
**Manchester City Council
Report for Information**

Report to: Economy Scrutiny Committee – 17 July 2013
Subject: The Work Programme – update on performance
Report of: Interim Head of Regeneration

Summary:

Set within the context of Government reform of the welfare system, the Work Programme is one of the key initiatives in the Government's approach to welfare to work. Introduced in June 2011, it replaced previous Department of Work and Pensions (DWP) programmes with a single framework that covers all benefit claimants. Since the last report to Economy Scrutiny in January 2013 on the Work Programme, the Department for Work and Pensions (DWP) has published the second set of performance data.

In summary, performance on job outcomes for JSA (Job Seekers Allowance) claimants has improved significantly both in volume and % terms in this period as compared with the first set of performance data, although still slightly below national average in % terms. The total number of referrals of long-term claimant groups represents a very small % of the total number of Work Programme referrals. However, for key claimant groups: JSA ex IB (Incapacity Benefit); ESA (Employment Support Allowance) ex IB and IB and Income Support volunteers, the Work Programme provision has yet to deliver a sustainable job outcome.

Representatives of the three prime contractors: Avanta, G4S and Seetec along with Jobcentre Plus have been invited to the meeting.

Recommendations:

Members are requested to note and comment on the sustainable job outcome performance of the Work Programme prime contractors in Manchester.

Wards affected: All

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1. Introduction

The most recent figures (Nov 2012) show that there were 60,970 Manchester residents claiming out of work benefits, which represents 17.1% of the City's working age population. Of these 19,300 were claiming Jobseeker Allowance (JSA), 32,350 claiming Incapacity Benefit (IB) or Employment Support Allowance (ESA) and 7,450 lone parents claiming Income Support (IS).

Key features of the Work Programme have been described in previous papers to Scrutiny. In summary, the Work Programme introduced in June 2011, is a nationally contracted programme which has rolled out a payment by results model on a large scale, where Prime Contractors are paid on sustainable job outcomes. The payments are designed to incentivise the contractors to work with the full range of benefit claimants with larger payments on securing job outcomes and ongoing payments for up to two years for those furthest from the labour market. All referrals to the Work Programme are done by Jobcentre Plus. There are different thresholds for referrals to the Work Programme depending on age and benefit type.

The DWP has recently released data, covering referrals, attachments and job outcomes to the Work Programme for the period June 2011 to March 2013, by Local Authority area and payment group. An attachment is recorded when the Prime Contractors successfully engages with a claimant. A job outcome payment can be claimed after a participant has been in a job for three or six months and subsequent sustainment payments claimed every four weeks for up to one year, eighteen months or two years when a participant sustains work. Job outcome and sustainment payments depend on the benefit that a claimant is /has been receiving at the point of referral to the Work Programme.

This report looks at the performance of the Work Programme primarily focused on the April 2012 to March 2013 period and compares performance of the Work Programme providers in Manchester with national, GM and DWP minimum performance levels. It also considers Work Programme performance since its inception from June 2011 to March 2013. However, it should be noted that DWP sets its Minimum Performance Levels on a yearly basis.

2. Attachments and Referrals

2.1. The Manchester attachment to referral rate for the Work Programme is 96.8%. Of the 379 local authorities in Great Britain, Manchester was ranked 153rd with 152 local authorities having higher attachment ratios compared with the City. The table below shows how the Work Programme attachment to referral rate in Manchester compares to other Core Cities. It should be noted that there are different Work Programme prime contractors serving the other core cities. In Manchester, the Work Programme has a higher attachment to referral rate than any other Core City.

Core City Group	Referrals (000's)	Attachments (000's)	Rate	Rank
Manchester	16	15.49	96.8%	1
Sheffield	14.31	14.31	96.6%	2
Birmingham	41.67	40.06	96.1%	3

Newcastle	7.92	7.61	96.1%	3
Leeds	19.69	18.89	95.9%	5
Liverpool	17.84	16.98	95.2%	6
Nottingham	12.39	11.79	95.2%	6
Bristol	9.96	9.46	95.0%	8

2.2. As highlighted by the table below, the majority of the referrals to the Work Programme up to the end of March 2013 were JSA claimants (85.9%). Outside of the 1,430 new Employment Support Allowance (ESA) claimants, there have only been 440 referrals /volunteers from long-term claimant groups across ESA, Incapacity Benefit (IB) and Income Support. This represents a very small percentage (1.1%) of the 39,800 Manchester residents claiming ESA, IB or Income Support (November 2012 figures). This is in line with national trends. However, discussions with Prime Contractors indicate that this position has changed considerably with significantly more ESA /long-term claimants now being referred to the Work Programme.

Work Programme payment group	Referrals	Attachments	Attachment to referral ratio
Jobseekers Allowance 18-24	2,920	2,850	97.6%
Jobseekers Allowance 25+	6,920	6,760	97.7%
Jobseekers Allowance early entrants	3,250	3,180	97.8%
Jobseekers Allowance ex-IB	220	210	95.5%
Employment Support Allowance volunteers	410	360	87.8%
New ESA claimants	1,430	1,370	95.8%
Employment Support Allowance – ex IB	380	360	94.7%
Incapacity Benefit /Income Support volunteers	30	30	100.0%
Jobseekers Allowance prison leavers	440	380	86.4%
Total	16,000	15,490	96.8%

Attachment to referral rates since the inception of the Work Programme are consistently high across all Work Programme payment groups.

3. Minimum Performance Levels (MPL) April 2012 to March 2013

3.1. The job outcomes total used in calculating the Minimum Performance Level for 2012/13 include all job outcomes in that period, even if the individual was referred to the Work Programme before April 2012. The minimum performance levels were set nationally, based on performance in the second year of the work programme, for the three main groups of claimants between April 2012 and March 2013 (please note section five of this reports looks at outcomes from June 2011 to March 2013, so has different figures). These were:

- JSA claimants 18-24 - 33.0%,
- JSA claimants 25+ - 27.3%
- ESA claimants - 16.5%

JSA claimants 18-24

3.2. The national rate for JSA 18-24 claimants achieving a job outcome was 31.9%. Comparatively in Greater Manchester, the figure was above the Minimum Performance Level, at 35.5%. The Work Programme performance in Manchester was slightly worse with a rate of 28.9%. This is highlighted in the table below:

JSA 18 to 24			
Area	Referrals in the period	Job Outcomes in the period	Performance (job outcomes / referrals)
Total (UK)	92,400	29,520	31.9%
GM	5,690	2,020	35.5%
Manchester	1,280	370	28.9%
Minimum Performance Level (set by government)	-	-	33.0%

When compared with Work Programme performance in other core cities, Manchester performed relatively well, ranking second overall.

Area	JSA 18 to 24			
	Referrals in the period	Job Outcomes in the period	Performance (job outcomes / referrals)	Core Cities Ranking
Nottingham	1,020	330	32.4%	1
Manchester	1,280	370	28.9%	2
Birmingham	3,730	1,050	28.2%	3
Liverpool	1,600	450	28.1%	4
Leeds	1,480	400	27.0%	5
Sheffield	1,310	350	26.7%	6
Newcastle	790	190	24.1%	7
Bristol	760	170	22.4%	8
Minimum Performance Level	-	-	33.0%	

JSA Claimants 25 +

3.3. Nationally the rate for the group JSA 25+ was 27.3%, just short of the 27.5% target. In Greater Manchester the rate was 21.2% which is lower than the target set and in Manchester the rate was 21.9%, slightly better than the Greater Manchester rate but still below the national figure and the MPL. This is highlighted in the table below:

Area	JSA 25 and over		
	Referrals in the period	Job Outcomes in the period	Performance (job outcomes / referrals)
Total (UK)	203,780	55,700	27.3%
GM	12,480	2,650	21.2%
Manchester	2,970	650	21.9%
Minimum Performance Level (set by government)	-	-	27.5%

There were three core cities where the Work Programme met or exceeded the MPL. Leeds performed well for this payment group with 36.2%. Liverpool (32.8%) and Newcastle (29.7%) were the other two. Work Programme performance in Manchester was ranked fifth for the JSA aged 25 & over cohort.

Area	JSA 25 and over			
	Referrals in the period	Job Outcomes in the period	Performance (job outcomes / referrals)	Core Cities Ranking
Leeds	3,230	1,170	36.2%	1
Liverpool	3,020	990	32.8%	2
Newcastle	1,550	460	29.7%	3
Bristol	1,680	420	25.0%	4
Manchester	2,970	650	21.9%	5
Birmingham	7,060	1,480	21.0%	6
Nottingham	2,280	440	19.3%	7
Sheffield	2,660	470	17.7%	8
Minimum Performance Level	-	-	27.5%	

ESA Claimants

3.4. The new ESA Claimants group saw the poorest performance levels. Nationally 5.3% of new ESA referrals gained employment. In Greater Manchester the figure for new ESA claimants was 1.4% and in Manchester, 2.2%. This is highlighted in the table below:

Area	New ESA claimants		
	Referrals in the period	Job Outcomes in the period	Performance (job outcomes / referrals)
Total (UK)	57,960	3,090	5.3%
GM	3,680	50	1.4%
Manchester	890	20	2.2%

Minimum Performance Level (set by government) - - **16.5%**

In both Newcastle and Liverpool Work Programme prime contractors did not record any job outcomes for the New ESA claimants group, reflected in the table below. The highest proportion of job outcomes for this group was in Leeds with 4.4%, followed by Nottingham, Birmingham and Sheffield all just over 4%. Manchester was ranked fifth.

Area	New ESA Claimants			
	Referrals in the period	Job Outcomes in the period	Performance (job outcomes / referrals)	Core Cities Ranking
Leeds	910	40	4.4%	1
Nottingham	460	20	4.3%	2
Birmingham	1,640	70	4.3%	2
Sheffield	490	20	4.1%	4
Manchester	890	20	2.2%	5
Bristol	550	10	1.8%	6
Liverpool	720	0	0.0%	7
Newcastle	280	0	0.0%	7

Cumulative Performance of the Work Programme - Job Outcomes

3.5. The cumulative performance of the Work Programme is not included in the Minimum Performance Levels (MPL) set by DWP but will be of interest to Members in terms of understanding the overall impact of the Programme in the City. This section considers the outcomes for all payment groups not just those for which DWP has set Minimum Performance Levels. In Manchester there were 1,600 sustainable job outcomes through the Work Programme from June 2011 to March 2013. Comparing the number of job outcomes to the total number of referrals to the Work Programme gives a job outcome rate of 10%, just under the national average of 11% for the same period.

3.6. In terms of the rate of Work Programme job outcomes from referrals, Manchester is currently ranked 291st out of the 379 local authorities in Great Britain and 6th from the Core Cities group alongside Nottingham (10.0%). Bristol has the lowest rate of Work Programme job outcomes amongst core cities with 8.1% as highlighted in the graph on the adjacent page. Bristol also had the lowest % of job outcomes for the June 2011 to July 2012 period,

3.7. The table below breaks down the referral to outcome rates by the different payment groups. Work Programme providers and their supply chains had the highest sustainable job outcome to referral rates for Jobseekers Allowance categories 18-24 and Jobseekers Allowance early entrants. By the end of March 2013, they had not yet registered a sustainable job outcome for the following groups: Jobseekers Allowance ex-IB; Employment Support Allowance ex-IB; and Incapacity

Benefit/Income Support volunteers groups.

Work Programme payment group	Referrals	Job Outcomes	Job Outcomes to referral ratio
Jobseekers Allowance 18-24	2,920	400	13.7%
Jobseekers Allowance 25+	6,920	680	9.8%
Jobseekers Allowance early entrants	3,250	470	14.5%
Jobseekers Allowance ex-IB	220	-	-
Employment Support Allowance volunteers	410	10	2.4%
New ESA claimants	1,430	30	2.1%
Employment Support Allowance – ex IB	380	-	-
Incapacity Benefit /Income Support volunteers	30	-	-
Jobseekers Allowance prison leavers	440	10	2.3%
Total	16,000	1,600	10%

3.8. Jobseekers allowance claimants groups accounted for 97.5% of the total number of job outcomes for Work Programme delivery in Manchester.

4. Contractor Performance

4.1. Manchester is part of the Greater Manchester, Cheshire and Warrington contract package area. There were three prime contractors appointed by the Department of Work and Pensions (DWP) to cover this area: Avanta, G4S and Seetec. They have different models of delivery with G4S sub-contracting entire delivery to their supply chain while Avanta and Seetec do a mix of direct delivery and sub-contracting. As well as job brokers who work with people on their employability all three Prime Contractors have a bank of service providers from which they can purchase more specialist services e.g. mental health support, drug and alcohol services. Contractors have been delivering the Work Programme across Greater Manchester and Cheshire since the middle of June 2011.

4.2. Overall, contractor performance has improved from the last release in July 2012. The table below gives the relative performance of the 3 prime contractors covering GM and Cheshire for March 2013 and provides a comparison with performance at July 2012. Performance of all three contractors has improved.

4.3.

Contractor	Job outcomes as a proportion of referrals March 2013	Rank	Job outcomes as a proportion of referrals July 2012
G4S	12.6%	1	4.6%
Seetec	11.2%	2	3.7%
Avanta	10.3%	3	3.0%

5. Sustainment Payments

5.1. Following a Job Outcome payment, Sustainment payments are paid for every subsequent four week period in continuous employment, for up to two years.

5.2. The timescales for achieving a Job Outcome payment and Sustainment payment differ according to the payment group to which the participant is assigned by Jobcentre Plus when they are referred to the programme. The table below highlights the number of sustainment payments paid to each of the contractors operating in the Greater Manchester, Cheshire and Warrington contract package area. **It is worth noting that these figures are not exclusive to the package area mentioned, as these contractors also hold other contracts in other package areas.**

Provider	June 2011 - March 2013			Number of sustainment payments paid to providers	Sustainment payments per job outcome
	Referrals	Attachments	Job outcome payments		
Avanta Enterprise Ltd	27,390	26,450	3,040	13,890	4.57
G4S	27,220	26,740	3,450	17,060	4.94
Seetec	26,920	26,220	3,310	13,960	4.22

7 Conclusion

Overall, the performance of the Work Programme prime contractors in the City has improved significantly since the publication of the first set of performance data covering the June 2011 to July 2012. Members may recall from a previous report that using the minimum performance level calculation, Manchester prime contractors recorded 310 sustainable job outcomes from 11,080 referrals, a rate of 2.80%. That compared poorly with the national figure of 3.56% and with performance in Greater Manchester and core cities (apart from Bristol) at the time. That gap in Work Programme performance for JSA groups has been closed when compared with Work Programme performance elsewhere in Greater Manchester and is closer to the national averages. Manchester's position relative to other core cities has also improved. However, significant challenges remain with Employment Support Allowance / ex Incapacity Benefit groups, where the impact of the Work Programme has been minimal. These groups have been a very small % of total referrals up to the end of March 2013, but they are being referred in much greater numbers. It is in the interests of the Work Programme, the prime contractors and the City that the Work Programme can effectively move long term claimants that have been claiming health related benefits back into work.