



Response to the DWP's Consultation on In Work Better Off - Next Steps to Full Employment

Introduction

The Wise Group is a social enterprise that has worked to support disadvantaged unemployed people to access opportunities in the labour market since 1983, through our innovative support, training and work experience programmes. We were an early voice in the call to recognise work not just as a route out of poverty, but also as a means of providing people with independence and a better quality of life.

We support unemployed people from locations across Scotland and the North East of England to find and keep a job and to provide regeneration and sustainability services for some of the UK's most disadvantaged communities. In 2006 around 3,000 people experienced the benefits of moving into employment as a result of our programmes and in 2007 we will exceed that figure by 15% - 18%.

The differing needs of people we work with has led us to develop a diverse range of projects, all with one aim in mind - to secure employment for people outside of the labour market. Our experience has allowed us to develop a real understanding of the challenges faced by individuals and ways to overcome these. Our programmes include:

- **Community regeneration programmes** - providing vital work experience opportunities for local unemployed people
- **Employer partnership programmes** - where we train and support unemployed people to access opportunities with a specific employer or group of employers
- **Large-scale welfare to work contracts** - including the New Deal for Young People in much of central Scotland and the Employment Zone, including the Employment Zone for Lone Parents, in Glasgow. Our Workable programme works with New Deal for Disabled People participants across Scotland and the North East of England
- **Priority group projects** - smaller, specialist, client-driven projects that work on an individualised scale, providing targeted support to disadvantaged client groups often required prior to entry to mainstream employment or training programmes.

The Wise Group welcomes the opportunity to comment on and respond to the government's Green Paper - In Work Better Off, and hope that our comments are useful in moving forward to the next stage of welfare reform.

Key Points

- Work can be and is, for many of our clients, a real route out of poverty, and is a particularly important tool in meeting the government's aspirations for eliminating child poverty.
- However work is not a guarantee of a life without poverty, and it is important that a 'work first' approach allows an emphasis on finding the right job for each individual, backed up with adequate post-employment, to help the most vulnerable to stay and progress within the labour market.
- The concept of a 'better off guarantee' is an important one if lone parents are not simply to be moved from the category of 'workless poor' to that of 'working poor'. There are still significant improvements and simplifications that can be made to the benefits system and to the information and advice offered to lone parents in order to ensure that they are confident that work will leave them better off.
- We have concerns with the move towards greater compulsion for lone parents, particularly where flexible and wrap-around childcare is not universally available. Regional variations, and in particular the Scottish context, must be taken into account and compulsion cannot be justified where adequate flexible childcare is not in place.
- The Employment Partnerships and Jobs Pledge are a welcome development and the government is right to emphasise employers as key partners in the process of moving under-represented groups into work. Providers like the Wise Group only succeed in helping our clients into work because we work in close and active partnership with, and meet the needs of, employers. A further positive development of the Employment Partnerships would be the encouragement of employer partners to commit to the introduction of flexible working, training and skills development and of other measures such as the payment of a living wage to ensure sustainable work outcomes and combat in-work poverty.
- The focus on an integrated skills and employment approach is critical in addressing unemployment and in ensuring that, once in the labour market, employees are capable of progressing to better paid and more secure positions. Training is vitally important and we believe that work experience can be key to ensuring that potential employees have the right attitude as well as the right aptitude for work.
- There is much within the outline of the Flexible New Deal that we would support. In particular the focus on retention and sustainability is an important one, as is the recognition that a personalised service based individual client needs, rather than New Deal categories, is essential. We strongly welcome more tailored approach and the flexibility of the system in allowing fast tracked support for the hardest to help.
- Throughout the paper there is a clear need to recognise regional variation in aspects of provision such as Skills and Learning and Childcare. It may be appropriate to allow greater flexibility in the next stage of welfare reform to take into account the specific context of Scotland.

Submission

Response to Consultation Questions

Question 1 - At the moment lone parents are entitled to Income Support until their youngest child is 16. Is it right that this age should be reduced?

1. It is reasonable to reduce the age of the youngest child from its current level of 16. However this reduction must be contingent upon suitable support being in place for lone parents. If this support is not in place then compulsion cannot be reasonably introduced.
2. This support would include:
 - **Adequate childcare provision** - that is affordable, accessible and flexible
 - **Skills training and work experience support** - recognising that many lone parents may have been out of the labour market for some time, or indeed may never have worked, and are therefore likely to have low or dated skills and work experience
 - **Workplace flexibility** - greater availability of part time working, term time working or other flexible working arrangements should be encouraged, particularly amongst those employers who form part of the government's Jobs Pledge. The public sector, as an employer, should take a lead in this.
3. Although significant progress has been made in improving childcare provision across the UK, there remain real gaps, and regional variations, in provision. In particular the specific situation of Scotland's childcare provision should be taken into account before any element of compulsion is introduced for Scotland's lone parents. There may therefore need to be regional variations in the timescale at which compulsion is introduced, dependent upon the adequacy or otherwise of the support available to lone parents.

Question 2 - What would the minimum age be?

4. The Wise Group operate on the central principle that employment can and does form a route out of poverty for some of the most disadvantaged people and we fully agree that increasing the employment rate of lone parents critical to fighting child poverty. However this must also be balanced with other quality of life issues for the child and it is clear that a balance has to be struck between the financial and emotional/developmental needs of children.
5. We are not childcare or child development experts, however we do note that Children 1st, Scotland's leading Childcare charity states that: "Most children under about 13 are not mature enough to cope with an emergency and should not be left alone for more than a very short time." ¹ Again, it must be ensured that sufficient wrap around childcare is in place before the age is lowered, particularly for children of primary school age.

¹ Children 1st, Home Alone - Advice for Parents, May 2005

Question 3 - Should we do more to ensure that our support for lone parents is accessible and useful for all groups; in particular those with disabled children and those from certain disadvantaged groups and areas?

6. It is important, particularly in an environment of potential compulsion, that adequate support is provided for all lone parents, and that that support takes into account the particular needs of certain groups of lone parents. Welfare to work provision must look at lone parents as individuals and consider the range of barriers to work that they face, through an individualised package of support.
7. One quarter of lone parents have a disabled child according to the Day Care Trust, and these parents will have specific needs, which will vary depending on the type and severity of the child's disability. If these lone parents are to be given the opportunity to work it is important that specialist childcare is provided and that parents are supported in meeting the extra costs that this specialist care can incur. Research indicates that whilst many parents of disabled children want to work or study, they do not use childcare because of " a lack of appropriate places for disabled children, a lack of suitably trained workers to deal with disabled children, and a lack of appropriate facilities for disabled children" ².
8. There are specific issues for families within black and minority ethnic (BME) communities, which we discuss further in our response to question 11, below.
9. There are also geographical disparities in the support available to lone parents that must be considered. Accessing childcare will be easier in a city than in a more rural area and the wider support infrastructure is more likely to be developed in many urban areas. Suggesting the need for flexibilities in the way compulsion is introduced, taking into account the specific support context of each area.

Question 4 - More frequent Work Focussed Interviews are currently offered to lone parents in the two years before their eligibility to Income Support is lost. As the age of the youngest child is reduced, should other forms of support be provided, and over what timescale?

10. It is important that lone parents are given adequate support to explore their employment options well in advance of their move from Income Support to JSA, and that the Work Focussed Interview (WFI) is communicated and conducted in a positive fashion. Providing support to lone parents prior to their move off Income Support is crucial and should be available as a voluntary option to all lone parents, regardless of the age of their child.
11. Given that many lone parents will have little or no up to date work experience and may lack formal qualifications (for example 76% of lone

² Listening to Parents of Disabled Children, the Daycare Trust, Sept 2007, p 1.

parents on Wise Group programmes having no relevant qualifications³) the opportunity to take up training or work experience placements should be promoted as widely as possible. Part time working, within the limits of the earnings disregard, should also be promoted. Recent evidence from the Joseph Rowntree Foundation shows that part time working can have significant benefits for lone parents and that increasing the amount that lone parents can earn before benefits are withdrawn, even if for a time limited period, could encourage more to take up these opportunities. If greater flexibility were built into the earnings disregard, this could form a useful bridge back to full time employment for those not yet on JSA.⁴

12. Other forms of support that should be provided include:

- Confidence/aspiration building
- A more rigorous approach to 'Better Off' calculations and a genuine better off guarantee (see question 7, below)
- Greater encouragement for employers to provide more flexibility in the workplace
- An extension of the right to request flexible working for parents with children over six
- Personalised advice on childcare options
- In work support - retention rates are particularly low amongst lone parents and it is important that adequate support is provided to allow them to overcome any barriers they may face once in the workforce (see question 9 below).

Question 5 - For lone parents who move onto Jobseekers Allowance when they lose Income Support eligibility, what forms of support (in addition to those provided to Jobseeker's Allowance claimants who are not lone parents) should be available, and over what timescale?

13. Our response to question 4, above details many of the support measures that would need to be put in place for lone parents when moving into the JSA regime.
14. The Wise Group have long advocated a personalised approach to employment support and welcome the focus in the green paper on a "move away from the rigid distinctions of the current New Deals... (and towards)...a new flexible, personalised approach for longer-term more disadvantaged customers"⁵.
15. The Wise Group's lone parent client group faces an average of four distinct and significant barriers to work (compared with 2.5 for our 'average, client) and in supporting these clients to work all of these barriers must be taken into account. In common with all JSA claimants, lone parents require individualised support that takes account of the full range of barriers to work that they face and the way in which these can interact with and exacerbate one another.

³ 2006 figures for all lone parents on Wise Group employment programmes.

⁴ <http://www.jrf.org.uk/knowledge/findings/socialpolicy/2111.asp>

⁵ In Work Better Off, page 49

Question 6 - Jobseeker's Allowance recipients can, in certain circumstances, restrict their search for work to a minimum of 16 hours per week. Should additional flexibilities be available if the proposed changes are made?

16. Flexibility will be key in ensuring a greater employment rate for lone parents and the system needs to recognise the conflicting pressures on a lone parent's time, and the importance of their role as primary carer for their children.
17. As detailed in our response to question 4, there are a number of flexibilities that could support lone parents, particularly greater allowances around part time work.
18. Key to this will be the definition under the Flexible New Deal of 'suitable work', which we believe should take account of the specific circumstance of each client and of the local context in which they are based.

Question 7 - What form might a 'better off in work' assurance for lone parents take?

19. It is critically important, if the government's aspirations for eliminating child poverty are to met, that moving into work leaves lone parents not only better off than their previous situation, but 'better off enough' to provide a motivation to work. We are encouraged therefore by the government's statement that "We do not wish to repeat the US experience where welfare reform resulted in many lone parents moving into work, but remaining mired in poverty"⁶.
20. There are several steps that can be taken to better support this concept including: improvements to Better Off Calculations and benefits advice; transitional and in work support; and other financial inclusion measures.
21. **Better Off Calculations** - too many unemployed people do not have access to a Better Off Calculation (BOC), which can be an important motivating tool in encouraging unemployed people to engage in employment. Recent research by the Wise Group found that only 45% of our clients had received a BOC before they came to us, and this figure was even lower for lone parents (33%)⁷.
22. If administered on a one-to-one basis, by a skilled and trained individual, a BOC can play a key role in genuinely determining whether a lone parent (or any other claimant) will be better off in work. In administering the BOC account must be taken of some of the 'hidden costs' of employment including travel, clothing, childcare and the loss of additional benefits such as free school meals. The results of the BOC must also be taken into account when considering compulsion and the availability of 'suitable work'.
23. **Transitional & In Work Support** - delays in accessing Working Tax Credits can make the process of moving into work difficult (for example moving

⁶ In Work Better Off, page 45

⁷ The Wise Group – Benefits Simplification – A Survey of Unemployed Benefit Recipients, June 2007.

from weekly to monthly payments) and without the kind of additional financial support (eg supermarket vouchers, childcare support) organisations such as the Wise Group offer many would not be able to do so. This kind of support is not available to all however, and there remains a need for a consistent source of transitional support for unemployed people when moving into the labour market.

24. There are a number of other **financial Inclusion measures** that can also be used to ensure that lone parents are better off in work including:
- The provision of flexible funds in order to provide immediate and accessible financial assistance to formerly unemployed individuals during a time-limited transitional period
 - Greater flexibility in the timescales in which Housing and Council tax benefits are removed after an individual moves into work
 - Greater flexibility amongst public sector bodies to extend debt repayment deadlines for those who have recently moved into the labour market and actions to encourage similar flexibilities amongst private sector organisations. Some credit unions have developed schemes to 'buy' the debts of people crippled by immense repayment demands and this approach should be considered
 - The provision of freely available financial advice resource at a national level specifically targeted at people on low to moderate incomes
 - The promotion of the concept of a living wage, to ensure that employers aim to pay their staff at a sufficiently high level to allow them to move out of poverty. Again leadership can be shown in this from the public sector, which employs one fifth of all low paid workers⁸.

Question 8 - Are any special provisions required for lone parents who move onto benefits other than Jobseeker's Allowance (for example Employment and Support Allowance, or Carers Allowance?)

25. As detailed in our responses to questions 4, 5 and 7 there is a need for all provision to take account of a lone parents' status as a carer whilst also considering how that interacts with other pressures, and barriers to work that they may face.

Question 9 - In addition to the improvements in childcare provision and the right to request flexible working, is there further support that should be provided to help lone parents into work and support them whilst there?

26. Whilst the Wise Group is a strong advocate of work as a route out of poverty it must also be recognised that it is not a guarantee of it. Two fifths of children in poverty have at least one parent in employment, and there is a real danger that without the right support increased compulsion for lone parents may result in them moving from "the non working poor to the working poor"⁹.
27. Post-employment support, along the lines of the 'Work First Plus' model highlighted in the Harker report will be critical in tackling in-work poverty

⁸ The Low Pay Unit

⁹ Harker Report

by ensuring that lone parents stay in and progress within the workplace, once they have been supported into work.

28. The Wise Group's **Next Steps project** is a prime example of the kind of support that can be put in place, providing up to two years of post-employment support to clients who have moved from one of our programmes and into the open labour market. This flexible programme provides an individualised service including one to one & group support; drop in, phone, text or email based advice; financial assistance; confidence and aspiration building programmes; career and training advice; support in accessing training and further education; and support in progressing into an improved labour market position and has had a significant impact on retention and progression.

Question 10 - What more could we do to help working families - especially those from the most disadvantaged backgrounds - improve their earnings and lift themselves out of poverty?

29. Most of the measures advocated above in support of lone parents are equally of relevance to all working families, including:
- The promotion of the in work flexibility, skills and development, and the payment of a living wage as part of the Employment Partnerships and Jobs Pact
 - The active encouragement of on going skills development for those on low wages - with better links to more flexible learning
 - The universal provision of accessible, affordable and flexible childcare provision
 - Financial inclusion measures - see question 7, above
 - A 'better off guarantee' for all parents
 - An approach that takes account of the interaction of household benefits, and addresses the needs of workless households.

Question 11 - What more could we do to help ethnic minority women, particularly of Pakistani and Bangladeshi origin, overcome specific barriers they face?

30. There is a need for a more targeted, specialist approach to supporting ethnic minority women into work, as well as greater emphasis on equality and diversity amongst employers.
31. Welfare programmes must take a culturally sensitive approach recognising for example the particular of some BME communities with regards to childcare. Some BME communities have larger than average families and this places particularly pressures on childcare - making it more difficult to access, and having real financial and logistical implications for parents considering work.

Question 12 - In exchange for more specialist support, are we right to ask more of those who have been unemployed and receiving benefit the longest?

32. Increasing conditionality for those in receipt of benefit for the longest periods in return for more specialist support is as a general principle a good one. We know there is a strong body of evidence that shows there are

significant numbers of benefit recipients who could and would make the transition into work if they received suitable help; allied to a job offer that met their economic needs.

33. However, government must ensure that the specialist support being offered is geared to meeting the individual's needs in relation to job search, transitional support and in-work retention. Simply adding conditionality in the form of extra visits to a personal advisor at the jobcentre will in our opinion not be particularly useful.

Question 13 - Should there be any exceptions to this approach of increased conditionality and increased support?

34. As stated above we have reservations about compulsion for lone parents with children at primary school age and certainly would not support compulsion until and unless the support requirements are in place. The need for a flexible approach to compulsion taking into account local variances in support measures is clear.
35. Compulsion for those with mental health conditions is also an area of concern and there is a danger that this approach could exacerbate certain conditions. Voluntary programmes to support people with mental health conditions into work, such as the Wise Group's **Look Ahead** project, which provides a balance of employment and occupational health support in a progressive, individualised way, is more likely to be effective in opening up opportunities to this group.

Question 14 - Is a structured, progressive regime of support and conditionality at fixed intervals the right approach?

36. There is a balance to be struck between the needs of the individual and the design of the regime. Clearly offering benefit recipients a structured and progressive regime of help and assistance would be useful. However, the needs of individuals are by definition not uniformed, as such any programme of support needs to have built-in to it a degree of flexibility, people may need to move forwards and backwards in the programme at different times, they often have chaotic lifestyles and any programme needs to take this into account when considering the individuals journey toward employment. For significant numbers of people the transition into work is not simply a linear journey; there are often setbacks and unforeseen circumstances that prohibit, often only for a temporary period, forward movement.
37. Ensuring that any regime allows maximum flexibility to take account of these changing life circumstances, all be it within a defined programme framework, will ensure that those most in need of assistance will be better able to benefit from the additional support being offered.

Question 15 - Should some people be enabled or required to enter the Gateway stage more quickly than others, taking account of their employment history or needs? Which groups should be 'fast tracked'?

38. We would support the idea of fast-tracked help within the overall design of the Flexible New Deal. For people with a history of cyclical unemployment it would make sense for them to enter the Gateway activity stage quicker in order to ensure that they did not go through a period of 'treading-water' for six months. Other people suffering from multiple disadvantages, such as ex-offenders might usefully enter the Gateway period at an earlier stage to ensure again that they are in receipt of more structured assistance in areas such as basic and life transition skills.
39. We feel it would be very important to have the option of fast tracking those who have already been through the system. Many longer-term unemployed customers are familiar with welfare programmes, they have either gone through a regime and failed to be placed in work, or been successful with finding a job only to lose it within a relatively short period of time. In both cases early entry to the Gateway Stage would allow specialist support to be deployed as soon as possible to ensure customers maintain some momentum in relation to job search activity.
40. The adequate sharing information about what activities customers have been involved in previously seems to us to be important. Too many people sit through the same training course several times, which is demotivating, they don't learn anything new and this wastes time and resource. Sharing a customer's activity history would help build on previous cycles, rather than repeat them.

Question 16 - Should we require a period of work experience from those who do not succeed in getting work after benefiting for a more intensive level of help from specialist providers? How can we best ensure that this work experience is beneficial?

41. If the 'Flexible New Deal' is to be truly flexible we would suggest that the period of work experience which customers are mandated to need not be a fixed four week period, nor should it necessarily be left until the end of stage four to be undertaken. We have found that periods of work experience have a tremendously beneficial effect on job seekers' employability levels and motivation. A four-week period however would be difficult for many providers to source, many employers would just not be interested in providing four-week placements, and participants themselves would gain very, very little from this period.
42. Consequently, we would advocate that providers are best placed to determine what assistance will best help the customer during phase four and that as such it should be left to them and the customer to make decisions around the work experience component - when to undertake this and for how long.

43. Any period of work experience needs to be 'real' work within a genuine work environment. It must be supportive yet challenging and customers must see this activity as both useful and rewarding. Community based programmes have a clear role as these provide multiple benefits for both the individual and the community.

Response to Other Issues Raised in the Paper

Partnership Working & the Flexible New Deal

Jobs Pledge and Local Employment Partnerships

44. The Employment Partnerships and Jobs Pledge are a welcome development and the government is right to emphasise employers as key partners in the process of moving under-represented groups into work. Providers like the Wise Group only succeed in helping our clients into work because we work in close and active partnership with, and meet the needs of, employers. A further positive development of the Employment Partnerships would be the encouragement of employer partners to commit to the introduction of flexible working, training and skills development and of other measures such as the payment of a living wage.
45. We would caution that the local employment partnerships need to make an early impact if they are to maintain credibility. This approach is not new and past experience shows that many employers, regardless of initial enthusiasm, fail to follow-through pledges with action.
46. Ensuring such partnerships reflect the wider labour market needs will also be essential to their success. The initial partnerships with major retailers reflect a strong element of our service-based economy and this should be encouraged. However, for many unemployed claimants living in some of the UK's most deprived areas more will be needed in terms of the variety and types of jobs offered by participating employers.
47. We would suggest strongly that the language of partnership should refer to clients as well as employers and providers - all stakeholders in the process, need to take account of the needs and expectations of clients - the employment process only works if you treat the client as an active agent in it, rather than someone who something is done to.

Jobcentre Plus

48. Focusing jobcentre plus on managing the overall customer experience through assisting the customer to navigate their way through the complex world of benefits, Tax Credits, employment support, childcare and housing will have a positive impact.
49. We welcome the aspiration for jobcentre plus to play a role in meeting Sir David Varney's vision of a more joined up approach to the delivery of public services in the UK - people's lives do not separate into silos - their housing costs, travel needs and health condition will all impact on their

chances of getting and staying in a job - they should therefore be able to get help with all of these at the same time.

50. The Flexible New Deal (FND) advocates a minimum level of prescription in the delivery of personalised support after 12 months - this is to be welcomed. Allowing providers and customers to build a tailored 'Black Box' approach to meeting individual needs will undoubtedly allow for a greater degree of innovation to be built into the job search and placement process.

Contracting Principles with the Private and Voluntary Sectors

51. The Green Paper set's out a number of principles behind the contracting approach for the FND. Welcome focus on **quality** - but should be about the outcome as well as the provision - should get people the right job, to ensure sustainability.
52. **Competition to drive value** - Increasing competition to drive a better value service is in general terms to be welcomed. It will be important to ensure a balance is maintained between cost and quality - low cost often means low quality and high cost does not always mean high quality.
53. **Outcome-based contract** - we would welcome the view that contracts should be for longer periods and be based on performance. As the employment services market has developed it has become increasingly clear that the proscriptive one-size fits all approach is less and less effective. Developing a contract culture, which rewards performance, increases flexibility for providers to operate in a market place and allows for innovation in delivery will without doubt better suit the labour market conditions within which all providers require to operate.
54. We would offer a word of caution around how Government creates, stimulates and develops the welfare services market. More and more large organisations today, private, public and voluntary are becoming supply-chain managers - in effect absentee landlords - who take a management fee from contracts and leave the delivery of services to a sub-contractor base. The extent to which this practice is desirable on moral, financial and best value grounds needs to be looked at and questioned.
55. We are therefore opposed to the idea of 'regional monopolies', this approach encourages large corporate enterprise, many of whom have no history nor experience of delivering welfare services to enter the market, again adding little or no value to delivery structures but taking substantial levels of profitability from contract values that could be better deployed at the front-line of service. Professor Dan Finn of Plymouth University has already articulated well the potential problems that could arise from such prime contractors - "huge sub-contracting, governance, and accountability problems that would come with monopolistic prime contractors".
56. **Minimum Standards for All** - this principle we see as the cornerstone of fairness in service provision. Too many providers focus on those, who in their view will be the easiest to place - profit margins are then calculated based on these this assumption. Obviously this is unfair and morally unjustifiable. Ensuring that all providers within the terms of the 'Black Box'

approach are required to ensure minimum spend or resource deployment on every individual would help ensure that all participants have the optimum chance of benefiting whilst on the programme. This approach need not inhibit the legitimate pursuit of profit/surplus by providers.

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