

PSA Delivery Agreement 8: Maximise employment opportunity for all

December 2008

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opportunity for all

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VISION

1.1 Over the past decade employment has risen by nearly three million and the numbers on welfare have fallen by around a million. Employment gaps for most disadvantaged groups have narrowed. Welfare to work programmes such as the New Deals, delivered by Jobcentre Plus and a wide range of partners, have made a real impact.

1.2 The current economic downturn presents real challenges. The UK's dynamic labour market and welfare reforms of the past ten years put the country in a good position to respond to the current labour market conditions. The Government will build on these strong foundations to help people through more difficult labour market economic conditions, and - as the economy strengthens - take further steps towards the long-term aspirations of an employment rate of 80 per cent and eradicating child poverty.

1.3 The goal of full employment matters for people because the chance to work opens up opportunities to progress, to develop and to participate fully in society - people in work are often healthier, and more fulfilled, than people who are not. It matters for society because the poverty linked to worklessness divides our communities and deprives too many children of a fair chance in life. It matters for the national economy because it supports economic growth. And full employment matters for the taxpayer because the cost of welfare diverts funds that could be used elsewhere.

1.4 Achieving full employment means working with employers to open up more job opportunities to long-term jobless people. It means matching increased support with additional responsibilities. And it means doing more to integrate employment and skills services for benefit recipients to help ensure that long-term jobless people have the skills and attributes they need to succeed in gaining their fair share of the employment opportunities that are available.

1.5 The Government's strategy for achieving full employment is based on five core principles:

1. a balance of rights and responsibilities underpinning the welfare reform agenda;
2. a personalised and responsive approach to meet individual needs;
3. retention and progression, with employment support focused not just on job entry but also on helping people stay in work and progress in the labour market;
4. working in partnership to make best use of expertise across the public, private and third sectors; and
5. devolution and local empowerment recognising the important role regions, cities and localities should play in identifying strategic priorities and delivering solutions.

1.6 Informed by the development of labour market policy over the last decade, these principles will underpin further reforms over the 2007 Comprehensive Spending Review (CSR07) period and beyond.

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MEASUREMENT

2.1 To measure progress on increasing employment opportunity for all over the CSR07 period, a total of four indicators will be measured.¹

Indicator 1: An increase in the overall employment rate taking account of the economic cycle

- A sustainable increase in the overall employment rate will be critical to the achievement of the Government's long-term aim of reaching an employment rate of 80 per cent. This requires welfare to work policies that support employment opportunity for all.

Indicator 2: A narrowing of the gap between the employment rates of the following disadvantaged groups and the overall rate: disabled people, lone parents, ethnic minorities, people aged 50 and over, the 15 per cent lowest qualified, those living in the most deprived local authority wards

- To help ensure programmes and policies address the needs of those who are disadvantaged in the labour market, the employment rate of the above six disadvantaged groups will be monitored separately from the overall rate. This indicator will measure progress on the success of policies which are targeted at disadvantaged groups.

Indicator 3: A reduction in the number of people on working age out-of-work benefits

- The total number of working age people on out-of-work benefits will be monitored to ensure programmes and policies are effective in tackling economic inactivity. Although anyone looking for work can make use of Jobcentre Plus, resources are focused on helping people who are claiming out-of-work benefits, particularly those who have been on benefit for a long time, to return to work. This indicator will focus on the main out-of-work groups.

Indicator 4: An increase in the proportion of people who leave benefit who stay off for a sustained period

- Measuring the proportion of people who leave and stay off benefits for a sustained period of time will monitor retention to help ensure that the relevant policies and programmes promote a sustained return to employment for those who have been on out-of-work benefits.
- This indicator will be used to provide information on the amount of time benefit customers spend off out-of-work benefits and in employment. This will help ensure that the relevant policies and programmes promote a sustained return to employment for those who have been on out-of-work benefits. An increase in the time people spend off out-of-work benefits is being used as a proxy for time spent in employment because data on time off benefits is more robust than data on time in employment. This indicator will also focus on the main out-of-work benefit groups.

¹ Further detail on each indicator can be found in the Measurement Annex.

3

DELIVERY STRATEGY

3.1 The Government's key strategic priorities on employment over the CSR07 period are:

- ensuring that those who lose their jobs and are looking for work in the current economic downturn get the support they need to move back into work
- developing a **more personalised, flexible and responsive New Deal**, delivering support which is right for the individual;
- tackling child poverty by **increasing the number of lone parents in employment**;
- **increasing employment opportunity for people with a health condition or disability** and helping to prevent people from falling out of work because of ill-health;
- ensuring that employment programmes and policies meet those who are disadvantaged in the labour market by offering **targeted back to work programmes**, and separately monitoring the employment rates of disadvantaged groups;
- making work pay by **improving incentives to participate and progress in the labour market**;
- **sustainable employment and progression**, reducing the amount of time people remain on out-of-work benefits, and promoting progression in employment by improving the integration of employment and skills services;
- **working with employers** to open up more jobs to long-term benefit claimants and to build equality in the workplace; and
- testing through the city strategy how much more can be achieved by **delegating authority to local areas**.

Welfare Reform White Paper

3.2 The Government's Welfare Reform Green Paper¹ published in July 2008 set out proposals for reforming active labour market support. Following consultation, the Government has published the White Paper "Raising expectations and increasing support"² in December 2008, confirming that:

- To ensure that no one is written off - People on the Employment and Support Allowance (ESA) who are not in the support group will have increased work-related activity as part of their benefit. The Government will also review and tighten the Work Capability Assessment and building on Dame Carol Black's review of workplace health, pilot a Fit for Work service and action plans between employers and employees.

¹ No one written off: reforming welfare to reward responsibility, DWP July 2008. Full document can be accessed at <http://www.dwp.gov.uk/welfarereform/noonewrittenoff/>.

² Raising expectations and increasing support: reforming welfare for the future, DWP December 2008. Full document can be accessed at <http://www.dwp.gov.uk/raisingexpectations/>

- To transform the rights of disabled people - The White Paper sets out how the Government will move towards our commitment to equality for disabled people, giving disabled people more choice and control over their lives. There will also be a substantial increase in the budget for Access to Work.
- To strengthen parental responsibility as part of our commitment to end child poverty - The Government is committed to eradicating child poverty by 2020. The White Paper confirms that to contribute to the achievement of this aim the Government will allow parents on income related benefits to keep all of the child maintenance paid for their children from April 2010. The Government will also introduce action to strengthen parental responsibility, including increased enforcement powers for the Child Maintenance Enforcement Commission and joint birth registration.
- To devolve power so that services can be personalised to the needs of the individual - Using the skills and expertise of providers in the public, private and voluntary sectors, DWP has developed the employment services that it provides. The White Paper goes further, devolving more power to individuals, local partnerships and providers. This means that people facing the greatest barriers will have the support that is best for them.
- To increase activity for jobseekers including piloting a 'work for your benefit' scheme for people who have been unemployed for a long time - The Government will also require problem drug users to seek advice as a condition for receiving benefit. Building on Work Skills, the White Paper announced mandatory skills health checks and training where appropriate.

3.3 The ongoing development and improvement of the Government's welfare to work policies and delivery strategy will also be informed by its recently published responses to the Leitch Review of skills³ and the Harker review⁴ of DWP's child poverty strategy⁵, as well as the report: Realising Potential: A vision for Personalised Conditionality and Support by Professor Paul Gregg⁶, and ongoing stakeholder engagement, consultation, research and evaluation.

PRIORITY I: A MORE PERSONALISED, FLEXIBLE AND RESPONSIVE NEW DEAL

Jobseeker's Allowance

3.4 Jobcentre Plus, an executive agency of the DWP, is the prime agency for delivering efficient and responsive services to help jobless individuals move back into work. Over 10,000 new job opportunities are available at Jobcentres every working day, across a wide range of different sectors of the economy.

3.5 The Welfare Reform White Paper policies strengthen the current Jobseeker's Allowance regime. This will strengthen rights and responsibilities by increasing the intensity of support and the customer's responsibilities as the claim proceeds. Jobcentre Plus will provide a flexible, personalised approach for longer-term and more

³ Leitch Review of Skills. *Prosperity for all in the global economy - world class skills, Final Report*, HMT, December 2006.

⁴ *Delivering on Child Poverty: what would it take?* A report for the Department for Work and Pensions, DWP, November 2006.

⁵ Since publication of the Harker review, DWP has refreshed its child poverty strategy in *Working for Children*, March 2007. Full document can be accessed at <http://www.dwp.gov.uk/publications/dwp/2007/childpoverty/childpoverty.pdf>.

⁶ <http://www.dwp.gov.uk/welfarereform/realisingpotential.asp>

disadvantaged customers, with a focus on successful outcomes rather than delivering particular types of support. This will be provided through the Flexible New Deal.

Flexible New Deal

3.6 All customers will be screened for basic skills needs at the start of their claim and referred for training where available. They will have further skills assessment at the start of Stage 3 (after six months of unemployment) if skills needs are still identified as a barrier to work. Stage 3 offers intensive support to customers and some customers will be fast-tracked immediately to that point if they have a long history of claiming benefit.

3.7 The introduction of the Flexible New Deal will establish a new, unified approach for all job seekers, whatever their age, skills or barriers to work. A personalised, flexible and responsive approach will empower advisers and give increased discretion both to Jobcentre Plus staff and to public, private and third sector suppliers.

3.8 Maximising innovation in all sectors and contracting on the basis of what works will lead to more and better outcomes, and helping people find jobs that offer opportunities for progression will ensure all our customers who need help to develop their skills have access to relevant pre-employment training.

3.9 Suppliers will deliver work-focused support, tailored to each individual's needs and consistent with local labour market requirements. Every customer, including those with more substantial needs, will receive a level of support appropriate to their level of need.

3.10 Suppliers will work with the full range of eligible customers, irrespective of their employment barriers and support requirements. Suppliers may address this through partnership working or subcontracting arrangements.

3.11 Customer choice, empowerment, tailored support and an open dialogue between the customer and their provider, supported by firm application of the rights and responsibilities agenda, is central to this experience ensuring customers receive the individual support they need to keep and progress in work and gain relevant skills.

Role of private and third sector

3.12 One of the core principles for tackling unemployment is to form strong partnerships with the public, private and third sectors, to get more people into work. The current patchwork of provision, with contracts of different size and structures and variation in delivery and management requirements can be inefficient and less effective than is wanted or needed.

3.13 The DWP Commissioning Strategy was developed to modernise and strengthen the welfare to work market. It represents a bold step in the direction of streamlining the business into larger, longer contracts where providers are incentivised and rewarded largely on outcomes - sustainable job outcomes - and not process. Providers from the private, public and voluntary sector will have increased discretion to deliver a more personalised and flexible service to our customers. The flexible New Deal will be the first programme to be commissioned using the values and principles laid out in the Commissioning Strategy.

3.14 The Third Sector Taskforce, launched in June 2008 by the Secretary of State for Work and Pensions, gives providers a voice and a conduit for information between providers and government on the developments which are happening as the principles outlined in the Commissioning Strategy are turned into reality. The Task Force is making recommendations on a number of ways that the third sector can be strengthened and helped to compete alongside commercial providers in the quest to

move people off incapacity benefits and into work. The final report will be published in early 2009.

Right to Bid 3.15 Right to Bid is further testament to the commitment made by Government to engage with the public, private and third sector to enhance and deliver additional value within the overall welfare to work marketplace. The heart of Right to Bid is about harnessing ideas, encouraging innovative proposals from any market sector. This will go live from January 2009.⁷

Work for your Benefit 3.16 As demonstrated in our approach to the Flexible New Deal, the Government believes that there is a clear balance between rights and responsibilities, where individuals are aware of the contribution expected of them in return for help and support from the state.

3.17 There are a small number of Jobseeker's Allowance customers who remain workless for long periods. They have either lost or never learned the basic habits of work, may have complex barriers to work, or refuse to take up opportunities and support available to them through our employment programmes.

3.18 DWP is therefore proposing to pilot a new scheme from 2010. This will require long-term jobseekers, who reach the end of Flexible New Deal without finding work, to engage in a programme of full-time work experience in order to build up their work habits and practical experience. There is considerable evidence demonstrating that engaging people in activity which maintains some attachment to the labour market can prevent them from being unemployed or economically inactive for long periods.

PRIORITY 2: TACKLING CHILD POVERTY BY INCREASING LONE PARENT EMPLOYMENT

3.19 The Government's support for lone parents focuses on ensuring that work pays, that barriers to employment are addressed, and that lone parents are made aware of the employment opportunities available to them.

Supporting lone parents 3.20 Helping lone parents return to the labour market is the most effective way of ensuring their social inclusion and the best route out of poverty for themselves and their children. Additionally, the resulting long run increase in sustainable employment increases the productive potential of the economy. A key part of the Government's employment strategy is increasing the take up of formal childcare by low-income families, thereby enabling parents to enter and sustain employment.

3.21 There are now a range of measures to help lone parents move into work: for example, New Deal for lone parents, the National Childcare Strategy, the National Minimum Wage (NMW) and Tax Credits. These measures are making work possible and making sure that work pays. Building on the success of these measures, DWP is piloting the New Deal Plus for lone parents and rolling out the In-Work Credit.

3.22 More specifically over the CSR07 period, DWP will:

- require lone parents who are claiming Income Support solely as a lone parent and are capable of work, to claim Jobseeker's Allowance when their youngest child is: 12 and over from November 2008; 10 and over from October 2009; 7 and over from October 2010;

⁷ *Partnership in Public Services: An action plan for third sector involvement*, Office of the Third Sector, December 2006.

- continue compulsory meetings with a trained Personal Adviser in Jobcentre Plus for those lone parents claiming Income Support to ensure they are aware of, and are able to access, a range of available support; and
- work with Department for Children, Schools and Families (DCSF) and the devolved authorities in Scotland and Wales to stimulate demand for formal childcare by raising awareness of what is available, ensuring access to information and advice and increasing the affordability of provision. PSA 9 sets out how employment and childcare will drive progress towards meeting the Government's target to halve child poverty by 2010.

3.23 The Government's welfare reform White Paper sets out plans to support more lone parents with younger children into work so that preparation for work becomes a natural progression, rather than a sudden step-up. These include:

- Introducing a skills health check for lone parents and taking account of the new personalised conditionality vision for lone parents with younger children proposed by the Gregg Review, the Government will explore the requirement to participate in broader work preparation activity.
- Piloting, after further discussion, measures for lone parents with younger children to address skills gaps that have been identified as a barrier to starting work as well as participation in other work related activity. These activities will form part of a mandatory action plan that will be agreed between the lone parent and adviser.

PRIORITY 3: INCREASING EMPLOYMENT OPPORTUNITY FOR PEOPLE WITH A HEALTH CONDITION OR DISABILITY

Pathways to Work

3.24 Of the 5.8 million people of working age with a disability, only around half are in employment. Ensuring that many more are able to take up the opportunity to work is central to extending opportunity for all. The Government's Pathways to Work programme has demonstrated that with the right help and support, many people on incapacity benefits can move back into work.

3.25 Pathways to Work is an initiative aimed at improving opportunities for people on incapacity benefits. The process involves a series of mandatory Work Focused Interviews (WFIs) together with a range of provision, including condition management programmes, aimed at improving labour market readiness and opportunities. Pathways to Work is primarily aimed at new incapacity benefit customers but is also available to existing customers on a voluntary basis.

Employment and Support Allowance

3.26 Employment and Support Allowance (ESA) is a new benefit which replaces incapacity benefits and Income Support for people with a disability to become the main income replacement benefit for people with a disability or health condition. It was introduced by DWP from October 2008⁸. To access it, customers must meet a medical test and either a contributions test, or an income related (means) test. To receive the full level of benefit most customers (except those with the most severe conditions) must also attend Work Focused Interview's, helping them focus on a potential return to work.

3.27 The White Paper confirms that existing incapacity benefit customers will be migrated to ESA by 2013. As part of this process the new Work Capability Assessment

⁸ Welfare Reform Act 2007.

will be applied and most customers will be required to engage in a personalised employment service. The White Paper also sets out plans to pilot new approaches to delivering personalised support to existing customers.

3.28 More specifically, DWP will also:

- work with employers to open up more jobs to long-term benefit claimants and to build equality in the workplace;
- reduce benefit onflows by working with employers and others to prevent people falling out of work because of ill-health; and
- work with NHS Trusts and other healthcare providers to ensure that health and employment services are joined up at a local level and meet the needs of working age people.

Dame Carol Black's Review

3.29 These were central themes to Dame Carol Black's report to the Government in March 2008⁹. Government has now responded through publishing 'Improving health and work: changing lives' setting out a vision where the positive links between work and health are recognised by all, where everyone aspires to a healthy and fulfilling working life, and where health conditions and disabilities are not a bar to enjoying the benefits of work.

3.30 At the heart of Dame Carol's review was her recommendation for a Fit for Work service, providing timely access to a wide range of back-to-work support for people in the early stages of sickness absence. The Government has accepted her recommendation to pilot the Fit for Work Service from 2009 until at least 2011. The Fit for Work service pilots will provide case-managed, multi-disciplinary support and various models will be tested, and will be comprehensively evaluated. .

3.31 Pilots for the Fit for Work Service are part of a wider programmes of pilots designed to find the most effective way of combining health and employment support for disabled people and those with a health condition. DWP are extending a pilot programme that locates Jobcentre Plus advisers in GP surgeries and will shortly start a pilot that will test the impact of employment support advisers working within the Improving Access to Psychological Therapies Programme.

Health and Safety Executive

3.32 DWP will also seek to promote retention in employment by working with the Department of Health, the Health and Safety Executive and the devolved administrations to reduce the number of people falling out of work because of health conditions or disabilities. By improving the health of working age people, providing appropriate health interventions, making workplaces safer and healthier, and encouraging employers to promote staff health and support employees with health problems, DWP will work to reduce the number of people losing their jobs and having to claim benefits.

⁹ Black, C, 2008, *Working for a healthier tomorrow*, TSO

PRIORITY 4: TARGETED SUPPORT FOR DISADVANTAGED GROUPS

Narrowing the employment gap for disadvantaged groups

3.33 Narrowing the gap between the overall employment rate and the employment rate of those who are disadvantaged in the labour market is central to the Government's strategy for achieving an 80 per cent employment rate. In addition to the programmes aimed at increasing the employment rate of disabled people and lone parents set out above, DWP will:

- support the over-50s in the labour market by seeking to ensure that back to work help for the over-50s is as effective as for the under-50s, improving skills and encouraging informed decisions about work and retirement options; and
- work to increase the employment rate of those who are socially excluded through both its mainstream and specialist employment programmes supporting ex-offenders, the homeless, and those addicted to drugs and alcohol, thereby contributing to the Government's agendas on reducing re-offending¹⁰ and social exclusion¹¹.

3.34 Through involvement with the 'now let's talk money' campaign, DWP will also contribute to promoting the financial capability (the knowledge, skills and aptitude to support better financial decision making) of vulnerable groups. The campaign focuses on encouraging intermediary organisations to do more to increase the financial inclusion and financial capability of vulnerable people. Financial capability underpins the skills required for sustainable employment as well as for personal responsibility. Jobcentre Plus will promote financial capability by signposting customers to sources of financial education, information and advice.

Targeted support

3.35 The Government recognises that disadvantaged people are individuals, not groups, and that there are often multiple issues to resolve. This is why Jobcentre Plus will provide intensive support to those individuals who need more help – enabling them to compete effectively in the labour market and to move into and remain in work. Jobcentre Plus will continue to:

- maximise the effective supply of labour by promoting work as the best form of welfare and helping unemployed and economically inactive people move into employment;
- help people facing the greatest barriers to employment to compete effectively in the labour market and move into and remain in work;
- ensure that people receiving working age benefits fulfil their responsibilities while providing appropriate help and support for those without work;
- scrutinise the way services are delivered to ensure an efficient and seamless approach to customer service;
- offer customers access to services through a wider range of channels including JobPoints and customer access telephones in a range of locations;

¹⁰ See also PSA 23: Making communities safer.

¹¹ See also PSA 16: Increase the proportion of socially excluded adults in settled accommodation and employment, education or training.

- promote financial capability by signposting customers to sources of financial education, information and advice; and
- provide a high quality service for customers, whether employers or individuals and value for money for taxpayers by focusing services around customers needs, paying the right benefits to the right people at the right time and increasing the number of customers who understand what is expected from them and what they can expect from Jobcentre Plus.¹²

PRIORITY 5: MAKING WORK PAY BY IMPROVING INCENTIVES TO PARTICIPATE AND PROGRESS IN THE LABOUR MARKET

3.36 The Government believes that work for those who can is the best and most sustainable route out of poverty, and is committed to making work pay by improving incentives to participate in the labour market, ensuring that there is a financial benefit from employment. The Government is also committed to looking at ways to encourage progression in work and also at smoothing the customer journey from benefits into paid employment.

3.37 Making work pay will continue to be a priority for the Treasury, DWP and HMRC over the CSR07 period. Policy levers such as the In-Work Credit, Working Tax Credit (WTC) and National Minimum Wage (NMW) are central to the Government's efforts in this area. The WTC and NMW in combination provide a minimum in-work income guarantee, which not only ensures that it pays to work, but also contributes towards the Government's priorities on child poverty reduction. The Government will continue to ensure that these aims are kept in balance, such that work incentives are maintained and improved as much as possible, while simultaneously working to reduce child poverty by targeting support both in and out of work to those who need it most. DWP has also recently introduced a pilot for a better off in work credit designed to assure all long term benefit recipients that they will indeed receive a greater in-work income on moving into full-time employment than they did from their out-of-work benefits and so remove an important barrier to people taking jobs.

3.38 Work incentives are not just financial considerations and the Government is working together to ensure as smooth a transition as possible for those on benefits who move into paid employment. As part of the Government's wider Service Transformation agenda Department for Work and Pensions (DWP) and Her Majesty's Revenue and Customs (HMRC) have established a joint working programme to identify where closer working can improve the service offered to our customers.

3.39 The first initiative was an In and Out of Work Pilot, which focused on improving the service to customers who frequently move in and out of work and who have to deal with DWP for their out of work benefits, HMRC for tax credits and Local Authorities for Housing Benefits. Turning benefits 'on' and 'off' quickly and more effectively has been a key enabler to encouraging customers to take the first step into the labour market, particularly to take up short-term work. Following successful evaluation of the pilots, a phased national rollout has commenced.

¹² Jobcentre Plus' annual business plan provides further information on the agency's priorities for the year ahead, its strategy for business transformation, and its business targets. The business plan can be accessed through the Jobcentre Plus website: http://www.jobcentrepplus.gov.uk/JCP/stellent/groups/jcp/documents/websitecontent/dev_011985.pdf.

PRIORITY 6: SUSTAINABLE EMPLOYMENT AND PROGRESSION

Leitch Review 3.40 In his final report *Prosperity for all in the Global Economy: World Class Skills*, Lord Leitch recommended that the objectives of the employment and skills systems should be integrated into an objective on sustainable employment and progression. The Government published its response to the Leitch Review in July 2007,¹³ setting out how it will take forward the whole Leitch Report in England, which included a commitment to an objective of sustainable employment and progression.

3.41 In addition to Leitch, the independent reviews led by Lisa Harker on Child Poverty and David Freud on Welfare reform¹⁴, have made similar recommendations in the area of supporting the transition from welfare to work and measuring the effectiveness of skills in terms of securing sustainable employment with opportunities for progression.

Integrating Employment and Skills 3.42 DWP, Jobcentre Plus, Department for Innovation, Universities and Skills (DIUS) and the Learning and Skills Council are working together to introduce an Integrated Employment and Skills (IES) service within England by 2010/11. The aim of the service is to enable customers to identify and gain the skills they need to find sustainable employment and progress in work and learning. The first trials of the service started in September 2008 for Jobseekers Allowance customers and they will inform any national rollout and ensure the service meets the needs of both individuals and employers. The key features of the trials are:

- enhanced skills screening process within Jobcentre Plus to identify those customers (in particular repeat claimants) who have potential skills (including basic skills) needs, which are preventing them from staying in sustainable work;
- the introduction of a Skills Health Check, delivered by enhanced Nextstep Services, to identify a customer's existing skills levels and those they need to develop, providing a work-focused action plan with recommended next steps;
- the testing of Skills Accounts to better articulate an individual's entitlement to training and indicate the resources available to them to address their skills needs, identified during the completion of a Skills Health Check
- co-location of careers advisers in Jobcentre Plus offices to enhance service delivery;
- enhanced Nextstep Services, offering more in-depth support to those with the most severe skills needs;
- encourage customers to move into jobs with training and encourage employers to offer jobs with training;
- ensure and encourage customers who take part in training whilst on benefits continue to actively search for work;

¹³ *World Class Skills: Implementing the Leitch Review of Skills in England*, DIUS, July 2007.

¹⁴ *Reducing dependency, increasing opportunity; options for welfare to work. An independent report to the Department for Work and Pensions*, David Freud, March 2007.

- ensure that provision results in economically valuable skills by monitoring the outcomes of Learning and Skills Council (LSC) provision;
- increase the number of benefit recipients receiving LSC provision; and
- continue to develop the skills for jobs programme to ensure that the skills delivered in future are economically valuable.

3.43 Further trials will start in an additional seven areas between December 2008 and March 2009 and throughout 2009/10, the trials will be extended to lone parent customers on Income Support and new Employment and Support Allowance recipients. DWP is also working with the Scottish, Welsh and Northern Ireland Governments to consider how we can deliver an integrated service in their countries.

3.44 The policy levers above will be developed over the coming months in order to prepare for negotiations with delivery partners. As part of this process DWP and DIUS will be working with key stakeholders and building on good practice. DWP and DIUS will also be developing objectives and performance management systems to create incentives for Jobcentre Plus and LSC and other delivery agencies to engage in real collaborative working, and to monitor and assess progress in achieving indicator 4 of this PSA.

PRIORITY 7: WORKING IN PARTNERSHIP WITH EMPLOYERS

3.45 Effective design and operation of welfare to work policies needs real engagement from employers, to ensure that the support delivered provides the long-term unemployed and the economically inactive with the preparation and support that enables them to meet employers' expectations and requirements. DWP will enhance the service that it offers both to employers and to individual customers in order to make quicker and more effective progress with the Government's employment agenda.

Local Employment Partnerships

3.46 Local Employment Partnerships will be at the heart of DWP's work with employers and will help ensure that disadvantaged customers and the newly redundant get the preparation and training that enables them to meet employers' needs and expectations. The partnerships are based on a simple "deal" with employers:

- the Government gets people ready for work; and
- employers with vacancies commit to giving disadvantaged people an opportunity to fill a stated number of their vacancies – through methods including interviews, work placements and mentoring, etc.

3.47 Our aim is to ensure that by the end of 2010 and with the support of major employers in both the private and public sectors, a quarter of a million disadvantaged customers will take up jobs through Local Employment. DWP is therefore:

- continuing to develop strategies to maximise the opportunities available to individual customers; and
- supporting the recruitment industry's efforts to enable agencies and employers make full use of the wide diversity of people looking for jobs.

3.48 Jobcentre Plus leads on Local Employment Partnerships, working closely throughout Britain with a range of partners, including local skills providers, and working with employers to:

- identify entry criteria;
- customise any necessary training;
- provide high quality and responsive service to employers, which help fill job vacancies quickly and effectively and to the employer's specification; and
- nurture and maintain a diverse supplier base to ensure that services meet the needs of all customers, and encourage continued innovation in service delivery.

National Employment Partnerships **3.49** The Government intends to significantly expand this successful approach of working with employers, and the Pre-Budget Report 2008 announced the establishment of a temporary National Employment Partnership, involving Chief Executives from across British businesses and the public sector. The Partnership will work closely with the Government to agree what more employers can do to help the unemployed move quickly back into work. To support this, the Pre-Budget Report announced a substantial expansion of Jobcentre Plus' local and regional employer engagement capacity.

Influencing employers **3.50** As part of DWP's work to maximise the number of people who look for work and who have access to a wide range of vacancies, DWP will also work to influence and, where necessary, challenge employers to make full use of the wide diversity of people looking for jobs. DWP will introduce the Employers Attitudes to Disability Campaign which is part of the wider DWP employer engagement strategy and is aimed at challenging employers' assumptions and beliefs, and encouraging positive and confident behaviour towards the employment of disabled people and people with long-term health conditions. The campaign is scheduled to roll out nationally early in 2008.

Age Positive Initiative **3.51** Through the Age Positive Initiative, DWP will continue to work closely with the business sector to encourage employers to adopt more flexible approaches to work and retirement to support the on-going training and retention of older workers. DWP will continue to help small and medium sized employers to realise the business benefits of employing older workers as part of an age diverse workforce. With the Department for Business, Enterprise and Regulatory Reform (BERR) and the new Commission for Equality and Human Rights, DWP will assess the impact of the Employment Equality (Age) Regulations on employer policies and practices, particularly the default retirement age of 65 in readiness for a formal review in 2011.

3.52 Employer discrimination is a major factor in explaining employment disadvantage for ethnic minorities and DWP engages with employers to promote equalities in the workplace. The Government commissioned the Business Commission on Race Equality in the Workplace, including major private and public sector employers, to look at how best business and Government can tackle these issues. The Business Commission reported earlier this year and the government response broadly welcomed the findings. The Government agreed to take forward ten of the recommendations which cover a range of government department's responsibilities. DWP will be working closely with the Government Equalities Office in the development of the proposed Equalities Bill to ensure that lessons learnt about groups facing labour market disadvantage, such as disabled people and those from ethnic minorities are reflected within the legislation.

3.53 DWP's work with employers is complemented by the work of BERR who will support this PSA by:

- maintaining a flexible labour market;

- promoting fair treatment and work life balance to increase participation in the labour market and to improve productivity;
- helping to make work pay through the NMW, with the independent Low Pay Commission advising on the rate and HMRC carrying out enforcement;
- regulating employment agencies so that workers are protected without hampering agencies' ability to help people, including the previously inactive, find work;
- influencing the European Union Social Agenda, supporting vulnerable workers, promoting co-operative employment relations, flexible working and protecting employees. BERR is looking to simplify employment law, without diluting individual employment rights, to make it easier for employers to understand and comply with their legal duties, and to reduce numbers of employment tribunal cases; and
- raising employees' and employers' awareness of employment rights and responsibilities, working with partners such as Business Link, Directgov, Advisory, Conciliation, and Arbitration Service (ACAS), and the Regional Development Agencies to deliver information and support.

PRIORITY 6: DELEGATING AUTHORITY TO LOCAL AREAS

City Strategy 3.54 Through the City Strategy, the Government is testing how much more can be achieved through delegating greater authority to local areas. Through partnership and closer engagement with employers, City Strategy Pathfinders will seek to better align local resources and promote integrated service delivery and increased programme flexibility, to meet the needs of disadvantaged groups in their areas. To deliver this DWP will:

- support City Strategy Pathfinders to help them develop targeted provision suitable for the needs of their local population, especially those disadvantaged in the labour market including ethnic minorities and to assess where its mainstream programmes need to be tailored to their particular needs;
- drawing on the experience of the City Strategy Pathfinders work to ensure that all of its programmes and policies make best use of public, private and third sectors expertise in delivering personalised, responsive services to help get people back into work;
- through the strengthening of partnerships, especially across the health sector, to ensure that worklessness policies are prioritised;
- draw on the City Strategy experience to ensure that best use is made of the deprived areas fund, to tackle inactivity and unemployment in the most deprived local authority wards and then use this experience to help support activity / future spend of Working Neighbourhoods Funding;
- work with City Strategy Pathfinders to help them develop targeted provision suitable for the needs of their local population, especially those disadvantaged in the labour market and including ethnic minorities;
- progressively use the three levels of devolution laid out in the recent White Paper 'Raising expectations and increasing support: reforming welfare for

the future'; to support activity to better align / join up funding streams to the benefit of individuals and employers;

- use the new arrangements for Local Area Agreements and developing Multi Area Agreements to help deliver the progress on those indicators which focus on worklessness and child poverty; and
- ensure that the lessons learned from City Strategy Pathfinders are shared with the devolved administrations as they develop their own strategies on worklessness.

3.55 Jobcentre Plus will:

- work with local authorities as a key strategic partner in order to help support activity to join up local services and develop local solutions to the benefit of those disadvantaged in the labour market, including ethnic minorities and improve the monitoring and delivery of employment outcomes in disadvantaged areas.

3.56 The work of the Department of Communities and Local Government (CLG) will contribute to this PSA, and in particular to achievement of progress on the employment rate of those living in deprived areas. Through activities aimed at promoting the regeneration and sustainable development of places. CLG is also responsible for the delivery of the Government's neighbourhood renewal strategy, which aims to ensure that no one is disadvantaged by where they live. More specifically CLG will:

- work with other Government departments to tackle deprivation, improve the economic and environmental performance of cities and sub-regions and narrow the gap between the most deprived areas and the rest of England on health, education, crime and worklessness outcomes;
- deliver a new local government performance framework as the means of securing national priorities locally. The new performance framework will contain robust indicators to support the local delivery of the Government's employment aspirations and to drive local area performance on worklessness. All local areas will report on the following performance indicators relevant to this PSA; and
- work with DWP to ensure effective delivery through local partnerships, with a strong emphasis on the delivery of local interventions aimed at developing the ability of people to get into and to stay in work.

3.57 Complementing this work, BERR will lead on the delivery of policies to improve regional economic performance,¹⁵ which will promote innovative initiatives such as the Northern Way, a partnership between the three northern RDA's, which has undertaken a range of pilots focusing on long-term Incapacity Benefits customers.

ACCOUNTABILITY AND CONSULTATION

3.58 The Secretary of State for DWP is the lead minister for this PSA. The relevant Cabinet Committee will drive performance by regularly monitoring progress, holding departments and programmes to account and resolving interdepartmental disputes where they arise.

¹⁵ See also PSA 7: Improve economic performance of all English regions and reduce the gap in economic growth rates between regions.

3.59 The Senior Responsible Officer within government for the PSA is the Director General of the Work, Welfare and Equality Group, DWP, who will chair a Senior Official PSA Delivery Board, comprising all lead and supporting departments. The Board will also monitor progress and review delivery regularly and report to the relevant Cabinet Committee.

3.60 This Delivery Agreement has been developed in consultation with the relevant government departments, the Equal Opportunities Commission, the Commission for Racial Equality, the Disability Rights Commission and Jobcentre Plus.

DEVOLVED ADMINISTRATIONS

3.61 The policies and programmes described in this delivery agreement apply to Great Britain only. Employment policy is devolved for Northern Ireland. However, the Government, and DWP will work with the Northern Ireland administration to agree a comparable delivery strategy for maximising employment opportunity for all in Northern Ireland.

3.62 DIUS does not have responsibility for skills in the devolved administrations. DWP and DIUS will therefore work to negotiate arrangements for delivery of skills and learning within Northern Ireland, Scotland and Wales that fit with their own strategies and with the Leitch agenda.

A

MEASUREMENT ANNEX

Indicator I	Overall employment rate taking account of the economic cycle
Data provider	Office for National Statistics (ONS).
Data set used	Labour Force Survey.
Baseline	Quarter 2 2008.
Frequency of reporting	Quarterly.
95 per cent confidence interval at baseline	+/- 0.3 percentage points.
Data Quality Officer	Divisional Manager, Economic and Labour Market Policy Division, DWP.
Minimum movement required for performance assessment	Movement in excess of sampling variability, i.e. +/- 0.3 percentage points on the employment rate. Policy will be judged successful if the employment rate has risen over the economic cycle.

DEFINITION ON KEY TERMS

- *Employment:*

The number of people with jobs is measured through the Labour Force Survey (LFS). The Labour Force Survey is a survey of households. It uses definitions set out by the International Labour Organisation (ILO).

- *Labour Force Survey:*

The LFS is a household survey of around 57,000 households, conducted by the Office for National Statistics. ONS publish headline results from the LFS on a monthly basis, with a more detailed dataset available on a quarterly basis.

- *Economic cycle:*

Success is measured over the economic cycle. HM Treasury in Pre-Budget Reports and Financial Statement and Budget Reports publishes assessments of the economic cycle. Estimates are made using National Statistic data. Further information is available in 'Evidence on the economic cycle' (November 2008) which explains the Treasury's approach to measuring the economic cycle and draws on evidence from the economic indicators monitored by the Treasury to inform the latest assessment of the cyclical position of the economy. This paper builds on previous analysis of the economic cycle published by the Treasury, in particular the 2005 publications 'Evidence on the UK economic cycle' (July 2005) and the 'Technical note on cyclical indicators' (December 2005)

A.1 Progress will be measured using the seasonally adjusted employment rate (the proportion of the population of working age (16-59 for females and 16-64 for males) who are in employment) in Great Britain, based on the International Labour Organisation (ILO) definition. This is a National Statistic.

Indicator 2	A narrowing of the gap between the employment rates of the following disadvantaged groups and the overall rate: disabled people, lone parents, ethnic minorities, people aged 50 and over, the 15 per cent lowest qualified, those living in the most deprived local authority wards
Data provider	ONS.
Data set used	Labour Force Survey.
Baseline	Quarter 2 2008.
Frequency of reporting	Quarterly.
95 per cent confidence interval at baseline	See tables below on each disadvantaged group. Confidence intervals relate to the employment gap.
Data Quality Officer	See tables below on each disadvantaged group.
Minimum movement required for performance assessment	DWP will separately monitor the employment rate for each of the six disadvantaged groups and the gap between their employment rate and the employment rate of Great Britain. The definition of employment will be the same as for indicator 1.

A.2 Success for narrowing the gap between the disadvantaged groups (see below) and the overall rate will be defined as having narrowed the gap in each of the identified groups and the overall rate.

	Disabled people
Data provider	ONS.
Data set used	Labour Force Survey.
Baseline	Quarter 2 2008.
Frequency of reporting	Quarterly.
95 per cent confidence interval at baseline	+/- 1.41 percentage point.
Data Quality Officer	Deputy Director, Disability and Work Division, DWP.
Minimum movement required for performance assessment	Policy will be judged successful if there is upward movement on the indicator in excess of sampling variability.

DEFINITION OF KEY TERMS

- *Disabled person:*

This measures the employment status of people who are disabled in accordance with the Disability Discrimination Act 1995. The Act defines a disabled person as ‘a person with a physical or mental impairment which has a substantial and long term adverse effect on his ability to carry out normal day-to-day activities’. Although the Act provides protection from discrimination for past disabilities, the employment rate only applies to people who are currently defined as disabled.

	Lone parents
Data provider	Office for National Statistics
Data set used	Labour Force Survey
Baseline	Quarter 2 2008
Frequency of reporting	Annual using Q2 datasets. A Q4 dataset ¹ is available and this will be used to monitor progress, but the target will be reported using only Q2 data to ensure seasonal comparability.
95 per cent confidence interval at baseline	+/- 2.24 percentage points
Data Quality Officer	Divisional Manager, Family, Poverty and Work Division, DWP
Minimum movement required for performance assessment	Policy will be judged successful if there is upward movement on the indicator in excess of sampling variability.

DEFINITION OF KEY TERMS

- *Lone parents:*

A person of working age caring for a dependent child, without a partner, who is a member of the same household.

¹ Data are seasonally unadjusted and are obtained from the Household Labour Force Survey which is published biannually by the ONS (see Work and Worklessness amongst Households at www.statistics.gov.uk).

	Ethnic minorities
Data provider	ONS.
Data set used	Labour Force Survey, single quarter calendar data.
Baseline	Quarter 2 2008.
Frequency of reporting	Quarterly.
95 per cent confidence interval at baseline	+/-1.90 percentage points.
Data Quality Officer	Divisional Manager, Area Initiatives and Communities Division, DWP.
Minimum movement required for performance assessment	Policy will be judged successful if there is upward movement on the indicator in excess of sampling variability.

DEFINITION OF KEY TERMS

- *Black and Minority Ethnic:*

This group contains those who classify themselves to an ethnic background that is non-white, and is based on aggregated data for all respondents to the Labour Force Survey (LFS).

	People aged 50 and over
Data provider	ONS.
Data set used	Labour Force Survey.
Baseline	Quarter 2 2008.
Frequency of reporting	Quarterly.
95 per cent confidence interval at baseline	+/- 0.92 percentage points.
Data Quality Officer	Deputy Director, Ageing Society Directorate, DWP.
Minimum movement required for performance assessment	Policy will be judged successful if there is upward movement on the indicator in excess of sampling variability.

DEFINITION OF KEY TERMS

- *People aged 50 and over:*

This group includes those aged 50 to 69. Data are obtained from the Labour Force Survey and are available quarterly.

The 15 per cent lowest qualified	
Data provider	ONS.
Data set used	Labour Force Survey.
Baseline	Quarter 2 2008.
Frequency of reporting	Quarterly.
95 per cent confidence interval at baseline	+/- 1.59 percentage points.
Data Quality Officer	Senior Analyst, Skills Division, DWP.
Minimum movement required for performance assessment	Policy will be judged successful if there is upward movement on the indicator in excess of sampling variability.

DEFINITION OF KEY TERMS

- *The 15 per cent lowest qualified:*

This group consists of those who are recorded in the Labour Force Survey as having no qualifications or low level qualifications. The measure takes into account the proportion of people in each of these two groups that make up the 15 per cent lowest qualified.

	Those living in the most deprived Local Authority wards
Data provider	ONS.
Data set used	Labour Force Survey.
Baseline	Quarter 2 2008.
Frequency of reporting	Quarterly.
95 per cent confidence interval at baseline	+/- 1.44 percentage points.
Data Quality Officer	Divisional Manager, Area Initiatives and Communities Division, DWP.
Minimum movement required for performance assessment	Policy will be judged successful if there is upward movement on the indicator in excess of sampling variability.

DEFINITION OF KEY TERMS

- *Most deprived Local Authority wards:*

In England, the disadvantaged areas covered in this data are the wards in the Local Authorities eligible for the Working Neighbourhood Fund (WNF) which contain one or more Lower Super Output Areas (LSOAs) in the most deprived decile on the employment domain of the 2007 Index of Multiple Deprivation (IMD).

The Local Authorities eligible for WNF were determined on the basis of 3 criteria, which are:

- Any authority that has 20 percent or more of its LSOAs in the most deprived decile on the Employment domain;
- Any authority that has 20 percent or more of its LSOAs in the most deprived decile on the overall IMD;
- Any authority ranked among the top 40 districts on an equally weighted measure of key benefit claim rate and employment rate.

In Scotland and Wales, the disadvantaged areas are the wards with the highest benefit claim rates. These wards will be selected using data on receipt of key benefits. Four-quarter average key benefit data to February 2007 and 2004 mid year population estimates were used for the selections. Any ward with a benefit claim rate of at least 22 per cent (1.75 times the national rate) was selected.

- *Key benefits:*

This includes the main out-of-work client group categories (unemployed people on Jobseekers Allowance, Lone Parents on Income Support, ESA and incapacity benefits customers, and others on income-related benefits with the exception of carers who are not subject to activation policies in the same way as other groups).

Indicator 3	Overall number of people on working age out-of-work benefits
Data provider	DWP client group statistics and ONS
Data set used	DWP Work and Pensions Longitudinal Study and ONS claimant count
Baseline	May 2008.
Frequency of reporting	Quarterly.
95 per cent confidence interval at last outturn	100 per cent of population. ²
Data Quality Officer	Divisional Manager, Economic and Labour Market Policy Division, DWP
Minimum movement required for performance assessment	Any downward movement in the indicator over period of CSR07.

DEFINITIONS OF KEY TERMS

- *Working age*: 16-59 for females and 16-64 for males.
- *Out of work benefits*:

This indicator includes the main out-of-work client group categories (unemployed people on Jobseekers Allowance, Lone Parents on Income Support, ESA and incapacity benefits customers, and others on income-related benefits with the exception of carers who are not subject to activation policies in the same way as other groups).

² Data may be subject to some clerical errors.

Indicator 4	An increase in the proportion of people who leave benefit who stay off for a sustained period
Data provider	Jobcentre Plus administrative data.
Data set used	Work and Pensions Longitudinal Study.
Baseline	May 2008.
Frequency of reporting	Quarterly.
95 per cent confidence interval at last outturn	100 per cent of population. ³
Data Quality Officer	Senior Analyst, Skills Directorate, DWP.
Minimum movement required for performance assessment	An upward movement in indicator over period of CSR07.

DEFINITION OF KEY TERMS

- *Working age*: 16-59 for females and 16-64 for males.
- *Out of work benefits*:

This includes the main out-of-work client group categories (unemployed people on Jobseekers Allowance, Lone Parents on Income Support, ESA and incapacity benefits customers, and others on income-related benefits with the exception of carers who are not subject to activation policies in the same way as other groups).

A.3 This indicator will measure the proportion of people who sign off key welfare benefits and who then stay off benefits for a full six months. It will be used to provide information on the amount of time benefit customers spend off out-of-work benefits and in employment. This will help ensure that the relevant policies and programmes promote a sustained return to employment for those who have been on out-of-work benefits. An increase in the time people spend off out of work benefits is being used as a proxy for time spent in employment because data on time off benefits is more robust than data on time in employment.

³ Data may be subject to some clerical errors.

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