

Comments from Capital City Partnership, Edinburgh on the Green Paper 'In Work, Better Off'

based on its role as co-ordinator and accountable body for the Edinburgh Cities Strategy Pathfinder

October 2007

The Capital City Partnership is a formal partnership of key statutory, voluntary and community agencies in Edinburgh working together to promote social inclusion and achieve social justice for the people of the city. It exists to find creative and sustainable solutions to overcome social exclusion and to promote joined up governance in the city.

CCP Board of Directors comprises representatives from each of the following organisations:

- **The City of Edinburgh Council**
- **Capital Credit Union Ltd**
- **Edinburgh Chamber of Commerce**
- **Edinburgh Voluntary Organisations Council**
- **Lothian & Borders Police**
- **NHS Lothian**
- **Scottish Enterprise Edinburgh & Lothian**
- **Community Representatives Network**

Jobcentre Plus attends the Board meetings as well. The Jobs Strategy Group, a sub-group of the Board, comprises The City of Edinburgh Council, Edinburgh Chamber of Commerce, Careers Scotland, NHS Lothian, CCP and Jobcentre Plus.

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We welcome this opportunity to comment on the direction and content of policy on Welfare to Work. Our comments are based on our experience of seeking to create a demand-led, client-centred and joined-up approach at a local level through a strategic partnership launched in 2002; and of Edinburgh being a City Strategy Pathfinder.

We support the overall aspirations of the Green Paper. In particular we enthusiastically embrace the intention to tackle the "stubborn barriers to our goal of full employment in our generation" (p 5) and the statement that "at the heart of our reforms must be the assurance that people who are willing and able to work will get a job".

However we think that the Green Paper presents weak or inadequate definitions of the challenges, in terms of 1) the type and scale of the problems faced by many of the disadvantaged groups which DWP policies seek to help; and 2) organising the delivery of joined-up support into work to these groups at local level. It therefore does not give adequate pointers to the direction forward and does not ask the right questions about programme design and procurement.

Our main points are:

1. **There are many more, multiple, more serious problems for disadvantaged groups and individuals than those described here.**
2. **The task of support falls to many organisations – so the task of co-ordination is critical but it is not addressed in the Green Paper.**
3. **The co-ordination of delivery has to be done locally and national policies should enable it.**
4. **Local labour markets are the right geographical level for organising welfare to work.**
5. **Procurement and contract management should be done at that level and should incentivise effective co-operation in helping individuals along the pathway to work.**
6. **Nationally managed 'black box' procurement does not allow programmes under these funding streams to be integrated fully into local service planning.**
7. **Rights need to be underpinned by quality standards and responsibilities need to be implemented with recognition of the needs of individuals and their families.**

Overall, we are disappointed that the Green Paper does not deal with devolution of responsibilities to Pathfinder level, which is a main theme of the City Strategy. We also think that a Green Paper about helping disadvantaged groups into work should take far more cognisance of the roles of other government departments (e.g. Health) and other agencies which provide relevant support. We think a lot more needs to be done before it can be said that DWP and other Departments have embraced the localisation agenda and we look forward to further opportunities to work in partnership on this.

GENERAL COMMENTS

We support all of the principles set out on page 31. **We think all the same that many of the issues appear in a different light when seen from a local perspective compared to the national, top-down view of the DWP.** We welcome the opportunity to examine and contrast the issues from these perspectives.

The Green Paper has chapters on working with employers (Chapter 3 Local Employment Partnerships); rights and responsibilities of citizens and support for jobseekers (Chapter 4 The next steps towards full employment); and the roles of JCP, contractors and government departments in delivery (Chapter 5 Delivery through partnership). Before looking at the specific points in the Green Paper we believe that some clarification in relation to this overall structure is needed.

Firstly there is ambiguity about whether the focus of the different sections is on the economically inactive and excluded or on unemployed jobseekers. The main thrust driving the reform process is presented as the growth in numbers of IB claimants and the problems of disadvantaged groups and areas, which relate more to economic inactivity than to unemployment as defined by JSA claims. In contrast, the main concrete proposals for reform of programmes (Personalised, responsive support for job seekers: the next steps (P48) and Annex: A Flexible New Deal (p81)) concern provision for JSA claimants. While the chapter on working with employers makes no distinction between these categories it is also implicitly concerned mostly with those who are fairly job-ready.

Secondly there is a question relating to the categorisation of disadvantage. The analysis of challenges focuses on: long-term sick and disabled; lone parents; older people; ethnic minorities; NEET 16-17 year olds; and those with low skills. We agree that each of these groups faces important challenges. **However we do not see in this categorisation a reflection of the profound and complex problems of the groups which we think need special attention if the 80% employment rate target is to be achieved.** There is no mention in the report of people with/recovering from addictions; prison-leavers; the homeless; there is only one mention of mental illness. Yet these groups comprise approximately 35 % of the target populations in Edinburgh; a proportion which we expect is replicated elsewhere.

The issue here can be seen by examining the presumptions which would normally be applied to the support for these groups. Those for the sick (they should be treated to restore their health and found appropriate work for their health condition) and the disabled (a well-rehearsed combination of tailored support and employment rights) would not be a sufficient description of the more complex and multiple problems of disadvantage in the labour market.

These points are important because they influence the content of the sections of the Green Paper concerning contracting arrangements. **It seems to us that models derived from JCP's experience with JSA jobseekers are being applied uncritically to a different group of beneficiaries/customers and the different set of issues they face.** The implications of this are raised in the section below, as are the implications for the kinds of joint working needed both locally and nationally.

SPECIFIC COMMENTS

Chapter 2: A chance to work for all

We agree with all the points made in this chapter except the first sentence of para 18, stating "These are the challenges facing us as we move into the next phase of welfare reform". **Our experience and analysis of our local labour market tell us that there are more different and more difficult challenges.** The issues we are raising are ones of omission.

Looking at the groups listed under 'The challenges' **there is no presentation of the multiple and complex problems of people who face serious disadvantages in the labour market and who are concentrated amongst IB, IS and SDA claimants, the long-term unemployed and also some non-claimants.**

For the groups which are listed, the implicit problem for ethnic minorities is discrimination in the labour market; for lone parents it is their caring responsibility and availability of childcare; for those with low skills, the apparent solution is training. This is too simplistic. In addition to these, the actual problems for many of the target group include:

- addictions,
- mental illness (and such extreme lack of self-confidence and self-esteem that one academic told us it amounts to an illness),
- depression,
- lack of any work history or any achievement relevant to the labour market,
- debt,
- criminal record and time spent in prison,
- chaotic lifestyles,
- homelessness,
- extremely limited aspirations and negative peer group pressures.

It may be that the term 'long-term sick and disabled people' can be said to include people with these problems but this section does not adequately summarise the problems which they, and therefore we, are facing. Helping sick people get into work is obviously difficult but there is throughout the paper a tendency to treat them as a subset of the unemployed rather than a different grouping. Furthermore there is no reference to an additional factor which we have observed, the growing inequality within the labour market, which contributes directly to some of the problems relating to aspiration and attitude mentioned above.

In this context we consider that the challenges described in the Green Paper consisting, on the supply side of the characteristics of the groups mentioned and on the demand side of unfair discrimination, under-estimate the problems.

There is, in addition, an issue about mismatch between supply and demand, arising from the rapid changes in the composition of the jobs available and from deindustrialisation – essentially the reduction in unskilled and manual jobs. The consequent question concerns our capacity to improve the match; that is to locate or create opportunities which to a greater

extent fit the initial aspirations of disadvantaged jobseekers but also to create routes whereby their capacities and aspirations adapt to the modern labour market.

Consequently we consider that this section does not adequately describe the challenges faced.

CHAPTER 3 Local Employment Partnerships

We support each of the principles presented on page 31. However we think that the last, 'devolution and local empowerment' offers too limited a description of the part which regions and cities can play. This is not restricted to 'identifying priorities and delivering solutions' and should also include joint service planning and funding.

We strongly welcome the initiatives taken at national level through the Jobs Pledge and look forward to building on this locally. Paragraphs 8 and 9 correspond to our intention to ensure joined-up offers to jobseekers and employers locally. We think that the local element of the Local Employment Partnerships (LEPs) should be made more explicit.

We would wish that in the LEP consideration is given not just to the numbers of jobs made available but also to the character and quality – low paid and temporary jobs are often not suitable for many people who are not confident of the appropriateness or timing of their return to work. We therefore hope that some criteria will be established in this field.

We agree that the range of services which can be offered to employers by Jobcentre Plus can provide 'a comprehensive tool to help the lowest skilled' but we note that these cannot be routinely available to all employers. We also are very conscious that many other agencies regularly approach employers to both offer and seek support in the tasks of employing disadvantaged jobseekers. A joined-up and effective offer needs to integrate and organise these different activities.

This aspect of the task is not adequately described in the Green Paper which appears concerned primarily with JCP activities.

We consider that working out how to combine coherently the activities of JCP, themselves split between national and local levels, with those of other partners which engage with employers locally is the big challenge in this area. We look forward to working with DWP and JCP nationally on finding solutions to this issue.

On the 'variety of support' listed in para 16, p. 35, we wish to add:

- **Identifying and supporting opportunities for Supported Employment places,**
- **Supporting both new recruits and employers during the transition back to work**

Under 'supporting individuals in the transition from benefit to work' insert the importance of financial literacy, financial health checks, money advice and help with Tax Credits.

CHAPTER 4 The next steps towards full employment

Paragraphs 2 and 3 concern 'a more flexible welfare system with strengthened rights and responsibilities ...'. In principle, where it embodies the expectation on the part of government and the individual to work towards the goal of employment where this is appropriate, this is a good approach. It can be seen in the overall design of the new Employment Support Allowance.

However at local level there are expressions of legitimate concerns that the responsibilities are easier to make concrete than the rights. We think that the rights of customers cover not just the receipt of benefit but a good quality, joined-up service providing a sufficient range of support. This is easier to say than to guarantee, especially when delivery is through sub-contractors. It is unfortunately not an issue which appears to be addressed in the Green Paper.

One question here is to whom does the word 'we' refer in the point in para 2 about 'joining-up the support we give to people to find work and improve their skills'. Inasmuch as we, that is local partnerships, may have a role in underpinning the rights of customers, **we would wish to have a clear statement from government about the expectations which customers should have of services.** These questions relate directly to our intention to improve and co-ordinate the offer to jobseekers in Edinburgh. We are working on this theme locally and therefore would like to hear DWP's view of how we jointly underpin the offer of a quality service.

Lone parents:

We endorse the position expressed that 'if a strong package of support was in place ... including guaranteed access to affordable and suitable childcare and work that fitted family circumstances, there would be grounds for strengthening lone parents' responsibility to look for work'. At present however it is not possible to say that this condition is fulfilled. In Edinburgh the number of childcare places appears to be contracting not growing.

As regards the proposed change to eligibility for IS, removing the entitlement to claim on grounds of being a lone parent when the youngest child is 12, we urge caution in assuming that age is the key determinant of the appropriate time for a lone parent to seek work. Childcare arrangements for teenagers are under-developed and under-used and it is at this stage that many problems associated with engagement with school emerge with full force.

We understand that there is evidence from Working For Families which indicates that family size may be more important than age. A single parent may make satisfactory arrangements for one five year old but find that the situation later with two teenagers at school is harder to manage. **Therefore we believe that while the expectations/responsibilities of lone parents should be modified further evidence is needed before one can be confident that JSA conditionality is appropriate** (with disallowances sitting at about 8% of all JSA leavers, Working Brief 187, September 2007) **rather than change conditionality of IS. If the eligibility is to be changed, all the same the way in which JSA conditionality will be applied to lone parents has to be considered carefully and specific guidance should be given to JCP on this.**

As regards the possible requirement to take an offer of work which makes lone parents better off financially, we are aware that money income is not all that matters and believe that the parent is best judge of whether they and family will be better off and, within limits, when the best time to return to work is. **We think that at that point it is desirable to also offer lone parents the opportunity to train and upskill in order to be able to achieve a better paid and more secure place in the labour market** as well as support to enter work straight away. The proposed guidance on conditionality for lone parents should take into account these points

Couple families

The problems facing lone parents seeking to enter work generally also apply to the main carer in couple families. **We think that DWP should consider extending support available to lone parents to all parents and carers.**

Personalised, responsive support for job seekers: the next steps. (Flexible New Deal)

We welcome the proposals for one, flexible New Deal for JSA claimants. These fit with one of the Enabling Measure requests in our Business Plan. We think that the proposal for mandatory periods of full-time activity should be taken forward only with great care since if done badly they can seriously damage the reputation of welfare-to-work programmes. Their purposes will have to be clear and, where they are not employer-based, the organisations which will provide these opportunities will have to be appropriately rewarded. Examples of good practice should be examined to inform the design of this element, e.g. the alternative curriculum experience in schools.

We are surprised, on current evidence from New Deal outcomes, at the assertion on page 83 that there would be only few claimants who fail to find work after 12 months. Although on the whole JSA claimants are fairly work-ready we understand that a proportion of JSA claimants have multiple and severe problems. In reality the boundary between people in these circumstances and IB claimants who are becoming ready for return to work is blurred; as is evident from the regular flow of individuals from one benefit to another.

Two points follow from this. Firstly **the different kinds of opportunity for people on different benefits should if possible be ironed out.** On the one hand, an IB claimant seeking to upskill before finding a new job can undertake VQ training without losing entitlement to benefit; whereas a JSA claimant doing a course under the 16 hour rule will always be required to end that if a offered a suitable job. On the other, IB claimants cannot access some of the activity-based opportunities of the New Deals. A solution to the first lies in the proper integration of up-skilling into the pathway for JSA claimants, and issue which has been raised in the response to the Leitch report, but not yet properly addressed. The second may involve consideration of circumstances in which IB claimants might be eligible for the Flexible New Deal.

Secondly, **the apparent assumption in this section that the specification of support given to/needed by JSA claimants can be encompassed within one contract with one provider of one government employability programme is wrong.** As with IB claimants there is a need to consider the whole pattern of provision available in a localities and the mechanisms necessary

for constructing a joined-up offer for jobseekers within them. We believe that the methods and terms of contracting have important consequences for the relations between New Deal providers and other agencies which are also working with their customers, for example area-based intermediaries.

Lastly, drawing on points made in the section on contracting, below, we prefer the Managing Agent model to the Prime Contractor model. We know that the geographical coverage of contracts is significant and advocate that they should be co-terminous with Pathfinder boundaries wherever possible.

CHAPTER 5 Delivery through partnership

Providing specialised support for the hardest to help

This section misses the main point about supporting the hardest to help. The statement at the start, that "Jobcentre Plus works, but we also know that it cannot provide all that is needed by itself" is true but the line of argument which follows does not deal properly with its implications for current practice. This is because it proceeds directly to the conclusion in the next paragraph that "therefore, as proposed in David Freud's report, Jobcentre Plus services need to be supplemented by more specialist support ..." without first considering the question of how multiple agencies working in the same area with the same customers can work together and get the most benefit out of many different streams of public funding. The additional provision proposed by David Freud would still be only one of many agencies in a crowded field.

The Green Paper ignores the reality that JCP services are already supplemented massively by more specialist provision - the needs of the hardest to help, those with multiple disadvantages, are already being supported by a wide range of agencies. To take an example of the agencies working in one area of Edinburgh which may be engaged with a single individual, and assisting their pathway to work, we could list, not exhaustively:

1. NHS primary care
2. NHS specialist services (e.g. mental health, OTs)
3. Addictions services
4. Local area-based employment intermediary
5. Jobcentre
6. JCP contracted provision - e.g. New Deal
7. Debt and other advice services
8. Housing and related services - Council and voluntary sector
9. Working for Families and childcare providers
10. Volunteer Centre etc.
11. Training providers - colleges, Training for Work contractor
12. Learning providers, community education, schools
13. Basic Skills agencies (literacy, numeracy)
14. Careers Service and other guidance providers

15. Specialist local or city-wide employability or support agencies e.g. for ethnic minorities; learning disabilities

Within this list are a number of organisations which already seek to help the most disadvantaged customers into work and therefore embrace the objectives of the Green Paper. From a DWP perspective they may be seen as supplementing the activities of JCP but from a local perspective, JCP is only one of many organisations making a contribution. It has been estimated locally that more people are working to support people in relation to employability outside JCP than in it.

Therefore the central task for us is to ensure that all of these agencies work together effectively to support individuals and disadvantaged groups through the barriers which they face in the pathway to work. This statement is based on the assessment that at present they do not. The title Joined Up For Jobs is aspirational and not yet descriptive – we are seeking to get significantly more outcomes from the existing resources because we believe that at present planning locally is disjointed and co-operation on the ground is inadequate. We assert that there are many barriers to joined up working and to moving people from one organisation to another.

Since the Green Paper does not recognise this challenge, it does not recognise that the ways in which these agencies, including JCP and its contractors, are funded and incentivised can have significant negative impacts on the potential to construct effective joint working practices (see below).

All the same we do agree that it would be useful to devote additional resources to helping the most disadvantaged which is proposed in the Freud report. We also agree that it will be useful if JCP can develop a set of indicators which identifies those who can benefit from early entry. However **we think that there are other features of the design of this approach which are not mentioned and should be emphasised.** Success will depend on the active engagement of customers as jobseekers; and their empowerment to take control of their pathway to work. Therefore the character and quality of the services available to them will be vital. The availability of reliable vocational advice and guidance, the skills and knowledge of advisers, the infrastructure for joint working, for example.

Partnership working with the private and third sectors

We believe that this subject is important but that this section does not deal with it – it deals in fact with contracting with private and third sector organisations. On the different subject of partnership, an effective joined-up strategy at local level depends on understanding the appropriate roles of different kinds of organisation.

Organisations in the voluntary sector both provide services for disadvantaged individuals, often with the benefit of being close to and committed to the communities they serve, and also act as advocates for the needs of specific groups. As providers they have first hand experience of the actual configuration of the multiple issues faced by customers and of arranging the best

solutions available. They therefore know well both the opportunities for joint working and barriers to it. Their staff, alongside those of JCP and other mainstream agencies, are the people who will have to deliver any of the programmes or activities devised at the strategic level.

Therefore a local strategy has to build in the appropriate partnership with voluntary sector organisations and private sector providers. There have to be constant flows of information between this level and the strategic level. A strategy which does not learn from and communicate to the front-line staff and the organisations for which they work will be less than successful. In Edinburgh we have developed a number of mechanisms:

- The Partnership Forum, at which all providers meet bi-monthly
- The website and Directory – see www.joinedupforjobs.org.uk
- Working Capital magazine, for all in the wide network in Edinburgh.

Contracting principles with the private and voluntary sectors

In this section we again find that, while most of the statements on their own are uncontentious, **the Green Paper does not present an adequate description of the issues and challenges around procurement and contracting as they affect delivery on the ground.** The omissions are significant enough to take the argument in directions which are likely to be damaging to the endeavour of joined-up planning and delivery on the ground. They arise from a) the focus on DWP contracts as if they operate in isolation; and b) the failure to address the need to promote co-operative behaviour among both funders and providers.

‘Quality provision’

The first of these points is exemplified in the statement under ‘Quality provision’ about government support, assumed here to be that delivered under DWP contract: “it must deliver for the individual the tailored, personal help they need to find work and transform lives”. This is the wrong formulation and places far too great a burden on the individual contract. As we have shown above, that help normally has to be delivered by a number of agencies. **A better formulation would be “it must ensure that the tailored, personal help they need ... is delivered to them seamlessly by the organisations most appropriate to each aspect of their action plan/pathway to work”.**

This formulation encompasses both the delivery of excellent service from the contractor and also the function of Employability Case Management, taking into account that the contractor will be the best provider of only some of the services needed. However in a complex configuration of services in any specific locality, **it must be recognised that often customers will already be receiving a case management offer from another organisation before they come to the DWP contractor and that prior arrangement often should be respected.** When a number of such offers are available the choice of the customer should prevail.

A question which remains to be addressed is how an entitlement to a minimum standard of service can be ensured through the delivery under contract. This question applies to DWP contracts and it seems that the offer of support beyond a minimum contract (e.g. 5 WFIs in Pathways contracts) may be dependent on the contractor’s estimation of the likelihood of a

output which generate a payment. Although segmentation of the target populations is vital to ensure efficient use of public funds, we believe it is also vital to offer employability support to all – that is behind our desire to see employability as part of the agenda pursued by health, addictions, homelessness and social services. If there is a corresponding segmentation of services this needs to be formalised in local partnerships.

‘Competition to drive value’

‘Competition to drive value’ is a principle which is inevitably and appropriately applied to any tendered service. However we are concerned that the specific way in which this may be implemented can be counter-productive at a local level. **We have shown that an essential element of effective delivery is co-operation between providers. However many contracts encourage different behaviours**, like holding on to clients in order that the eventual job entry can be claimed rather than referring them to other providers which are better placed to get them a job quicker; or discouraging skills training because the provider is paid most for job entries. By emphasising this we are not presenting a contradiction between two principles. We are saying that the incentives generated by competitive tendering and the contracting processes used should encourage co-operation. In contrast, it must be understood that competition on its own does not necessarily deliver value for money, if that is sought at the city level rather than the contract level. The construction industry offers an example where it is considered that a price-led contracting process has driven down the quality of the service to clients (see Egan Report).

We do not have any evidence that, in a target-driven context, insufficient competition is driving down performance; however we do have evidence from providers that the specific types of competition fostered by contracting processes used by JCP and DWP do hinder the co-operation which is necessary for providing joined-up support. Furthermore we believe that the trend to larger contracts disadvantages local partnership-based bids against larger, national organisations. The evidence is clear that the former have been squeezed out but we do not know of any evidence which shows that this necessarily has produced better results. On the ground we hear that the disruption of existing and working partnership arrangements has had counter-productive effects. **We propose that DWP investigate and build up an evidence base on these subjects.**

From a number of presentations given by DWP in months since the publication of the Green Paper, it seems that the Department is anyway proceeding with an approach managed centrally by DWP which involves ‘black box’ contracting at a large geographical scale to a prime contractor. From these discussions it has become apparent that it will be very difficult to accommodate the aspirations of the Pathfinder in this approach. We wish to draw attention to a number of ways in which this cuts across the Cities Strategy approach which is built on joined up service planning and delivery.

At the specification stage:

For joined-up service planning to work partners need to be able to plan specific joint interventions, for example with sectoral or geographical groups of employers; and for target groups of customers, for example those with mental ill-health or learning disabilities. This implies adjusting the specifications of what partners plan or procure. However the DWP process

allows only very limited local input into the specification – unless a consortium seeks to apply additional money to add some feature to the DWP specification. Hence the DWP approach does not allow its contracted provision to be part of joint forward planning for specific initiatives because the content of delivery and operational decisions are left entirely to the black box contractor.

Letting of contracts:

The process can be seen to favour large national companies, even at PQQ stage, as can be seen from the list of organisations shortlisted for Pathways contracts (see http://www.jobcentreplus.gov.uk/JCP/stellent/groups/jcp/documents/websitecontent/dev_012866.doc). The frequency with which contracts are let to organisations with no local base implies that little weight is in effect given to local knowledge and networking.

Management and delivery of contracts:

If the contract is managed at local level within DWP/JCP this can allow local priorities to be communicated effectively. In this way integration with the local initiatives may be achieved. If contracts are managed centrally then this linkage is not routine or organic.

We prefer the option of managing agent and that the role be open to City Strategy Pathfinder consortia.

It is apparent to us from a number of consultation events that the evidence base about the impacts of different methods of procurement is weak. At this stage we believe that there should be more research and information about the issues raised here. There should be pilots of a number of different approaches.

‘Outcome-based contracts with increased flexibility for providers’

In relation to ‘Outcome-based contracts with increased flexibility for providers’ we consider that contracts should have an appropriate mix of payments for outcomes and for services provided. Contracts for those who are close to work can be mostly related to job entries but the higher the risk associated with client group, the higher the share which should be set by other factors including for progression along a number of stages on the pathway to work.

Although there must be flexibility for providers to respond to the full range of needs which individuals can present this should not be seen as in contradiction with plans to ensure minimum standards of service, to configure the services locally or to create infrastructures for co-operation or management information. **For this reason it must be possible to include in contracts that contractors will participate in initiatives which are essential to delivery of the local consortium’s Business Plan.**

The Green Paper does not consider the issue that any individual may be working with a number of organisations many of which may be able to claim a payment when s/he gets into work. For example, s/he may have been to five WFIs with the Pathways contractor; then spent time using the employability support of an area-based intermediary funded by CCP using Scottish Exec funding; which helped him/her start on a Training for Work contract; following which s/he entered work. **We believe strongly that all of these organisations, plus any in the health, care or**

addictions sectors who helped him/her on the way, should be able to claim credit for their contribution. However we need to avoid contractual incentives to get other organisations to deliver the outcomes.

'Minimum standards of support for all'

In relation to 'Minimum standards of support for all' we consider that **the question as it relates to the disadvantaged groups is a question of how the full range of relevant organisations locally can deliver a joined-up and consistent standard for all.** This would include agreements about appropriate referrals, sharing of information, availability of information, quality of support including vocational guidance, basic skills and money advice. The question addressed to DWP is whether and how their contractors would be expected or obliged to participate in locally-established standards on these questions. Some difficult questions arise about ensuring continuity of support over time, if the pathway is to be a long one (employability case management) and between contracts (if a programme is ended or a contract is passed from one organisation to another e.g. NDDP ending and Pathways starting).

Before going on to propose replies to the questions set out in para 20, p.61, we need to present the view that the balance of roles between national departments and local partnerships should be radically altered. The contention underpinning the DWP Cities Strategy is that performance in helping disadvantaged groups to access work can be significantly improved by delivery of a joined-up service based on locally-managed strategies run by local consortia. **A key element of this is the alignment of the activities funded and procured by a number of agencies. The key to this is joint service planning, that is the alignment of funding and investment around a shared set of priorities and actions.**

Apart from political and organisational will, the two most important things necessary to implement this approach are the capacity of the local managers to deploy resources to fit with the local strategy – that is sufficient local flexibility; and information and analysis to inform the processes.

If the government's programmes are determined at national level, and its contracts are let at national level, and if the contracting process binds the contractors to nothing except a minimum contact with customers referred to them, then the processes described will proceed largely without DWP participation. Joint planning will be limited at best. **Therefore we believe that within a framework and targets set nationally the precise specification and the management of contracts should be devolved to the local partnership level – that is to the geographical level at which local consortia operate.**

This argument is supported by consideration of the information needs of such a local strategy. In order to plan jointly, the consortium needs early knowledge of the proposed programmes of all partner agencies, and the planned impact on different parts of the overall target group. It needs to be able to consider the pre-conditions of success for the programme and its implications for the deployment of other agencies' resources. Current DWP processes do not assist this.

Furthermore the consortium needs information (management information) about the outcomes of the programmes supported by each partner agency. Where the consortium has set up processes for gathering and analysing information about all the beneficiaries supported in the strategy, DWP contractors should be expected under their contracts to participate. All of this will be easier if the contracts are managed at the same geographical level as that covered by the consortium. More explicitly **for any new DWP programmes we propose that the fund-holding should be devolved to the City Strategy Consortium, probably using a Management Agency approach**

In relation to the questions set out in para 20, p.61, the points below have to be established through examination of what we need locally to a) influence what is to be provided b) enable forward planning amongst agencies; c) ensure contractors are part of local joined-up provision, promoting co-operation for clients d) gather management information.

The capabilities of a high-performing supply chain of providers:

These should include:

- Capacity for co-operation around a joint offer;
- smooth and effective referral mechanisms;
- agreements on information sharing (with individual's consent);
- sharing of outcomes;
- joined-up engagement with employers;
- Skills of staff,
- knowledge of disadvantaged groups,
- high quality support for the full range of needs

Balance of risk and reward

The introduction of large contracts with large-scale financial risk inevitably advantages large, mostly private, organisations which can draw on substantial capital. Consortia of smaller organisations in the voluntary sector will be disadvantaged as has been shown in recent contracting rounds. Risks also tend to discourage support for those who appear to confront the most problems and they may be those who are most likely to be referred by contractors to other local providers. The rewards should recognise the roles of these providers and incentivise them through options to share the outcome payments.

Productive and unproductive prime contractor role

If the idea of prime contractor relates to one large organisation sub-contracting locally with smaller providers, to some extent our proposal that the local strategic consortia should manage the contracts replaces this.

Appropriate geographical level

See above – the consortium/Pathfinder level

Integration with local area initiatives

See above – through devolution to consortia

It should be made clear what local consortia will be able to require through these contracts.

Incentivising and paying for sustainable job outcomes

This is to some extent addressed by paying for outcomes sustained up to a certain point after recruitment. In addition it should be supported by clarifying and implementing a joined-up offer to employers which makes clear the support available to them and their new recruits.

Narrowing the gap

This can best be taken forward through devolving this responsibility to local consortia which can deploy resources effectively around these objectives.

Customer a more active participant in the system

Through integration in the joined-up offer to jobseekers; and implementation of best practice in service use involvement in design of both individual action plans, drawing on full knowledge of all the locally-available services, and programmes as a whole.

Partnership across government

At local level we establish good partnership working across agencies supported by a number of government departments through their participation on an equal basis in the Jobs Strategy Group. This recognises the contributions from JCP, local government, colleges, NHS, Scottish Government regeneration funding and employers. These principles should be applied at national level as well.

The examples given in this section apply mostly to England but we recognise their parallels in Scotland. As regards the statement that the Local Strategic Partnerships will “determine the most appropriate local indicators and set appropriate targets for local employment outcomes” we see this as entirely consistent with the philosophy of the Cities Strategy Pathfinders; and **we will be interested to hear the views of DWP on how their contracting arrangements for national programmes can integrate with this, since the existing pattern appears to cut across it.**

Partnership working at local level

We whole-heartedly support the Cities Strategy!

However we believe that the key messages from City Strategy Pathfinders and partnership work in localities have yet to register at key levels within the DWP. On the evidence of the Green Paper their relevance is limited to the organisation of a number of local services around the

pattern of central government provision determined top-down at the centre. The challenges of joined-up service provision is different from that and so is the reality of the lived experience of services of many claimants.

We have attempted to draw attention to these key messages throughout this submission, in particular in the section on contracting principles. Essentially we think that the definition of the problems and issues is different if one starts from the question of how to provide the most effective, joined-up services in localities. These are after all where people live and work so we think that this new perspective on welfare to work should be given some significance.

We have been attempting to address the objectives of the Green Paper for some years now. Every issue faced at national level is replicated within each labour market so it is significant that our definition of the challenges is radically different from that provided in the Green Paper.

In summary we present the following points as some of the essential building blocks of the local perspective:

1. For disadvantaged customers there are multiple issues, and support to them is given by multiple organisations
2. For employers, multiple contacts from a range of agencies are inefficient and confusing
3. A central challenge is therefore to achieve joined-up services for employers and jobseekers
4. Better results can be achieved from locally-managed joined-up working, underpinned by outcome-related targets and funding
5. Local consortia are needed with powers to define strategy, its implementation plan, mechanisms of joint service planning, align funding, manage contracts, create local infrastructure, and monitor outputs and outcomes
6. DWP contracts must be a part of this process
7. Procurement and contracting processes of all partners, including DWP, need to be adjusted to enable joint, local service planning and to incentivise the appropriate co-operation between agencies.