

REPORT TO: Employment, Learning & Skills and
Community Policy and Performance Board

DATE: 25th September 2017

REPORTING OFFICER: Strategic Director Enterprise, Community &
Resources

PORTFOLIO: Economic Development

SUBJECT: DWP Work Programme Contract Update

WARDS: Borough wide

1.0 PURPOSE OF THE REPORT

- 1.1 To provide members with an overview of the Department for Work & Pensions (DWP) Work Programme contract currently being delivered by Halton People into Jobs, including achievements to date, income and expenditure and future strategy.
- 1.2 To provide opportunities to members to raise any questions with regards to the DWP Work Programme.

2.0 RECOMMENDATION: That

- 1) **the report be noted**

3.0 SUPPORTING INFORMATION

3.1 Background information

- 3.1.1 In June 2011 Halton Borough Council entered into a subcontracting arrangement with two Prime Contractors (Ingeus Deloitte and A4E (now PeoplePlus)) who had been tasked with delivering the Department for Work & Pensions Work Programme over the next 7 years. The Work Programme replaced all other Welfare to Work programmes at that time.
- 3.1.2 The programme is mandatory although some voluntary referrals can be made by certain 'customer' groups. There are 10 different customer groups with referrals to the programme coming from Job Centre Plus (JCP).

Group	Customer Type	Paid Outcome Fee Stage
PG1	Aged 18-24 in receipt of Job Seekers' Allowance	26wks in employment
PG2	Aged 25+ in receipt of Job Seekers' Allowance	26wks in employment
PG3	JSA Not in Education, Employment or Training	13wks in employment
PG4	JSA claimants (Ex-Incapacity Benefit claimants)	13wks in employment
PG5	Employment Support Allowance (Work Related Activity Group 12MTH MANDATORY)	13wks in employment
PG6a	Employment Support Allowance (Work Related Activity Group 3/6MTH MANDATORY)	13wks in employment
PG6b	Employment Support Allowance (Work Related Activity Group 12MTH MANDATORY)	13wks in employment
PG7	Employment Support Allowance (Work Related Activity Group 12MTH MANDATORY – Ex-Incapacity Benefit claimants)	13wks in employment
PG8	Incapacity Benefit and Income Support (Volunteers)	13wks in employment
PG9	Job Seekers' Allowance claimants – Day 1 Prison Leavers	26wks in employment

3.1.3 The programme offers 'Payment by Results', which are received on achievement of sustained job outcomes.

3.1.4 Performance is measured against Priority Group (PG) customers as follows:

- PG1 (18-24 Job Seekers' Allowance (JSA) claimants)
- PG2 (25+ JSA claimants)
- PG6a and PG6b (Employment Support Allowance (ESA) claimants)

3.1.5 Those referred to the Work Programme have been unemployed for 9+ months (unless they are ESA volunteers or newly released from prison).

3.1.6 Two 'Prime' Contractors (Ingeus Deloitte – now known as just 'Ingeus' - & PeoplePlus) were awarded the Work Programme contract covering the 'Contract Package Area' of Merseyside, Lancashire and Cumbria (*Halton being part of Merseyside*). Ingeus subcontracted 100% of their Halton contract to Halton People into Jobs; whilst PeoplePlus subcontracted 50% of their Halton contract to Halton People into Jobs (*PeoplePlus delivers the other 50% of their Halton contract from their*

own PeoplePlus Runcorn office). Therefore, HBC (through HPIJ) delivers a total of 75% of the Halton Work Programme contract from Runcorn and Widnes office bases.

3.2 Performance/achievement

3.2.1 Contract delivery commenced in June 2011, meaning we are now in year 7 (started April 2017). Performance is comprehensively managed and monitored through a range of internal and external measures. DWP does not allow for individual provider performance to be shared publicly, therefore, the data provided below is a combination of performance on both the Ingeus and PeoplePlus contracts.

3.2.2 Performance – years 1 to 6 (June 11 to end of March 2017):

- 3900 customers started on the Work Programme overall
- 1665 customers were supported into employment (*1st job starts only*)
- 881 customers have been supported back into employment (*subsequent job starts not including 1st job starts above*)

3.2.2 The Work Programme contracts are now into year 7 and below shows HBC's current position April to July 2017:

- 31 customers have been supported into employment (*1st job starts only*)
- 33 customers have been supported back into employment (*subsequent job starts not including 1st job starts above*)

3.2.3 The final referrals to the Work Programme were made by the 31st March 2017. Customers will continue to be supported until 31st March 2019. The new DWP Work & Health Programme will commence in January 2018 – whilst this is not a direct replacement for the Work Programme, it will continue to work with those unemployed residents with health conditions.

3.2.4 At the end of July 2017 HBC achieved an average of 187.5% referral to job outcome rate for the last 12 month rolling Minimum Performance Level (MPL) period against the DWP target of 160%.

3.3 Income and expenditure

3.3.1. Income is generated from job outcome payments (paid at 13 weeks and 26 weeks in employment) and sustained job outcome payments, whilst customers remain in sustainable employment.

3.3.2 Income and expenditure is closely monitored, through a combination of internal and external mechanisms, to ensure that contracts are delivered efficiently.

3.3.3 Where possible, access to other available services and/or funding streams are maximised to support the delivery of the Work Programme contracts and their challenging targets. The Work Programme is delivered by HPIJ and the services delivered by the rest of the Employment, Learning & Skills Division within which HPIJ sits provide valuable opportunities for Work Programme clients at nil cost. Both Ingeus and PeoplePlus have commended the infrastructure arrangements in place during review meetings.

3.4 New Basket of Performance Measures

3.4.1 In 2014 DWP introduced a new basket of measures for all Prime Contractors/Sub-Contractors delivering the Work Programme. This included a significant change to the way in which performance was being contractually measured.

3.4.2 In April 2016 we received notification from DWP confirming updated targets for the Work Programme for 2016/17. Progress against Work Programme targets is reported to Ministers and the DWP Executive Team. The purpose of the targets is to drive continuous improvements across the Work Programme.

DWP Stretch Targets 2016/2017

3.4.3 The table below gives the performance stretch targets for 2016/17 and 2017/2018 that the contract is required to achieve on a rolling 12 month basis. It also details the RAG distributions that the DWP applies.

	Red (performance improvement notice)	Amber (action plan to accelerate performance)	Light Amber (possibly placed on performance action plan by Prime Contractor)	Green (required performance levels)
PG1	<110%	110% - 129.9%	130% - 144.9%	>145%
PG2	<120%	120% - 144.9%	145% - 172.9%	>173%
PG3	<160%	160% - 189.9%	190% - 221.9%	>222%
PG4	<145%	145% - 164.9%	165% - 184.9%	>185%
PG5	<20%	20% - 29.9%	30% - 41.9%	>42%
PG6A	<160%	160% - 189.9%	190% - 219.9%	>220%
PG6B	<175%	175% - 209.5%	210% - 243.9%	>244%
PG7	<65%	65% - 84.5%	85% - 105.9%	>106%
PG9	<60%	60% - 79.9%	80% - 93.9%	>94%
All PG	<115%	115% - 134.9%	135% - 159.9%	>160%

3.4.4 It is anticipated that DWP will be sending out a revised set of targets in October 2017 for the duration of the contract.

How the profiled cohort performance is calculated:

3.4.5 There are four pieces of information used to calculate the End of Cohort Profile:

- The number of referrals to the Work Programme provider each calendar month;
- The Minimum Performance Level (MPL) for each cohort of referrals;
- The profile or distribution for the length of time between claimants being referred to the Work Programme and achieving a job outcome; and
- A one month lag has been added between a job outcome being achieved and a job outcome being claimed to allow for administrative activities.

These four pieces of information are combined to calculate the number of job outcomes required to meet the Quarterly MPL(s) or the Twelve Month Rolling MPL(s).

3.4.6 Below is a worked example of how the profiling cohort is calculated:

Consider a contract where for Priority Group 1 customers (MPL = 38.4%) if there were 1,000 referrals in June 2011, allowing the 1 month lag:

- We would not expect any Job Outcomes until January 2012 as it takes 6 months to gain a Job Outcome and we allow a month for Providers to report Job Outputs to DWP.
- In January 2012 we expect $1000 * 1.8\% = 18$ Job Outcomes
- In February 2012 we expect $1000 * 2.7\% = 27$ Job Outcomes
- In March 2012 we would expect $1000 * 2.6\% = 26$ Job Outcomes
- By December 13, the last month in the profile trajectory (month 31) this cohort should provide a total of 384 Job Outcomes. This represents the 38.4% MPL for PG 1

3.5 Key Successes

3.5.1 In May 2017 internal audit completed an Information Security audit to ensure the HPIJ's compliance with ISO27001:05 in regard to the Ingeus Security Plan. Auditors were required to provide assurance over the Council's risk management, control and governance processes. The opinion they provided was based on their assessment and testing

of the systems and controls in operation at the time the audit was carried out. The rating achieved was Substantial and Audit advised there was a sound system of control in operation to manage risks effectively

3.5.2 At the end of July 2017 HPIJ continued to exceed the above stretch targets against all key priority payment groups on the Ingeus contract (PG1, PG2, PG6a and PG6b). PG6a/PG6b performance has improved significantly on the People Plus contract during year 7.

3.5.2 HPIJ continues to deliver excellent 'in work' support to customers that have secured employment, achieving higher than average in work support contact rates. HPIJ have been asked to share best practise with other delivery partners across the CPA.

3.6 Key issues

3.6.1 In February 2016 HPIJ received a formal performance improvement notice (PIN) from People Plus as a result of not achieving the MPL for customer group PG6a. We implemented a performance improvement plan (PIP) to drive up and improve performance levels for all ESA customer groups (PG4-PG8) up to 31st March 2017. Significant improvements were made however we are still below the DWP stretch target for customer group PG6a. Underperformance was mainly due to there being a small number of customers that could be worked with and supported on the contract that had not had a change in circumstances i.e. customers had not moved into the ESA Support group or waiting a Work Capability Assessment or had no live claim to benefits therefore were not mandated to participate in the programme. It is anticipated that the target will be exceeded by the end of this performance year (March 2018).

3.7 Concluding comments

3.7.1 Overall performance, quality and compliance standards have continued to improve year on year since both Work Programme contracts were implemented in June 2011.

3.7.2 Partnership working between Halton Borough Council and PeoplePlus/Ingeus is valued highly by both Prime Contractors. As referrals to the Work Programme come to an end, it was important that we had succession planning in place. We have submitted expressions of interest to seek further partnership and funding opportunities for the new Work & Health Programme. Ingeus are currently awaiting the announcement from DWP on the outcome of their Work and Health Programme bids that were submitted this year. Delivery of this new contracted is expected to commence November 2017 and should Ingeus be successful in winning the contract, HPIJ will continue to act as their subcontractor supporting the residents of Halton.

4.0 POLICY IMPLICATIONS

- 4.1 We are almost half way through year 7 delivery. All referrals to the programme ceased 31st March 2017. Customers on programme will be supported up to 31st March 2019. As caseloads reduce a review of staffing and resource requirements is being undertaken.

5.0 FINANCIAL IMPLICATIONS

None

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children & Young People in Halton

Some Work Programme customers also engage with the Troubled Families project and the 2 projects complement each other in supporting local residents with a range of issues.

6.2 Employment, Learning & Skills in Halton

The achievements that have come out of the Work Programme delivery by Halton Borough Council by getting so many people into work is a very positive outcome for the local economy. Many of the individuals that have accessed the programme have also gained vital maths, English and employability skills along the way, in addition to sector specific qualifications such as CSCS cards, SIA licences, etc.

6.3 A Healthy Halton

None

6.4 A Safer Halton

None

6.5 Halton's Urban Renewal

None

7.0 RISK ANALYSIS

- 7.1 The management of the Work Programme contract has been meticulous and close monitoring both internally and externally ensure any risks identified are carefully mitigated, with clear action plans in place to address any underperformance, quality and compliance factors.

8.0 EQUALITY AND DIVERSITY ISSUES

None.

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

None under the meaning of the Act.