WELFARE REFORM COMMITTEE

AGENDA

19th Meeting, 2015 (Session 4)

Tuesday 3 November 2015

The Committee will meet at 10.00 am in the Robert Burns Room (CR1).

1. **Future Delivery of Social Security in Scotland**: The Committee will take evidence from—

   Tanya Gilchrist, Head of Operations Scotland and the North East, Shaw Trust (Work Choice Contractor);

   Alistair Kerr, Head of Quality and Contract Compliance, Momentum Scotland (Work Choice Contractor) / Vice Chair, The British Association for Supported Employment (BASE);

   Paul de Pellette, Director, Ingeus (Work Programme Prime Contractor);

   Rachel Stewart, Public Affairs Officer, Scottish Association for Mental Health;

   Kate Still, Co Chair, Employment Support Scotland;

   Nicholas Young, Director, Working Links (Work Programme Prime Contractor);

   and then from—

   Stephen Boyd, Assistant Secretary, STUC;

   Bill Scott, Director of Policy, Inclusion Scotland;

   Andy Hirst, Managing Director, Cambridge Policy Consultants Ltd;

   John Downie, Director of Public Affairs, Scottish Council for Voluntary Organisations;
Pamela Smith, People Group Chair, SLAED;

Anna Ritchie Allan, Project Manager, Close the Gap;

Satwat Rehman, Director, One Parent Families Scotland;

Dr Jim McCormick, Associate Director Scotland, Joseph Rowntree Foundation.

2. **Future Delivery of Social Security in Scotland (in private):** The Committee will review the evidence heard earlier in the meeting.

Simon Watkins
Clerk to the Welfare Reform Committee
Room T1.01
The Scottish Parliament
Edinburgh
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Email: simon.watkins@scottish.parliament.uk
The papers for this meeting are as follows—

**Agenda Item 1**

Note by the Clerk and Written Submissions \( \text{WR/S4/15/19/1} \)

SPICe Briefing on Scotland Bill - Employment Support \( \text{WR/S4/15/19/2} \)

Evidence Summary \( \text{WR/S4/15/19/3} \)

PRIVATE PAPER \( \text{WR/S4/15/19/4 (P)} \)

Note by the Clerk \( \text{WR/S4/15/19/5} \)
1. This week the Committee will be taking evidence from Work Programme providers and bodies representing clients of the Work Programme.

2. For ease of reference the SPICe briefing on employment support, the evidence summary and the private paper on the current operation of the Work Programme have been included again this week in papers.

I. Annexe A to this paper contains the written submissions from the witnesses who will appear before you today (not all witnesses have provided written evidence). The annexe includes:

Panel 1:

i. Employment Support Scotland
ii. Ingeus
iii. SAMH (additional submission)
iv. Shaw Trust
v. Working Links

Panel 2:

vi. Close the Gap (additional submission)
vii. Inclusion Scotland (additional submission)
viii. Joseph Rowntree Foundation
ix. One Parent Families Scotland
x. SCVO

II. Annexe B contains an additional evidence submission from COSLA.

III. Annexe C contains hyperlinks to all evidence submissions received to date.
Annexe A

WELFARE REFORM COMMITTEE
THE FUTURE DELIVERY OF SOCIAL SECURITY IN SCOTLAND
WRITTEN SUBMISSION FROM EMPLOYMENT SUPPORT SCOTLAND

Introduction: Employment Support Scotland and the employability sector

This briefing paper has been developed by Employment Support Scotland to provide a brief overview of the work of the employment support sector in Scotland and to share its key recommendations for future provision.

About Employment Support Scotland

Employment Support Scotland is an ERSA (Employment Related Services Association) network comprising organisations who currently deliver or have an interest in the delivery of employment support provision in Scotland. ERSA is the UK wide sector body for the employability sector and has over 200 members spanning the private, public and voluntary sectors.

Participants in Employment Support Scotland are diverse, including the prime contractors of Work Programme and Work Choice and many of its subcontractors in Scotland. Members also deliver other employment support schemes funded and commissioned by the Westminster government, Skills Development Scotland, Scottish local authorities, European funds and other funding source.

Employment Support Scotland is committed to sharing the expertise and learning of its members to drive and support the design and delivery of employment support provision in Scotland that best meets the needs of its jobseekers to ensure they have fair, progressive employment, which enables them to achieve their potential. To support this the Network has undertaken a series of events to feed into the Scottish Government’s (SG) consultation: Creating a Fairer Scotland: Employability Support: A Discussion Paper. These have included member telekits, consultation events held with Scottish Government and a written submission. Employment Support Scotland has responded to the Smith Consultation and the Scottish Devolution (Further Powers) Committee consultation on Scotland Bill draft clauses. It also sits on the Scottish Government Advisory Committee on employment support in Scotland.

This paper seeks to:

- Give a brief overview of the work of the employment support sector; and
- To highlight some of our key asks of Scottish Government for the future design and commissioning of provision;

About the employment support sector in Scotland

The employment support sector in Scotland delivers services to help improve the employability of jobseekers and future jobseekers, including those who wish to progress
Organisations delivering services are sometimes called providers and include large multinational companies, small specialist organisations, local authorities and housing associations amongst others. In total, approximately 20,000 people work directly within the core sector across the UK, with others based in subsidiary sectors such as local authorities and housing associations, with still more operating in supportive roles delivering services such as health or skills support.

The sector delivers a range of services to jobseekers, much of which is tailored to the individual’s needs. However, some of the most common support mechanisms are set out in the grid below:

<table>
<thead>
<tr>
<th>Common aspects of employment support</th>
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<tr>
<td>Assessment of jobseeker needs, including skills deficits, health issues and family circumstances</td>
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<tr>
<td>Motivational coaching, either one to one or in group settings. This might include elements of cognitive</td>
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<td>Behavioural therapy</td>
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<tr>
<td>Careers advice and guidance linked to the local labour market</td>
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<tr>
<td>Benefits advice and support with debt, ranging from simple ‘better off in work’ calculations to</td>
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<td>extensive debt management plans</td>
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<td>Brokerage of and support for work experience placements</td>
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<tr>
<td>Training and skills support, including basic skills and vocational courses</td>
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<tr>
<td>Housing support services</td>
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<tr>
<td>Physical and mental health support, such as support with healthy living choices</td>
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<tr>
<td>Business start-up support, including business planning support and access to loans</td>
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<tr>
<td>Mentoring and coaching</td>
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<tr>
<td>Job preparation and job brokerage</td>
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<tr>
<td>In work support and support to progress in employment</td>
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Employment support programmes
The sector is currently funded from a range of sources, including Westminster government monies, Scottish Government investment, local authority funding, European Social Fund, trusts and foundations, social investment and organisations’ own core funds. Recent research by Cambridge Policy Consultants indicates that around £660 million is spent on employment support in Scotland.

The Smith Agreement means that future employment support funding previously commissioned by the Department for Work and Pensions (DWP) will now be the responsibility of the Scottish Government. The list below gives details of key recommendations from Employment Support Scotland to the Scottish Government as it considers the future design and commissioning of employment support provision in Scotland. Its full list of recommendations can be found in its written submission.

Priorities for future design and commissioning of employment provision

Assessment

- Employment Support Scotland believes that a holistic needs-based initial assessment should be undertaken on day one of unemployment. Those with significant skills and
health needs should be fast tracked to suitable provision.

- Members believe that there should be one record of a jobseeker’s assessment and progress towards work, which should be owned by the jobseeker and could be shared across different providers with jobseeker permission.

- Flexibility should be built into the system to recognise the changing support needs of a jobseeker at different assessment points in their journey into work.

- Finally, in order for assessment and delivery to be carried out consistently across providers, Scottish Government should consider how to embed quality assurance in the role of advisers by working with organisations such as the Institute of Employability Professionals (IEP) to set standards for qualifications, skills, capabilities and training needs.

**Early intervention:**

- Employment Support Scotland supports both the principle and practice of early intervention, both in changing lives and saving money. In particular, it believes that early intervention should focus on:
  - Earlier intervention for young people who are NEET or likely to become NEET, with immediate referral to specialist support through schools or Jobcentre Plus and signposting to careers advice.
  - Individuals who have acquired a disability or health condition and who have recently fallen or at risk of falling out of the workplace.
  - Support for initiatives such as ‘outcome funds’ which bring together a range of funding streams specifically to fund early intervention activity.
  - Investment in skilled professionals, coaches and mentors supporting young people in schools.
  - Building on the good quality careers advice, information and guidance both within the school setting and through the My World of Work website.
  - Working with the vocational rehabilitation process and company insurance schemes to ensure that individuals acquiring a disability of health condition are supported to return rapidly to work wherever possible, with the employer supported to make any necessary reasonable adjustment.

**Commissioning**

- Employment Support Scotland believes contracts should be commissioned at Scottish Government level. This has the advantage of setting a common data framework, avoiding a postcode lottery of services, streamlining the bidding process and allowing for easier communication to employers.

- If commissioning were to take place at national level, members believe that mechanisms must be put in place to ensure that local authorities are able to contribute to the procurement process. If local authorities are not bought into provision at an early stage, it can be difficult for providers of services to integrate their provision effectively with local authority run services, including social care.
• A key principle for any strategy should be that organisations involved in the commissioning of services should not be involved in direct delivery to avoid any potential conflict of interest.

**Programme design**

• Employment Support Scotland members believe that SG has a substantial opportunity to streamline radically the employment support services available to jobseekers, thus reducing duplicating/competing services operating in the same geographies. However, it also understands that a simple landscape will be difficult to achieve, given that councils, corporates and other funders are likely to launch new initiatives for a range of political and other reasons.

• Employment Support Scotland considers that all jobseekers deserve the opportunity to benefit from improved integration that devolution should bring. It also considers that the implementation of progress measures and more flexibility around the time spent on employment support and moving between different provisions will positively impact on all.

• Future employment support must reflect demographic changes, which show older people, those with disabilities, families with children and those in (low paid) work are the groups increasingly in poverty.

• Employment Support Scotland considers that a two year programme allows enough time for many jobseekers. However evidence shows that long term unemployed jobseekers with significant barriers need a significant amount of time to make progress on employment support. Therefore Employment Support Scotland recommends the inclusion of milestone measures coupled with a flexible time scale for those with the longest initial prognosis times which would ensure that the support can be consistent and appropriate, serving the needs of all jobseekers.

**Procurement**

• Employment Support Scotland believes that the procurement stage, realistically, takes around four to six months depending on the model being procured. There then needs to be sufficient time for programme mobilisation. Lessons should be learned from previous Whitehall programmes that have been rushed through with a detrimental impact on providers and the quality of support for jobseekers.

**Fair work and progression**

• Employment support Scotland believes that Scottish Government should make available its overall economic assessment of labour market needs. This would enable employment support to reflect the needs of local areas and promote in work progression, as well as supporting the fairer jobs agenda.
Scottish Government should consider how both employers and providers could be incentivised to work more closely together to allow for ongoing support in the workplace and to promote in-work progression.

Scottish Government should also consider how to promote the valuable contribution that people with disabilities make within the workplace, with the aim of reducing the disability gap.

Priorities for the sector
More widely across the UK ERSA is calling for:

- Reform of Jobcentre Plus so that it is rewarded for getting jobseekers into work rather than for merely moving them off benefit.
- Fundamental reform of the sanctioning regime – employment support works best when there is a positive relationship with the jobseeker.
- Reform of the Work Capability Assessment, to ensure that is right first time.
- Synchronisation of Universal Credit and employment support policy, so that self-employment as a pathway to work is not disincentivised.
Introduction

Ingeus is a leading provider of employment support, language learning, skills training and offender rehabilitation services to the Department of Work and Pensions, Ministry of Justice and the Department of Employment and Learning of the Northern Ireland Government.

The Ingeus group evolved from a small rehabilitation company that commenced operations in Australia in 1989. The company now employs more than 4,000 people in over 150 offices internationally.

In Scotland, Ingeus started delivering services for people on health-related conditions and disabilities under the Pathways to Work programme in Edinburgh, Lothian & Borders in 2007. Subsequently, we delivered the Flexible New Deal programme for mainstream long term unemployed (LTU) jobseekers across Southern Scotland.

Currently, Ingeus delivers two contracts for the Department of Work and Pensions:

1. Work Programme – since May 2011, our network of local and specialist partner organisations from the third, private and public sectors (including WEA Scotland, Third Sector Hebrides, Lennox Partnership, LAMH Recycling, LifeSKILLS Centres), have supported LTU jobseekers from over 30 locations across Scotland.

   Over the first four years of the Work Programme, 86,470 LTU jobseekers have been referred to Ingeus in Scotland. We have assisted over 35,000 (40%) into work, of which so far nearly 21,000 (24.3%) have sustained employment for more than three or six months dependent upon benefit type.

2. English Language Requirement, in partnership with WEA Scotland, Dumfries & Galloway College and Argyll College, commenced December 2014 - helping learners to progress not only in terms of their confidence in English, but also by creating the opportunity for them to succeed in future work.

Summary

- Ingeus values customer feedback to ensure we offer the best service possible
- Our annual client survey gave a customer satisfaction level of 85.8%
- Research into client views in Scotland is being carried out by independent researchers
- The findings of this research will be made available to the Committee
- The findings will influence future service design
Client Feedback on the Work Programme

Ingeus believes that client feedback is essential in developing service excellence, improving service design and gaining a deeper understanding of our clients and their experience on the Work Programme.

Our National Employment Team, which includes a dedicated Customer Insight Team has responsibility for:

- conducting regular client feedback research;
- undertaking periodical in-depth studies, for example, into the experiences of clients on Employment Support Allowance on the Work Programme;
- organising an annual client survey; and
- analysing client complaints received.

An example of internal client engagement has been focus group work with young people aged 18 to 24 to evaluate what works for them and how services can be enhanced at this moment. This is being carried out throughout local offices in Scotland.

Client Engagement in Future Programmes

Ingeus has recently commissioned the Rocket Science consultancy to undertake research into the views of current and past clients of the Work Programme about what works and what could be improved in terms of the future employment support.

Rocket Science have been successfully awarded the contract to analyse the submissions to the Scottish Government’s consultation on the future delivery of employment support programmes commissioned from 2017 onwards.

Our complementary research will be submitted to the Scottish Government’s fair work directorate for consideration and as soon as the findings are finalised, they will be made available to the Committee at the earliest opportunity.

Further Work and Information

As part of our commitment to continuous improvement and client engagement, Ingeus would be happy to assist the Committee’s inquiry by:

- Facilitating engagement with current and previous clients referred to Ingeus’ delivery of the Work Programme in Scotland;
- Sharing the conclusion of current research findings as they arise in the coming
WELFARE REFORM COMMITTEE
THE FUTURE DELIVERY OF SOCIAL SECURITY IN SCOTLAND
ADDITIONAL WRITTEN SUBMISSION FROM SAMH CONCERNING
EMPLOYABILITY SUPPORT

Summary and recommendations from SAMH

SAMH is Scotland's largest mental health charity and is dedicated to mental health and well-being for all. To provide some context, SAMH provides employability support in a range of programmes; we are a tier three specialist provider for a small number of Work Programme clients; we are a Work Choice subcontractor; funded by the NHS, we provide IPS services to individuals with severe and enduring mental health problems through some Community Mental Health Teams; and we are funded by some local authorities to provide employability support services, especially in terms of horticulture therapy. As a service provider and campaigning organisation, we also advocate with those who are too unwell to work, recently highlighting the interaction between poverty, deprivation and mental health[1].

We welcome the opportunity to contribute to this consultation, and we look forward to ongoing discussions with the Scottish Government and colleagues across the various employability, health and social care and third sectors ahead of the devolution of the employability programmes in 2017. With the forthcoming devolution of Work Programme and Work Choice, this is a moment in time for employment support. 79% of people with severe and enduring mental health are not in employment, and this statistic has been static for decades. Individuals with disabilities are underemployed; current statistics show only 43.8% of individuals with disabilities in Scotland are employed[1]. Individuals with disabilities have been poorly served by the DWP programmes, and a Scottish Approach is needed, one which empowers those looking for work and ensures they can achieve their potential. The new programmes must treat individuals with respect and dignity, and deliver co-produced support within a framework of human rights. Too often, the health of jobseekers has been neglected, despite it being the main barrier to employment. This must change.

50% of individuals on Employment and Support Allowance in Scotland have a mental health problem as their primary condition. Many others, both on ESA and on JSA, will experience poor mental health as they seek work. Ensuring that the employment programmes which will be contracted in Scotland have mental health and well-being at their core, and a humane and supportive approach, will improve everyone’s health and well-being but also tackle the root cause of their unemployment; lead to reduced pressure on health and public service spending, increased tax income for the state through employment, and reduced spend on welfare budgets. It is in all of our interests to help people with mental health problems into appropriate, sustainable jobs, when they are ready to take this step.
“Well, last year my psychiatrist was reducing my medication when I got this letter from the DWP, so I had to stop that and increase my medication again… Suicidal thoughts are massively increased. Urges for self-harm massively increased. Basically, when it comes to getting reassessed every other part of my life kind of shuts down because it just has a really bad effect on me. It's almost as if they were to design a process to make it as difficult as possible to stay alive, this is exactly how they would do it.”[2]

The Scottish Government must ensure that there is a smooth transition for individuals on the Work Programme and Work Choice when they take over these contracted programmes in April 2017. In this, the impact of the UK Government's Welfare Reform and Work Bill, and the potential reductions in Scottish and social security budgets in the forthcoming UK Government's Comprehensive Spending Review in November 2015, must also be considered. From April 2016, individuals in receipt of JSA, ESA (WRAG), Housing Benefit and Income Support will see these benefits frozen until 2020. Tax credits will be reduced. Many individuals in receipt of ESA (WRAG) could find themselves with a significant reduction in their benefit, despite requiring this additional support as a result of their illness. The Scottish Government and local authorities must take urgent steps to alleviate these cuts, and ensure that the most vulnerable people in society do not slip further into poverty and ill health. These are many of the individuals who will be supported by the employability programmes being devolved to Scotland, so care must be taken to ensure that they are not further disadvantaged by the transfer and delivery of support. There will be other individuals who have been receiving support, but due to the ongoing reforms to DLA and the rollout of PIP, may be left with less or no support. These individuals too must be supported.

Further ahead, there should be higher ambitions on employability, as these systems bed in. By 2020, we need strong commitments from the Scottish Government to integrate employability across government, with well-being and fairness at its centre. To do so, referral pathways between health and social care, especially from General Practice, and the employment programmes should be created, with a focus on good employment as a means towards recovery; there must be greater educational and training support for jobseekers; also required will be improved transport links, especially in rural areas, and affordable childcare provision; support for volunteering and social enterprise; and ongoing work with employers to break down barriers of stigma and discrimination, with improved and continuing support for well-being in the workplace. All of these factors will play a part in improving the well-being of individuals and support them towards sustainable and good quality employment.

In preparing our response, SAMH has consulted widely amongst staff and the individuals we support on our employability programmes, about the type of help they feel they need to improve their well-being and attain work – quotes from our clients are included in this response. We have participated in consultation events with our
colleagues at Disability Agenda Scotland, SCVO, Open Doors with NHS Health Scotland, BASE-SUSE and ERSA. We have spoken to colleagues in the mental health sector and with colleagues at the Health and Social Care Alliance, drawing on our links through the Alliance/GPs at the Deep End Linkworker Project.

There is much to improve on the current programmes of support. From a social justice perspective, more must be done to help those furthest from the workplace. To do so, the programmes must be significantly reformed to meet the needs of all individuals with disabilities; the current cap on individuals who can access Work Choice should be ended. Greater flexibility and fluidity is required to allow for swift transfer of individuals from one programme to another. The Key Performance Indicators should be reviewed within Work Choice, especially in terms of employment outcomes for individuals’ mental health problems, and progression towards work should be measured and valued, rather than the ‘harder’ outcomes of simply getting a job. Urgent action is required to reverse or at least mitigate the punitive and unfair approach of sanctioning vulnerable individuals.

The recommendations from SAMH are as follows.

**Delivery of contracted employability programmes within Scotland**

1. **Recommendation:** SAMH does not support calls for one employability programme. One size does not fit all. There should remain a specialised programme of support for individuals with disabilities, providing personalised and intensive support based on individual need. People with mental health problems who require employment support should, by default, be referred to Work Choice, not the Work Programme.

2. **Recommendation:** The funding should be more appropriately split between the Work Choice and Work Programmes, based on the numbers to be supported and the cost of supporting them, to ensure that everyone gets better quality support, tailored to their needs. The current cap on the number of individuals who can access Work Choice should end.

3. **Recommendation:** Transfer between employability programmes, if individuals are found to require more or less specialist support, should be smooth and the data gathered should be provided from one support organisation to another. The employability support provided to that point should be recognised and the supporting organisation should be remunerated for their work, possibly by the organisation which is taking over the contract with the individual.

4. **Recommendation:** The Payment by Results model has been shown to be less effective when supporting individuals with disabilities towards employment, and either a higher attachment fee (as currently exists with Work Choice), or a flat service provision fee (as currently exists with IPS), should be considered for this cohort.
5. **Recommendation:** The Scottish Government should investigate the evidence-base for personalised budgets within employability, and consider running pilot schemes to determine whether this could be an effective use of funds.

6. **Recommendation:** Greater transparency is required from providers about the support they provide to individuals on the Work Programme, to ensure a human rights- based approach in keeping with the Scottish Government’s social justice intentions.

7. **Recommendation:** The Scottish Government should require greater transparency and accountability on spending on employability support, both in terms of the contracted employability programmes from 2017, and in existing programmes delivered by local authorities.

**Design, data and outcomes**

1. **Recommendation:** There should be a national contracting agency for the employability programmes.

2. **Recommendation:** The design of the new programmes must require better collection of data about the effective support for individuals with disabilities, especially mental health problems, to continue to build the evidence base of the most effective support. There must be built in mechanisms to share, where appropriate, this data between agencies, compliant with data protection legislation. The ‘black box approach’ must end.

3. **Recommendation:** The Scottish Government should commit to an exercise to specify the data collection of the mental health conditions of claimants on the contracted employability programmes, and providers must be required to fulfil this obligation as part of their contract.

4. **Recommendation:** Progression towards work must be seen as a positive outcome within the new programmes. Moving someone into education, training, volunteering or work placement schemes should be a paid outcome for the employability provider.

5. **Recommendation:** Individuals with disabilities, including mental health conditions, should be involved in the next stages of the design of the contracted employability services.

6. **Recommendation:** Health outcomes should be included within the employment framework, such that providers must ensure that the health of individuals does not deteriorate as a result of their employability support; and allow for integrated support across Government departments. The Scottish Government should commit to future joint strategic outcomes within both the NHS and employment programmes to further join up this approach.
Individual Placement and Support

1. **Recommendation:** SAMH calls for the Scottish Government to incorporate Individual Placement and Support within the specialist disability employment programme as the most effective programme to support individuals with severe and enduring mental health conditions.

2. **Recommendation:** Individual Placement and Support, which has been demonstrated as the most effective programme to help individuals with severe and enduring mental health problems, should be embedded within all Community Mental Health Teams, to encourage a joined-up culture of health and work, and ensure individuals with severe and enduring mental health problems receive the most appropriate support.

3. **Recommendation:** IPS principles should be incorporated in a more flexible way – ‘IPS-lite’ - within the specialist disability employment programme to support individuals, so that a more effective approach can be delivered without requiring the situation of the programme within Community Mental Health Teams.

4. **Recommendation:** Based on the experience of Work Choice, which achieves 33% job outcomes for individuals with mental health problems, the KPI conversion to employment rate for individuals with mental health problems should be targeted at a maximum of 40%, due to the higher challenges they currently face in terms of their condition and societal barriers. This increased ambition is subject to a more specialised and effective employability approach, such as Individual Placement and Support.

Employability and the Statutory Sector

1. **Recommendation:** SAMH recommends that an audit of local authority employability spending, range of support services and outcomes to such support is undertaken, to determine best practice, effectiveness and value for money.

2. **Recommendation:** Employability should become a key priority for the NHS, with an ongoing measurement of the number of individuals in employment in contact with community mental health services built into the next strategic plan, with outcomes focused on helping these individuals to retain or find employment.

3. **Recommendation:** The Scottish Government should create, expand and improve referral pathways from General Practice to employability support programmes and job clubs with the use of Links Workers and Peer Supported social prescribing and self-development/self-management programmes.

4. **Recommendation:** As part of the Scottish Government’s commitment through the 2020 vision towards an assets-based approach and a more preventative health service, funding should be provided by the integrated health and social care
boards for community engagement support to improve well-being and self-management of individuals, with employability a key outcome.

5. **Recommendation:** The findings of the recent review of Healthy Working Lives should be implemented.

6. **Recommendation:** The See Me in Work campaign should be supported by all employers in Scotland, in terms of support for people returning for work following ill health and an equal and fair recruiting process for those seeking employment. The Public Sector should lead the way in this regard.

7. **Recommendation:** The Fair Work convention should ensure that public service commissioned contracts are resourced to enable those external providers to pay the living wage and ensure ongoing high quality support.

**Employability and relationship with UK Government Welfare Reforms**

1. **Recommendation:** The Scottish Government should lobby for significant changes to the Work Capability Assessment process in order to correctly identify individuals for each employment programme once these are devolved; otherwise, individuals will continue to be wrongly assigned by DWP to programmes which will be administered in Scotland, if the terms are not sufficiently changed.

2. **Recommendation:** There should be a recognition that if someone has previously claimed DLA, but does not qualify for PIP, they should be assessed to see if they require specialist disability employability support, rather than provided with generic support.

3. **Recommendation:** As the default option, individuals in receipt of Employment and Support Allowance should be directed towards the specialist disability employability support service for an initial assessment, rather than being placed on the more general support programme.

4. **Recommendation:** Sanctions should not be applied to vulnerable clients who have an underlying health condition or disability which is impacting on their participation in the employability programme. There should be better training and guidance for employability support workers to explore underlying reasons for non-compliance. The claimant commitment should be reviewed on a regular basis to ensure that expectations of compliance are fair and appropriate.

5. **Recommendation:** All employability support workers should undergo mental health awareness and suicide prevention training. The Scottish Government should also promote such training in their work with DWP for staff at Jobcentre Plus, and amongst the business community and trade unions.

6. **Recommendation:** The Scottish Governments should continue to commit resources to tackle stigma against people with mental health problems, with a
particular focus on employers as well as addressing stigma among front line staff in public services, including Jobcentre Plus.

7. **Recommendation:** All individuals on the contracted employability programmes should be given clear information about their rights to information, advocacy, support and ongoing review of their claimant commitments as part of the programme.

8. **Recommendation:** The Scottish Government should publicise information signposting people to support organisations and welfare rights advice, and ensure that such organisations are funded to meet demand.

9. **Recommendation:** Access to Work must be devolved alongside the contracted employability programmes, to ensure joined up support for individuals with disabilities as they move into work. The funding for Access to Work should be significantly expanded by the Scottish Government, and the programme should be amended to all for agreement for funding to take place before a job is secured, packages of support to be portable between jobs (without recourse to a new assessment), and additional support for mental health within the Access to Work provision.
1. Introduction: About Shaw Trust

1.1. Shaw Trust is a national charity with a thirty year history of supporting disabled, disadvantaged and long-term unemployed people to achieve sustainable employment, independence and social inclusion. Last year Shaw Trust delivered specialist services to over 47,000 people from 200 locations across the UK, supporting its clients to enter work and lead independent lives.

1.2. Across the UK, Shaw Trust is the largest third sector provider of the Department for Work and Pensions’ (DWP’s) contracted welfare-to-work provision. In Scotland, Shaw Trust manages and delivers the DWP’s national specialist disability employment programme – Work Choice – across three contract packages areas, including from our delivery centres in Edinburgh, Falkirk and Glasgow. Working with eight delivery partners and six Supported Businesses, we have supported 3,560 Scottish people with disabilities into work since 2010, or 47% of disabled people starting on Work Choice. Shaw Trust has also worked in partnership with Perth and Kinross Council to set up Westbank Enterprises – a horticultural social enterprise providing work experience opportunities to disabled and disadvantaged people.

1.3. Shaw Trust welcomes the opportunity to respond to this inquiry. Our submission draws on both our frontline experience of delivering employment services to unemployed individuals with health problems and disabilities in Scotland and our UK wide expertise of delivering nationally commissioned programmes. We also held a focus group with our delivery teams in Scotland to inform our response.

2. Executive Summary

2.1. Shaw Trust believes that Scotland has a unique opportunity to create a fair and inclusive social security system that delivers sustainable employment opportunities. Devolving the design and delivery of back-to-work support programmes to Scotland will enable the Scottish Government to develop a truly person-centred and holistic package of support that complements the Fair Work agenda. However, the framework of reserved and devolved social security and employment support to Scotland has the potential to create a disjointed welfare and social security system. Shaw Trust believes that constructive dialogue between the different stakeholders for welfare and social security systems can maximise potential; achieving the core goal of a seamless delivery system where recipients, including those with more complex needs, are enabled through their journey to successfully move into sustainable employment.
2.2. Shaw Trust also believes that Scotland can learn lessons from existing employment programmes in the UK and elsewhere. The Scottish Government should build on best practice from these programmes during the design of future employment provision, whilst also injecting reform to some areas to ensure that a truly person-centred approach to employment support is delivered from 2017.

Recommendation 1: Collaborative dialogue to create an optimum and cohesive social security system.

2.3. A constructive dialogue between the stakeholders has the potential to deliver the optimum social security system in Scotland to achieve outcomes and create a seamless journey into sustainable employment.

Recommendation 2: Retain a separate specialist disability employment provision.

2.4. Shaw Trust recommends that Scotland retains a separate specialist disability employment programme post-2017.

Recommendation 3: Future employment service design in Scotland should prioritise an up-front assessment of individuals.

2.5. An up-front assessment of individuals would support the seamless delivery system, which will allow customers, including those with more complex needs, to be referred at the outset to the right service for them at the right time.

Recommendation 4: Collaboration with providers to shape conditionality within employment support programmes.

2.6. There needs to be continued work with employment support providers to map opportunities throughout customer journeys to motivate and raise attainment while minimising hardships in mandatory employment programmes.

Recommendation 5: Greater integration of employment and skills programmes.

2.7. Closer coupling of skills and employment delivery in Scotland will help increase jobseekers’ likelihood of finding sustainable employment. Shaw Trust believes increased autonomy to design employment programmes presents the Scottish Government with a unique opportunity to further integrate employment and skills provision to achieve better outcomes.

Recommendation 6: Greater flexibility within Universal Credit administration.

2.8. The Scottish Government should consider how to best use administrative powers of Universal Credit to support individuals, including the frequency of benefits and some housing welfare support.
3. **Build on best practice when designing future employment programmes.**

3.1. The Scottish Government has a real opportunity to build on the best practice and evidence base gathered. Work Programme and Work Choice employment support provision can be used to benchmark the future design of a holistic employment support package. Shaw Trust would urge the Scottish Government to examine how existing approaches could be ‘refined’ rather than ‘reinvented’, to ensure that the lessons of existing programmes are learned. However, we also acknowledge that there are areas where greater reform is needed, particularly in relation to assessment and conditionality for employment programmes.

3.2. In Shaw Trust’s experience, the Work Programme as a whole has been particularly successful for Jobseekers Allowance (JSA) customers. Shaw Trust has delivered employment services as a prime contractor, including New Deal and the Work Programme in the London East Contract Package Area (CPA) for over ten years. The job start rate for JSA customers aged 18-24 and JSA customers aged 25 plus on the Work Programme is sixteen per cent higher than for the equivalent customer group on the New Deal in London East. This is supported by the National Audit Office’s recent report into the Work Programme, which highlighted that in its mature stages providers will outperform both New Deal and Flexible New Deal for JSA customers.¹

3.3. We share the Scottish Government’s commitment to delivering increased social inclusion and the roll-out of ‘Fair Work’ opportunities for unemployed individuals. Shaw Trust believes that having a separate programme of support for people with disabilities, health problems and impairments in Scotland works. Although we acknowledge that the existing Work Choice delivery model needs refining, **Shaw Trust recommends that Scotland retains a separate specialist disability employment programme post-2017.** Currently, the separate Work Choice programme offers individuals with moderate and severe disabilities distinct support separate from what is offered through the Work Programme. Shaw Trust believes that better tailored support can be achieved by making the distinction between specialist and general employment provision. Work Choice advisers have a specialist health or social care background, and are able to offer customers a more person-centred range of support to manage their health and wellbeing, so that they can achieve their full potential.

3.4. While the power to replace the Work Programme and Work Choice will be devolved to Scotland, the powers to attach conditions and apply sanctions will remain with the UK Government. This could potentially create a complex system. It has become clear that conditionality will form part of any employment

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provision the Scottish Government commission post-2017. If an individual is referred to the devolved employment service, but does not attend, the individual could face a sanction as determined by the DWP. However, once engaged on the programme, Scotland will have the power to decide what arrangement would take effect and how conditionality is applied.

3.5. The Scottish Government should continue constructive dialogues with the DWP to develop and seamlessly deliver the full range of devolved services. Shaw Trust recommends that this dialogue should include how specialist and voluntary employment programmes will work. It is critical that the new arrangements for social security and employment provision are as cohesive as possible, creating a seamless journey for individuals, including the use of voluntary programmes to support long-term unemployed and disadvantaged individuals into work.

3.6. Any approach to future employment service design in Scotland should prioritise an up-front assessment of individuals at the point of benefit claim. Delivery should move beyond claimant group category – service design should consider the whole person. This assessment should be a process, and not an event. It should be based on a live and on-going assessment of a customer’s needs, rather than something that happens only once. Factors impacting on an individual’s capacity to work, particularly health conditions but also additional barriers such as housing, finance and debt, skills and qualifications should be considered. Introducing such an assessment is one of Shaw Trust’s key recommendations to the Scottish Government. This builds on our ‘Making Work a Real Choice’ research that advocates a holistic assessment for future specialist disability employment provision. Shaw Trust’s joint report with ACEVO – ‘Refinement not Reinvention’ – complements this point by calling for an up-front assessment for the next generation for the Work Programme.

3.7. Shaw Trust strongly believes that a robust up-front assessment of an individual’s employment history, job goals, and barriers to employment will be a crucial piece of employment services provision in Scotland. Accurately identifying the hardest to help and ensuring customers are placed on the right provision at the right time is key. This would allow funding to be intelligently distributed, support a seamless delivery system, and enable customers, including those with more complex needs, to be referred at the outset to the right service for them at the right time.

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4. Collaboration with providers to shape conditionality within employment support programmes.

4.1. Conditionality and sanctions can, where used appropriately, effectively encourage some individuals to engage with employment support and take steps to find work. However, inappropriate or inconsistent application of sanctions can cause undue stress and financial hardship. In our most recent submission to the Work and Pensions Select Committee, we advocated an early warning system be put in place to prevent Work Programme participants from being unduly sanctioned.

4.2. To support our response to the Work and Pensions Select Committee’s 2014 inquiry into benefit sanctions, Shaw Trust surveyed 280 Work Programme customers and staff about the impact of benefit sanctions. 16 per cent of customers responding to our survey reported increased stress or anxiety, 11 per cent reported feelings of depression and 21 per cent cited another negative impact on their mental health.

4.3. These impacts can reduce, rather than increase, the likelihood of positive engagement and movement towards employment. Shaw Trust welcomes the opportunity to help shape a Fairer Scotland approach to conditionality within employment support services that best motivates and supports jobseekers. The Scottish Government will be able to assess if and how conditionality should be applied to future employment programmes, whilst taking into account the rules for claiming benefits such as Universal Credit that will still apply to unemployed people in Scotland.

5. Joining up employment and skills programmes in Scotland.

5.1. Closer coupling of skills and employment delivery both in Scotland and across the UK will help increase jobseekers’ likelihood of finding sustainable employment. Shaw Trust believes that increased autonomy to design future employment programmes gives the Scottish Government a unique opportunity to further integrate employment and skills provision to achieve better outcomes. Using its existing Employability Pipeline Framework, the Scottish Government should consider how this can be utilised to link employment support, employers, and skills provision to successfully equip more people facing disadvantage with the right training to move into fair work.

5.2. The Scottish Government should address the current difficulty for Work Programme and Work Choice customers to access some services, including the availability of European Social Fund programmes, when it comes to designing future employment services. Moreover, the Scottish Government has identified the need for a renewed strengthening between employer engagement and the wider employability policy agenda. By strengthening skills and
employment provision in Scotland, linking together the design of new programmes, there is opportunity to bring employers, providers and government together to identify local skills gaps.

5.3. In its Summer Budget, the UK Government announced plans to introduce an Apprenticeship Levy. The levy on large private and public sector employers will be reinvested to meet the goal of creating three million Apprenticeships by the end of this Parliament. Shaw Trust advocates for stronger relationships between skills and employability training to support clients into work, including Apprenticeships.

5.4. The Scottish Government has estimated that in Scotland, the levy would generate £391m per year, including £146m from the public sector. As Apprenticeships and skills are devolved policies, we think it is very important that an appropriate level of funding is invested in Scotland's Modern Apprenticeship system.

6. Taking a flexible approach to Universal Credit.

6.1 Shaw Trust welcomes the Smith Commission’s commitment for the Scottish Government to design how Universal Credit is administered in the country. We are pleased that the Scottish Government will be able to determine how frequently individuals claiming Universal Credit will receive their benefits.

6.2 Research with Shaw Trust’s delivery teams in Scotland highlighted the complexity of determining how frequently customers should receive future Universal Credit payments. Some of our advisers emphasised the importance of monthly payments in order to support the payment of wages when customers transition into employment. However, other advisers argued that the reality for some, such as those with children or those with learning difficulties, is that budgeting beyond a week can be a struggle. There is an opportunity for the Scottish Government to explore a flexible delivery model; one that allows flexibility for individuals, particularly for vulnerable groups, as to whether they receive monthly, fortnightly, or weekly payments. Central to any new policy direction should be a shared priority that any changes allow a seamless customer journey across reserved and devolved powers. Policy should reflect a holistic understanding of individuals and minimise undue hardships.

6.3 Our delivery staff in Scotland highlighted the case that could be made for housing costs under Universal Credit, administered in Scotland, being paid directly to landlords. This could avoid unnecessary hardships including potential delays in rent being paid, minimising the risk of going into arrears and homelessness. However, Shaw Trust also acknowledges that there is a need to increase the financial literacy of individuals accessing employment services provision. Individuals should have a clear understanding of housing costs and
how they spend their income. **We therefore recommend that the Scottish Government explores how money management and financial literacy training can become a core component of future employment programmes.** Consideration should be given to how employment support can be joined up to existing UK Government funded services that provide debt advice, such as the Money Advice Service.

7. Conclusion and Recommendations

7.1 The Scottish Government has a real opportunity to learn the lessons from existing Work Programme and Work Choice contracts in its design of new employment support provision. Shaw Trust would urge the Scottish Government to examine how existing approaches could be ‘refined’ and not ‘reinvented’, to ensure a consistency of employment provision. Devolving the design and delivery of back-to-work support programmes like the Work Programme and Work Choice to Scotland will enable the Scottish Government to develop a truly holistic package of support. This will complement the principles of the Fairer Scotland agenda. Only through constructive dialogue between the different stakeholders for welfare and social security systems can the potential of the system to provide a seamless customer journey through to the best outcomes be achieved.

**Recommendation 1: Collaborative dialogue to create an optimum and cohesive social security system.**

7.2 A constructive dialogue between the stakeholders has the potential to deliver the optimum social security system in Scotland and employability outcomes.

**Recommendation 2: Retain a separate specialist disability employment provision.**

7.3 Shaw Trust recommends that Scotland retains a separate specialist disability employment programme post-2017.

**Recommendation 3: Future employment service design in Scotland should prioritise an up-front assessment of individuals.**

7.4 An up-front assessment of individuals would support a seamless delivery system and ensure that customers, including those with more complex needs, are referred at the outset to the right service for them at the right time.

**Recommendation 4: Collaboration with providers to shape conditionality within employment support programmes.**

7.5 There needs to be continued work with employment support providers to map opportunities throughout customer journeys to motivate and raise attainment while minimising hardships in mandatory employment programmes.

**Recommendation 5: Greater integration of employment and skills programmes.**
7.6 Closer coupling of skills and employment delivery in Scotland will help increase jobseekers’ likelihood of finding sustainable employment. Shaw Trust believes increased autonomy to design employment programmes presents the Scottish Government with a unique opportunity to further integrate employment and skills provision to achieve better outcomes.

**Recommendation 6: Greater flexibility within Universal Credit administration.**

7.7 The Scottish Government should consider how to best use administrative powers of Universal Credit to support individuals, including the frequency of benefits and some housing welfare support.
1. Working Links is a public, private and voluntary (PPV) company with over 15 years’ experience of successfully delivering employment support services in Scotland.

2. Working Links have supported over 350,000 individuals into sustainable employment with over 100,000 in Scotland supported on their journey towards employment.

3. Working Links is committed to collaborative working and currently delivers the Work Programme in partnership with leading organisations from across the third, public and private sectors (Wise Group, Lennox Partnership Routes to Work North, Lifeskills Centres, Lennox Partnership and Triage Central).

4. Working Links is very proud of our success and of our role in currently delivering the best performing sustained job programme there has been. To date, Work Programme has supported over 70,000 individuals in Scotland into employment. Working Links is pleased to deliver a programme that has supported more long-term unemployed people into work than any previous programme and one that provides new levels of value for money for taxpayers. Following the recent House of Commons Work and Pensions Committee report on welfare to work, Frank Field, Chair of the Committee, commented: “DWP deserves credit for implementing a programme which, in general, produces results at least as good as before, for a greatly reduced cost per participant.”

5. While Work Programme has been an overall success, we recognise that improvements can be made and recommend that the successor programme is finessed (rather than changed wholesale) to deliver successfully in what is now a substantially different customer environment since the original programme’s inception. That is, there are now less people on Work Programme on Jobseeker’s Allowance (JSA) and an increasing portion of people who are long-term unemployed, including many Employment and Support Allowance (ESA) customers.

http://www.publications.parliament.uk/pa/cm201516/cmselect/cmworpen/363/36302.html
6. There is a requirement to revisit the level of investment in those that need the most support to secure employment. In order to make the positive change in performance and further enhance the levels of support we need to utilise all available resources from the public, private and third sectors.

7. It is imperative that the employment support sector plays a key role in bringing its experience and learning, and crucially the evidence, of ‘what works’ to inform future employment support services in Scotland.

8. DWP contracted provision (Work Programme and Work Choice) accounts for <10% of overall spend of £660m on employability and skills in Scotland and whilst that is an important and significant investment, it needs to be considered within the overall Scottish context.

9. The timeframe of having successor programmes in place for April 2017 is incredibly challenging and Working Links believes a phased approach is the most practical strategy to ensure the continuity of quality provision, high performance and value for money.
WELFARE REFORM COMMITTEE
THE FUTURE DELIVERY OF SOCIAL SECURITY IN SCOTLAND
WRITTEN SUBMISSION FROM CLOSE THE GAP

1.0 Introduction

Close the Gap is a partnership initiative working in Scotland on women’s participation in the labour market. Close the Gap works with employers, employees and policymakers to encourage and enable action to address women’s inequality at work.

Existing employment support programmes do not address the barriers that prevent or restrict women’s labour market participation. The devolution of powers on employability support therefore provide an opportunity for meaningful change that will benefit women, and we welcome the opportunity to submit evidence to the Committee’s inquiry.

In considering the design of new employability services in Scotland, it is critical that the Committee takes a gendered approach. A gender impact assessment of the proposed delivery model, and programmes, must be undertaken to ensure that there is no differential impact on women who will be accessing services.

2.0 The Work Programme

2.1 Occupational segregation

The design of the Work Programme does not consider gendered occupational segregation when pairing jobseekers with mandatory work activity. Occupational segregation is one of the main causes of the gender pay gap, and is evident across the labour market. Stereotypical attitudes and assumptions about women’s and men’s capabilities in relation to paid and unpaid work results in the concentration of women in undervalued, low-paid jobs. This substantially diminishes women’s earnings over their lifetime, and also reduces the pool of skilled workers available in local area labour markets.

Generic skills and employability programmes that do not consider occupational segregation are very likely to replicate gendered patterns of skills acquisition and employment which results in the clustering of women into low-paid, female-dominated jobs such as cleaning, caring and retail. This will entrench occupational segregation, and widen the gender pay gap. Occupational segregation impacts on women’s pay and progression opportunities, and it restricts the choices available to them. Occupational segregation also functions as a drag on economic growth as women’s skills are not being effectively utilised.
Programmes that provide gender-sensitive support to women are very likely to have an effect on women’s economic activity. Employability support must also be tailored to take account of different groups of women such as disabled and refugee women, unpaid carers, and former carers. Examples of targeted initiatives to provide employment support to women include the former Women onto Work, which has now closed, and the Refugee Women’s Strategy Group which has done specific employability work targeted at refugee women⁵.

The process of reshaping the devolved Work Programme must therefore consider the complexities of women’s lives, and address the gendered barriers that they face in entering paid employment. Women are more likely to have caring responsibilities for children, sick people, older people and disabled people, and therefore need flexibility in their employment so that they can balance work with their caring and family commitments.

Women’s skills and experiences of the labour market must also be considered. After having children, or having to take time out of the labour market to care, many women find it difficult to find quality, flexible employment. Flexible working is less available in senior positions, and part-time work is predominantly found in low-paid, undervalued jobs such as caring, retail and administration, in which women dominate. While female educational attainment is consistently better, 57% of all women in employment are employed in medium to low or low-skilled occupations, compared with 37% of men⁶, women are more likely to be under-employed than men. This means that many women are working below their skill level, as they are unable to secure the appropriate level of work they require to accommodate their other responsibilities. The Work Programme automatically channels skilled and experienced women into low-paid, female-dominated jobs. Employment support can help to address women’s under-employment, and can work to ensure that women’s skills are being effectively utilised, and that they are contributing to a high skill economy.

2.2 Women’s caring responsibilities

New Income Support rules require single mothers to take part in work-focused interviews when their youngest child is one year old, and women with children as young as three or four can be required to undertake mandatory work activity. Recipients of JSA can be referred to Jobcentre Plus staff to complete unpaid

⁵ Scottish Refugee Council (2014) One Step Closer
http://www.scottishrefugeecouncil.org.uk/assets/0000/9251/One_Step_Closer_FINAL_PDF.pdf

placements of four weeks of up to 30 hours a week. Those who do not comply face sanctions.7

Current provision of childcare is entirely insufficient to meet the needs of all women who are categorised as ‘economically inactive’. This means that not all women are able to meet the requirements of the programme, and will therefore be subject to sanction.

Safeguards which are currently set down in regulation aim to ensure that work availability requirements placed on parent jobseekers reflect their caring responsibilities. However, evidence suggests that these are not always being applied correctly. Under Universal Credit, the parent flexibilities will be significantly reduced, and detailed in guidance as opposed to regulation, further eroding the limited safety net in place.8

Assessments must ensure that assumptions, based on gender stereotypes, are not made around women’s abilities and preferences. Instead employment support services should proactively address gendered occupational segregation to ensure that women are not automatically funnelled into female-dominated, low-paid jobs.

As women still do the majority of unpaid caring, childcare is one of the most immediate barriers to women’s equal labour market participation. Access to good quality, affordable childcare is essential to enable women to work outside the home. There is evidence that, because of other pressures on family budgets, including those caused by ‘welfare reform’, an increasing number of women are dropping out of the labour market because childcare has become too expensive. A quarter of parents in severe poverty in the UK have given up work and a third have turned down a job mainly because of high childcare costs.9 It is therefore essential that in the assessment of employment support is gender-sensitive and considers women’s caring responsibilities.

2.3 Payments by results model

Models which incorporate payment by results significantly disadvantage women. Women experience a number of gendered barriers including access to affordable childcare, a lack of flexible working practices, and stereotyping about their abilities and preferences. Women are more likely to leave a job when they unable to balance work with caring responsibilities. This is particularly the case for lone parents, 91% of whom are women. Evidence from the National Audit Office shows that providers spend less on groups of people with more diverse and complex needs such as

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9 Close the Gap (2012) Briefing on women and work
women and disabled people. This suggests within the parameters of a payment by results model providers are investing where they can achieve results, and payments, more easily. This serves to create further barriers which restrict or prevent women’s labour market participation.

2.4 Equality training for providers

It is presently unknown whether the responsibility for employment support delivery will lie in the public, private or third sector. Public authorities are obliged by the public sector equality duty to proactively advance equality and address discrimination, and a public sector delivery agency would be required to address the inequalities women experience in accessing employment support services. A public sector delivery agency can also make considerable impact in relation to the commissioning and monitoring of service contracts it awards to private and third sector providers. Providers should only be awarded contracts if they can provide evidence that they are taking meaningful and substantive action to address occupational segregation, and they ensure that women’s caring responsibilities are accommodated.

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10 Third Sector Employability Forum (2015) *Response to Scottish Government consultation on employability in Scotland*
1 Introduction

1.1 Inclusion Scotland (IS) is a Scottish-wide network of self-organised groups of disabled people and disabled individuals. Currently over 50 organisations and over five hundred individual disabled people are members. Inclusion Scotland’s main aim is to draw attention to the physical, social, economic, cultural and attitudinal barriers that affect disabled people’s everyday lives and to encourage a wider understanding of these issues throughout Scotland. Inclusion Scotland wish to see a devolved Employability service developed that recognises and addresses the specific needs of disabled people.

2 Scale of the Problem

2.1 Since the beginning of the recession in 2008 the proportion of Scots working age disabled people in employment has fallen from 48.9% to 43.9%. In comparison the employment rate of Scots non-disabled people has recovered to 80.9% - a rate similar to its pre-recession level - albeit that there are now many more people in part-time and self-employed work.

2.2 What these headline figures conceal is that the stigma attached to some impairments result in a markedly higher worklessness rate for certain impairment groups. Hence those with an active mental health condition and learning disabled people suffer an unemployment rate of around 90%.

2.3 Modern Apprenticeships: The Woods Commission Report, found that of 25,691 Modern Apprenticeship starts in 2012/13, only 63 were taken up by people with a declared disability. This represents a 0.2% share of all starts against the disabled youth population share of 8%. We understand that Skills Development Scotland aim to address this issue but we believe much more needs to be done than encouraging young disabled people to disclose their status.

3 Existing Provision: The Work Programme

3.1 The Work Programme is a “compulsory” scheme where attendance at interviews and specified activities is required as a condition of benefit entitlement. Failure to attend leads to a sanction.

3.2 The previous Government’s stated intention was to move disabled people, and others, out of worklessness via the Work Programme. Yet, up to 31 March 2014, whilst there were 14,110 Employment Support Allowance (ESA) Work Programme job outcomes there were also 41,721 ESA Work Related Activity
sanctions during the same period. Thus a disabled person on the Work Programme was three times as likely to be sanctioned as to be found a job.

3.3 According to research\textsuperscript{11} and in the opinion of the Work and Pensions Secretary's own expert advisors\textsuperscript{12} there is no evidence that conditionality has a positive impact on moving people off benefits and into work of a sustainable nature. Instead sanctions impose unfair, discriminatory and disproportionate penalties on jobseekers which cause hunger, debt, homelessness and ill-health whilst failing to increase their job prospects.

3.4 Contracts for provision of the Work Programme are currently awarded on a “black box” basis where the DWP pays for results but allows providers to decide on how the employment support is delivered. This “black box” method of procurement has signally failed to assist those with long term health issues or impairments to move into work. The job outcome rate for long-term sick and disabled people on the Work Programme is only 5%, approximately one-fifth of the success rate for all referrals (24.7\%)\textsuperscript{13}.

3.5 In addition the model of funding Work Programme partnerships between large providers and smaller, local, specialist 3\textsuperscript{rd} sector orgs results in the following problems:
- a lack of referrals from big providers to smaller partners because of incentives to cream-off the more job-ready rather than those requiring specialist support
- payment by results creates insurmountable cash flow problems for smaller 3\textsuperscript{rd} sector organisations whose funding is often very tight.

3.6 The advantage of payment by results is that providers are incentivised to achieve positive outcomes for their clients as payments, and thus overall profitability, follow results. The disadvantages are that payment by results leads to “cherry picking” i.e. providers concentrate on moving those closest to the labour market back into work and only go through the motions with those furthest from being employment ready. The current Work Programme outcomes suggest that this is exactly what is happening in practice i.e. those with recent work experience flow into jobs at a far higher rate than those with little or no work experience and higher support needs.

3.7 The payment by results process also creates situations where organisations that provide the support which actually leads to a disabled person securing employment, do not receive a payment because another, much larger, contracted provider has already received it. Consequently small numbers of

\textsuperscript{11} The Impact of Welfare Reform Tracking Study, Employment Research Institute at Edinburgh Napier University and the University of Stirling for Scottish Government, 2015 http://www.gov.scot/Publications/2015/06/7394
\textsuperscript{13} DWP Work Programme: How is it performing?, the Centre for Economic and Social Inclusion, March 2015
large organisations benefit from the funding while not always delivering successful support for disabled individuals. This suggests the need for a new funding model which better accounts for the diversity of support needs of unemployed, and particularly disabled, people, and which better distributes funding.

3.8 The benefits of a payment for progression, rather than simply job outcomes, is that providers would be incentivised to move a wider range of people into “positive destinations” (e.g. education, training, volunteering) which help increase their employability and build their confidence. This might help avoid ‘cherry-picking’. It would also be in line with the way that progress is measured in other areas, such as education (i.e. in the distance travelled).

4 Work Choice

4.1 In contrast to the compulsory Work Programme the “voluntary” Work Choice scheme has a much better record of securing positive outcomes for disabled people. Since its inception, 36% of those on Work Choice have achieved a job outcome with 14% of participants achieving sustained unsupported employment for more than six months.\(^\text{14}\)

4.2 This is probably because Work Choice provides support which is tailored to address the particular barriers faced by the individual disabled person using it.

4.3 In SAMH’s Work Choice provision, 38% of starts are achieving job outcomes with 18% achieving sustained employment. This compares to the Work Programme, where only 7% of all ESA claimants on the Programme achieve such an outcome.\(^\text{15}\)

4.4 However even within Work Choice disabled people report to us that providers sometimes fail to meet their needs. For example several disabled people have reported that providers fail to supply information in the format they require – with the excuse that this is due to “commercial confidentiality”. This highlights that currently business considerations, and profit, are put before the needs of disabled people. This has to be addressed in any future employability support programme.

5 Future Employability programmes in Scotland

5.1 Inclusion Scotland believes that the key purpose of future Scottish Employment support programmes should be to address current labour market inequalities. Disabled people are currently the group most unfairly excluded from employment and this needs to be addressed as a matter of urgency. In addition to disability, issues of gender also need to be addressed as disabled women, like women in general, are less likely to be in work than disabled men and if they are in work are more likely to be in low paid employment.

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5.2 The ambition of any new employment programme should be that all disabled people who want to work should be empowered to do so. An interim objective should be to raise the employment rate of disabled people who want to and are able to work to the same level as that for non-disabled people. That would be around 55% of disabled people of working age being in employment.

5.3 In the wider policy context Inclusion Scotland would point out that a range of services need to be aligned to increase disabled people’s employment. This would involve increasing disabled people’s access to accessible housing, further education and social care (PA support to get up and into work on time), reliable and affordable accessible transport, etc. Though we acknowledge this will take time an employability support programme that ignored these issues could attain only limited success.

5.4 One way of maximising the effectiveness of devolved employment support would be examining how it could be utilised in supporting existing programmes for change such as the Integration of Health and Social Care services. Care support is sometimes needed to enable disabled people to get up, get dressed and fed thus enabling them to get to work.

5.5 Some NHS services already take a holistic approach to health that views employability support as crucial to achieving the health and well-being of service users. For example the Employment Zone approach has achieved some notable successes and there are definitely opportunities for shared learning about what does and does not work.

5.6 Employability programs could also be designed to have knock-on benefits to wider equality objectives. For example, by involving sectors such as health, legal services, transport and civic engagement as hosts of employability support activity we would be positioning disabled people within the organisations delivering these areas of work. This in turn would help to create the cultural changes and awareness raising needed to result in shifts in practice to address access barriers to disabled people in those sectors.

5.7 Put simply, disabled people should be seen as colleagues with the insight needed to find solutions – not as the problem needing solved. This approach could have similar benefits for other marginalised groups, and would represent an efficient use of resources in addressing the multiple objectives of the Fairer Scotland agenda.

6 The Third Sector and DPOs involvement

6.1 In Inclusion Scotland’s experience the Third Sector has contributed some of the most innovative and supportive employability programmes and their knowledge and expertise should be harnessed in the design and delivery of any new programmes.
6.2 For example the Third Sector Internships Scotland (TSIS) project has produced a legacy of guidance on running well supported and targeted work-based learning internships within the third sector.\textsuperscript{16} Third Sector organisations such as IntoWork also seem to achieve much higher success levels via a brokerage and matching approach which marries together potential employees with the most appropriate employers.

6.3 Smaller scale programmes run by user-led Disabled People’s Organisations (DPOs) have achieved even better outcomes than Work Choice. For example at the termination of Glasgow Centre for Inclusive Living’s, ESF funded, “Professional Careers Service”, of those assisted to find traineeships within local social housing associations: 82.4% gained full-time employment; 94.1% gained an academic qualification; and 11.7% went into further education\textsuperscript{17}.

6.4 Similarly Inclusion Scotland’s pilot internship programme within the Scottish Parliament last year resulted in a 100% success rate for onward employment journeys. MSPs reported that having access to expert advice was a huge help in ensuring that they provided the appropriate support as employers.

6.5 The problem with such programmes is their “scale-ability” to deliver services to a much higher volume of disabled job-seekers across Scotland. However what such programmes do demonstrate are the possibilities that open up if lived experience and professional expertise are harnessed to address barriers.

6.6 Inclusion Scotland believes that disabled people and their organisations need to be directly involved (by both Government and potential providers) in the design, delivery and monitoring of programmes which are supposed to be addressing their employability support needs. We also believe that DPOs are best placed to understand the barriers to employment faced by disabled people and to work with clients to address them.

6.7 \textbf{Local Provision:} Provision of Employability Services at a local level should result in greater knowledge and understanding of the local labour market. Local delivery would also enhance the scope to build relations with local employers. Local delivery is also desirable as local knowledge of potential barriers to employment (e.g. a lack of accessible public transport) would result in support more attuned to the needs of local disabled job-seekers.

7 \textbf{Working with Employers:}

7.1 Employers often have negative attitudes towards disabled job applicants\textsuperscript{18}. One of the greatest barriers is employers’ fear of additional costs arising from making adjustments to the workplace. Therefore employers need to be

\footnotesize\textsuperscript{16} See “Third Sector Internships Scotland: Best Practice Guide, TSIS, 2015, \url{http://www.3rdsectorintern.org.uk}

\footnotesize\textsuperscript{17} \url{http://www.gcil.org.uk/employment/gcil-equality-academy.aspx}

\footnotesize\textsuperscript{18} See more at: \url{http://bwglaw.co.uk/news/research-report/employers-attitude-the-disability#sthash.oGWahpfF.dpuf}
educated about how little a typical ‘reasonable adjustment’ will cost. Employers also need to be made aware of the Access to Work Scheme, which can help meet their costs.

7.2 In addition Inclusion Scotland would urge that Scottish Government consider introducing a service which supported and gave guidance to employers in how to conduct an accessible recruitment process and how best support employees with impairments. This would greatly assist in improving the recruitment and retention of disabled workers.

7.3 Scottish Government and Local Authorities should also work with employers to initiate employer-led campaigns to encourage other employers to employ disabled people. Peer-led campaigns would be more likely to be persuasive as they will emphasise the business case for employing disabled people.

8 Priority Groups:

8.1 Analysis of the Scottish Government’s data for Attainment and Leavers Destinations for 2012/13 confirms that after one year school leavers with impairment related Additional Support Needs are more than twice as likely to be unemployed or workless (18.1%) than those with no ASN (8.3%)\(^\text{19}\). However by age 19 they are three times as likely to be NEET as their non-disabled peers.

8.2 Therefore to ensure the future employability progress for young disabled people it is vital for Scottish Government, Skills Development Scotland and local authorities to intervene in those crucial 2-3 years after they have left school. Succeeding in improving the employability of young disabled people in “transition” would have a substantial impact on their employability, health and well-being throughout the course of the rest of their lives.

8.3 Another key time when intervention is needed is in providing support to people who acquire an impairment while in work. For example strokes are a major cause of acquired impairment. People who have had a stroke may acquire speech impairments and partial paralysis limiting mobility and handling skills. These impairments can be managed if the disabled person has speedy access to speech and/or physio-therapy. Therefore future employability programmes should be geared to providing support when it is actually needed which enables disabled people who acquire and impairment (or whose impairment worsens) to remain in, or return to, work.

Bill Scott, Director of Policy
Inclusion Scotland
26 October 2015

\(^{19}\) Table L2.3. Percentage of school leavers from publicly funded secondary schools in Scotland by follow-up destination category and Additional Support Needs, 2012/13

WRITTEN SUBMISSION FROM THE JOSEPH ROWNTREE FOUNDATION (JRF)

Social security and employment support powers: Can further devolution drive poverty reduction?

Poverty in Scotland and the UK in 2015 is costly, risky and wasteful, in economic as well as social terms. But it is not inevitable. The Joseph Rowntree Foundation’s vision is a UK without poverty, including a prosperous and poverty-free Scotland. We contribute to this through research and development activities across the UK. We are pleased to respond to the Welfare Reform Committee on the question of how devolution of some social security powers to Scotland could enable faster, sustained progress towards this goal.

“For JRF, further devolution is part of the story of poverty reduction but it is not the plot. Looked at internationally, the evidence is mixed. Devolution of powers is not intrinsically a surer route to poverty reduction. A great deal depends on the macroeconomic environment, combined with the political will, culture and delivery capacity which favours this goal – ideally across all tiers of government.

Nor is it only the domain of government, national or local. Employers, housing providers, education authorities and the media have a distinct role as well. The decisions made by individuals and families, reflecting constraints as well as choices, also have a bearing on the risks they face. However, the evidence also indicates that where there are important local or regional variations, not least in the jobs market and in housing opportunities, moving powers closer to that level can lead to more responsive policy making, provided sufficient policy and delivery capacity is available”.

(JRF response to the Smith Commission, October 2014)
SUMMARY

- JRF approaches the challenge of future social security powers by asking how they can contribute to a prosperous and poverty-free Scotland. We support planned devolution, since this can help alignment with existing powers and responsiveness to ‘place-based’ drivers such as the variable geography of housing and the labour market.

- We believe the anti-poverty potential of Universal Credit can be substantially improved. Devolution of some housing cost flexibility retains the coherence of UC and leaves the door open to bringing Council Tax Reduction within UC (or a rebating scheme for any future form of local taxation), which would simplify the taper rate and modestly improve work incentives. Other key elements of support to families remain to be addressed, e.g. delivery of any future Scottish programme for reducing childcare costs through the tax system or UC. Improving both take-up levels and the experience of contributors and claimants should be a primary concern.

- International evidence on employment (welfare-to-work) programmes can inform future Scottish policy. Elements that may improve job outcomes include decentralisation, appropriate commissioning models and the development of adequately resourced support within more integrated delivery systems. While the rationale for welfare-to-work policies varies, the evidence suggests programmes can have significant impacts. The critical decision for Scotland is whether to stick with a ‘narrow’ employability regime (the Labour Force Attachment model) or shift towards a ‘broad’ approach (the Human Capital Development model) which involves greater investment in skills development and thus the longer-term earning potential of jobseekers.

- **Welfare-to-work reform, job retention and progression**: Achieving greater job sustainability and wage progression would improve the cost-effectiveness of employment programmes. There is growing policy interest in better ways to combine job placement, retention and progression support and the delivery methods/partners most likely to improve such outcomes. Long-standing programmes, e.g. in Australia and the Netherlands, have improved job outcomes and reduced costs over time. However, in both countries competition between providers based mainly on price was abandoned. Too much focus on cost reduction served to undermine service quality.

- **Devolving welfare-to-work powers**: A strong trend towards decentralisation has occurred in many countries, to integrate welfare-to-work support with other services and adapt them to the specific needs of service users and localities. There is no automatic relationship between decentralisation and more effective
delivery or improved user experience. Achieving these gains depends on the managerial, fiscal and delivery capacity of local authorities and delivery partnerships. Flexible strategies will be needed within a coherent policy framework with clearly-defined minimum standards across Scotland. This is especially important where programme participation is mandatory.

- Further devolution also needs to meet an ‘incentives test’. As things stand, we are concerned that future work programme providers will face a divided form of accountability – reporting to the Scottish Government and Parliament on financial/programme performance, but to DWP in applying UK-wide conditionality rules. This risks creating a ‘jagged edge’ for providers, to the likely detriment of many participants. A better approach to devolve conditionality rules to Scottish programmes. A fuller set of incentives – balancing out costs (risks) and savings (rewards) – should be transferred to the Scottish budget. Further decentralisation should also be explored. In the Netherlands, for example, municipalities have budgetary powers to commission ‘reintegration’ services and to invest savings from reduced spending on unemployment support. Each area has an incentive to achieve sustainable results.

- Commissioning welfare-to-work services: Commissioning approaches are only as effective as the policy goals, resources and skills of lead agencies. Evaluation evidence is mixed, but well designed contracts can cut delivery costs, offer access to specialist support and bring innovation to service delivery. The consistent risk is that providers ‘cherry-pick’ more job-ready claimants, park those facing greater barriers to work and exploit other weaknesses in contract design. Controversy over such issues has marked the UK Work Programme and previous policies. Achieving better outcomes for those who face the greatest barriers to work is likely to need increased funding to improve tailored support. The nature and intensity of support required will vary across labour market types in Scotland.

- Serious consideration should be given to fostering greater diversity of providers and choice for service users – both factors associated with improved outcomes in Australia. This would require smaller contract areas size and more providers in Scotland. By aligning contract areas with local authorities (or clusters), greater integration could be achieved with existing support for training, apprenticeships, colleges, business growth, health and social care, housing and addictions – the advantages of decentralisation would be more likely to emerge. Stronger incentives for providers to improve skills and support participants into better paid jobs, taking into account household circumstances, would also contribute to poverty reduction. In the Dutch case, substantial investment in skills training, wage subsidies and other forms of specialist support have emerged.
• **Accountability and outcomes:** Good design of performance frameworks and payments is key to ensure the culture and behaviour of providers in all sectors support policy goals. Progress for some Work Programme participants has been overshadowed by concerns of perverse target-driven behaviour, and a major rise in sanctions. JRF believes future Scottish programmes need to develop and track measures of *employment sustainability and earnings progression*. These could also facilitate the development of *in-work support* as an integral feature.

• Service-user choice should exist between providers, with switching allowed at any time if individuals are dissatisfied with their experience. For third sector providers in other countries, concern has been expressed about ‘mission drift’, especially policing sanction rules. Public authorities must avoid the use of ‘gagging clauses’ and enable providers to retain an advocacy role on behalf of service users. Other accountability concerns related to limited requirements on contracted providers to scrutiny and upholding service-user rights. The remit of the Scottish Public Services Ombudsman and Information Commissioner should be expanded to include employment services paid for by the public purse, irrespective of who the provider is.

• **Using data to improve employment and poverty reduction outcomes:** The introduction of UC and the Scottish Rate of Income Tax should make available high volume, low cost data through which to track longer term trends in employment and pay. This offers the possibility of much greater insight into approaches that generate net benefits for public finances, through higher quality jobs and poverty reduction, as distinct from services that only deliver short-term savings. Such data should be used to shape future commissioning, service delivery and performance targets. Data-sharing protocols between the Scottish Government, DWP and HMRC will be needed if these potential benefits are to be realised.

**Introduction**

1. We approach the challenge of improving and changing future social security powers by exploring the contribution they can make to achieving a prosperous and poverty-free Scotland. In this response, we begin with a brief look at the second of the Committee’s workstreams – Universal Credit flexibility – and then focus mainly on the third workstream, employment programmes to be devolved.

2. The independent Expert Working Group on Welfare[^20], which reported in June 2014, set out a vision of a reformed social security system, offering a springboard back into training and employment as well as income security for those unable to

work or seeking work. Reducing poverty requires action on all fronts, not limited to welfare benefits and tax reforms. Nonetheless, social security has played a major role in efforts to reduce poverty and can do so again, both through the contribution of devolved powers in Scotland and reserved powers across the UK.

Universal Credit

3. To date, Universal Credit has been a complex and troubled reform: it is behind schedule, available to only some claimant groups in Scotland and generates the potential for increased risks to low-income households – as an ‘all-or-nothing’ reform, delays, errors and increased waiting days could become magnified relative to separate benefit payments currently. As proposed, UC will create winners and losers, improving work incentives for some at the expense of others. Nonetheless, JRF supports many of the aims behind UC, not least smoother transitions for people who make multiple transitions in and out of insecure work, ensuring when people do claim they automatically receive all or most of the benefits they are entitled to with one application, and creating a smoother rate of benefit withdrawal compared to the cliff edges in the existing system. We believe its anti-poverty potential can be substantially improved through various design changes\(^{21}\), including treatment of childcare costs and the work allowance for second earners\(^{22} \quad^{23}\), but we support the reform as one based on important principles.

4. We want to see improvements to Universal Credit. In our response to the Smith Commission last October, we envisaged three options. The first was to retain UC as a reserved power, but provide Scotland with the power to supplement elements of UC from within its own budget. The second was to form a partnership agreement with the UK Government over the delivery of UC in Scotland. For example, some flexibility over UC elements and related powers could be devolved to improve integration of employability, training and welfare-to-work programmes, recognising the concurrent nature of powers. Accountability for funding and performance of these elements would then be directed towards Scottish Ministers rather than Westminster. Third, in time, UC could be devolved in full. This would give the Scottish Parliament powers to vary the design and offer scope, for example, to switch from income-based subsidies towards increased supply of affordable housing and childcare over time. From a poverty-reduction angle, capacity to deliver a high quality service to claimants is as

\(^{21}\) Barnard (2014) ‘Cost of childcare for low-income families must be tackled in the Budget’ Blog for JRF, 4 March www.jrf.org.uk/blog/2014/03/budget-must-tackle-childcare


significant as getting the policy right, which is why this option was regarded as likely to be a long time in transition, if it was thought desirable.

5. The Smith Commission and now the Scotland Bill proposals extend to the second of these options: devolution will encompass some flexibility over UC payment frequency, split payments within households and the housing element going direct to landlords. In addition, some employment services will be devolved (see below). JRF supports these proposals, as they can help meet our tests of alignment or integration with existing devolved powers and place-based powers. They retain the coherence of UC as a single basket of benefits protected. They keep the door open on bringing Council Tax Reduction into UC, or a rebating scheme for any future form of local taxation following the 2016 Scottish Parliament election, thus simplifying the benefit taper and modestly improving work incentives. However, we believe other key elements of support remain to be explored – for example, how any future Scottish programme for reducing the childcare costs faced by families can be delivered, through the tax system or Universal Credit.

6. How to collect revenues and administer benefits in Scotland is an important consideration. JRF has not commissioned research in this area, but we would observe that any major reform creates risks and uncertainties for service users. Improving both take-up levels and the experience of contributors and claimants should be a primary concern.

Employment services: welfare to work programmes

7. JRF has published two reviews of UK and international evidence on the contribution of welfare-to-work programmes to improving employment outcomes and reducing poverty\textsuperscript{24} including an assessment of practice in the Netherlands and Australia, two countries with at least 10 years experience of welfare-to-work contracting for the long-term unemployed\textsuperscript{25}. Each may provide important lessons for future policy and practice in Scotland.

8. Some of the public service reforms that may contribute to better employment outcomes include decentralisation, inter-agency collaboration, appropriate commissioning models, performance management and the development of frontline employment services within more integrated delivery systems. While the


rationale for welfare-to-work policies and programme design vary from country to country, the evidence suggests they can have significant impacts.

**Welfare-to-work reform, job retention and progression**

9. Reforms in countries such as Australia, the USA, Germany and the UK have been comparatively successful in enabling benefit claimants to get into work, but many of the jobs they access are low paid and short lived: employees often return quickly to unemployment. This reflects a combination of factors, including the poor quality of available jobs and the circumstances of jobseekers (including limited skills and a lack of recent work experience). In the UK, the evidence suggests that greater employment sustainability and earnings progression would improve the cost-effectiveness of welfare to work programmes and contribute more effectively to the task of long-term poverty reduction. This has led to increased policy interest in how to better combine job placement with retention and progression services, and the delivery methods and organisational partners most likely to improve such outcomes.

10. There has been much debate about how to improve the effectiveness of Jobcentre Plus (JCP) and the Work Programme (WP) in their capacity to place, sustain and progress service users into better quality employment. There has been significant criticism of the lack of integration between employment services and skills provision – one remaining a reserved function, the other being mainly devolved to Scotland. Proponents of reform suggest that greater flexibility and decentralisation would enable local government and/or other partnerships to improve the policy effectiveness and value for money of employment services and better adapt mainstream employment and skills policies to local conditions.

11. In Australia, for example, the Job Network (JN) programme since 1998 has achieved better job outcomes for around half the cost of the previous approach. In the Netherlands, the Reintegration Market (RM) has been in place since 2002, where municipalities (local authorities) and the social insurance agency purchase ‘reintegration’ services from various providers. Here as well, costs fell so that by 2007 higher job entries were achieved with a saving of around one-third. Typically, there is a short-term improvement of 5% - 10% in job entries, and these occur sooner than in ‘standard’ programmes used previously. But some of the gains are offset by higher transaction costs involved in operating a market where public agencies commission services from a range of voluntary and private providers, rather than providing services directly. There are also clear risks of parking highly disadvantaged jobseekers. In both countries, competition between providers based mainly on price was abandoned. Too much focus on cost reduction undermined service quality – providing a timely reminder that achieving better long-term job outcomes can’t be done on the cheap.
Devolving welfare-to-work powers - rewards and risks

12. A strong international trend has occurred towards decentralisation of welfare to work policies and employment service delivery, with a view to better integrating support services and adapting them to specific needs (of service users and of localities). The evidence suggests devolution may carry risks as well as rewards, especially where local delivery diverges from policy goals. There is no automatic relationship between decentralisation in employment and skills services and more effective/integrated delivery or improved user experience. Achieving these gains depends on managerial, fiscal and delivery capacities of lower tiers of government and/or local delivery partnerships. There is also the potential for poorly designed incentives that may have unintended results, and, as in the USA, the emergence of wide variations in cash benefits, services and user experiences. Where areas can draw on a strong and diverse network of local agencies and provision, while others have few such supplementary resources, inequalities in outcome can widen.

13. In the Netherlands, 415 municipalities have budgetary powers to commission reintegration services. Most of them are much smaller than the average local authority in Scotland – 10% of them have fewer than 10,000 people. Although there is a trend towards amalgamating into fewer, larger areas – seen as well in Denmark among others – the key point is that each municipality has the power to reinvest savings from reduced spending on unemployment support, either into reintegration or other local services. Each has a clear incentive to achieve sustainable results.

14. JRF supports the Smith Commission’s conclusion and the Scotland Bill provision for devolving employment service powers in what is currently filled by the Work Programme and Work Choice. We believe this meets our test of alignment with current powers and appears to make sense in the context of devolving powers that are in some way ‘place-based’ – in this case the variable economic geography of the labour market. But to ensure future decisions in this area make a substantial contribution to poverty reduction, Scottish policy-makers will need to deliver flexible, localised strategies within a coherent and equitable policy framework with clearly-defined minimum standards across Scotland. This is especially important where programme participation is mandatory.

15. However, on whether further devolution meets our ‘incentives test’, we told the Smith Commission there could a case for devolving conditionality powers to match programme design in this area. This would properly transfer the range of incentives – balancing out costs/risks and savings/rewards - to the Scottish budget. The Scotland Bill doesn’t currently provide for conditionality rules to be devolved. We are concerned that future programme providers will face a divided
form of accountability – reporting to the Scottish Government and Parliament in terms of financial and programme performance, but facing DWP in Whitehall in applying UK-wide conditionality rules. We believe this creates a ‘jagged edge’ for providers, to the likely detriment of many programme participants. A better approach would be devolve related powers and enable Scottish programmes to design appropriate forms of conditionality, spanning incentives as well as penalties and allowing for flexibility for participants where appropriate.

16. A fair balance will also need to be struck between incentives that encourage sustainable employment outcomes, expenditure savings and poverty reduction. Balancing Scottish and local priorities will require an agreed and transparent performance framework in which the Scottish Government, Scottish Parliament and independent bodies including Audit Scotland have responsibility for analysing performance, assessing and evaluating the impact of local strategies and holding delivery agencies to account.

Commissioning welfare-to-work services

17. Welfare-to-work commissioning will only be as effective as the policy intent, investment available and skills of lead agencies. The critical decision for Scotland ahead of further devolution is whether to stick with a ‘thin’ employability regime (known internationally as the Labour Force Attachment model) which has been described as “continuing to throw claimants at the job market until they stick” or shift towards a ‘broad’ approach (the Human Capital Development model) which involves greater expenditure on skills development and thus an investment in the longer-term earning potential of jobseekers.

18. Commissioning the delivery of employment services has been a complex undertaking in all countries reviewed. Authorities tend to make frequent adjustments to contract design and incentives in response to delivery problems and changing external conditions. Evaluation evidence points to mixed results overall, but the more positive findings suggest that well designed contracts can reduce delivery costs, give access to skilled staff and services not usually available in mainstream public employment services and bring innovation to service delivery. The consistent risk is that providers simply help more job-ready claimants (relative deadweight, cherry-picking), ‘park’ those hardest to help and otherwise exploit weaknesses in contract design. Controversy over such issues has marked the UK Work Programme to date and the outsourced programmes that preceded it. Although conclusions are tentative, some of the improvements needed are now clear.
19. The design of the Work Programme has made some contribution to the overall goal of poverty reduction by rewarding providers for longer-term employment sustainability. Findings suggest that employment retention has been higher than anticipated for some groups. However, the Work Programme has not worked effectively for those with additional barriers, especially those receiving disability benefits. Achieving greater impact for those who are more disadvantaged in labour market terms is very likely to require increased funding to improve tailored support. Moreover, the nature and intensity of support required will vary geographically. Those seeking work in areas of Scotland with lower employment rates will face tougher competition for jobs, and often experience poorer outcomes, than in areas with high employment rates. See Annex A on the range of local employment rates in Scotland.

20. Serious consideration should be given to fostering greater diversity of providers and choice for service users – both factors that have been associated with improved outcomes and participant experience in the case of Australia. This would require a reduction in the size of contract areas and an increase in the number of providers in Scotland. By aligning new contract areas with local authorities (or clusters of authorities) greater integration could be achieved with existing support for training and apprenticeships, further education, business growth, health, social care, housing and addictions – the advantages of decentralisation would be more likely to emerge.

21. Stronger incentives for providers to improve participant work experience and skills and to place them in better paid jobs, taking into account the participant's household circumstances, would also contribute to poverty reduction. Gradually, incentive payments have emerged to encourage service innovation (see box), backed in the Dutch case with substantial investment in skills training, wage subsidies and other forms of more costly support.

<table>
<thead>
<tr>
<th>More personalised employment services: Australia and the Netherlands</th>
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<tr>
<td>A feature of both countries’ recent experience has been the use of ring-fenced budgets for individual use – an element of self-directed support for jobseekers. This can be used for training investment e.g. the Australian Jobseeker Account (AJA) and can offer a more personalised service for those claiming social insurance (the equivalent of contributions-based JSA) through Individual Reintegration Agreements (IROs) in the Dutch case. These approaches enable a degree of choice between alternative providers rather than the very limited scope for choice within the current Work Programme. IROs provide service users time to negotiate the kind of employment assistance available, building ownership and involvement. The results so far are considered promising. With greater flexibility and decentralisation, areas of Scotland might develop specialist disability provision, support for recovering addicts.</td>
</tr>
</tbody>
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or ex-offenders.

Accountability and outcomes

22. Good design of performance/contract management frameworks, targets and payments is key for effective incentives to ensure the cultures and behaviours of welfare to work delivery organisations in all sectors are aligned in support of policy goals. The previous UK Coalition Government dropped most of the targets it inherited, replacing them with objectives to move people ‘off benefit, into employment, as quickly as possible’ and to reduce the cost of fraud and error in the benefits system. The intention was to drive cultural change and give JCP district managers and advisers greater flexibility in the services they deliver and in how they work with claimants. However, some early positive evaluation findings were overshadowed by concerns that the regime might have caused perverse target-driven behaviour, and contributed to the significant rise in sanctions seen across Scotland26 and all parts of Great Britain.

23. A recent review for JRF endorsed recommendations made by others for the UK Government to refocus DWP and JCP targets more directly on employment outcomes and to develop and track measures of employment sustainability and earnings progression. Such targets would bring JCP into line with improved work incentives intended for many Universal Credit claimants and Work Programme participants. These could also facilitate the development of in-work support as an integral feature, not an add-on, to employment service design.

24. The emergence of real time information on earnings and UC income should make it feasible to measure and reward increased participant earnings. This happens already in some US programmes. Performance indicators that measure the duration and quality of employment outcomes, including improvements in earnings and skills, would contribute more to poverty reduction. In addition, given the concentration of in-work poverty in single-earner households, employment and earnings outcome measures for households, rather than only individuals, should supplement the extension of employment services and conditionality to the partners of the unemployed.

25. By commissioning service delivery, purchasers inevitably lose some insight into the ‘why’ and ‘how’ of what works and what doesn’t. The contractor gains an advantage through valuable operational knowledge which intelligent commissioning by public agencies on service quality, contract management, audit and inspection may help to balance. But a pragmatic step might be to run a

mixed economy rather than an ‘all-out’ service model with equivalent funding per jobseeker in both direct and commissioned service, to allow for comparison. Service-user choice should exist between sub-contractors, not just prime contractors if such a model continues in Scotland, with switching allowed at any time if individuals are dissatisfied with their experience.

26. For third sector/non-profit providers, however, concern has been expressed in these countries about ‘mission drift’ due to the requirements of commissioning, especially policing conditionality and sanctions rules. A review for JRF concluded that public authorities must avoid the use of ‘gagging clauses’ and enable non-profit providers to retain an advocacy role on behalf of service users. Other accountability concerns related to more limited requirements on contracted providers to public audit, scrutiny and upholding service-user rights. The remit of the Scottish Public Services Ombudsman and Information Commissioner should thus be expanded to include commissioned employment services paid for by the public purse, irrespective of who the provider is.

**Using data to improve employment and poverty reduction outcomes**

27. The introduction of Universal Credit and related changes in income tax and National Insurance data should, over time, make available high volume, low cost data through which to track longer term trends in employment and earnings. This opens up the possibility of more accurate evaluation and much greater insight into those employment services and programmes that generate net benefits for public finances, as against possibly cheaper services that simply result in short-term benefit savings. Such data should be used to shape future commissioning, service delivery and performance targets. The results should provide the Scottish Government, Scottish Parliament, service commissioners and providers with much better information on those approaches making the best contribution to higher quality employment and poverty reduction.

28. Data-sharing protocols between the Scottish Government, DWP and HMRC will need to be developed if these potential benefits are to be realised.

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<td>Scotland</td>
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One Parent Families Scotland is Scotland’s leading single parent organisation. Building on seventy years of advocacy and service-delivery expertise, OPFS provides expert information, advice and support, along with training activities, work preparation programmes and flexible childcare. OPFS delivers services across Scotland in Edinburgh, Dundee, Glasgow, Renfrewshire, Lanarkshire and Aberdeen and provides support to over 5,000 families and 12,000 children. This response draws on our experience as service providers, supporting single parents across Scotland as well as previous consultations which we have conducted into their experiences of and views on welfare reform.\(^{27}\)

OPFS has a vision of a Scotland in which all families, without exception, can prosper from life’s opportunities. To this end we are working towards a Scotland where single parent families are free from poverty and have sufficient resources not just to survive but to thrive; are treated with dignity and respect and have equal opportunities and life chances, enabling them to flourish and achieve their full potential.

Along with other members of the Scottish Campaign on Welfare Reform (SCoWR) OPFS calls for a social security system based on the following principles:

1. benefits should be set at a level where no one is left in poverty and all have sufficient income to lead a dignified life.
2. respect for human rights and dignity must the cornerstone of a new approach to social security
3. the social security system should be simplified – by for example increasing the proportion of non-means tested benefits and rolling back punitive and costly conditionality and sanctions
4. investment should be made in the support needed to enable everyone to participate fully in society
5. welfare benefits should work for Scotland – areas of reserved social security must take account of the different legislative housing, childcare, education, social care and training landscape in Scotland.\(^{28}\)

\(^{27}\) OPFS Stakeholder Focus Group Discussions Report, February 2014, Response to the Scottish Government Expert Working Group on Welfare: Call for Evidence

\(^{28}\) OPFS is member of the Scottish Campaign on Welfare Reform
We want to see newly devolved social security powers for Scotland used in line with these principles and so welcome the Committee’s focus on how new powers can be developed to ensure that the principles of dignity, respect, support, equality and common sense are embedded in the new system.

**Single parents and poverty**
There are over 169,707 single parents in Scotland\(^{29}\). By 2033, this is projected to rise to 238,000 (24% to 38%)\(^{30}\). Because of the additional barriers they face, single parents are more at risk of being in poverty. Over four in every ten (43%) children in single parent families are poor, compared to just over two in ten (22%) of children in couple families.\(^{31}\) Research shows that single parents are more likely to report having poor health (13%) being disabled or having a long term condition (15%) and have a disabled child (17%) than parents in couple families, where the figures are 7%, 9% and 14% respectively.\(^{32}\)

**Devolution**
The Smith Commission proposed new devolved welfare powers across a number of areas. In contrast, the draft clauses set out in the UK Government’s Command Paper\(^{33}\) appear to restrict these proposals in various ways\(^{34}\) as does the subsequent Scotland Bill being debated at Westminster. There are a number of unresolved overarching issues, which could limit the Scottish Parliament’s ability to develop newly devolved powers in an autonomous way. These include the “no detriment” clause which would give the UK the right to claw back monies if variations in expenditure in Scotland were deemed to be detrimental to the UK budget. The new Welfare Reform and Work Bill is also likely to result in further restrictions and

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\(^{29}\) Scotland’s Census 2011 - Table KS107SC - Lone parent households with dependent children

\(^{30}\) Household Projections for Scotland, National Records of Scotland, 2008

\(^{31}\) Households Below Average Income (HBAI) 1994/95-2011/12, Table 4.5db. DWP 2013


ongoing cuts to the overall UK social security budget will also have an impact on the devolved budgets for the new social security powers.

Nevertheless, despite these restrictions, newly extended powers do offer opportunities for the Scottish Parliament and Government to develop legislation and policy to better tackle poverty and inequality in Scotland. The devolution of aspects of social security provision and employability services is part of a wider set of newly devolved powers including taxation and equalities legislation. Decisions about spending on social security must be seen in the context of these new powers and budgets for spending on existing devolved areas. This will involve difficult decisions but given the impacts of poverty on single parents and their children and the wider costs of poverty to society as a whole, it is critical that the Scottish Parliament make use of all its devolved powers to prioritise tackling poverty.

**Overarching considerations**  
On the whole, our social security system guarantees equality of entitlement across the UK. However, in England the introduction of the local welfare assistance scheme (replacing the previous national scheme), has undermined this principle of fairness, throwing many into greater poverty on the basis of a postcode lottery. To support equality, entitlement must be based on assessment of people’s individual circumstances, not simply where they live. Such an approach requires a national scheme which guarantees standards and entitlement across Scotland.

An effective and independent system of appeal is crucial to ensuring the dignity and human rights of claimants. A property constituted, national appeals service is needed to deliver a just and fair system for all.

To ensure a high quality service which puts the needs of service users first, services should be provided by not for profit providers. We do no think that the provision of essential services to families who are in poverty and therefore often in a very vulnerable position, ought to be provided by the private sector whose primary duty is to their shareholders rather than service users. As well as safeguarding individuals, public (and voluntary sector) provision can more readily facilitate opportunities for service user participation and democratic accountability.

When developing and delivering the newly devolved services the Scottish Parliament, Government and service providers should be mindful of their duties under the Equality Act, to promote equality and ensure that provision is meeting the needs of those with protected characteristics. This is relevant in relation to publicising the new benefits, developing eligibility criteria and ensuring that those delivering the scheme have in-depth knowledge of those using its services and their needs.

The UK is signatory to a number of international treaties that guarantee social and economic rights including the United Nations Convention on the Rights of the Child (UNCRC) and the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD). A human rights approach must be incorporated into both the design and delivery of social security and services.
In addition, the provision of cash entitlements (rather than support in kind) is fundamental to any system which aims to treat people with dignity and respect. Cash payments allow parents independence and choice. Support in kind increases stigma and undermines independence. It is also likely to increase administrative costs.

Questions

How should the new welfare powers proposed by the Smith Agreement be used to improve or change:

a) Personal Independence Payments, Disability Living Allowance Attendance Allowance and Carer’s Allowance

Personal Independence Payments, Disability Living Allowance Attendance Allowance

The current wording of the Scotland Bill places unreasonable restrictions on the Scottish Parliaments powers to design eligibility criteria which would support single parent families which disabled members.

Already, previous changes to assessment criteria and the resulting cuts to disability benefits have had devastating impact on many disabled adults and children pushing them into greater poverty and impacting on their ability to participate equally in society.

Any assessment process must have regard for the UN Convention on the Rights of Persons with Disabilities. The Convention sets out disabled peoples political, economic, social and cultural rights - covering all areas of life, including mobility, health, education, work, recreation and equality before the law. To ensure that any new benefits are compatible with Convention rights, there is a need to ensure that eligibility criteria are framed to support disabled people enjoy access to all these aspects of life rather than more limited approaches.

To promote independence and avoid stigma it is essential that disability benefits remain as financial benefits to which disabled people have statutory entitlement. Disability benefits should not be subsumed into social care or other budgets as this opens the door to a postcode lottery. Pooling resources in this way also means that monies, which are currently paid directly to parents, are at risk of the cuts being imposed on other budgets. To avoid confusion, erosion of entitlement and a lack of transparency and oversight, OPFS believes control over disability benefits should be held at Scottish national level and that it should not be devolved to local authorities.

Many disabled people report very negative experiences of assessments for disability benefits. They are often treated with a lack of dignity and respect, the evidence they give misrepresented and the interviews/examinations are cursory and/or not relevant to their condition or disability.

This is due to the very restrictive eligibility criteria and compounded by the fact that assessments are made by private companies. There is ample evidence that the drive
for efficiency and profits has had a very negative impact on the service that disabled people receive. To ensure a high quality service, which puts the needs of service users first, services need to be provided by not for profit providers.

With regard to assessments, the person themselves - first and foremost, and then any carers and professionals who are providing treatment and support should provide the main basis of the assessment (rather than face to face assessment by someone who does not know the claimant).

The frequency and quality of the reviews that people currently undergo are completely inappropriate. Reviews are regularly carried out even where medical evidence clearly shows that someone has a degenerative condition or no prospect of change. Reviews should be based on appropriate evidence, not scheduled on an arbitrary basis and should not be required at all where someone has a chronic or degenerative condition.

Measures to promote equality should include ensuring accessibility including the availability of a variety of accessible communication options for all devolved benefits. To promote equality, and counter negative stereotyping and stigma, delivery agents should have disability awareness training, which is co-produced by disabled people.

**Carers Benefits**

Currently, the Bill would restrict payment of carers’ benefits to those over 16, not in full time education or “gainfully employed”. OPFS believes the eligibility requirements linked to age and employment should be removed from the Bill. The education restriction prevents single parents with additional caring responsibilities from improving their employability through education. Similarly, the exclusion of those in employment does nothing to help parents maintain or improve their employability. We should be supporting those who want to combine caring responsibilities with paid work rather than penalising them.

We welcome the Scottish Government’s commitment to increasing the level of Carers’ Allowance. However it should be kept in mind that the majority of single parents on low incomes rely on means tested benefits like JSA and housing benefit and do not have other sources of income. Any additional carers' benefit therefore will not benefit them, as it will be taken into account in calculating their entitlement to means tested benefits. The Scottish Parliament should consider how it may be able to redress this through others means such as top ups or the creation of new benefits.

**b) Universal Credit (housing element and administrative arrangements) and Discretionary Housing Payments**

**Administrative arrangement for Universal Credit (UC) payments**

Current levels of benefits entitlement are very far below what families need to live with dignity and respect. Enabling single parents families to choose the frequency of their Universal Credit payments rather than imposing a monthly regime, would greatly assist them to better budget for their needs. Similarly, families ought to have a choice over how their housing payments are administered, including the option of
having the housing element paid directly to their landlord.

**Levels of UC housing element payments**

Cuts to housing benefit have left many families in the private sector struggling to meet their rent and put food on the table for themselves and their children. There is an urgent need to increase support for families via the housing element of universal credit to prevent poverty, including child poverty, overcrowding and mounting indebtedness.

**Discretionary housing payments**

As a result of cuts to housing benefit, some single parent families who previously would have been entitled to help with housing costs are no longer eligible. The Bill, as it stands would prevent those without an entitlement to housing benefit (or the housing element of universal credit) from claiming a discretionally housing payment (DHP). It also excludes those who have been sanctioned (unless they meet other criteria) from help.

There is a large amount of evidence which shows that sanctions are often applied in an arbitrary and unfair way, plunging families into severe poverty, with devastating effects on people’s health and wellbeing. These findings chime with our own experience; working with single parents who are sanctioned or threatened with sanctions through no fault of their own.

Over time more single parents, with younger and younger children are being brought into the sanctioning regime. The UK government has recently announced that single parents aged 18 or over with a child of 3 years old or over will no longer be entitled to Income Support. This means that parents as young as 18 now face the possibility of being sanctioned if they fail to meet JSA conditions.

DHPs should be available to all, regardless of whether someone has an entitlement to help with housing costs or has been sanctioned so that it can be effectively targeted at those who need it most. Discretionally housing payments, by their nature are targeting at those who are vulnerable to it impact of poverty. As such they are an important tool, along with the help available via the Scottish Welfare Fund in tackling poverty and child poverty.

**c) The Work Programme and Work Choice**

In this section we have focused on the Work Programme as that is the programme which majority of our service users are referred to.

**The Work Programme**

OPFS supports single parents to access education and training to enable them to
move into better paid, more sustainable employment. Currently the Bill only devolves powers to assist those who have been unemployed for twelve months. We believe this is unnecessarily restrictive and should be removed. Many single parents, who have recently moved out of paid employment, or are claiming Income Support or are carers would be keen to take up non-mandatory employability programmes given the opportunity.

The Work Programme, as it is currently designed, is insufficient to tackle the problems faced by single parents wishing to move into paid work. Just one in 10 people have been helped back to work by the government’s £5 billion Work Programme flagship scheme leading to accusations that the programme is "worse than doing nothing". In fact the UK Government missed every single one of its minimum targets and in nearly half the UK, the Work Programme is literally worse than doing nothing.  

As with disability assessments, private providers have been severely criticised in relation to both outcomes for participants and the cost to the public purse.

Many single parents experiences of the Work Programme are very negative, both in terms of how well the scheme supports them to find sustainable work which fits with their caring responsibilities and in relation to the attitudes of staff. Often, staff appear to completely disregard the fact that parents have responsibilities for children and make completely unreasonable demands on them. In some cases this can be compounded by overtly hostile attitudes towards single parents. When parents are unable to comply, they can be sanctioned, lose benefit and are often plunged into financial crisis, punishing parents and children alike.

The devolution of the Work Programme provides the opportunity for the Scottish Parliament to legislate for a different model, one which is better able to meet the needs of single parents and more responsive to local labour market conditions. We already have good evidence about what works for single parents in Scotland\(^{36}\) has a proven track record of delivering successful schemes delivered by voluntary sector/local authority partnerships such as "Working for Families", Big Lottery funded "Making it Work " programmes and the SCVO Community Jobs Programme.

Single parents tell us they want good, well-resourced help and assistance with finding and moving into work and that they would engage with these services without the threat of sanctions. As it stands, the Scotland Bill will devolve responsibility for the Work Programme to the Scottish Government whilst maintaining the current


sanctioning regime, which underpins both referrals to, and the policing of the Work Programme by the DWP. This would seriously restrict Parliament’s opportunities to develop effective employability services.

OPFS believes that to provide a holistic approach to supporting people to achieve their potential; in the long term, skills and employability services should be integrated and the direct link with benefits removed.

Single parents tell us they want good, well-resourced help and assistance with finding and moving into work and that they would engage with these services without the threat of sanctions. As it stands, the Scotland Bill will devolve responsibility for the Work Programme to the Scottish Government whilst maintaining the current sanctioning regime, which underpins both referrals to, and the policing of the Work Programme by the DWP. This would seriously restrict Parliament’s opportunities to develop effective employability services.

However, notwithstanding the final detail of devolution, there is more that could be done regardless of where powers lie. To make the new Work Programme more effective (and crucially to minimise the impact of sanctioning on single parents, if it is still in place) there are several practical steps which we recommend.

The Scottish Government should take steps to promote and develop a Scottish good practice approach to any UK sanctioning regime. This should:

- be customised and implemented by local authorities and others concerned with the tackling poverty and inequalities, alongside Jobcentre Plus and Work Programme providers
- provide guidance and support to management and staff about need to take the appropriate guidance, legislation and treaties into consideration in relation to making any referral for sanctioning. These include:
  - Lone parent flexibilities - special rules within social security guidance and legislation which apply to single parents (Whilst in theory these flexibilities ought to provide some protection against being unfairly sanctioned, in practice they are routinely ignored)
  - The United Nations Convention on the Rights of the Child (UNCRC)\(^{37}\) guarantees children the right to a standard of living adequate for the child’s development (Article 27) and the right to benefit from social security (Article 26).
- Work Programme providers should receive training in how to apply the appropriate guidance and legislation and should be subject to ongoing monitoring to check that these are adhered to.

To promote equality, counteract stigma and negative stereotypes and provide effective services which meet parents needs (and safeguard the wellbeing of their children), the Scottish Government should:

children) the new Work Programme providers should have training in the issues faced by single parents. This training should be co-produced by single parents and organizations with expertise in the issues for single parents.


Delivery of benefits overall
As noted earlier, to promote equality of access and entitlement a national scheme should be maintained. A national scheme does not imply a remote and inaccessible service, options for local face-to-face engagement should be available for example, and employability services should be tailored to local market conditions, but standards and entitlement should be coordinated nationally.

Adequate resources for staff training and for administration and decision-making is very important. We see many single parents families left penniless and in crisis simply because of DWP and HMRC delays and mistakes. The completely inadequate and lengthy review and appeals process also leaves many parents without money for extended periods. This has been exacerbated by the introduction of mandatory reconsiderations. Sufficient resources to support these functions and provide a decent service would make a big difference to the levels of poverty experienced by many single parent families.

In term of reviews and appeals, as a first step we recommend that mandatory reconsiderations are abolished and that delivery agents have binding targets for how long they can take to make decisions on applications and reviews.

Systems which support automatic passporting to other benefits and associated entitlements should be automated as far a possible so that parents receive their entitlements without making separate applications. (But alternative methods must also be in place for those who may be entitled to support while not claiming. benefits (for example young pregnant women). This will support take up, especially amongst those who may face challenges making a claim.

Where passporting for one benefit is reliant on entitlement to another, and as a result of devolution these two benefits are now are now administered by separate jurisdictions, it is essential that intergovernmental protocols for coordinating these are discussed and agreed at the earliest possible opportunity to prevent administrative problems and loss of benefits for claimants in the transition period.

Similarly if the work Programme is only partially devolved (in so far the DWP retains powers to sanction Work Programme participants) there will be need to be detailed
intergovernmental cooperation to ensure that participants are able to benefit fully from the newly devolved Work Programme.

The Regulated Social Fund
The regulated social fund provides a safety net to many families at times of major upheaval including bereavement and the birth of a baby. Cuts to maternity payments have hit single mothers and their children very hard. The level of Maternity Grants has not been increased since 2002 and urgently needs uprating to reflect the real cost of having a baby. We support calls to make Maternity Grant payable for all children - not just the first child, (as was the case previously before this provision was abolished). OPFS also believes that the Scottish Government should work towards extending Maternity Grants to all mothers, not just those on low income in order to increase take up and reduce stigma.

Maternity Grants must continue to be made as cash payments and not as items in kind. Parents are best placed to make decisions about what they need for their new baby depending on what resources they have available and should be able to maintain the choice and independence they currently have. There is already a large body of evidence that payments in kind (initially introduced for asylum seekers) increase stigma and undermine independence.

Overall, these measures would play a very important part in tackling child poverty and support the Scottish Government’s early intervention approach, ensuring that newborns get a better start in life.

Top ups and new benefits
Cuts to social security budgets since 2010 are having a profoundly negative impact on the lives of the many single parents. These include cuts to housing benefit, tax credits (including especially help with childcare costs), benefits associated with pregnancy, maternity, young children and child benefit. More generally, the switch from using the RPI to CPI index as a measure of inflation for annual uprating and the subsequent imposition of a 1% uprating cap for most benefits has been a very significant cause of increasing poverty for single parent families and others. In addition, the current UK Government has announced a raft of further cuts including a freeze in working-age benefits, tax Credits and Child Benefit for two years from 2016-17; lowering the households’ Benefit Cap; and removing automatic entitlement to housing support for 18 to 21 year olds.

New research from JRF has looked at the projected impact of the recent budget announcement for different people on minimum wages since 2010. They found that single parents have been the biggest losers. In 2010 a single parent working full time on the minimum wage, was typically just short of the minimum they needed to live
with dignity (97 per cent). This shortfall will grow to around (around 71 per cent) by 2020.\textsuperscript{38}

The ability to top up benefits could reverse some of these impacts by, for example, restoring RPI as a measure of uprating in the first instance and targeting the uprating of specific benefits. To support single parents and their children we recommend that children’s benefits in particular be targeted for uprating. This would target funds at tackling child poverty, support the Scottish government’s Getting it Right for Every Child aims and provide investment in early years, helping children to get a better start in life.

Although the extent of devolution remains uncertain, what is certain is that the Scottish Government will have substantial addition new powers over the shape of social security and a range of other areas in Scotland. Given the impact of welfare reform on single parents is crucial that these powers are put to use to tackle poverty and inequality.

WELFARE REFORM COMMITTEE
THE FUTURE DELIVERY OF SOCIAL SECURITY IN SCOTLAND
WRITTEN SUBMISSION RECEIVED FROM SCVO

Summary

• We urge the Committee to consider how we effectively engage people who are part of the social security system in shaping future delivery;

• Taking on new powers and services without being honest about existing public service and inequality challenges only increases the risk that we fail individuals and families at the hard end of current benefit and services cuts;

• There is a need to explore how further devolution fits within the ongoing dialogue emerging from the Healthier and Fairer Scotland conversations and the Fair Work Convention;

• We urge the Committee to question key UK Government officials and ministers about the potential impact of the recent Emergency Budget announcements and the Welfare Reform and Work Bill on further devolution;

• The Scotland Bill does not appear to transfer true social security powers; it seems only to afford the ability to administer and make limited changes to those benefits being devolved;

• However, the sector remains ambitious that we can use future powers for the greater good and is already considering potential policy and delivery ideas;

• The third sector is debating a strong set of principles for future social security delivery; building on these, we ask the Committee to question UK and Scottish ministers on what principles sit at the heart of negotiations and how the spirit and detail of key human rights conventions will drive further devolution;

• SCVO supports sector calls for an immediate halt to the roll out of PIP; we also call for a halt to measures within the Welfare Reform and Work Bill such as the reduced benefit cap and the sanctions regime. We should continue to push for devolution of conditionality.

• There are concerns that money assigned for benefits would be lost plugging gaps in local services; consequently; there is emerging opposition to devolution of employment powers and benefits to local authority level;

• A good social security system can support participation for all – recognising that not everyone can take up paid work, and that there is social and economic value in care, volunteering and activism.

39 SAMH – response to Welfare Reform Committee, Future Delivery of Social Security, August 2015
Introduction
SCVO welcomes the opportunity to respond to this timely and important inquiry by the Welfare Reform Committee.

The Committee has been one of the most effective in the Scottish Parliament, scrutinizing and challenging both UK and Scottish policy. Such tenacity is important at this time, as we prepare for devolution of social security powers which effectively mark the beginnings of Scotland’s own social security system.

SCVO’s response to this inquiry has been shaped by our close work with a range of third sector organisations, including a recent, large scale event on the new powers held by SCVO and the Scottish Government on 2 July 2015.

Limitations of the Scotland Bill
The third sector has been consistently frustrated at the limited nature of the proposals manifested within the Scotland Bill, and the continued top down, political process which will lead to further devolution.

SCVO and other charities have responded in detail to the Devolution Committee’s inquiry into the Scotland Bill; many have noted that the existing clauses will serve to reduce the policy autonomy which current and future Scottish Governments and Parliaments could have to shape a new approach to social security. Our view is that the Scotland Bill does not transfer true social security powers; in essence it seems that only limited changes could be made to the benefits being devolved.

Moreover, current and future reforms e.g. continued transfer to Personal Independence Payment (PIP) are likely to limit the actual budget which will be attached to the devolution of such benefits. In the case of PIP, the projected 20% cut in spending will lead to a loss of entitlement for unpaid carers. As Engender and others point out, the continued cuts will effectively limit the scope we have to ensure greater equality for key groups.

At each turn, these reforms will exacerbate existing inequalities. Moreover, a significant strand of work to implement the new powers must be a consideration of how we seek to undo the very real damage being done to the lives of those around us. We urge the Committee to bear this in mind in its deliberations.

We remain concerned about the lack of openness and transparency of both the UK parliamentary process for the Scotland Bill and intergovernmental meetings to take forward the new powers. This approach – driven by political expediency – is the antithesis of the principles we outline below, and which politicians say they want to embed in a Scottish system.

The continued reservation of conditionality will create an unnecessary complexity in implementing the new powers. The recent revelation of DWP guidance which acknowledges the damaging effect of sanctions must be used to argue for devolution of conditionality. We call for a halt to the sanctions regime.

Impact of Welfare Reform and Work Bill
We would like to raise concerns with the Committee about the potential impact of the recent Emergency Budget announcements and the Welfare Reform and Work Bill on the devolution of social security powers.
We ask the Committee to question UK Government officials and ministers about any impact assessment of the planned changes e.g. further reduction in benefit cap to £20,000, given it includes benefits to be devolved, such as Carer's Allowance.

**Tackling long term challenges**

The third sector views devolution as an opportunity to consider how we more effectively tackle key economic and social challenges such as poverty and isolation and reduce the divide experienced by key groups in our society e.g. people with disabilities, unpaid carers, women and people in rural/isolated communities.

A recent [Child Poverty Action Group report looking at the costs of bringing up children](https://www.childpovertyactiongroup.org.uk/) indicates an impending “cost of living” crisis for many families. Some of the blame for this lies with the UK Government, the current neo-liberal economic approach and benefit and tax credit cuts.

However, we must also look closer to home. As we prepare for further devolution we must take a long, hard look at how we use current powers in relation to health, social care, education and children’s policy/services. Aside from the ongoing austerity agenda, many more of us will take on a caring role; the current political focus on **attainment and inequality** seems to have left aside the reality of **poverty experienced by disabled people** arising from poorer learning and employment outcomes. We also have the increasingly visible challenges facing **families within social care**.

Understanding and responding to this context will be critical in planning for the implementation of social security and employment powers - for example, devolving disability benefits and then bleeding these dry to pay for ever increasing care charges makes no sense.

Lastly, how further devolution fits within the ongoing dialogue emerging from the Healthier and Fairer Scotland conversations and the Fair Work Convention must also be explored. How we build rights based approaches into priorities which derive from these conversations is important.

**Ambitions for social security devolution**

Even within the bounds of the challenges and limitations outlined above, the third sector retains a level of hope about what Scotland might do differently with greater control over parts of the social security system.

As the Committee will see from responses to this inquiry, the sector is already thinking about the ways in which this next phase of devolution can be used to mitigate some of the damage being done by current policies. It also has greater ambitions; as the sector is rooted in people’s lives and in local communities across the country, it can see how newly transferred powers might be used for greater good.

More importantly, the sector has a strong message for the Scottish Government - people themselves must be at the heart of shaping the new powers, particularly those at the “hard end” of failed policy and struggling public services. If we fail to do this, we fail these individuals and families from the outset.
Principles for further devolution

A wider debate has taken place across the third sector and civil society about the principles which should drive further devolution, particularly in relation to social security and employment powers.

This debate pre-dated the referendum e.g. SCVO’s “Positive Principles” paper and the Scottish Campaign on Welfare Reform. Principles debated include those identified by the Committee e.g. dignity and respect but also include the concept of benefit adequacy and the fact that a good social security system can support participation for all – recognizing that not everyone can take up paid work, and that there is social and economic value in care, volunteering and activism.

A principles driven approach stands in stark contrast to the ideologically driven policies of the UK Government, and its evident determination to take away the social security safety net.

At SCVO’s recent event focused on the new powers, representatives from over 30 community and national third sector organisations identified a strong set of principles which should drive further devolution. Participants also began to identify how these principles would shape the experience of claimants within a Scottish social security system.

We provide an insight into the principles and features below – an extract of the event report provides more detail in Appendix 1:

Based on dignity and respect – the system would be compassionate and respectful; it should seek to empower people and not be vindictive;

Rights based – social security in Scotland would empower people to achieve full rights; it would be based on a right to income adequacy and clear entitlements;

Aspirational - social security should offer people options and opportunities and help them to achieve sustainable outcomes;

Flexible, responsive and sensitive – to people’s life journeys and the specific barriers faced by key groups;

Preventative - social security supports people at appropriate points and isn’t based only on supporting crisis. It should be more than provision of a basic safety net;

Joined up – social security should be clearly linked with other polices and services such as health, social care, housing and transport. There should be a clearer customer journey, with people at the centre. The starting point for the system should not be “administrative convenience”;

For everyone – we should seek to tackle negative attitudes towards claimant. The system must support participation for all, not be limited to a focus on work at any cost. Universal approaches are preferred.

The concept of culture, how staff work within the system and the attitudes of wider society were also seen to be crucial.

As the 1998 Scotland Act which requires Ministers and MSPs to positively take forward key UN Human Rights Conventions, it would seem sensible and indeed proactive if we sought to build the debate, negotiations and implementation of the
new powers on these Conventions from the very beginning. We urge the Committee to question ministers at UK and Scottish level about what is being done to ensure the spirit and detail of these drive further devolution e.g. International Convention on Economic, Social and Cultural Rights, which includes the right to social security, the right to work and to an adequate standard of living.

More widely, the continued inequality experienced by women should be a driver for devolution negotiations.

Narratives

Our work to transfer and implement the new powers must start with a positive narrative - led from the top by the First Minister and all other ministers. This must be a narrative which sees value in all people no matter who they are; which views every citizen as a contributor to society and to the economy. Social security (and other public services) must exist to help make this happen.

The third sector will not tolerate negative language which treats claimants as scroungers. We will campaign hard for a more compassionate system. It’s important that we win back the debate and “talk up” the value and importance of an adequate social security system.

Practical Suggestions for Policy and Delivery

Setting the Scene

Meetings with the third sector hosted by SCVO, the Scottish Campaign on Welfare Reform, and work carried out by Engender and others is beginning to explore delivery ideas – which start from the principles outlined above.

In addition to considering what we might do with the new powers, the sector is looking at what might be made better in the current policy and service context. There are opportunities to seek the kind of outcomes and approaches envisioned by the Christie Commission, which the sector feels has real currency.

The following paragraphs outline some potential policy options linked to social security and employment support devolution:

Disability and carer benefits

Disability and carer benefits serve specific purposes; for DLA/PIP, there is also a preventative function which can delay the need to access more statutory interventions. Maintaining benefits which support the additional costs of disability and which recognise the specific contribution of carers is regarded as being important.

SCVO supports sector calls for an immediate halt to the roll out of PIP40, we also call for a halt to measures within the Welfare Reform and Work Bill such as the reduced benefit cap, and the punitive sanctions regime. Apart from the devastating consequences resulting from these changes for disabled people and unpaid carers,

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40 As above
we believe it is sensible to halt the reforms as they affect benefits to be devolved (including eligibility) as well as the budgets attached to them.

Assessments

The assessment process for disability benefits is being considered in detail by the third sector – please see Inclusion Scotland’s response to this inquiry.

What’s missing from the current system is an understanding that people may recently have received a life changing diagnosis prior to applying for a benefit. They are often left on their own to come to terms with this and navigate complex benefit, care and employment systems.

The sector is asking Ministers and MSPs to consider:

- Reducing unnecessary (and unnecessarily bureaucratic and intrusive) assessments – working in the longer term towards automatic eligibility which could be determined by a trusted professional. Such an approach could help reduce under-claiming, and prevent stress for families often at very difficult times. This could apply to new benefits and to devolved services.

- Ensuring assessments take account of invisible and fluctuating conditions; consider automatic benefit entitlement for those who are terminally ill.

- Focusing on getting people INTO work is not enough. As we shape the new benefits, we must consider how we support people to stay in work when they face ill health or a disability. There must be strong links with improved social care, access to adaptations, rehabilitation, etc. We must examine whether the “Fit for Work” approach driven by the UK Government (and also funded by the Scottish Government), is effective.

- We should push for devolution of Access to Work, suggested by SAMH, Inclusion Scotland and others in their submissions.

- We are supportive of Inclusion Scotland’s call to change the focus of DLA/PIP towards supporting participation – calling it a Participation Allowance would acknowledge and seek to deal with the “narrative” issues outlined above.

Unpaid carers

Policy options could include:

- Consider as soon as possible piloting/supporting paid leave for unpaid carers; even without powers over employment law, more could be done to promote flexible working and its benefits to help carers remain in paid employment;

- Ensure there is holistic support which enables carers to take up learning and training opportunities in a way which works around their caring roles. Carers must also be supported as they seek to plan their journey back into the labour market. For some, that journey will take longer and so the new employment
powers must support outcomes other than paid work e.g. volunteering or retraining.

- There are mixed views about increasing Carer’s Allowance when wider challenges exist – e.g. social care access. However, if the relevant Scotland Bill clause is amended, it could be possible to extend the benefit to currently ineligible carers e.g. full time students.

**Employment support powers**

Whilst the [Youth Employability Strategy](#) acknowledges the challenges faced by young disabled people, it is a concern that disabled people of all ages are still more likely to be at risk of poverty and to be frozen out of the job market or decent jobs.

The Scottish Government’s consultation on the new employment powers must actively consider and respond to the barriers faced by such groups – both in employment and in access to employability support. Engender’s recent report on social security and gender inequality outlines the specific issues for women as they relate to employment and their experience of the Work Programme and other employability interventions.

The third sector has much to say and offer in relation to the transfer of employment support powers. Many organisations work with clients to help them get back into work, take up learning or to access volunteering. Whilst their main purpose may not be employment focused, their support and coaching enables individuals to move towards the labour market and to sustain new jobs.

The devolution of further powers to build on the existing skills and learning infrastructure provides an opportunity to consider the whole range of services and actions needed to help people to find, sustain and progress within employment. Beyond that though, we need to consider how we support people to participate more widely. A participation strategy would say more about the value we place on people, rather than a strict focus on employment.

Some of the features and policy ideas discussed by the sector include:

- Continuing to urge the UK Government to remove the existing restrictions within the relevant Scotland Bill clause to enable us to create tailored support and to ensure that the new powers do not restrict access to employment assistance beyond those currently specified in the clause.
- Creating a personalised approach to employment support, starting with the needs of the individual and constructing services and delivery models around this.
- A key worker approach has been suggested as a strong model of support; individual placement and support models are also positively evaluated for people facing specific challenges in securing employment;
• *Progression* – supporting and valuing progress towards employment, not just “job outcomes”.

• Employability programmes must be *holistically designed* to support sustainable outcomes e.g. employment and tenancy

• *Geography* – What models of support can reach into isolated, rural areas? How do we bring decent jobs into those areas?

• Not having *control over Jobcentre Plus activity* is a missed opportunity and the sector will continue to push for this.

There must be a clear link between disability and carer benefits and employability support. There should be an appropriate offer of support available from day 1 - to remain in work, find work or plan a journey back into work. There must also be a focus on achieving income adequacy for those who cannot work.

**Regulated Social Fund (RSF)**

At SCVO’s “Future Powers” event in July, third sector participants considered a range of ideas for the RSF and its different elements. We do not specifically recommend these ideas, but offer them up for debate as part of the Committee inquiry:

*Fuel/Cold Weather Payments*

• Consider offering people the chance to opt out of receiving cold weather and winter fuel payments if they don’t need them. Funds not used/unclaimed or saved could be redirected into a fund for fuel poverty.

• Sector representatives have identified the need to link plans for these benefits with immediate and longer term talks with power companies about ongoing home fuel costs.

*Sure Start Maternity Grants*

There have been some suggestions that Sure Start grants could be delivered through the NHS, but such a proposal would need to be examined further.

Having a fund/cash (as opposed to vouchers, in-kind) is deemed to be the most empowering approach – it gives choice to families and allows money to be spent on what is needed.

There are suggestions that we should look beyond our own borders for ideas to better support young babies e.g.; the Finland “Baby Box” idea, which provides a starter kit for all babies. It’s worth noting that families can take a cash alternative rather than receiving the box.
**Funeral Payments**

Alternative methods should be explored to avoid the need for this fund – e.g. insurance through credit unions, savings advice etc. We also need to find avenues to develop lower cost funerals, including tackling increased local authority costs for cremations.

**Universal Credit (UC) Administrative Flexibilities**

There is third sector support for the Scottish Government’s aims in relation to planned UC flexibilities; Engender has called for these to be immediately devolved through a Section 30 order. This would seem to be a sensible approach, and it would be timely to do this now before UC trials expand across the UK.

More widely, there is a strong sense that choice should drive how the UC flexibilities work. The system should not just decide on their behalf; it should be flexible, so if a person’s circumstances change, it is not difficult to alter what they have set up.

**Delivery Mechanisms**

There is a strong, emerging opposition to local authority delivery of the new benefits; and direct devolution of employment powers to local authorities. There are concerns that money assigned for benefits would be lost plugging gaps in local services. In addition, direct devolution to local authorities without a Scotland wide debate about how we use these powers/where they should sit would serve to undermine trust at a time when faith in the current social security system is fractured.

The Child Poverty Action Group in Scotland has argued for a national delivery model. A national framework with local hubs/points of access has been discussed by the sector and face to face support for individuals and claimants is deemed to be important.

In order to protect claimants and to ensure effective planning, there is recognition that a delivery agreement with the DWP for a short period of time could help minimise the risk to claimants - the current system is already in transition, and there is a feeling that we shouldn’t add to this pressure. In any scenario though, strong intergovernmental relationships are important.

How we operate these benefits must be transparent and simple; less complex language must be used. In the longer term, a fresh start is likely to be necessary to ensure the right culture/processes from the outset.

As ministers negotiate further devolution, there is an opportunity to deal with the bureaucracy that surrounds the current DWP system across the UK. Negotiations could seek to iron out solutions to maladministration and delays which often push people into crisis situations.

Our starting point must be what we want to achieve with further devolution – what wider outcomes are we seeking? Deciding on a delivery mechanism can then follow on from this.
Key Messages/Conclusion

Throughout our work with the sector in examining the future of social security delivery and further devolution, a number of themes and messages have emerged time and time again. These include:

- Looking at the new powers in isolation will represent a missed opportunity;
- The UK Government isn't always to blame and we must examine the challenges and gaps in key services such as social care, housing and employability support.
- We must consider how services could be reshaped to better enable those who are lagging behind to enjoy the best opportunities to thrive and participate.
- Finances are tight – but that must not hinder our ambition or imagination.
- The sector will lobby hard for the new powers to be used in a way which helps people to move out of poverty and which tackles long term and existing barriers faced by particular groups e.g. people with disabilities, carers and others.

The third sector has an expertise which extends to a deep understanding of how the current system works. Some organisations are well able to identify challenges which will arise from devolution and how this in turn might impact on people’s lives - that expertise must be brought into the processes supporting the Joint Ministerial Working Group and teams responsible for planning for further devolution.

There are welcome moves to open up the debate about how we use new social security powers e.g. dialogue app for carers benefits. Consultation with the third sector and – more importantly – with claimants – must however lead to real change and a more compassionate system. We urge the Committee to question Ministers on what they are learning from current engagement and how they plan to use this intelligence. We believe that people who know about and have experience of social security can often be the ones who offer up solutions for many of the challenges Ministers and officials are currently considering.

The First Minister has committed her government to being open and transparent. This openness must be evident in the coming months and years as further devolution unfolds. The process thus far has been political and does not “serve the people” who rely on the social security system. That must change.
# Appendix 1

Principles and features of a new Scottish Social Security system

<table>
<thead>
<tr>
<th>Principles of social security</th>
<th>How manifested? (Features)</th>
</tr>
</thead>
</table>
| **Based on dignity and respect** | • Compassionate  
• Respectful  
• Friendly and supportive  
• A humane system which empowers people.  
• More carrot, less stick.  
• Compassionate, not vindictive. |
| **Rights based** | • Empower people to achieve full rights  
• Based on right to income adequacy  
• Based on clear entitlements  
• People understand their rights/know what to expect. |
| **Aspirational** | Offers people options and opportunities and helps them to achieve sustainable outcomes. |
| **Person-centred** | • Based around people  
• Done “with them” not “to them”  
• Empowering - not punitive or stigmatising  
• Focus on needs, not labels  
• Helps build resilience - not destroy or diminish it. |
| **Social investment** | • Everyone benefits – all citizens are enabled to play a fuller part in society.  
• We invest in people, we don’t pull the rug out from under them. |
| **Adequacy** | • Income adequacy for all who are part of it – a proper safety net.  
• Levels of benefit help with additional costs e.g. arising from disability.  
• No need for emergency charitable support – state safety net sufficient to avoid need for crisis support. |
| Simple but complex! | Recognition that for a more responsive system, some complexity may be necessary. Where possible though, benefits/new system must be:  
• Simple – clear point of access  
• Complex enough to meet diversity of needs  
• Transparent and accountable to the public and to service users. |
| --- | --- |
| Choice | • People have choice in support available and when/where they can access it.  
• Access to a range of services, in a range of ways - free, local, face to face and digital. |
| Accessibility | • Clear communication with claimants.  
• The system and how it operates is understandable - to wider public as well as claimants. |
| Universal welfare system | Open, accessible, and encourages people to participate, live full lives and contribute to their communities – an end to “us and them”. |
| Flexible, responsive, sensitive | • Recognises and responds to people’s life journey/life course.  
• Aware of the specific barriers people face; sensitive to their situations - individualised support.  
• Experienced staff who are sympathetic and understand these barriers.  
• Staff are empowered to assist people, not bound by inflexible regulations and conditionality |
| Common sense | Doesn’t make people’s lives more difficult; easy to understand and navigate |
| Trusted/honest | • Trusted by claimants and wider public;  
• Honest about what it can do, and people should always be at the heart.  
• Accountable to claimants  
• Trusting people and believing in them. |
<table>
<thead>
<tr>
<th>Preventative</th>
<th>Supports people at appropriate points and isn't based only on crisis/basic safety nets. It should be much more than this. Proactive, not reactive.</th>
</tr>
</thead>
</table>
| Joined up    | • Clearly linked with other policies/services (e.g. health, social care, transport); clearer customer journey with people at the centre.  
• Clear, considered and holistic approach which takes account of the people, services and systems involved. |
| A system for everyone - not based on “them and us”. | • We tackle negative attitudes towards claimants.  
• Recognises that the route out of poverty is not always paid work.  
• Lifts those who cannot work and enables them to feel valued and contribute. |
| Clear outcomes | • Measuring success easy; smarter objectives built into the system.  
• Test and learn approach - stop making the same mistakes!  
• Live up to best international practice and standards. |
| Tackling poverty and inequality | • Level of benefits meet costs and recognise extra costs faced some groups  
• Look at eligibility (e.g. expansion of groups covered in current system)  
• Support people to live a life free from poverty, in or out of work. |
Annexe B

WELFARE REFORM COMMITTEE
THE FUTURE DELIVERY OF SOCIAL SECURITY IN SCOTLAND
ADDITIONAL WRITTEN SUBMISSION FROM COSLA CONCERNING
EMPLOYABILITY SUPPORT

“Local by Default, National by Agreement”

Background

1. Local Government has a strategic interest in employability because of its relationship to the wellbeing of their communities and economic development in their areas. It is recognised that the collective strength and wellbeing of any community will be heavily influenced by the level and quality of employment enjoyed by its citizens.

2. Employment is recognised as the main route out of poverty, inequality and disadvantage and Local Government already makes a significant contribution fully exploiting their powers and responsibilities as corporate bodies to maximise the economic footprint delivering local employment. However, there is potential for councils to do much more with additional powers and levers. The value of local discretion, accountability and financial flexibility in the design and delivery of employment support services to meet local needs should not be underestimated.

3. A reduction in bureaucracy and de-cluttering of the landscape would help to deliver additional efficiencies. This could help to re-focus resources towards the preventative approach promoted by Local Government as there are significant correlations between unemployment, low income and health outcomes. The better alignment with other Council services targeting those receiving other local government services would enable a whole person whole system approach to tackling the root cause of poverty, inequality and disadvantage not only dealing with the consequences/symptoms.

4. “Local by default, national by design,” seeks to ensure that Local Democracy is respected and empowered but with a clear aim of improving outcomes and that the Community Planning Structures through the duties included in the Community Empowerment (Scotland) Act 2015 become the main vehicle for the delivery of employability support services.

Response to Consultation

Delivery Structure

5. Employability Pipelines - Local Government has significant experience and expertise in delivering employability and advocates that a new employment support service should be built on an all age 5 stage approach to delivery as adopted in the Local Government Employability Pipelines. Services should be based on a consistent assessment of need with appropriate data sharing agreements to enable a single system approach. Employability pipelines have been successful to date in supporting the hardest to help job seekers but have been hampered by the existence of national

41 This submission was also made to the Scottish Government Fairer Scotland Consultation.
initiatives which don’t integrate locally. We are calling for the integration of new devolved powers and resources into the Local Employability Pipelines as this will reduce duplication, increase alignment, improve data sharing, reduce silo funding and ultimately improve outcomes. Young jobseekers should be included in this universal approach as there has been an artificial separation of employment support based on age when it should be provided based on needs. There is a consensus that silo funding is a major drag on performance in Scotland – Scottish Government must avoid this with the new resources.

6. **Third Sector** - We believe that the third sector have a key role to play as part of a Community Planning Partnership approach and there is good evidence of their contribution to local employability pipelines. The scope and potential of third sector involvement should be locally determined and based on ability to deliver a quality service, imposed by a centrally designed and implemented programme. The role of national third sector organisations needs greater clarity as we believe decentralisation is the key to effective delivery.

7. **Menu of Support** - The “black box” approach to the work programme was an attempt to allow providers the flexibility to design individualised interventions for the unemployed. We would support this principle but believe that in practice this has resulted in a lack of transparency and accountability. What we believe is required is a “grey box” where providers can design local and individualised solutions but there are core service offerings and standards which are clear to the service users. Councils are not convinced that mandating people to programmes on the basis of length of unemployment or benefit group is an appropriate approach. The introduction of Universal Credit is likely to make this approach more problematic. We believe consideration should be given to independent common assessment of need, which could fit into the pipeline approach in Scotland and ensure people received support appropriate to them.

8. **Common Quality Standards and Definitions** - The Future Employment Support Services must be based on clear and common quality standards and definitions - A system based on entitlement in response to identified needs rather than on mandating and conditionality. There is little evidence that the current approaches work. As this is reserved matter, we call on the UK Government to listen to the concerns from Scotland and maximise the flexibility available to Scotland to apply a different approach.

9. **Payment Models and Targets** - We believe we should be learning lessons from the current UK Work Programme in relation to funding models moving forward. Targets and payment methods often drive the wrong behaviours and work against a client centred approach therefore we believe that a new payment model and targets must recognise progression, milestone outputs as well as outcomes. The payment model should incentivise work with the most disadvantaged. Differential pricing is supported but only in a not for profit delivery landscape, where providers can “afford” to support those most disadvantaged and avoid the “parking and creaming” of jobseekers that has been evident in other payment by result models. Rather than continuing to offer higher and higher prices, which we don’t believe will every truly address this issue – we believe now is the time to accept that customer needs should be prioritised above commercial interests. We recognise that this is challenging in a period of reducing public sector finances and we call for programmes aimed at the hardest to help to be

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devolved to Local government to ensure maximum effort is supported and aligned with the EU Employability pipeline approach for those with multiple barriers.

10. Delivery Areas - Current Scotland wide contracts for Work Programme and Work Choice have failed to adequately address differences in local labour markets and infrastructure. The most significant investment in employability provision over the next 5 years is through the ESF programme, and this is being managed at local authority level – we believe this is the right approach and any new programmes should follow this approach. While our position is that management of devolved powers and resources should by default be managed at local authority level, we recognise the benefits of economies of scale and cross border co-operation and we fully expect that local government would work together on managing new resources. (We note, for example the difficulties that might exist for local authority areas bordering England or the need to adapt service delivery to the particular circumstances of the Island authorities).

However such joint working should be voluntary and should emerge focused on travel to work areas, rather than arbitrary administrative geographies centrally imposed.

11. Contract Duration - We believe the 5 year contracts pioneered through the UK Work Programme, do have benefits in terms of long term planning and creating infrastructure that is embedded locally. We would advocate that any new funding and programmes should be at least 3 years in length, with significant flexibility to extend built into arrangements. However, we would question the need for national contracting and would call for due consideration of a grant settlement approach with local government within a national agreed framework again for a minimum 3 year period with a fair and transparent allocations and distribution methodology based on need.

12. Branding - Our objectives outlined throughout this position statement in response to the consultation on the future of Scotland’s Employment Support Services are aimed at creating a local, coherent, responsive and effective employability pipeline. A single branding in each area is vital to reduce confusion, providing a single gateway for job seekers. This can incorporate a nationally recognised branding with local application.

13. National Agreement – Finally in concluding our position we reference our starting point “local by default, national by agreement” and as such it is important Local Government makes clear where it believes there is scope for national agreements to be put in place which will give Scottish Government confidence and assist councils in implementing a consistent and coherent approach. We believe there is scope and potential and in response to the needs identified by the Cambridge Policy Consultant’s report to better understand what works for who and what cost it would be important to develop and agree:

- National performance framework
- National IT reporting and payment system
- National approach to audit
- National definitions
- National programme management board
Conclusion

Local Government in Scotland is clear that devolution of employability spend from UK Government to Scotland provides an opportunity for transformational change, we recognise that this will take time and that we will require a clear route-map for change. We advocate that this should be “local by default, national by agreement”. Evidence demonstrates that centralised approaches have failed and a fundamental new approach is required. With the co-operation of UK and Scottish Government in partnership with Local Government a new approach and improved system is possible – Local Government is keen to be at the heart of this new approach in the spirit of participative democracy asks Scottish Government to respect, empower and strengthen local democracy by accepting that new programmes should be “local by default, national by agreement”.

Annexe C

- Aberdeen City (128KB pdf)
- Aberdeenshire Council (131KB pdf)
- Aberlour (185KB pdf)
- Action for M.E. (187KB pdf)
- Age Scotland (160KB pdf)
- Alzheimer Scotland (330KB pdf)
- Angus Council (150KB pdf)
- Anonymous written submission 1 (11KB pdf)
- Anonymous written submission 2 (87KB pdf)
- Anonymous written submission 3 (65KB pdf)
- Argyll & Bute Council (205KB pdf)
- Barnardo's Scotland (222KB pdf)
- Butterfly Trust (70KB pdf)
- Carers Scotland (215KB pdf)
- Carers Trust Scotland (371KB pdf)
- Castlerock Edinvar (96KB pdf)
- Chartered Institute of Housing (CIH) (296KB pdf)
- Children 1st (163KB pdf)
- Citizen's Advice Scotland (CAS) (399KB pdf)
- Citizen's Advice Scotland - supplementary submission (1067KB pdf)
- Claire Schiavone (81KB pdf)
- Close the Gap (255KB pdf) (new submission)
- Cornerstone (69KB pdf)
- COSLA (157KB pdf)
- COSLA - supplementary submission (151KB pdf)
- CPAG Scotland (464KB pdf)
- Crisis (113KB pdf)
- Dundee City Council (277KB pdf)
- East Ayrshire CPP (135KB pdf)
- East Dunbartonshire Council (128KB pdf)
- Edinburgh City Council (144KB pdf)
- Employment Support Scotland (218KB pdf) (new submission)
- ENABLE Scotland (210 KB pdf)
- Falkirk Council (185KB pdf)
- Glasgow Council of Voluntary Services (268KB pdf)
- Health and Social Care Alliance Scotland (214KB pdf)
- Highland Council (258KB pdf)
- Horizon Housing Association and Blackwood Care Home (88KB pdf)
- Housing Support Enabling Unit & Coalition of Care Providers Scotland (379KB pdf)
- Ian Wallace (6KB pdf)
- Inclusion Scotland (372KB pdf)
- Inclusion Scotland - supplementary (279KB pdf) (new submission)
- Inverclyde Health and Social Care Partnership (138KB pdf)
- Jennie Kermode (136KB pdf)
- John Cunningham (73KB pdf)
- Joseph Rowntree Foundation (JRF) (235KB pdf)
- Lesley McDade (106KB pdf)
• Louise Smith (73KB pdf)
• Low Income Tax Reform Group (174KB pdf)
• Macmillan Cancer Support (66KB pdf)
• Marie Curie (162KB pdf)
• Maternity Action (92KB pdf)
• MND Scotland (175KB pdf)
• Moray Council (299KB pdf)
• MS Society (111KB pdf)
• Mydex CIC (147KB pdf)
• National Deaf Children’s Society (213KB pdf)
• NHS Lanarkshire (181KB pdf)
• Norman Gray (70KB pdf)
• North Ayrshire Council (159KB pdf)
• North Lanarkshire Council (154KB pdf)
• One Parent Families Scotland (458KB pdf)
• Parkinsons UK (245KB pdf)
• PCS Scotland (165KB pdf)
• Perth & Kinross Council (298KB pdf)
• Policy Scotland Welfare Reform Network (232KB pdf)
• Poverty Alliance (97KB pdf)
• Professor David Bell (652KB pdf)
• Professor Kirstein Rummery (263KB pdf)
• Professor Paul Spicker (207KB pdf)
• Prospect Community Housing (71KB pdf)
• Psychologists Against Austerity Scotland (8KB pdf)
• Quarriers (226KB pdf)
• Reed in Partnership (33KB pdf)
• Renfrewshire Council (172KB pdf)
• Rights Advice Scotland (153KB pdf)
• Salvation Army (162KB pdf)
• Scottish Association of Mental Health (SAMH) (294KB pdf)
• Scottish Association of Mental Health (SAMH) - supplementary (141KB pdf) (new submission)
• Scottish Borders Council (133KB pdf)
• Scottish Women’s Convention (134KB pdf)
• Scottish Council Voluntary Organisations (SCVO) (393KB pdf)
• Scottish Disability Equality Forum (141KB pdf)
• Scottish Federation of Housing Associations (SFHA) (173KB pdf)
• Shaw Trust (288KB pdf) (new submission)
• Shelter Scotland (78KB pdf)
• Shetland Islands Council (82KB pdf)
• Social Work Scotland (177KB pdf) (new submission)
• South Lanarkshire Council (160KB pdf)
• VocalLink (97KB pdf)
• West Dunbartonshire Council (121KB pdf)
• Working Links (170KB pdf) (new submission)
The Smith Commission proposed further devolution of employment programmes. The Scotland Bill, as introduced, would in effect, devolve the Work Programme (which is aimed at those at risk of long term unemployment) and Work Choice (for disabled people). This briefing sets out the current provision for employment support in reserved and devolved areas before summarising the progress of proposals for further devolution.
EXECUTIVE SUMMARY

There is a complex mix of provision, including both reserved and devolved programmes, to help people who need extra support to get a job.

The Scotland Bill provides for further devolution of such programmes. While there is on-going debate about the exact scope of the Smith Commission’s recommendations, both administrations agree that two current Department of Work and Pensions (DWP) programmes will be devolved from April 2017. These are: the Work Programme for the long term unemployed and Work Choice for disabled people.

The Scotland Bill does not provide for the devolution of benefits conditionality and sanctions requirements. This would mean that, where a claimant refuses to take part in the Scottish replacement for the Work Programme, their benefit could be cut by DWP.

There are already a number of programmes supported by the Scottish Government with the general aim of assisting people into employment, with a particular focus on youth unemployment. A wide range of organisations is involved in funding and delivery, including charities, local government, training and qualification providers, Scottish Government and the European Union.

There is a range of partnership arrangements at national and local level. Often these include representatives of Jobcentre Plus or DWP as well as devolved organisations. Partnerships include the Scottish Employability Forum and the National Delivery Group which bring together representatives at a national level and Local Employability Partnerships which oversee local delivery.

In terms of participation, the Work Programme is the largest of the employability programmes covered in this briefing. The next largest is a devolved programme - the Employability Fund the majority of which is administered by Skills Development Scotland.

The Scottish Government is currently consulting on how it will re-shape the Work Programme and Work Choice in the context of existing employment support in Scotland.
WHAT IS EMPLOYMENT SUPPORT?

There is a very wide range of policy areas that contribute to supporting individuals in obtaining and sustaining employment. Vocational education, careers advice and economic development support employability. However, there are more specific employment programmes aimed at helping adults not in work to gain employment through job matching, advice, personal development and work experience.

These types of programme are run at both devolved and reserved levels. The largest is the 'Work Programme' run by the Department of Work and Pensions (DWP). At a devolved level the largest is the Employability Fund, which is administered by Skills Development Scotland (SDS).

The Scottish Government has developed an ‘employability pipeline’ as a framework for policy. This has five stages from initial engagement activity, to support, to sustaining employment. The support offered by employment support programmes can be mapped to the different stages of the pipeline.

- stage 1: referral and engagement activity for those furthest from the job market
- stage 2: needs assessment. eg careers advice
- stage 3: vocational activity, including confidence building and core skills
- stage 4: employer management and job matching
- stage 5: in-work/aftercare including supported employment and further career development.

LABOUR MARKET DATA

Employment programmes are designed for those who need extra help to get a job. In early 2015, there were 162,000 unemployed people in Scotland, around half of whom had been unemployed for less than six months. However, around a fifth (32,000 people) had been unemployed for 2 years or more.

Unemployment by duration, Jan to Mar 2015, Scotland:

<table>
<thead>
<tr>
<th>Duration</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>up to 6 months</td>
<td>80,000</td>
</tr>
<tr>
<td>6 to 12 months</td>
<td>30,000</td>
</tr>
<tr>
<td>1 to 2 years</td>
<td>20,000</td>
</tr>
<tr>
<td>2 years +</td>
<td>32,000</td>
</tr>
</tbody>
</table>

(Table Q2, Scottish Government 2015a)

Some groups tend to have more difficulty than others in gaining employment, in particular disabled people and young people. In April to June 2015 the unemployment rate for disabled people in Scotland (using Equality Act definition of disability) was 12%, compared to 5% for non-disabled people (Table Q4, Scottish Government 2015b). In 2014/15 the unemployment rate for young people (16 to 24 year olds), excluding those in full time education, was 16.3% (Table Y6b, Scottish Government 2015b).
The Scottish Government has a particular focus on youth employment. See for example its *Youth Employment Strategy*, published in December 2014 which responds to the ‘Wood Commission’ on developing Scotland’s young workforce (Scottish Government 2014a).

In Scotland in November 2014 there were around 78,000 Job Seekers Allowance (JSA) claimants, and around 67,000 claimants of Employment and Support Allowance who were in the ‘work related activity group’ (ESA-WRAG) (DWP Tabulation tool). These are the main groups subject to DWP mandatory employment programmes.

**KEY ORGANISATIONS**

A wide range of organisations is involved in the delivery of employment support. The following lists some of the key organisations and partnerships.

- **Jobcentre Plus** is part of the DWP. It is the frontline administrator of welfare benefits, provides job search support and advice as well as a recruitment service for employers. It provides some employment support directly (e.g., advice and assistance with job search) and refers clients to other, contracted out provision.

- **Skills Development Scotland** (SDS) is an executive non-departmental public body which provides a range of careers advice and skills development. Its two largest programmes are Modern Apprenticeships and the Employability Fund. Their total grant in aid from the Scottish Government is £184m for 2015/16 (Scottish Government 2014b). They also access European Union Funding. A recent Scottish Government discussion paper stated that: "SDS will play a leading role in developing and implementing Scotland's future employability services." (Scottish Government 2015c)

- **Scottish Funding Council** is a statutory public body which funds further and higher education on behalf of the Scottish Government. Its funding for further education includes funding colleges to make provision for courses aimed at improving employability skills.

- **Scottish Qualifications Agency** is a statutory public body which develops, administers and approves qualifications in Scotland. Its catalogue includes qualifications aimed at improving employability skills.

- **Local Authorities** deliver both DWP, SDS and European Union funded provision, as well as making their own provision. They lead local employability partnerships.

Many employment programmes contract out their provision, and sometimes also sub-contract. As a result there is a large range of different organisations involved in the actual delivery of support including small and large private, voluntary and public sector providers.

For a more in depth discussion on the different types of employability support available in Scotland and the issues involved in developing estimates of spend see Cambridge Policy Consultants 2014.

The need for partnership working is well recognised and there is a variety of partnership arrangements including:

- **Scottish Employability Forum**, chaired by representatives from the DWP, Scottish Government and COSLA, aims to bring together government and delivery bodies.

- **National Delivery Group** brings together local authorities, their partners and national organisations.
• **Local Employability Partnerships** involve local authorities, Jobcentre Plus, SDS, local colleges, the third sector and the NHS. They oversee local delivery of employment support. This includes programmes funded from a range of sources such as DWP, SDS, Scottish Government and the European Union.

• **Third Sector employability forum** meets twice a year and works to develop the capacity of the sector in relation to both policy development and the delivery of employability services funded by the Scottish and UK Governments. There are an estimated 400 third sector organisations active in the employability agenda in Scotland (employability in Scotland web site)

• **Welfare Reform, Health and Employability Delivery Group** brings together NHS policy staff with an interest in employability.

The next section of this paper gives a short summary of the main reserved and devolved employment programmes before considering proposals in the Scotland Bill.

**DWP PROGRAMMES**

**Mandatory Work Activity**

This contracted programme consists of a four week unpaid work placement for Job Seekers Allowance (JSA) claimants. A claimant can be referred to the programme by Jobcentre Plus and once referred, participation is mandatory. It is intended to help people: "move closer to the labour market by helping them re-engage with the system, refocus their job search and gain work-related disciplines, whilst also contributing to the local community" (DWP policy description in MWA statistics). The contractor for MWA in Scotland is Learndirect Ltd. Between May 2011, when the scheme started, and February 2015, over 10,000 people in Scotland undertook Mandatory Work Activity (DWP 2015a).

**Youth Contract**

This programme provides help and support primarily targeted at 18- to 24-year-olds. There are currently two elements: work experience and sector based work academy. Until recently it also included a wage incentive scheme. Once a person is referred to the programme, attendance is mandatory.

- Work experience placements last from 2 to 8 weeks and are designed for those with little or no work experience. It is organised by Jobcentre staff. In Scotland, 18,280 18 to 24 year olds undertook these placements between April 2012 and November 2014.
- A Sector Based Work Academy offers pre-employment training, work experience and a guaranteed work interview. It is designed for those on JSA and ESA (Work related activity group). Between April 2012 and November 2014 8,550 18 to 24 year olds in Scotland have participated. It is also available to people over 24, outwith the youth contract.
- Wage incentive payments finished in 2015. These were available to employers if they employed someone who had been claiming JSA for at least 6 months.

(DWP 2015b)

The July 2015 budget included proposals for a Youth Obligation. From April 2017, young people will participate in "an intensive regime of support from day 1 of their benefit claim, and after 6 months they will be expected to apply for an apprenticeship or traineeship, gain work-
based skills or go on a mandatory work placements to give them the skills they need to move into sustainable employment." (HM Treasury 2015).

**New Enterprise Allowance**

This provides help for JSA and ESA-WRAG claimants who want to start their own business. Between April 2011 and March 2015 in Scotland 12,830 people received mentoring under this programme, and 6,580 started their own business. The scheme provides participants with £1,274 in total over 26 weeks (DWP 2015c).

**Help to Work**

This programme was introduced from April 2014 for those who were still unemployed after completing the Work Programme. It provides

- Mandatory Community Work Placements for up to 6 months.
- Daily signing on at the Jobcentre until they find work; or
- For claimants with more complex barriers to work, such as literacy or numeracy issues, to take part in “intensive support to address their problems”.

The contractor in Scotland for the Community Work Placement element is Learn Direct Scotland Ltd.

**Access to Work**

Access to Work is a fund for disabled people for assistance with work related costs. A range of support can be applied for, such as adapting premises to meet an individual’s needs, or paying a support worker. It can also pay towards the cost of getting to work if an individual cannot use public transport. Across Great Britain as a whole, nearly 37,000 people were supported through this scheme in 2014/15 (DWP 2015d). In March 2015 the UK Government announced changes to this scheme, including capping the maximum available award (DWP 2015e).

**Work Choice**

This is a voluntary scheme for disabled people who need extra help to find and sustain employment. There are three levels of help:

- Work Entry Support – advice and guidance for up to 6 months.
- In-work support – help to start and stay in work for up to 2 years
- Longer-term support – moving towards working without support. This is not time limited.

People are referred to Work Choice by a Jobcentre Plus Disability Employment Advisor who then works with contractors for the area. Since it was introduced there have been nearly 12,000 referrals to Work Choice in Scotland, leading to 9,510 starts on the programme and 4,370 job outcomes (i.e moving into supported or un-supported employment) (DWP 2015f).

The main contractors in Scotland are Momentum Skills and Shaw Trust who in turn sub-contract to 19 suppliers (Scottish Government 2015c).

Providers receive a service fee for each individual who starts Work Choice. They receive a further payment if that individual obtains a job and a final payment if that job is sustained unsupported for at least 6 months.
Work Programme

This is the largest contracted employment support programme run by the DWP. Between June 2011 and March 2015 around 39,000 people in Scotland have been supported into work through the Work Programme out of 167,000 referrals (DWP 2015g).

The elements of support provided in the Work Programme vary, but typically include regular contact with an adviser, an assessment of the employment needs of the individual, help with searching for suitable jobs and preparing for interview, and IT support and training.

The Work Programme is delivered in Scotland by Ingeus and Working Links. These prime contractors sub-contract to 49 suppliers. The Work Programme is based on payment by results. The detail of provision is decided by the contractor, and they get paid for achieving certain outcomes (Scottish Government 2015c).

Current Work Programme contracts throughout Great Britain expire in March 2017. In addition to the planned devolution in Scotland, the UK Government has committed to working with a number of areas through City Deals\(^1\). For example, there is an agreement that Greater Manchester will co-commission the next iteration of the Work Programme with DWP (Greater Manchester Combined Authority 2014).

Other Jobcentre support

Jobcentres also have flexibility to vary the timing, length and number of more in-depth, work-focused interviews in which advisers offer support and advice and can refer claimants to external sources of support where appropriate. They can also use the ‘flexible support fund’ to help clients with expenses and refer them to training as part of skills conditionality.

Flexible Support Fund

This Jobcentre Plus fund can be used to cover expenses such as travel and childcare costs of attending job interviews, and to purchase external provision, such as education and training courses. Payments are made at the discretion of local Jobcentre Plus managers.

Skills Conditionality

Jobcentre staff have discretion to refer clients to training which includes basic skills (English, numeracy, literacy), occupational skills, employability skills and the English Language Requirement. Once referred, participation is mandatory and applies to JSA claimants and ESA claimants that are in the ‘work related activity group’. Between June 2012 and February 2015, 5,130 people started training under ‘skills conditionality’ in Scotland (DWP 2015a).

There is a separate scheme in Scotland which is not mandatory – English for Speakers of Other Languages (Scottish Government personal communication).

The table below provides information on various DWP employment programmes, indicating whether they are:

- mandatory or voluntary,
- contracted or non-contracted, and
- how long they last.

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\(^1\) These are agreements between the UK Government and cities/regions see: [https://www.gov.uk/government/policies/city-deals-and-growth-deals?page=1](https://www.gov.uk/government/policies/city-deals-and-growth-deals?page=1) In Scotland, the Scottish Government is also part of the agreement. There are City Deals in Glasgow and Clyde Valley and Inverness.
<table>
<thead>
<tr>
<th>Scheme</th>
<th>Clients</th>
<th>Participation</th>
<th>Contract</th>
<th>Length</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandatory Work Activity</td>
<td>JSA, some UC</td>
<td>Mandatory</td>
<td>A4E</td>
<td>4 weeks</td>
</tr>
<tr>
<td>Youth Contract:</td>
<td>JSA, ESA-WRAG, some UC, focus on 18 to 24 yr olds</td>
<td>Mandatory once referred</td>
<td>n/a</td>
<td>2 to 8 weeks for work experience</td>
</tr>
<tr>
<td>Work Programme</td>
<td>JSA, some ESA, IB and IS</td>
<td>Mandatory for JSA and some ESA, voluntary for IB and IS.</td>
<td>Ingeus and Working Links</td>
<td>2 years</td>
</tr>
<tr>
<td>Work Choice</td>
<td>Disabled people</td>
<td>Voluntary</td>
<td>Shaw Trust and Momentum</td>
<td>Work Entry Support up to 6 months. In-work support up to two years or longer.</td>
</tr>
<tr>
<td>Help to Work</td>
<td>Unemployed work programme completers</td>
<td>Mandatory</td>
<td>Community placements contracted to learndirect</td>
<td>Up to 6 months</td>
</tr>
<tr>
<td>Access to Work</td>
<td>Disabled people</td>
<td>Voluntary</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>New Enterprise Allowance</td>
<td>JSA, ESA-WRAG, some IS and UC</td>
<td>Voluntary</td>
<td>n/a</td>
<td>26 weeks</td>
</tr>
</tbody>
</table>

JSA: job seekers allowance  
ESA-WRAG: Employment and Support Allowance Work Related Activity Group  
IS: Income Support  
UC: universal credit  
IB: incapacity benefit

**SANCTIONS AND CONDITIONALITY**

Although the Work Programme will be devolved, the sanctions regime remains reserved. Claimants who fail to attend a mandatory programme have deductions made to their benefits. Around 110,000 sanction referrals were made in Scotland in 2014. Around a third of these related to the Work Programme (37,775). However, not all of these referrals resulted in a sanction being applied. In Scotland in 2014, a total of 55,864 ‘adverse sanctions’ were applied to JSA claimants of which around 16% were due to failure to participate in the Work Programme without good reason. In addition, there were 8,745 sanction referrals for those on ESA for failure to participate in work related activity resulting in 2,566 sanctions being applied\(^2\) (DWP statXplore, Scottish Government 2015d, Scottish Government 2015e).

**DEVOLVED PROGRAMMES**

Through the existing devolution of education, training and skills, the Scottish Government has been able to develop a range of programmes that assist people in finding and sustaining employment. While it could be argued that all vocational education and training meets this aim, the following focuses on programmes for those who need extra help in securing employment. It therefore does not include mainstream provision such as the Careers Service or Modern Apprenticeships.

None of the devolved programmes are mandatory, or form a condition for receiving welfare benefits. The devolved programmes are a mixture of:

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\(^2\) Only those in the Work Related Activity Group are required to take part in job search activity. Around 27% of ESA claimants are in this group.
core skills training, personal development and support to further training
work experience – paid and unpaid
recruitment incentives

In practice a local provider might access funding from a range of sources – DWP, European Union, Scottish Government and charities. For example, a training provider might be a subcontractor for the Work Programme as well as a contractor to SDS for the employability programme and provide services on behalf of the local authority. This creates a very complex mix of provision.

**Employability Fund**

This programme is administered mainly by SDS and the type of activity support includes:

- core skills development, personal and life skills
- work experience
- vocational training linked to the local labour market
- industry specific qualifications

Broad eligibility is people who have been unemployed for 13 weeks and those under threat of redundancy.

The Employability Fund has been £52m annually since it began in 2013/14. Of this, £18m is provided through the Scottish Funding Council for college places and £34m is administered through contracts by SDS. The £34 million SDS tranche delivers 17,150 individual training places in each year. The £18m is allocated by the Scottish Funding Council to college regions to deliver employability training with a particular focus on 16 to 19 year olds (Scottish Government personal communication).

The majority of the fund, administered by SDS, is delivered by a range of organisations under contract to SDS and payments are made when a participant:

- starts on the scheme (£750)
- achieves an outcome or an output

Outputs relate to completing certain levels of training and attract payments of between £200 and £850 depending on the stage in the skills pipeline and the type of qualification achieved. Outcomes include:

- registering as a Modern Apprentice (£1,000)
- achieving a job/self-employment, sustained for 4 weeks (£600), and then for 26 weeks (£400).
- progressing to the next stage of the ‘Skills Pipeline’ or more advanced learning (£100).

(SDS 2015)

**Scotland’s Employer Recruitment Incentive (SERI)**

In July 2015, the Scottish Government announced that it will provide up to £10m to support over 2,000 young people into employment and to support small employers to recruit Modern Apprentices. The recruitment incentive will offer employers a payment of up to £3,963 over the first 12 months to offset the additional costs of recruiting and employing a young person. This could be used to pay additional supervisory costs, training, initial travel to work costs or wage, but actual use of the incentive is not prescribed. An additional £500 supplement is available to encourage employers to pay the living wage. SERI replaces the Youth Employment Scotland
Fund which ran from 2013 to June 2015 and which supported 10,000 jobs (Scottish Government personal communication). SERI is administered on behalf of the Scottish Government by SDS and delivered by Local Authorities.

In addition, up to £500 per person is available for additional support for young people with a disability, care leavers, carers and young people aged 16 to 29 years with criminal convictions. This support will include: accredited training; enhanced monitoring and in-work support; job coaching and workplace reviews; purchase of basic workplace clothing; mentoring employers and their staff in support strategies; and benefit checks. Skills Development Scotland have contracted out the delivery of the programme to an expanded ‘Open Doors’ consortium which includes Action for Children, Barnardo’s, Young Carers Trust, Workers Educational Association and Cornerstone on delivering the support (Scottish Government 2015f, Scottish Government personal communication August 2015).

Community Jobs Scotland

The Scottish Government fund SCVO to provide work based training for disadvantaged 16-24 year olds. It provides at least £5,000 per person to create a job training placement in a third sector organisation. These are for up to 25 hours a week, for a minimum of 6 months and are paid at the National Minimum Wage. There is the option of paying the Scottish Living Wage where the employer already pays this for similar work and where this is affordable. Since August 2011 it has arranged nearly 6,000 placements (Community Jobs Scotland online).

Inspiring Scotland 14:19 Fund

The programme funds projects which support vulnerable young people, aged 14 to 19 years, who are struggling to make a successful transition from school into employment, education or training. The fund supports a variety of different projects, mainly in the third sector with a few local authority projects. Over its first six years, projects funded by the organisation have supported 16,981 young people into employment, education or training (Inspiring Scotland online).

Opportunities for All

This policy targets those at risk of not making a successful transition from school to employment. All 16 to 19 year olds are guaranteed an offer of either education, training or employment. It is monitored by SDS, and a range of organisations is involved in ensuring it is provided - in particular schools, colleges and local authorities. It includes Activity Agreements which are individual learning and employability programmes for those young people at risk of not progressing into learning, training or employment.

COMPARING SCALE OF RESERVED AND DEVOLVED PROGRAMMES

The above schemes provide a mixture of advice, personal development, training, work experience and recruitment incentives. Some of them, particularly the DWP schemes, are focused on getting people off benefit and into employment. Others consider progression in education and training to also be a successful outcome.

The chart below gives an indication of the scale of participation in different schemes and shows that the Work Programme is by far the largest scheme in terms of participation. The next largest is a devolved scheme - the Employability Fund which has similar numbers to the work experience element of the DWP’s ‘youth contract’. All other schemes, devolved and reserved, are much smaller scale.
There will also be a range of local and third sector provision not included here.

Statistics tend not to cover comparable periods, so the following takes an annual average. It does not therefore show actual participation in any particular year, but rather gives an indication of the scale of participation in the different schemes.

average annual participation

source and time period: see statistics under scheme descriptions above. n.b: Shows ‘attachments’ for the work programme, ‘mentoring support’ figures for new enterprise allowance and ‘starts’ for Work Choice. Participation statistics over time are not available for ‘help to work’ or the Scottish Government’s Employer Recruitment Incentive.

SCOTLAND BILL

The Scotland Bill would result in devolution of the Work Programme and Work Choice, although the Scottish Government argues that the Smith Commission provided for more than this. The Smith agreement stated:

"The Scottish Parliament will have all powers over support for unemployed people through the employment programmes currently contracted by DWP (which are presently delivered mainly, but not exclusively, through the Work Programme and Work Choice) on expiry of the current commercial arrangements" (Smith Commission 2014).

Timing of devolution

There has been debate about both the timing and extent of devolution. The Scottish Government argued that DWP's decision to extend the Work Programme contracts to 2017 did not match the provision in Smith that devolution would happen at the expiry of the then, current contract. At the time Smith was agreed the DWP contracts lasted to April 2015, although the extension to April 2017 was in the process of being implemented (Carmichael, 2015).
Scotland Bill provision

The Scotland Bill, as introduced, provides for the devolution of schemes for:

- assisting disabled people to select, obtain and retain employment
- assisting people claiming reserved benefits who are at risk of long term unemployment to select, obtain and retain employment, where the assistance is for at least a year.

These provisions were unchanged from the draft clauses, which the Devolution Committee concluded: “do not fully implement the Smith Commission recommendations.” The Committee recommended that the restriction to programmes lasting more than a year should be removed. It also recommended that Access to Work Programme should be devolved (Scottish Parliament Devolution (Further Powers) Committee 2015).

The Scottish Government also argues that the Scotland Bill does not meet the Smith Commission agreement. In particular, it objects to the restriction to schemes which last for at least a year, thus removing from devolution a number of short term schemes contracted by the DWP, such as Mandatory Work Activity and Help to Work.

The Scottish Government published alternative clauses for the Scotland Bill which would provide for full devolution of job search and support (Scottish Government 2015g). More broadly, it would also like to see devolution of “the full range of services contracted by DWP, over welfare powers and over Jobcentre Plus” (Scottish Government 2015c).

Amendments put forward at Committee stage in June 2015 to extend the devolution of employment support were not successful (Hansard 30 June 2015). These sought to devolve:

- arrangements for employment support programmes
- employment programmes where assistance is for less than a year
- Access to Work scheme

The UK Government has argued that the Scotland Bill does meet the terms of Smith. In a letter to the Devolution (Further Powers) Committee the Secretary of State for Scotland explained the UK Government’s approach to turning the Smith Commission recommendation into legislation:

Clause 26 does not differentiate between contracted and non-contracted support. Instead it sets out the “space” in which the Scottish Government will be able to create new support and does this by giving statements around the functions that are discharged by the Secretary of State or by a party acting on behalf of the Secretary of State. I therefore believe that clause 26 delivers a substantial transfer of powers to the Scottish Parliament and delivers on the Smith Commission Agreement.

This clause creates clear lines of accountability between those claimants that Scottish Ministers are able to create employment programmes for and those claimants that will continue to be supported through Jobcentre Plus. In particular, it makes it clear that the Scottish Parliament can only provide employment support for claimants who are at risk of long-term unemployment where the assistance lasts at least a year, or for those with disabilities that are likely to need greater support. Help for long-term unemployed and disabled people currently makes up 95% of DWP’s budget for centrally contracted employment support delivered through providers. It therefore draws a line between such
schemes and the core functions of Jobcentre Plus. This enables the smooth delivery of an integrated benefit system, and will result in a better service for claimants.” (Mundell 2015)

**Planning for Work Programme and Work Choice Devolution**

While discussions continue about the final extent of the Scotland Bill, the Scottish Government is starting to prepare for the expected devolution, in April 2017, of the Work Programme and Work Choice. In July the Scottish Government published a discussion paper on how the expected devolution of the Work Programme and Work Choice could be developed in the context of existing Scottish employment support provision.

The discussion paper asked for views on a wide range of issues including:

- scope for integrating services
- how to ensure services meet individuals' needs
- the balance between local and national provision
- scope for flexibilities in conditionality and sanctions regime in Scotland

(Scottish Government 2015c).
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Welfare Reform Committee

The Future Delivery of Social Security in Scotland

Summary of Evidence on Employment Support

Introduction

1. In July, the Welfare Reform Committee issued a call for evidence on the Future Delivery of Social Security in Scotland. The Committee sought views on how the new welfare powers proposed in the Smith Agreement should be used. The Committee held a session on disability and carers’ benefits on 15th September and a further session on housing, top-ups to benefits and new benefits on 6th October. The session on 3rd November will be on employment support, which is the focus of this paper. In addition the Committee is holding a ‘your say’ session on employment support on 27th October.

Opportunity

2. A major theme in submissions is that the devolution of the Work Programme and Work Choice is an opportunity to improve these programmes as well as rationalise the currently complex landscape of devolved and reserved provision.

3. “Opportunity” was referred to in many submissions including Argyll and Bute council, Barnardo’s, Citizen’s Advice Scotland, COSLA, Crisis, Falkirk Council, Highland Council, Inverclyde Council, One Parent Families Scotland, Professor Paul Spicker, Reed in Partnership, Renfrewshire Council.

4. The complexity of current provision across devolved and reserved services was referred to by: North Ayrshire Council, NHS Lanarkshire, Renfrewshire Council and South Lanarkshire Council. For example, NHS Lanarkshire referred to the: “current complex operating environment which can confuse both clients and employer.”

Quantity or quality

5. Devolution presents an opportunity to take a different approach. With reference to the experience in Netherlands and Australia, The JRF considers that:

“a critical decision for Scotland ahead of further devolution is whether to stick with a ‘thin’ employability regime (known internationally as the Labour Force Attachment model) which has been described as “continuing to throw claimants at the job market until they stick” or shift towards a ‘broad’ approach (the Human Capital Development model) which involves greater
expenditure on skills development and thus an investment in the longer term earning potential of jobseekers.”

6. JRF conclude that: “achieving better long-term job outcomes can’t be done on the cheap.” Similarly Barnardo’s recommend moving away from the ‘work first’ approach towards a ‘capability approach.’

**Personalised Support**

7. One of the major criticisms in the submissions of the current Work Programme is that it is unable to provide support that meets the needs of different jobseekers. Submissions considered that devolution will be an opportunity to re-design the programme so that it can offer personalised, tailored support. (Action for ME, Age Scotland, Barnardo’s, Crisis, Glasgow Council of Voluntary Services, Health and Social Care Alliance, Falkirk Council, Inclusion Scotland, Poverty Alliance, Quarriers, Reed in Partnership, Renfrewshire Council, SCVO).

8. Personalised, specialist support was necessary even though some noted that it is more expensive (see for example, Crisis, Barnardo’s, JRF).

**‘Direct Payments’**

9. Three organisations suggested that jobseekers should be given an allocation of funds to enable them to choose the training and support that suits them. (ENABLE, JRF, Glasgow Council of Voluntary Services). JRF referred to the Australian “jobseeker account.”

**Specialised support**

10. There was a general theme that provision needed to be tailored to the individual and particular groups of people would need more specialised support. Specific groups mentioned included the following:

- those with ME (Action for ME)
- lone parents (OPFS)
- disabled people (Aberdeen City Council)
- people with long term conditions
- older people (Age Scotland)
- women (Scottish Women’s Convention)
- women in rural areas (Scottish Women’s Convention)
- parents
- carers
- homeless or at risk of homelessness (Crisis)
- recovering addicts (JRF)
- ex-offenders (JRF)
- people with mental health problems (SAMH, Housing Support Enabling Unit and Coalition of Care Providers Scotland)
• learning disabilities (Housing Support Enabling Unit and Coalition of Care Providers Scotland)

Localised Provision

11. One of the main advantages of devolution was considered to be the opportunity to take better account of local circumstances. There was a very consistent message across the submissions which is summed up by CPAG:

“Devolution of employment programmes such as the Work Programme and Work Choice will allow for initiatives to be developed that are more suited to the local labour market, local skills and local employers. This could help to minimise the imposition of arbitrary and inappropriate job-seeking tasks that can undermine claimants’ efforts to move into work and increase the individual’s chance of being sanctioned.”

12. Local authorities in particular consider devolution as an opportunity to develop more localised services, noting that there is already considerable local provision and expertise in place. Many local authorities referred to the existing infrastructure delivering employability support under the Scottish Government’s employability pipeline approach.

13. Some submissions, for example Aberdeen City Council, specifically suggested devolution to local authorities. Most however referred to ‘local delivery’ or ‘locally contracted services’ but were not absolutely explicit whether they meant devolution to local authorities. For example Falkirk Council warns that: “new centralised bureaucracies should be avoided.” Dundee City Council and North Ayrshire Council recommend: “a national framework with a focus on local delivery.” Similarly, local delivery but with some level of national oversight was referred to by COSLA, who set out their position as follows:

• “Local by default, national by agreement” underpins our approach to the devolution of employability programmes.
• We need to maximise the scale and scope of devolution to ensure there is a meaningful prospect of policy improvement compared to the British programmes.
• Replacing one centralised system with another would represent an opportunity loss
• Integration of new devolved programmes with local skills pipelines is key.
• A number of aspects would make sense to be progressed and agreed nationally.

14. Reasons given for local delivery include:

• existing expertise and infrastructure of local authorities and local third sector in this area – in particular through the Employability Pipeline approach (eg COSLA)
• understanding of the local labour market (eg Argyll and Bute Council, COSLA
• accountability to local people (eg COSLA, North Ayrshire, Highland Councils)
allows more tailored approaches and better co-ordination of services (eg Renfrewshire Council)
integration with other locally delivered services (eg Highland, Shetland)

15. However, based on reviews of the international evidence, JRF consider that “there is no automatic relationship” between decentralisation and better provision. It “depends on managerial, fiscal and delivery capacities or lower tiers of government and/or local delivery partnerships.” JRF warn of the potential for “wide variations in cash benefits, services and user experiences” particularly where there are differences in the strength of local networks of services for employability programmes to draw on. JRF are of the view that:

“Policy makers will need to deliver flexible, localised strategies within a coherent and equitable policy framework with clearly defined minimum standards across Scotland.”

16. PCS Scotland oppose localised provision fearing a postcode lottery.

17. The Policy Scotland Welfare Reform Network describe three geographic models:
   - national
   - four JCP districts
   - 32 local authorities

18. However, they consider that provision based on local authority boundaries would risk a postcode lottery and query the capacity of smaller local authorities to deliver.

19. East Ayrshire Community Planning Partnership agree with many that a locally focused approach is needed but note that this doesn’t necessarily mean it should be based on local authority boundaries:

   “some towns and villages having a stronger links with nearby towns in other local authority areas. A possible solution would be for a local Work Programme agency to be based around the boundaries of two or three local authority areas, e.g. Pan Ayrshire. However flexibility would be required to afford claimants the opportunity to utilise the services of neighbouring ‘agencies’ if they lived within a reasonable ‘travel to work’ area which could be set at one hour via public transport?”

Integration with other devolved services

20. The potential to link with existing devolved employability provision was referred to above. In addition, there were suggestions that devolution would enable better links to be made with other services – such as health, social care and housing. The role of the third sector was also something that could be enhanced. For example, Dundee Council referred to a community based approach with dedicated outreach services.
Interface between devolved and reserved functions

21. A common concern was the implications of some functions continuing to be reserved – in particular with regard to sanctions. Reflecting this there were calls for further devolution and requests for clarity about how the devolved and reserved elements would work together (eg ENABLE, South Lanarkshire). The Health and Social Care Alliance Scotland referred to the Christie Commission’s conclusion that employability services should be devolved.

Conditionality and Sanctions

22. The single biggest concern about the interaction between devolved and reserved areas was the effect of sanctions remaining reserved.

23. SAMH consider that: “the current ideological approach of DWP which is penalty-driven rather than supportive is counter productive.” One Parent Families Scotland consider that sanctions; “seriously restrict Parliament’s opportunities to develop effective employability services” and that therefore the direct link with benefits should be removed. Similarly Glasgow Council of Voluntary Services would like to “sever the link with sanctions if possible”.

24. SCVO consider that sanctions remaining reserved will create unnecessary complexity. The Scottish Women’s Convention and Citizen’s Advice Scotland worry it will result in tensions between Governments. In common with many submissions, Citizens’ Advice Scotland considers that: “work programme providers should be there to support people into work rather than monitor conditionality.” Aberdeen City Council suggests that the Third Sector and local authority should be involved in agreeing the claimant commitment.” Renfrewshire Council are also concerned about sanctions, but say that “there is some current practice which shows that working in partnership can overcome some of these issues.” They refer to the City Deal ‘Working Matters’ partnership between Glasgow City Region and the DWP.

25. SAMH are concerned that people may be assigned to inappropriate programmes by Job Centre Plus, which devolved providers then have to administer. They say that many of the problems of the work programme stem from the inappropriate and inadequate work capability assessment and hope the Scottish Government will lobby for significant changes to this process in order to correctly identify individuals for each employment programme.

Further devolution

26. Apart from sanctions and conditionality, there were views that Job Centre Plus and Access to Work should be devolved. Barnardo’s and SCVO would like Job Centre Plus to be devolved. SAMH, Carers Scotland, Housing Support Enabling Unit and Coalition of Care Providers Scotland and ENABLE would like Access to Work to be devolved.

27. In addition, Falkirk, NHS Lanarkshire and South Lanarkshire would like all ‘non-core’ Job Centre Plus functions to be devolved (eg flexible support fund, youth contract) and OPFS object to the restriction to devolution of support for the unemployed to programmes that last more than a year.
Contracting approach

28. The Work Programme and Work Choice are currently contracted out to ‘prime providers’ who are paid by results and sub-contract to other providers.

29. While Angus Council was in favour of payment by results, Barnardo’s was opposed, saying it resulted in ‘parking’ (i.e helping those who were easiest to help). Policy Scotland Welfare Reform Network thought that payment by results favoured large companies that could absorb the ‘up front’ costs. Crisis wanted ‘up-front’ payments for those working furthest from the labour market. NHS Lanarkshire thought that the ‘black box’ approach (where particular approaches are not specified, only the outcomes required) “is unhelpful to partnership working.”

30. Dundee Council wanted to move from a ‘commissioning’ approach to one based on partnership. The PCS thought employment support programmes should not be contracted out at all, but delivered by civil servants. The Policy Scotland Welfare Reform Network consider that contracting out has failed to save money, reduce bureaucracy or encourage innovation. They recommend the ‘Working for Families Fund’ as an alternative approach. The Scottish Federation of Housing Associations were critical of big firms sub-contracting “on a diminishing returns model of agreement.”

31. The JRF paper emphasised the importance of “good design of performance/contract management frameworks, targets and payments.” They noted that:

“Evaluation evidence is mixed, but well designed contracts can cut delivery costs, offer access to specialist support and bring innovation to service delivery. The consistent risk is that providers ‘cherry-pick’ more job ready claimants, park those facing greater barriers to work and exploit other weaknesses in contract design.”

32. Suggestions in the JRF paper include:

- the remit of the SPSO should be extended to include commissioned employment services.
- a greater diversity of providers and choice for service users
- stronger incentives for providers to improve participant work experience
- develop in-work support as an integral feature
- focus on the duration and quality of employment outcomes
- initially run a mix of direct service provision and commissioned services, to enable comparison
- service user choice should exist between sub-contractors, not just prime providers

Timescales

33. The Work Programme and Work Choice are due to be devolved by April 2017. The Policy Scotland Welfare Reform Network and South Lanarkshire Council note that this timetable is very tight, the former recommending that:
“[If] the Scottish Parliament/Scottish Government wishes to do things differently in the next contractual round, it should urgently move forward discussions with providers on the basis of a PQQ followed by an invitation to negotiate rather than an invitation to tender”

Camilla Kidner
SPICe
20th October 2015
1. The Work and Pensions Committee published a report on ‘Welfare to Work’ on 21 October 2015. It has praised the Welfare to Work programme for producing results as least as good as previous administrations, at a “greatly reduced” cost. However, it notes that around 70% of participants have failed to find long-term work. The findings of this report may be of interest to Members in their consideration of employment support.

2. The summary has been included in Annexe A. The full report is available on the Work and Pensions Committee website at the following link


Heather Lyall
Assistant Clerk
Welfare Reform Committee
29 October 2015
Annexe A

Work and Pensions Committee Welfare to Work report

Summary

The Work Programme has streamlined the procurement of welfare-to-work, created a stable, GB-wide welfare-to-work infrastructure, and now produces a similar level of job outcomes for mainstream participants as previous programmes. DWP deserves credit for implementing a programme which, in general, produces results at least as good as before for a greatly reduced cost per participant.

Yet too many long-term unemployed people remain out of work after two years on the programme. It must not be forgotten that nearly 70% of participants are completing the Work Programme without finding sustained employment. In particular, the Work Programme is not working well for people with more complex or multiple barriers to employment who need more intensive help. We have a duty to the 70% to do much better.

The focus for the next set of contracts must be to identify claimants who require more personalised and intensive support to address complex barriers to working, and refer them to appropriate help more quickly. To achieve this DWP needs to:

- Develop and introduce a new, standardised, characteristic-based assessment of claimants’ barriers to work, for use across the employment support sector;
- Replace the Work Programme’s complicated and less than effective differential payment model with a much simpler payment model with clearer (and generally earlier) referral points, and which more directly incentivises providers to invest resources in supporting people with complex needs;
- Ensure that all participants receive an acceptable level of service, by introducing a single set of measurable minimum standards; and
- Maintain, and ideally expand, a separate employment programme for disabled people, while also addressing key flaws in the current Work Choice Programme.

Improved assessment and triage, alterations to contracts and more effective payment models will help, but are only part of the answer. The Government will also need to encourage, facilitate and invest in:

- More effective integration of employment support with related, locally-run services, including health, education and skills, and housing; and
- Creating the conditions for genuine innovation, learning and dissemination of best practice across the employment support sector.
DWP should establish an Employment Support Innovation Fund, set at 2–3% of the total budget for the next mainstream programme, which should be used to test and develop innovative and effective approaches to employment support for groups which have been poorly served to date. The Cabinet Office should bring labour market policy into the remit of a What Works Centre, so that employment programmes can continue to evolve based on robust evidence of what is most likely to be effective for different types of people in different localities.

These changes would create an employment support system which is set up better to address the challenges of the contemporary labour market, and equipped to help into work people who have been distant from the labour market, and inadequately supported, for far too long.