

WELFARE REFORM COMMITTEE
THE FUTURE DELIVERY OF SOCIAL SECURITY IN SCOTLAND
WRITTEN SUBMISSION FROM CAMBRIDGE POLICY CONSULTANTS

Key issues in Employment Support

Key findings from CPC Mapping research:

Limited data on which to assess return on investment: While much focus is given to outputs and outcomes (the benefits for clients and how this makes a difference to them in the labour market), there is limited information on the expenditure invested in each client to deliver this return. In a system focused on responding differentially to client needs, this is a major gap. Using benefit claim groups as a proxy for client need obscures the level of investment required in any one individual.

Evaluation research is focused on programmes not employability pathways: We talk a lot about integrated systems of employment support but management information and evaluation research is very fragmented (by programme/funding stream and provider). This tends to disfavour early contributions from initial engagement and IAG compared to other 'near market' activity such as job search support and work placements etc. Limited information on client needs mean that it is very difficult to assess whether the current pattern of investment in employability services in Scotland is in line with needs.

This has an impact on our depth of understanding of what works for whom: At a macro level most studies say employability programmes make no difference – largely because they put one group of individuals into jobs at the expense of other who might otherwise have got them. At a programme level results are mixed – for programmes with very similar designs you can find both positive and negative results. This suggests that research has not yet been able to identify clearly the factors that make the difference. Long experience talking to people on the frontline suggests that it is not so much what you do but the way that you do it that makes a difference.

Evaluation research has little to say on basic programme design issues such as what is the most cost-effective personal adviser/ client ratios etc? As a result it cannot provide a definitive design blue print. The use of 'black box' delivery in contracting has reduced the knowledge available to procurement and too much emphasis has been placed on getting the initial contract 'right' and not undertaking performance management of delivery post-contracting to explore pilots and different delivery options.

Improving welfare to work delivery

Scotland has an opportunity to consider what welfare to work services should be seeking to achieve in the long term. What is effective in securing durable employment with progression may well be different to the type of services that secure any job. A 'job' in today's labour market is no guarantee of a sustainable outcome and an inadequate measure of progress. With the introduction of Universal credit, increments in hours worked and

income more significant measures of performance. Policy has understandably focused on longer durations of unemployment but less attention has been paid to how repeated spells without work impact on certain groups. The 'narrow' work-focused approach to welfare to work is predicated that once in employment individuals can progress to better-paid and more sustainable jobs but there have been few analyses of such long-term outcomes.

Need to move away from broad claimant groups to better understand individual client needs at the start of their claim. It will take time but it is important to move to a better system of assessing client needs. The Dutch now triage clients on the basis of a short questionnaire mixing characteristics and attitudes and this is increasingly accurate in predicting whether an individual will become long-term unemployed. This might also be the basis for early intervention – Short interventions that add value to the job search strategies of clients and do not stop them looking for work deserve greater consideration at the start of a claim. One example was the JCP Support Contract that cost very little to run but were able to better inform clients' job search strategies while they still possessed their early enthusiasm.

Early intervention where appropriate: A problem, long recognised on the frontline, is that many clients with substantial barriers to employment do not benefit from delayed programme entry. Very little if anything happens to individuals in this group during their first 3-6 months of their claim to help them improve their employability. An issue is whether a 'broad' approach to welfare to work might be more cost-effective in supporting clients with greater needs. Available evidence suggests that it would require a very effective programme to overcome the 'lock in' effects – where clients on programme do not look for work while they are on courses etc. It seems likely that a carefully targeted programme could work with clients to improve their core skills (the evidence that vocational training alone can change employment prospects remains very limited).

Co-design and pilot approaches: The implication of the above is that it is currently unlikely that a 'perfect' welfare to work programme could be designed ex-ante and that procurers and providers need to work more closely together to build on and improve practice. The previous DWP procurement process placed too much emphasis on getting the contract right from the outset and too little attention to building a knowledge base for intelligent procurement in future. Procurement managers should look to understand effective practice themselves not simply ensure providers fill in forms accurately. A more comprehensive and transparent performance management process is essential.

Payment by results can work and provide a basis for performance management: However, prices and the payment structure need to be set so that they reflect the costs of intervention. Static prices set without any clear relationship to actual costs of delivery lead to perverse incentives unintended consequences such as 'creaming' and 'parking'. Best pricing mechanism is dynamic along the lines of a target accelerator – providers paid more for achieving more.

Links and enablement of access to other support services. Links to a wide range of support services are necessary to secure effective employment outcomes – debt, housing, mental health, skills/ core skills. There is a Need to ensure that the services are available to support a collective effort to enable welfare to work whatever the delivery model selected.