

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

DATE: 23rd August 2018

REPORTING OFFICER: Strategic Director, Enterprise, Community
and 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 exit plan as the programme approaches its final year of delivery.
- 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. The contract is now in its final year of delivery (project end date 31st March 2019).
- 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 following the 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 nine or more months (unless they are ESA volunteers or newly released from prison).

3.1.6 Two 'Prime' Contractors (Ingeus Deloitte – now known as just 'Ingeus' - & People Plus) 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 People Plus

subcontracted 50% of their Halton contract to Halton People into Jobs (*People Plus delivers the other 50% of their Halton contract from their own People plus 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 8 (started April 2018). Performance is still 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 People Plus contracts.

3.2.2 Performance – years 1 to 8 (June 11 to August 2018):

- 3905 customers have started on the Work Programme overall
- 1745 customers were supported into employment.

Approximately 45% of our customers find a job following the team's intervention. Given the challenges faced in helping this cohort to find work, this is a positive outcome.

3.2.2 Customers will continue to be supported until 31st March 2019. Current caseloads are made up of customers on programme and customers that are in work and continue to receive in work support.

3.2.4 At the end of July 2018 HBC continued to exceed referral to job outcome rates.

3.2.5 Although the reporting methodology is complex, it is fair to state that on average 80% of customers who find a job stay in a job.

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 People Plus have commended the infrastructure arrangements in place during review meetings.

- 3.3.4 Income has reduced significantly in the last year of delivery. This is due to fewer customers moving into and sustaining employment and the customers that remain on programme they are furthest away from the labour market with complex needs i.e. health, drug and/or alcohol addiction, lone parents with restrictions, individuals claiming carers allowance or other benefits. This means that they are not mandatorily required to engage in the Work Programme anymore).

3.4 New Basket of Performance Measures

- 3.4.1 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.

3.4.2 DWP Stretch Targets 2018/2019

- 3.4.3 Appendix 1 detailing updated targets will be issued at the meeting on 24th September 2018.

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 JOs 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 July 2018 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 provide is based on their assessment and testing of the systems and controls in operation at the time the audit was carried out. The rating achieved at the last review was Substantial and Audit advised there was a sound system of control in operation to manage risks effectively. The same outcome is expected for the recent audit.
- 3.5.2 At the end of July 2018 HPIJ have continued to exceed the above stretch targets against all key priority payment groups on both the Ingeus and People Plus contract (PG1, PG2, PG6a and PG6b). HPIJ continues to achieve market leading performance across CPA 6.
- 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. On average we are achieving 76% retention rate.

3.6 Key issues

- 3.6.1 Year 8 of the contract has presented some challenges with moving customers into work from the remaining caseloads. This is due to various factors i.e. increase in number of customers changing benefits therefore have no requirement to engage in the programme.

3.7 Concluding comments

- 3.7.1 Overall performance, quality and compliance standards have improved and been maintained year on year since both Work Programme contracts were implemented in June 2011.

- 3.7.2 Partnership working between Halton Borough Council and People Plus/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 submitted expressions of interest to seek further partnership and funding opportunities for the new Work & Health Programme.

4.0 POLICY IMPLICATIONS

- 4.1 We are now mid-way through year 8 delivery. Customers on programme will be supported up to 31st March 2019. As caseloads have reduced a review of staffing and resource requirements has been undertaken.
- 4.2 DWP awarded the new Work and Health Programme contract successor programme to the Work Programme) in the summer of 2017. Ingeus were the successful prime contractor for the North West and Halton Borough Council/Halton People into Jobs have secured a sub-contract agreement to deliver the Work and Health Programme in Halton on behalf of Ingeus.

5.0 FINANCIAL IMPLICATIONS

Work Programme contracts have been closely monitored to ensure sufficient income is being generated to cover the delivery costs including staffing costs up to March 2019. A proposal was submitted to Steering Group in July to delete 4 posts across the 2 Work Programme contracts. Staff consultation took place in July/August and as a result 2 members of staff have been placed at risk of redundancy. There are a number of vacant posts available for the affected members of staff to apply for within the HPIJ/Employment Learning and Skills division.

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 fantastic achievements that have come out of the Work Programme delivery by Halton Borough Council getting so many people into work are a very positive outcome for the local economy. Many of the individuals that have accessed the programme have also gained vital maths, English, IT and employability skills along the way, in addition to sector specific qualifications such as SIA licences, Food Hygiene, CSCS etc. Signposting to partner organisations to support individuals furthest away from the labour market has been a key part of the programme.

6.3 A Healthy Halton

A significant number of Work Programme customers have been signposted to various health and wellbeing initiatives that are delivered by Halton Borough Council and other external agencies including the Health Improvement Team to support individuals with a range of complex health barriers.

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

9.1 There are no background papers under the meaning of the Act.