1. Introduction: About Shaw Trust

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

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

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

2. Executive Summary

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

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

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

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

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

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

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

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

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

**Recommendation 5: Greater integration of employment and skills programmes.**

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

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

2.8. The Scottish Government should consider how to best use administrative powers of Universal Credit to support individuals, including the frequency of
benefits and some housing welfare support.

3. **Build on best practice when designing future employment programmes.**

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

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

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

3.4. While the power to replace the Work Programme and Work Choice will be devolved to Scotland, the powers to attach conditions and apply sanctions will

remain with the UK Government. This could potentially create a complex system. It has become clear that conditionality will form part of any employment provision the Scottish Government commission post-2017. If an individual is referred to the devolved employment service, but does not attend, the individual could face a sanction as determined by the DWP. However, once engaged on the programme, Scotland will have the power to decide what arrangement would take effect and how conditionality is applied.

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

3.6. Any approach to future employment service design in Scotland should prioritise an up-front assessment of individuals at the point of benefit claim. Delivery should move beyond claimant group category – service design should consider the whole person. This assessment should be a process, and not an event. It should be based on a live and on-going assessment of a customer’s needs, rather than something that happens only once. Factors impacting on an individual’s capacity to work, particularly health conditions but also additional barriers such as housing, finance and debt, skills and qualifications should be considered. Introducing such an assessment is one of Shaw Trust’s key recommendations to the Scottish Government. This builds on our ‘Making Work a Real Choice’ research that advocates a holistic assessment for future specialist disability employment provision. Shaw Trust’s joint report with ACEVO – ‘Refinement not Reinvention’ – complements this point by calling for an up-front assessment for the next generation for the Work Programme.\(^2\)

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


enable customers, including those with more complex needs, to be referred at the outset to the right service for them at the right time.

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

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

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

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

5. **Joining up employment and skills programmes in Scotland.**

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

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

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

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

6. Taking a flexible approach to Universal Credit.

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

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

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

7. **Conclusion and Recommendations**

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

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

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

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

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

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

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