

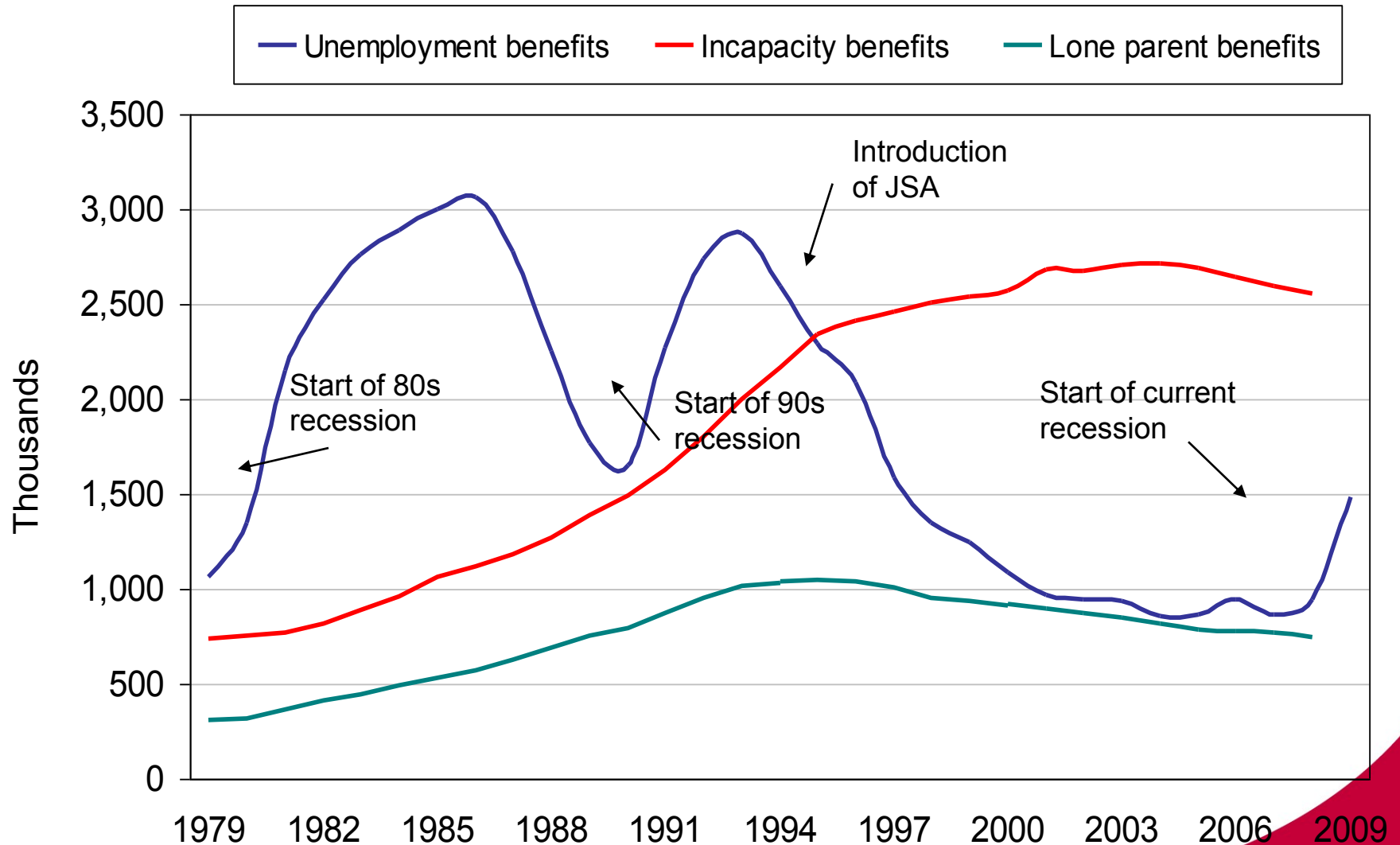
Welfare to Work after recession: activation and the development of a ‘welfare market’

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Activation and Inclusion

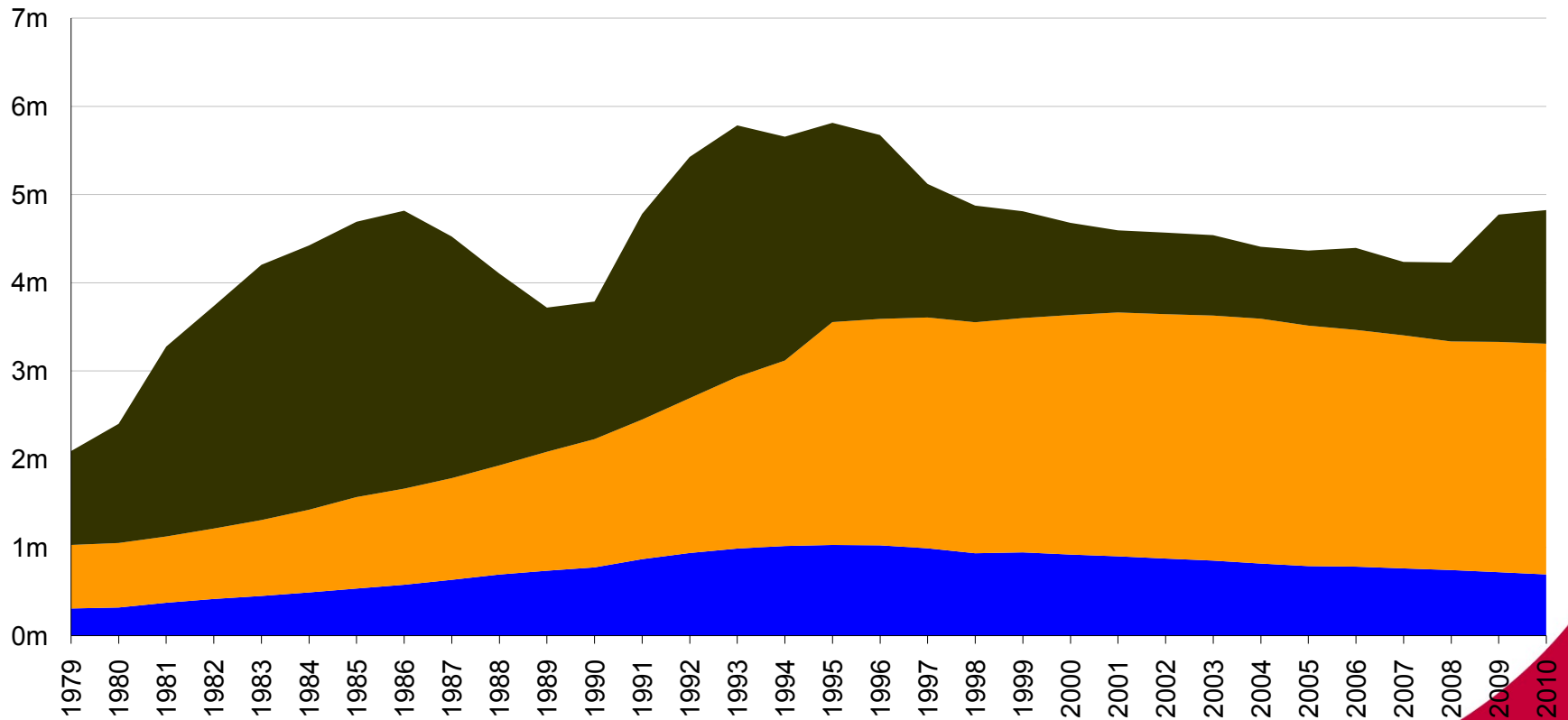
- Impact of 80s/90s recessions - unemployment durations and economic inactivity increased (move to 'inactive' benefits, esp. disability and early retirement)
- Increased caseloads; more diverse client groups; relative neglect of longer term unemployed/harder to help
- Design and delivery of benefit systems, employment requirements and employment and training programmes important - influenced the persistence of unemployment and level of economic inactivity
- Interest in social exclusion drew attention to experience and behaviour of service users and how participation was facilitated or hindered by the organisation and delivery of public services

Trends in out-of-work benefits over time



Cumulative trends in out-of-work benefits

- Unemployment benefits
- IB/Lone parent transfer to JSA
- Lone parent benefits



Welfare to work developments: 1997-2008

- 1997 to 2001: focus on youth and long term JSA unemployment – New Deals and JSA ‘intervention regime’. Contestability, leading to Employment Zones
- 2001 to 2005: New Deals and other voluntary support for those on lone parent and incapacity benefits. Introduction of Work Focused Interviews and creation of Jobcentre Plus.
- 2005-2008: Replacing Incapacity Benefit with Employment and Support Allowance; increased conditionality for lone parents; Pathways to Work programme.
- Throughout, development and implementation of Make Work Pay and Make Work Possible policies
- All of this underpinned by economic stability and increases in employment.

Progress to 2008

- Lower levels of unemployment but after 2001 employment rate increased only slowly.
- Diminishing returns to existing policies and programmes:
 - Long term JSA unemployment down (but emergence of 'repeaters' and recyclers)
 - Child poverty down but not at rate needed to reach Government targets
 - Increase in Lone Parent Employment Rate but falling short of rate of increase needed for 70% target.
 - IB 'inflow' slows but caseload still high due to durations (average 9 years).
- Lack of flexibility and integration in programme design and service delivery limiting impacts

Activation and response to recession 2008-2010

- Limit movement to inactive benefits and new forms of engagement/support for most of those on benefits:
 - Lone Parents with children over 7 to JSA
 - Employment Support Allowance and existing disability benefit claimants (2014)
 - Personalised Conditionality - Work Ready, Progression to Work and No Conditionality Groups
- Reduce disconnection from work during the recession (redundancies, apprenticeships, early support)
- Reduce transitions into long term unemployment (Youth Guarantee and Future Jobs Programme)
- Integration of Employment and Skills provision

Further Activation Reform (2009)

- Ambition to move to a single working age benefit and ‘personalised conditionality regime’, where participants access provision based on needs rather than benefit claimed
- Future caseload comprised of
 - Work Ready Group
 - Progression to Work Group (those on Employment Support Allowance and Lone Parents with younger children)
 - No Conditionality Group (those in ESA Support Group and Carers)
- Progression to Work Group
 - Work Focused Interviews, Mandatory Action Plans and power of Personal Adviser ‘direction’
 - Must engage in Work Related Activity, but no requirement to take specific jobs

Service Delivery Reforms

- Creating a managed ‘welfare market’
 - Flexible New Deal (for those on JSA)
- Increased flexibility for Jobcentre Plus and enhanced role of Personal Advisers
- Devolution to local partnerships – City Strategies and Employment and Skills Boards

Developing the welfare market

- Private/Public Partnerships and contestability (New Deal Private Sector Leads and Employment Zones)
- Freud Review (2007)
 - Existing contracts process driven, categorical, short term, inflexible, inefficient
 - Proposed debt-financed welfare reform, prime contractors and regional contracts
- Consolidation of purchasing in DWP - number of for profit/non profit providers down from over 2,000 under JCP to 438 under DWP (running 1,153 contracts, Sept 2009). Annual £1bn plus value

DWP Commissioning Strategy (2008)

- DWP Delivery Directorate – developing a stronger market through coherent commissioning strategy
- DWP commissioning strategy – larger, longer and fewer contracts (5 years/2 year extensions) but active role in managing the market
- Most business (80%) done with a “stable core” of some 30 ‘top tier’ providers, expected to manage supply chains including specialist, local and third sector subcontractors
- ‘Black box’ contracting and payment by results (13/26 week payments for job retention)
- 80% of business with smaller group of prime providers
- ‘Star ratings’, multiple providers and choice
- DWP estimated that between 2009 and 2011 would have awarded around 200, mainly outcome focused contracts with a combined value of up to £5 billion

The Work Programme (Con-Lib Coalition)

- End all existing welfare to work programmes “to create a single welfare to work programme”
- Immediate referral for most disadvantaged JSA unemployed and under 25 year olds after six months
- Reshape contracts with providers to reflect results
 - Outcome payments up to a year
 - Differential pricing
- Invest to save – funding providers from future benefit savings

Problems ahead

- Risks involved in contracting out/welfare market
- Constraints to integration – silo commissioning, eligibility rules, different performance management systems, with no integration at provider level
- Complexity of competing programmes and initiatives - employment assistance, skills, economic development and other related programmes (childcare/health) still not joined up
- Two unresolved tensions at the centre of British welfare to work policy:
 - between competition and coordination in the delivery of employment services; and
 - between centralised planning/commissioning and localised planning and alignment of performance targets and funding