gets people better but which recognises that work can be central to keeping people healthy. Similarly they depend on support for parents to address family issues and build their confidence about a return to work. They also require giving parents opportunities to balance working and caring, such as through the right to request flexible working and extensions in maternity, paternity and parental leave.
14. We also know that the availability of suitable childcare is a particularly important factor in giving parents the confidence and ability to work. The Government is committed to improving such opportunities and is today publishing an updated childcare strategy document ***Next Steps for Early Learning and Childcare***. This makes clear that access is rapidly improving so that in England<sup>4</sup>:
- Childcare places have more than doubled since 1997, making childcare more available;
  - Almost all children aged 3 and 4 are taking advantage of the offer of a free early learning place;
  - Free early learning will be made available to disadvantaged two year olds and will be extended, stage by stage, to all two year old children; and
  - Almost 2.3m children and their families can now use one of almost 3,000 Sure Start Children's Centres.
15. Services to parents should be integrated, offering seamless support for families, and should cover a continuum of support – right from universal services offered by Sure Start Children's Centres and schools, to targeted specialist support for families with the most challenging needs. We will, therefore, ensure that the Gregg model complements the support already offered to parents, for example, through Children's Centres, outreach workers and Parent Support Advisers. We will also ensure that work to take these recommendations forward complements new initiatives such as the child poverty pilots which are testing innovative models of multi-service support such as:

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<sup>4</sup> Childcare documents for the devolved administrations are Wales: *Childcare is for Children*, Welsh Assembly Government, November 2005. Scotland: *Early Years Framework*, Scottish Government, December 2008

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- Child Development Grants which offer parents a cash incentive to engage in their local Children's Centre and support their child's development
- Placing Jobcentre Plus and HMRC advisers in Children's Centres to provide advice and support in an accessible setting
- Family Intervention Projects, which provide intensive support and challenge to workless families who have complex needs and require additional help to get into work or training.

16. This is the context in which we plan, subject to the successful passage of legislation, to test out the 'Progression to Work' model. The remainder of this document sets out these plans in more detail. Section 2 outlines our latest thinking on the design of the model we want to test. It also identifies a number of key areas where we want to continue a discussion to make sure the policy achieves its goals. Section 3 sets out how we plan to implement and evaluate the model to inform its wider roll out. Finally, Section 4 highlights the next steps for an on-going dialogue with interested people and organisations.



# Chapter 2 – Designing the ‘Progression to Work’ model

## A. What is the overall model we wish to test?

17. The Progression to Work model will apply to workless parents (whether lone parents or partners of benefit claimants) with a youngest child aged between one and less than seven (‘parents with younger children’) and ESA claimants (other than those in the ESA Support Group). People in these groups are not required to take up work as a condition of their benefit, either because of their health condition or their caring responsibilities. These reforms will not change this. However they will make clear that those in these groups are expected to be making progress towards a return to work at the appropriate time for them.
18. That is right for three reasons. We know that the vast majority of those on benefits aspire to work in the future. We also know our support works in helping people overcome barriers to work. It’s also right that the welfare system facilitates and empowers people to return to work, not abandon them on benefits. For example, 40% of lone parents with children under seven are already in paid work and, since 1998, over 250,000 have moved into work with the help of the New Deal for Lone Parents. Similarly, Pathways to Work increases the chances of a participant returning to work by 25 per cent for new claimants and the employment rate for existing claimants is more than doubled as a result of the programme.<sup>5</sup>
19. Our goal is simple: to ensure more people find out about support and take it up. When these programmes have been voluntary, only around a quarter or a fifth have taken part. By requiring people to take up support, we will ensure that as many people as possible are able to transform their lives, improve their well-being and increase their families’ income.
20. To achieve this, individuals in the Progression to Work group will need a system of highly flexible and personalised support from the outset. Therefore the model of conditionality and support we want to test out is based on an expectation that they will:
  - Actively engage with their adviser on an ongoing basis;
  - Consider, discuss and agree with their adviser an Action Plan comprising activities they think will improve their prospects of moving back into work; and
  - Undertake these agreed activities as part of their own journey towards employment;

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<sup>5</sup> ‘The Impact of Pathways to Work’, The Policy Studies Institute, DWP report no. 435, 2007, Evidence on the effect of Pathways to Work on existing claimants, H Bewley, R Dorsett and M Ratto (Policy Studies Institute), DWP report 488, 2008

- Follow directions from advisers where these are strictly necessary, underpinned by ultimate recourse to sanctions for those failing to engage with support without good cause.

21. The Progression to Work model will not require people to apply for, or take up, a specific job offer. Any activities they are asked to undertake will be underpinned by an offer of free high quality and appropriate childcare where this is required<sup>6</sup>. Many parents will be able to follow their Action Plan while their children are in school or by taking advantage of the early years entitlement for three and four year olds. However, where this is not possible, Jobcentre Plus will meet the costs of any necessary childcare (see paragraph 33 and 50 below for more details). Safeguards around appropriate and suitable childcare will apply.

22. In addition no claimant with a health condition or disability would be required to undertake any activity which would have a negative impact on their condition. ESA Claimants would obviously not be required to undergo medical treatments that clearly fall foul of human rights legislation or violate medical ethics, professional codes of practice or clinical governance.

23. This new model will represent a significant cultural shift in the expectations that apply to benefit claimants and advisers. We recognise that designing this model so that it is effective in promoting employment and reducing child poverty is therefore dependent on a number of factors:

- A **legislative framework** which underpins the expectations set out in paragraph 15. We are planning to achieve this through the Welfare Reform Bill introduced into Parliament on 14 January 2009.
- **Personal advisers with the skills and capabilities** to provide a positive balance of support and challenge. This will involve constructing strong relationships with claimants that draw out their abilities and aspirations. It will also require advisers to be able to access and broker tailored packages of support.
- **Ensuring that the claimant's voice is heard** so they can genuinely co-produce and co-own their journey back to work. We believe that the greater flexibility and personalisation at the heart of the 'Progression to Work' approach can bring major benefits for claimants. However, we recognise that greater discretion needs to be balanced by power for claimants, through clear minimum expectations and opportunities for advocacy and redress.

We do not have final answers on each of these points and we want to discuss with people the appropriate responses. The following paragraphs set out our latest thinking on how the Progression to Work model would work in practice, based around the core elements outlined above. It also sets out some further thinking on the role of the adviser (paragraphs 42-45) and an improved financial incentive for parents with

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<sup>6</sup> Jobcentre Plus is able to cover 100% of the costs of childcare within the limits set under the childcare element of the Working Tax Credit: £175 for one child and £300 for two or more children.

younger children we want to test out to encourage the transition into work (paragraphs 46-50).

## **B. Core elements of the Progression to Work model**

### **B(i) Regular engagement with a personal adviser**

This is already a common requirement within the benefit system for non-JSA claimants – through Work Focused Interviews (WFIs). However under the ‘Progression to Work’ model we believe the purpose of the WFI should change. It should no longer be about an adviser ‘selling’ the support available and merely hoping the claimant takes it up on a voluntary basis. Rather the initial WFI would be the point at which the adviser starts to build a good rapport with the claimant and begins a deeper exploration of their current situation and their future aims and aspirations. This would provide the basis for developing a challenging Action Plan, including agreed activities and packages of support. Further WFIs would then be about continuing support and encouragement, with advisers and claimants reviewing actions taken since the last WFI and agreeing the next steps on the journey towards work.

24. The frequency and timing of WFIs is a core issue in the design of the Progression to Work model. At present, parents on benefits and ESA claimants are required to attend WFIs:

- *Lone parents* – every six months for lone parents with a youngest child aged less than 5, and every three months for lone parents with a youngest child aged 6;
- *Partners* – one WFI at the six month stage of the claim for partners of Income Support and ESA claimants and every six months for partners of JSA claimants;
- *ESA claimants* – from the 8 week point of the claim WFIs occur every month for the next 6 months; followed by WFIs occurring every 3 months until the 2 year point of the claim (for new claimants from 2010).

25. However, under the Progression to Work model we believe patterns of engagement with advisers need to become significantly more flexible. This is to ensure that it fits more comfortably around the timing and nature of the work-related activity that claimants agree to undertake and record in their Action Plan.

26. This flexibility should be balanced against the fact that there needs to be a minimum level of contact between claimants and advisers to build their relationship, ensure the Action Plan is being carried out and to make sure people aren’t left without support for long periods. Therefore our current view is that claimants in the ‘Progression to Work’ model should meet their adviser at least on a quarterly basis, with those on ESA engaging at least on a monthly basis for the 6 month period near the start of their claim<sup>7</sup>.

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<sup>7</sup> Other than in the innovative delivery models - see section 3 for more details

27. However we will make it clear to both advisers and claimants that they are empowered to move beyond this to put in place more personalised patterns of contact which fit best with the agreed activity they are undertaking. We will think further about what guidance and safeguards are needed to reassure people that they will not be required to attend an unreasonable number of WFIs or, alternatively, be left with very infrequent contact. Engaging with advisers in this way will be a core expectation of claimants in the 'Progression to Work' model, with the backstop of sanctions for those who fail to do so without good cause (subject to the normal safeguards around notifying people of about time and place).

### **B(ii) Progression towards work – through work-related activity**

28. Under the Progression to Work model parents with younger children and ESA claimants will be expected to take active steps that will move them towards employment. We would not require this from day one of a claim. There needs to be a period of consideration and adjustment (if, for example, a lone parent has just separated from their partner) so that engagement with this process starts on a positive footing. We believe that for most people covered by the full Progression to Work requirements this will mean activity commencing around the 3 month point.

29. There is also strong evidence that the journey back to work for non-jobseekers varies considerably, frequently involving the need to address issues that are not directly linked with jobseeking. For example managing a health condition, sorting out an uncontrolled debt, gaining confidence in their abilities, or acquiring some basic skills. Action Plans will need to reflect this need for holistic and tailored support, making it vital that Jobcentre Plus and providers have good links to wider services and agencies.

30. While the underpinning regime will be the same, the balance of support and expectations for parents with younger children and ESA claimants may frequently look very different. The needs of each parent with younger children will vary depending on their circumstances. Some will be closer to the labour market than others and may want to enter work more quickly. Others may want to undertake some more limited activity, waiting until their child is older before moving into paid work. Similar differences will also apply to people claiming ESA, where the timescale for people to get back to good health will vary from person to person. To accommodate this we do not intend to have a specific definition of what work-related activity an individual should undertake. Rather we want to establish the principle that everyone in the Progression to Work group is on an active journey towards employment, but leave the specific steps open for claimants and advisers to agree.

31. The table below gives an indication of the kinds of activities that claimants could choose to undertake. In addition to taking steps that directly improve their employability, we want parents to be able to engage with wider parenting and family support services and for their children to benefit from high quality childcare, early years provision and support such as that being developed in the Child Poverty Pilots. Equally, for ESA claimants who may have been out of work for some time, activities which build their confidence and encourage them to

participate in their community could be just as valuable steps forward as those more directly aimed at improving their health and employability.

32. We know that ensuring parents can access suitable childcare is an essential part of the effectiveness of the Progression to Work model. There is already a strong foundation of childcare provision. Across the UK children aged 3 and 4 have access to free part-time early years services, before they start school at age 5. In many cases parents will be able to undertake the activities agreed in their Action Plan around this existing provision. However, in other cases, for example where activities need to be undertaken at other times such as during the school holidays, Jobcentre Plus will pay for that childcare in full. In addition, parents in England may also be able to benefit from the 'Free Childcare for Training and Work' scheme which will provide free childcare for workless parents undertaking training leading to employment over a period of three years from 2009-11.

**Table 1 Potential 'Progression to Work' activities**

<p><b>Address their own or their wider family situation</b></p>	<ul style="list-style-type: none"> <li>• Assessing childcare options.</li> <li>• Parenting or family learning courses.</li> <li>• Starting to use Children's Centre services.</li> <li>• Stabilising housing situation</li> <li>• Seeking debt advice.</li> </ul>
<p><b>Manage their health for work</b></p>	<ul style="list-style-type: none"> <li>• Condition management programmes.</li> <li>• Drug and alcohol rehabilitation.</li> <li>• Therapy or physiotherapy for a common health condition.</li> </ul>
<p><b>Improve their skills for work</b></p>	<ul style="list-style-type: none"> <li>• Undertaking a Skills Health Check.</li> <li>• Undertaking a Basic Skills programme.</li> <li>• Short motivational and confidence building courses.</li> <li>• Mentoring.</li> <li>• Attending work-related training programme.</li> <li>• Participating in literacy or numeracy courses.</li> <li>• Participating in English language training.</li> </ul>
<p><b>Looking for work</b></p>	<ul style="list-style-type: none"> <li>• Working with New Deal or provider advisers to consider jobseeking ideas.</li> <li>• Independent job search.</li> <li>• Becoming aware of job opportunities in the local area.</li> <li>• Investigating the availability of suitable childcare.</li> </ul>
<p><b>Preparing for full-time employment.</b></p>	<ul style="list-style-type: none"> <li>• Participating in a Work Trial.</li> <li>• Undertaking voluntary work.</li> <li>• Preparing for self-employment.</li> <li>• Part-time working.</li> </ul>

### **B(iii) Back to Work Action Plans**

33. Under the Progression to Work model parents with younger children and ESA claimants will be expected to design and agree an Action Plan with their adviser. This will set out the claimant's goals as well as the activities they will undertake and the support they need to move closer to employment – even if the timescales for completing that journey are uncertain. The activities recorded in the Action Plan will then be reviewed and updated at each subsequent WFI.
34. While some non-jobseeking claimants already have Action Plans, we plan to transform the role of the plan by giving it a more central status in the ongoing discussions and relationship between claimants and advisers. We believe this will mean a complete re-examination of the design and use of the plans to ensure they are more mutually beneficial for claimants and advisers.
35. We want the process of co-producing an Action Plan with an adviser to encourage claimants to think about their aspirations: to identify their strengths upon which they can build; to agree challenging steps that move them towards their goals and the support they need to do so. The requirement is for people to positively engage with this process, because we think that having someone who is interested in them and has high expectations of them is central to people succeeding. We think the example of the Dutch equivalent of the Action Plan for more vulnerable groups, the Individual Re-Integration Agreement (IRO), is a good model to build our new approach upon.
36. Other initiatives, for example the Child Development Grants, also require participants to complete an action plan and undertake specific activities; we will ensure that, where possible, we link these with the Gregg requirements to provide a simple and integrated approach. We are keen to work with stakeholders to make sure this is achieved in practice.
37. Since we published the White Paper some people have expressed a concern that claimants might limit their aspirations by only putting a minimal amount of activity into their Action Plan to reduce the risk of sanction in case they do not complete all that was agreed to. We do not want this to happen and it would be highly counter-productive given what we want the Progression to Work group to achieve. Therefore it is important to clarify that:
- Failure to meet the contents of the Action Plan would not arise where someone had set themselves a stretching goal but then had not made as much progress as had originally been hoped, or if someone undertook a perfectly valid activity that was different from what was agreed in their Action Plan (perhaps because circumstances had changed);
  - Similarly, where an individual wanted to try and undertake several activities and these were recorded in their Action Plan they would not be penalised if they failed to complete every one of them. We think that one way to do this would be to identify the activity the claimant needed to undertake and those that were more discretionary. Another way might be to make clear that at least one activity needed to be undertaken. In any event there will be a minimum level of activity set out in legislation.

#### **B(iv) Adviser direction and sanctions**

38. The Progression to Work approach is based on the principle that everyone should be taking active steps on a journey back to work. We are confident that for the vast majority this mix of support and encouragement will prove a positive process that helps people to improve their employment prospects. However, in instances where claimants do not engage with this process we are clear that there is a role for 'adviser direction' (i.e. for an adviser to direct a claimant to undertake a specific activity, with the backstop of a potential sanction). This could arise in the following circumstances:

- Where a claimant has a proven, significant barrier to work which they have been encouraged to address but have failed to do so (for example attend a drug treatment programme);
- Where the activity that the claimant has chosen to undertake does not address their primary barriers to work and the claimant is unwilling to consider an appropriate alternative activity; and
- Where a claimant has been sanctioned for failing to undertake any work-related activity.

39. We made clear in the White Paper that in the 'Progression to Work' approach, we would not direct people to undertake jobsearch or apply for specific jobs. Legislation will also require advisers to ensure any direction is suitable for the individual concerned and that claimants will be able to ask for the direction to be reconsidered. We also plan to make clear through guidance and training for advisers when it will be appropriate to use these powers and we will evaluate their use. We are keen to discuss with people how such safeguards can be built into the system.

40. The Gregg review argued that the current sanctions regime is largely effective. However, it made some recommendations for how it could be improved so that claimants have a better understanding of their responsibilities and there is a clear response to individuals who repeatedly fail to engage with support. For the Progression to Work group this includes a sanctions regime that escalates from an initial warning through to financial penalties. We want to explore how this will work in practice through the pathfinders outlined in Section 3 of this document.

#### **C. The role of personal advisers in the Progression to Work model**

41. A cadre of skilled and capable Personal Advisers will be absolutely essential to effectively implement the Progression to Work model. Advisers will need to encourage, motivate and support claimants to identify their strengths and aspirations, and the steps they need to take on their journey back to work. This means they will need to be able to support people working at different paces and with different aspirations – unlocking support from a range of wider services and agencies.

42. There is a strong foundation from which to build, with 9,000 Jobcentre Plus advisers (as of November 2008). However in the Progression to Work model



advisers will be engaging on an ongoing basis in a way that goes beyond the monitoring of compliance that characterises short-term claims to Jobseeker's Allowance. For example advisers will need to positively challenge people's pre-conceived ideas of whether they are employable. They will need to help a wider and more diverse group of claimants to access a range of support services and engage with them over a sustained period.

43. In view of the importance of advisers in delivering this model, we believe it will be necessary to develop a workforce development strategy to think through the implications for the adviser role. That work will also enable us to develop comprehensive additional training material for Jobcentre Plus advisers to enhance the knowledge and skills necessary to deliver this more personalised approach. This is a further issue we will look to discuss with stakeholders.
44. Throughout this process we will also ensure that the strong messages already communicated as part of our recent changes to lone parent benefit entitlement are reinforced so all staff are focused on being sensitive to family's wider needs, especially when taking into account the availability of suitable and affordable childcare.

## **D. Improving incentives to work**

45. The goal of the Progression to Work approach is to provide the support and the encouragement for people who are not immediately ready to work to get themselves prepared and making progress back to employment. We believe that an important component of this package is ensuring there is a clear financial incentive for people to try out work, perhaps for a short number of hours a week, as a stepping stone back into the labour market.
46. The tax and benefits system is primarily designed with the aim of ensuring that work pays for people who are in employment of 16 hours a week or more. This is the threshold for those with children to qualify for the Working Tax Credit. They can also qualify for an additional earnings disregard in housing benefit and council tax benefit. The precise amount will vary according to the lone parent's particular circumstances but National Minimum Wage earnings for 16 hours work with Working Tax Credit and In-Work Credit will typically ensure an increase in income for lone parents moving into work of around £80 a week (or £100 a week in London).
47. Claimants of ESA are entitled to earn up to £92 a week usually for one year, the equivalent of 16 hours a week at the National Minimum Wage (under the Permitted Work rules). However, lone parents on Income Support are only able to earn £20 a week before their benefit begins to be withdrawn. For some, moving into work of 16 hours a week may be too big a step or they may want to do a smaller amount of work while their children are younger to keep in touch with the world of work. We want to find out whether allowing parents to undertake such

work without losing their benefits would have positive impacts on their transition to work<sup>8</sup>

48. As part of testing the Progression to Work model for parents with younger children we therefore want to see whether giving an improved financial incentive to earn more than this £20 per week – without the extra amount earned being simply taken off their benefit – can act as a stepping stone to sustainable employment of 16 hours or more per week. We will need to look in more detail at the precise design of this, but it could, for example, be available to people who have been receiving benefit for a minimum period and provide a financial incentive of up to an extra £20 per week. In order to encourage people to leave benefits altogether the incentive could be time limited, perhaps for a period of up to 12 months.
49. This improved incentive to move into part-time work of less than 16 hours a week will be underpinned by the Childcare Subsidy scheme administered by Jobcentre Plus. Under this scheme, Jobcentre Plus is able to meet the childcare costs of parents moving into work of less than 16 hours a week<sup>9</sup>. This help lasts for a period of up to 52 weeks.

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<sup>8</sup>Bell K, Brewer, M, Phillips, D. (October 2007) *Lone Parents and 'Mini-Jobs'*, Joseph Rowntree Foundation.

<sup>9</sup> Subject to a maximum of £87.50 for parents with one child and £150 for parents with two or more children

# Chapter 3 – Implementing the ‘Progression to Work’ model

## A. Creating a new legislative framework

50. Paragraph 20 above sets out the four inter-locking requirements that will apply under the Progression to Work model. At present the legislative framework for parents with younger children<sup>10</sup> and ESA claimants does not enable all these requirements to be applied. The Welfare Reform Bill aims to address the gap in legislation for all relevant groups. It also ensures that a similar regime can be applied when Income Support is eventually abolished and lone parents with younger children are moved into Jobseekers Allowance. Annex B provides more information on the relevant parts of the Bill.

## B. Testing out the Progression to Work model

51. We believe that the Progression to Work model described in this document provides a framework for an effective long-term conditionality regime for parents with younger children and ESA claimants. Nonetheless we recognise the radical change it represents and so, subject to the successful passage of legislation, we want test it out first. At a strategic level, we need to understand the impact of the policies in promoting employment, reducing child poverty and improving health outcomes. At a more practical level, we need to understand how we can facilitate the most positive and effective relationships between advisers and claimants – so that people get the support they need and their responsibilities are fulfilled.

52. Our current view is that we should test the Progression to Work model in two different ways. First, by running a number of Progression to Work pathfinders covering both parents with younger children and new ESA claimants. Second by testing the Progression to Work conditionality model on a mixture of new and existing ESA claimants and parents with younger children as part of two, more innovative, delivery models.

### Progression to Work pathfinders

53. With these pathfinders we will simultaneously test the impacts of the model on parents with younger children and new ESA claimants. While the mix of support and expectations will be different for these groups, we think this is more operationally feasible while allowing us to evaluate the impact of the policies. Box 1 sets this out in more detail.

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<sup>10</sup> For lone parents within Income Support and for partners within Income Support, Employment and Support Allowance

### **Box 1 – Progression to Work pathfinders**

The pathfinders will, subject to the passage of legislation:

- cover approx. 10%-15% of the new ESA claimants and parents with younger children nationally. This equates to roughly 65,000 ESA claimants, 60,000 lone parents and 10,000 partners of benefit recipients each year

- start in late 2010 and last for at least two years. This timing will fit with the extension of full JSA conditionality to lone parents with older children (with the final stage, the inclusion of lone parents with a youngest child aged 7, from October 2010).

- be delivered through a mix of Jobcentre Plus and providers

### **Key evaluation questions**

54. We intend to carry out a full and robust quantitative and qualitative evaluation of these pathfinders. We think it will be particularly important to learn, as far as possible, whether the Progression to Work model:

- Increases the employment rate among parents with younger children and ESA claimants in comparison to the conditionality model that is applied elsewhere;
- Ensures that parents with younger children and ESA claimants become more work ready than would otherwise be the case (for parents whose youngest child reaches age 7 it will be important to assess outcomes once the move into JSA conditionality has taken place);
- Improves the type of work that the target group enters (inc. hours, pay etc.);
- Enhances the target group's ability to retain employment;
- Improves the skills and qualification levels of the target group; and
- Improves outcomes in other areas, such as health and well-being,

We will also need to measure work and non-work impacts for those parents whose children have yet to reach 1 who will have no compulsory work focused interviews.

55. In thinking about the effectiveness of the new model it will also be critical to consider issues such as:

- How workable is the Progression to Work model for advisers and claimants?
- Do advisers and claimants understand the policy and what is required of them?
- Do claimants feel their own views are properly respected through this process?
- How has this impacted on adviser/claimants relationships?
- What sorts of work-related activity do claimants undertake?
- What patterns of WFI contact are most likely to lead to successful movements into work?
- What patterns of work-related activity are most likely to lead to successful movements into work?

- When and what and how often are specific types of activity being mandated under this policy?
- When and why and with what impact are sanctions being imposed
- What capacity issues are there in terms of increased referrals to specialist provision?

### **Testing out the Progression to Work model in other employment programmes**

56. In addition to the pathfinders detailed above, we also plan to take advantage of two further opportunities to test out the Progression to Work model through other innovative tests of delivering more effective return to work support.

### **'Invest to save' pathfinders for existing incapacity benefit claimants**

57. In December's White Paper <sup>11</sup> the Department reaffirmed its intention to implement David Freud's proposal to support longer-term incapacity benefit claimants (once they have been transferred to ESA) back into employment. This proposal is to be implemented by contracting with private and voluntary sector providers and funded by an innovative 'invest to save' financing agreement between this Department and the Treasury. We believe this approach fits very well with the Progression to Work model and so we plan to test it within these pathfinders. See Box 2 for more details.

58. Although there remains a strong aspiration to work again among many existing incapacity benefits claimants, many within this group will not have had to consider their work plans or had to attend WFIs potentially for a considerable time. To ensure this model can be sensitively and effectively delivered we therefore think it will be particularly important to:

- Ensure that claimants are made aware of the process they will need to engage in at the start of the process of transferring from incapacity benefits to ESA
- Ensure providers fully understand the flexibilities they have to, for example, encourage claimants to increase the activity they undertake over time
- Ensure a minimum level of contact and engagement across all groups so no-one is written off

#### **Box 2 – 'Invest to save' pathfinders**

The pathfinders will begin in March 2011 and will last for 3 years

The pathfinders will take place in 5 locations:

- Greater Manchester
- Lambeth, Southwark and Wandsworth
- Norfolk
- Glasgow
- West Midlands

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<sup>11</sup> Raising Expectations and increasing support: reforming welfare for the future – Chapter 3, paragraphs 3.21-3.32

These pathfinders will support existing incapacity benefit claimants, once they have transferred to ESA. At the point the contracts commence, all will have been on benefit for more than 2 years

We currently estimate that around a quarter of a million claimants will be able to take advantage of the support in these pathfinder regions.

Consistent with the Progression to Work model outlined in the Gregg Review, ESA work-related activity group claimants will be required to participate, while ESA Support Group claimants will be able to voluntarily take up the offer of support.

The pathfinders will be thoroughly evaluated, reflecting the criteria set out in paras 55-56 above. In addition, we will also be evaluating the effectiveness of the innovative 'invest to save' funding model, alongside other aspects of the pathfinders.

### **Personalised Employment Programme pilots**

59. December's White Paper<sup>12</sup> also announced our intention to test, from Spring 2011, a single, integrated, flexible employment programme across existing claimant groups, combining Pathways to Work and Flexible New Deal. This programme delivers on one of the recommendations made by Professor Gregg that the Department should test out so-called 'multi-client' employment contracts that are based on individual need, where support is not defined by benefit boundary.

60. We intend to include parents with younger children in this pilot, so that we can test as fully as possible the Gregg model of integrated employment support across claimant groups – and more importantly so that more parents can benefit from increased support and expectations. We intend to apply the same conditionality model as are included in the pathfinders outlined previously. This would also allow us to test how effectively external providers are able to support parents with younger children prepare for work. See Box 3 for more details.

61. We will give providers as much flexibility as possible to innovate and to provide tailored support, but we will ensure a minimum level of contact and engagement across all groups.

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<sup>12</sup> Raising Expectations and increasing support: reforming welfare for the future – Chapter 3, paragraphs 3.15-3.20

**Box 3 – Personalised Employment Programme pilots**

We anticipate that there will be 2 pilot areas with provision being available from March 2011. We are currently consulting with key stakeholders about pilot locations and will announce them shortly.

Each pilot will include JSA claimants (12 months plus), new ESA claimants and parents with younger children and would last at least 3 years (subject to passage of the Welfare Reform Bill).

Pilots would be contracted out and delivered by private or voluntary sector partners, in the same way as Flexible New Deal and Pathways to Work.

Our evaluation will look at the breadth of support that providers offer and how they innovate to respond to the flexibility of a 'multi-client' group model to ensure that all claimants receive the personalised support they need.

# Chapter 4 – Next Steps

62. This document sets out our current thinking on the Progression to Work model, including how we plan for it to be designed, tested out and evaluated. This is subject to Parliamentary approval for the legislative spine, through the current Welfare Reform Bill.

63. We want this document to feed into an on-going dialogue with a wide range of interested people and organisations about how we take forward the radical vision set out in Professor Gregg's report. Discussion and input into the issues raised in the document will help inform ongoing policy design and implementation. Drawing on what people have said, we will want to return to a number of further aspects of the model in the months ahead

64. Formal Departmental communication routes:

- For those particularly representing the interests of disabled people and those with a health condition these include regular meetings with:
  - **Disability Benefits Consortium**
  - **Disability Employment Advisory Committee**
- For those particularly representing the interests of families and children:
  - **Lone Parent Voluntary Group meeting**

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# Annex A

## The Progression to Work model for parents with younger children

<b>Age of Youngest child</b>	<b>Conditionality Grouping</b>	<b>Requirements</b>
<b>Under 1</b>	No Conditionality	Not subject to any conditionality requirements.
<b>1-2</b>	Progression to Work	Required to attend WFIs and agree an action plan. They are not mandated to undertake any activities recorded on the action plan or any other activities, although they will be encouraged to do so on a voluntary basis.
<b>3-6</b>	Progression to Work	Required to follow the full progression to Work regime based around Work Focused interviews, action plans, work related activity and the backstop of adviser direction.

# Annex B

## Welfare Reform Bill 2008 - Relevant Clauses to deliver the Progression to Work Model

[References to the Bill are references to the copy of the Welfare Reform Bill as introduced in the House of Commons on 14 January 2009 [Bill 8]]

	<b>Work-Focused Interviews</b>	<b>Mandatory Action Plans</b>	<b>Work-related Activity Requirement</b>	<b>Adviser direction</b>
<b>ESA claimants</b>	Welfare Reform Act 2007 – Section 12	Welfare Reform Act 2007 – Section 14	Welfare Reform Act 2007 – Section 13	Clause 8
<b>Lone Parents on Income Support and partners of benefit recipients</b>	Social Security Administration Act 1992 Section 2A	New Section 2E of the Social Security Administration Act (as inserted by Clause 2 of the Bill)	New Section 2D of the Social Security Administration Act (as inserted by Clause 2 of the Bill)	New Section 2F of the Social Security Administration Act (as inserted by Clause 2 of the Bill)
<b>Lone parents post-Income Support Abolition</b>	New Sections 11A and 11B of the Jobseekers Act 1995 (as inserted by Schedule 1 of the Bill)	New Sections 11C of the Jobseekers Act 1995 (as inserted by Schedule 1, paragraph 3 of the Bill)	New Section 18B of the Jobseekers Act 1995, Inserted by Schedule 1, paragraph 4 of the Bill	New Sections 18A and 18B of the Jobseekers Act 1995