

**Manchester City Council  
Report for Resolution**

**Report to:** Economy Scrutiny Committee – 28 October 2015

**Subject:** Devolution- expansion of Working Well and co-commissioning of the Work Programme

**Report of:** GM Lead for Employment Initiatives, GM PSR Team

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**Summary**

The November devolution agreement gave Greater Manchester the power to expand the Working Well programme from 5,000 to 50,000 people and to be a joint commissioner with DWP for the next phase of the Work Programme.

This paper provides a progress update on both areas of the agreement.

**Recommendations**

To consider and comment on the information provided in the report.

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**Wards Affected:** All

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**Background documents (available for public inspection):**

None

## **1.0 Introduction**

- 1.1 The Working Well Pilot, aiming to work with 5,000 long-term benefit claimants and supporting 1,000 off benefits and into employment, has been operational since March 2014 and is currently on target to achieve its ambitious outcomes.
- 1.2 The Working Well expansion provides an opportunity to take the principles and learning from pilot and apply them to a much larger cohort, but with equally complex needs. Moreover, the expansion will endeavour to create a new employment and skills 'eco-system' bringing together personalised support, skills provision and mental health therapeutic interventions into a seamless package of support.
- 1.3 The opportunity to jointly commission the Work Programme, if fully supported by government, would allow GM to develop a new mainstream, integrated and holistic support system for benefit claimants with more complex needs, fully utilising the potential of complementary public services across the conurbation.

## **2.0 Working Well Expansion: Principles of delivery**

- 2.1 *"The Working Well pilot will go through a staged expansion from summer 2015, subject to performance gateways demonstrating success. Greater Manchester will be rewarded for performance by a payment by results mechanism, up to a fixed DEL limit and funded from a combination of the Greater Manchester budget, European Social Fund and a central government payment by results mechanism. By the time it is fully rolled out, the pilot would cover 50,000 individuals and have a £100 million budget comprising £36 million from Greater Manchester, £32 million from the European Social Fund and up to £32 million from central government via payment by results. We expect Greater Manchester to share the AME risk of underperformance."*
- 2.2 The principles of the expansion have been formed by the learning from the pilot. Providers will support clients to access an appropriate range of services and provide bespoke packages of support to ensure that their personal barriers to employment and progression are tackled comprehensively and in an integrated and sequenced manner.
- 2.3 A new 'eco-system' of work, health and skills will be created, fundamentally changing how services function together by offering a seamless, co-ordinated and sequenced package of support, enabling the achievement of multiple outcomes. Personalised support for those with the most significant barriers to employment sits at the heart of this 'eco-system', facilitating the customer journey.
- 2.4 This is a 'work first' programme where sustained employment is the primary outcome. Assessments will go further than an individual's work and skills experience to identify in-depth barriers to employment, including working with the whole family where appropriate.

2.5 The provision will require intensive and regular support, maintained over the lifetime of the customer journey until and employment outcome has been sustained. This will be achieved through on-going case management (including co case management), with support for skills and mental health therapeutic interventions drawn in from the other commissioned elements of the 'eco-system'.

### **3.0 Working Well Expansion: Cohorts and referrals**

3.1 The Working Well pilot works exclusively with Employment & Support Allowance claimants in the Work Related Activity Group who have completed the Work Programme. The expansion will work with a broader range of cohorts, all with complex or enduring issues, over two distinct phases.

3.2 The joint commissioning of the Work Programme provides GM with an opportunity to embed its Working Well principles into the mainstream welfare to work system. Therefore, GM has decided to test a Working Well approach with an extended group of 15,000 claimants until April 2017, which is when current Work Programme contracts come to an end, and support the remaining 30,000 claimants through a jointly commissioned Work Programme.

3.3 Through the first phase of the expansion, GM will continue to support those groups that will otherwise cause greatest long-term cost to government and local partners. Clients will have a combination of complex and compounding issues, such as:-

- In receipt of benefits for 3 of the last 4 years
- Ex offenders
- Severe debt issues
- Homelessness and housing problems e.g. threat of eviction
- Addiction
- Learning disabilities and difficulties
- Severe literacy and numeracy problems
- Mental health problems
- Physical health problems
- Family problems e.g. domestic violence or relationship breakdown

We would expect this group to be experiencing a range of problems including those below, which are likely to be additional barriers:-

- Childcare problems
- Low skills e.g. literacy, numeracy, ICT, ESOL
- Limited transport
- Limited job search geography
- Financial impact of welfare reforms

3.4 GM has been constrained in terms of those who can be supported by the programme, as there can be no duplication with other DWP commissioned services, such as Work Programme of Community Work Placements.

3.5 For the Working Well pilot referrals can only be made by Jobcentre Plus. However, for the expansion referrals may also be made by external partners, with an option available to open this up further so that providers can source their own referrals. There will be a staged roll out of the external partner referral pathway, commencing with a limited number of referrals from health services, building on Manchester's Fit for Work service.

#### **4.0 Working Well Expansion: Commissioning Strategy**

4.1 Trafford MBC is acting as the procurer on behalf of the GMCA to appoint a provider. When the required structures are in place the intention is to novate the contract from Trafford to the GMCA.

4.2 The programme will be delivered across all ten Local Authority areas of GM. The contract will be awarded based on two areas (or lots) which are as follows:-

- Lot one: Manchester, Salford, Trafford
- Lot two, Bolton, Bury, Oldham, Rochdale, Stockport, Tameside, Wigan

The lots have been grouped as such so that they are coterminous with Jobcentre Plus district boundaries. Bidders are able to bid for one or both lots.

4.3 Bidders are being assessed on cost as well as quality, so the final payment model will be agreed through the contracting process. However, as per the Pilot there will be provider payments for attachment (although this is likely to be paid in 3 instalments), job start and sustained job outcome. It is expected that 30% of the payment will be paid for attachment, 30% for a job start and 40% for a sustained job outcome. This payment model transfers greater risk onto the provider than the current pilot, whilst still retaining an upfront element to support provider cash-flow requirements.

4.4 Minimum performance expectations are that 20% of clients attached will enter work and 15% will sustain employment, but bidders have been asked to propose their own performance targets.

4.5 As with the pilot, clients will receive a maximum of 24 months support and a further 12 months of in-work support should they secure employment.

4.6 The anticipated value of the contract over the whole programme area is £10.7 million, with funding coming from a combination of European Social Fund (ESF), DWP and Transformation Challenge Award funding currently held by GMCA.

4.7 The Pre Qualification Questionnaire (PQQ) stage of the procurement process closed on 1<sup>st</sup> September and following appraisal panel, comprised of Trafford's procurement team, Working Well Programme Office and representatives from Manchester, Tameside and Trafford Councils, six organisations were invited to the next phase of the process, Invitation to Tender (ITT).

4.8 The ITT was posted on the Chest on 28th September and will close on 30<sup>th</sup> October, with contract award scheduled for late November and delivery commencing in Feb 2016.

## **5.0 Working Well Expansion: Commissioning an 'eco-system'**

5.1 Working Well will support people with mental health conditions, so a separate commissioning exercise is being undertaken for a range of therapeutic interventions. Clients will have access to a mixed blend of therapies including CBT, Brief Dynamic Therapy, Counselling, Couple Therapy and Interpersonal Psychotherapy. Manchester City Council has led on the development of the specification for this element of the programme, which will go live in line with the personalised support service.

5.2 Bespoke skills support will also be made available to clients on the expansion through the Skills Funding Agency's *Skills for Employment* ESF programme. The support will include functional skills, employability and vocational skills training, together with wrap-around support to motivate and improve confidence and self-esteem. Activity will be designed to progress clients towards the labour market by working in partnership with other services and enhancing the integration of the system.

## **6.0 Work Programme Co-commissioning: Case for change**

6.1 *"To help tackle long-term unemployment in Manchester, the government will also design the Work Programme in a way that allows Greater Manchester to be a joint commissioner with DWP for the next phase of the Programme."*

6.2 The devolution agreement has given GM the power to jointly commission the Work Programme with DWP. GM's desire is to create a new employment and skills 'eco-system' provided within a broader integrated public service infrastructure that would truly meet the needs of local residents and shift the stubbornly high levels of benefit dependency and entrenched worklessness, whilst also maximising all assets at our disposal to drive efficiencies and reduce waste in the system.

6.3 In Greater Manchester almost a quarter of a million working age adults are dependent on out-of-work benefits and a further £1.1bn is spent supporting people to maintain low paid work. This is unsustainable and the ambitions of a Northern Powerhouse will never be realised unless there are significant reductions in benefit dependency and increases in wages and productivity.

6.4 GM believes that with the right investment framework, enabling integration and the delivery of joint outcomes, the governance and infrastructure is in place to tackle these endemic issues.

## **7.0 Work Programme Co-commissioning: Progress**

7.1 Negotiations with DWP have been fluid about exactly what they felt was meant in the GM Devolution Deal by 'joint commissioner' and a recent position was

that GM could only co-commission to the extent to which we co-invested. The most recent position from DWP and HMT is that the wording of the Sheffield Deal (see Annex 1) is what they now mean by co-commissioning and they consider this to be in line with the GM devolution deal. This is not a position that we would necessarily accept. However it is clear that part of the problem is the lack of certainty regarding the outcome of the Comprehensive Spending Review and its impact on future DWP budgets – with the potential that there may not be something called ‘the Work Programme’ in future. This has made it difficult to get into detailed negotiations about the scale and design of future provision.

7.2 However, more recent discussions with senior DWP officials, including Jeremy Moore (Director General), have prompted a review of work to date and proposed a *back to basics* approach whereby GM and government work together to develop a suite of key principles that could set the framework for future provision, regardless of whether that be delivered in house or contracted out. This provides an opportunity to undertake a root and branch review of the whole system, as opposed to only that element that is currently contracted out as the Work Programme.

7.3 Work is now underway with DWP to agree a set of common principles, which may include, but are not necessarily limited to:-

- GMCA delivery footprint
- Support provided based on need rather than benefit type
- Co-location and integration of support services
- Collaboration when designing, delivering and managing provision
- Shared accountability framework
- Financial risk and reward share.

## Annex 1

### Employment

16. Sheffield City Region Combined Authority will work with DWP to co-design the future employment support, from April 2017, for harder-to-help claimants, many of whom are currently referred to the Work Programme and Work Choice.

17. The respective roles of DWP and Sheffield City Region Combined Authority in the co-design will include:

a. DWP sets the funding envelope, Sheffield City Region Combined Authority can top up if they wish to, but are not required to.

b. Sheffield City Region Combined Authority will set out how they will join up local public services in order to improve outcomes for this group, particularly how they will work with the Clinical Commissioning Groups/third sector to enable timely health-based support.

c. DWP set the high-level performance framework and will ensure the support appropriately reflects labour market issues. The primary outcomes will be to reduce unemployment and move people into sustained employment. Sheffield City Region Combined Authority will have some flexibility to determine specific local outcomes that reflect local labour market priorities, these outcomes should be complementary to the ultimate employment outcome (for example in-work wage progression). In determining the local outcome(s) Sheffield City Region Combined Authority should work with DWP to take account of the labour market evidence base and articulate how the additional outcome(s) will fit within the wider strategic and economic context and deliver value for money.

d. Before delivery commences, DWP and Sheffield City Region Combined Authority will set out an agreement covering the respective roles of each party in the delivery and monitoring of the support, including a mechanism by which each party can raise and resolve any concern that arise.

18. In addition, in the event employment support for this group is delivered through a contracted-out programme, Sheffield City Region Combined Authority will co-commission the programme with DWP. the respective roles of DWP and Sheffield City Region Combined Authority will include:

a. DWP sets the contracting arrangements, including contract package areas, but should consider any proposals from Sheffield City Region Combined Authority on contract package area geography.

b. Sheffield City Region Combined Authority will be involved in tender evaluation.

c. Providers will be solely accountable to DWP, but DWP and Sheffield City Region Combined Authority's above-mentioned agreement will include a mechanism by which Sheffield City Region Combined Authority can escalate

to DWP any concerns about provider performance/breaching local agreements and require DWP to take formal contract action where appropriate.

19. In the event that alternative delivery mechanisms are put in place, comparable arrangements will be put in place.

20. Sheffield City Region will develop a business case for an innovative pilot to support those who are hardest to help. The business case should set out the evidence to support the proposed pilot, cost and benefits and robust evaluation plans, to enable the proposal to be taken forward as part of the delivery of this agreement, subject to Ministerial approval.