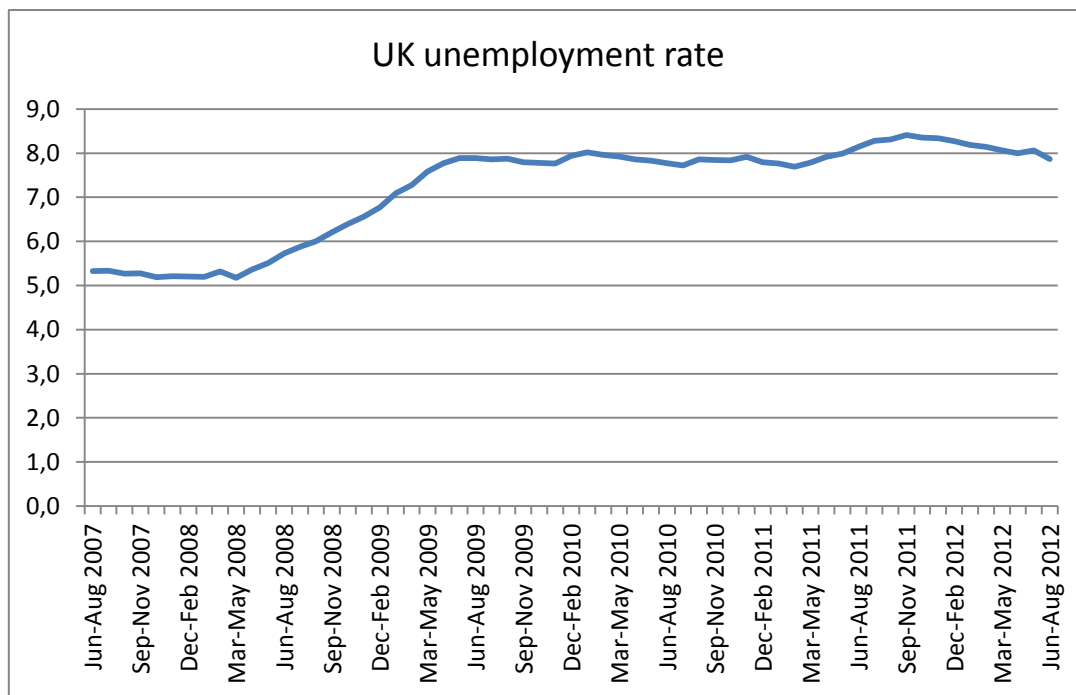


Overview of active employment and training policies in the UK

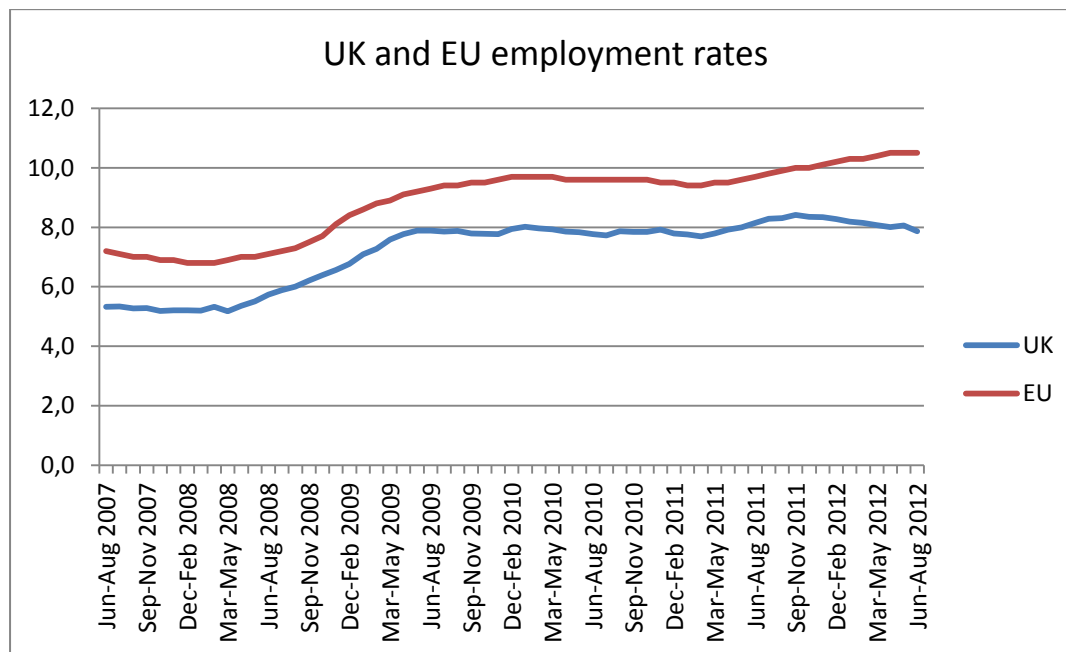
Unemployment in the UK

In the UK, unemployment measures “people without a job who have been actively seeking work and are available to start work if a job is offered”. As shown in figure 1, after a sharp increase between early 2008 and mid 2009, the rate of unemployment in the UK peaked in the last quarter of 2011 at 8.4% of the economically active population (aged 16 – 64). Since then there has been a slight decrease in unemployment, but the rate remains high at around 8%. In the third quarter of 2012, 7.9% of the economically active population were unemployed, down 0.2 percentage points from March to May 2012 and down 0.3 from a year earlier. This equated to 2.53 million unemployed people who could potentially be working.



Unemployment in the UK has followed a similar pattern over recent years to unemployment in the European Union overall (figure 2). This shows that the labour market in the UK is susceptible to similar economic influences to the rest of the Union. The rate of unemployment in the UK, however, has remained consistently below the EU average, with this gap widening slightly in 2012. In August, more than

one in ten (10.5%) economically active Europeans¹ were out of work, compared with 7.9% of the economically active UK population.

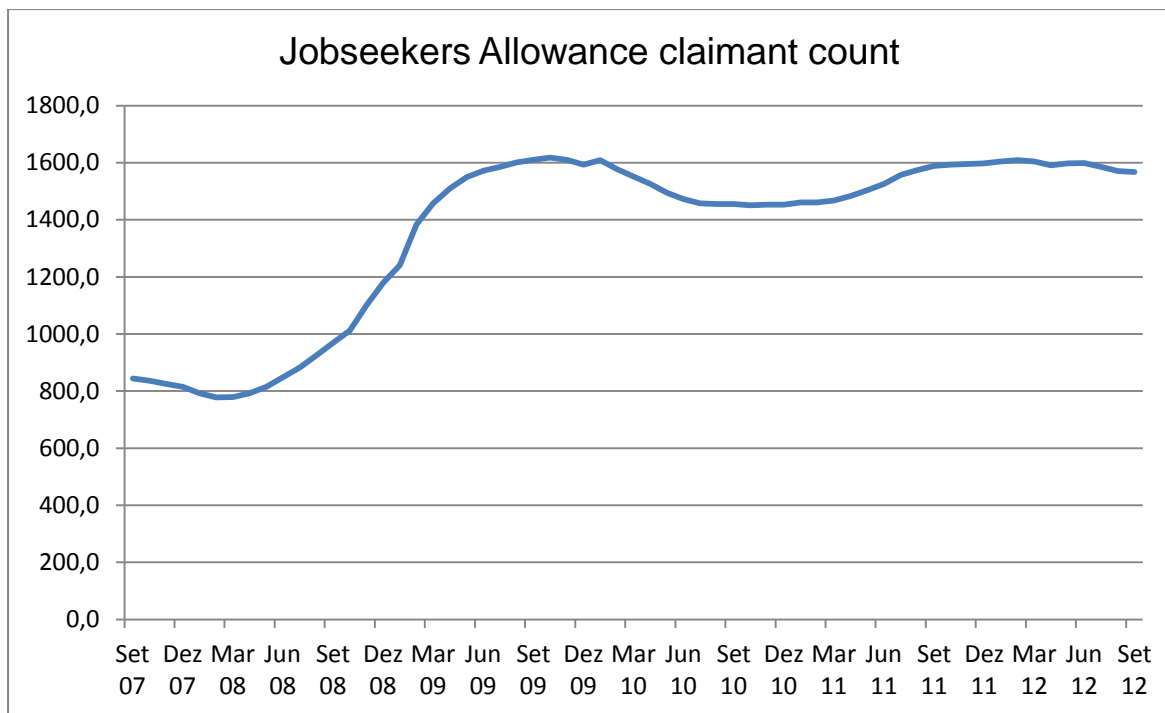


As in the European Union overall, unemployment amongst young people (16 – 24) is a particular concern in the UK. In the third quarter of 2012, the unemployment rate for 16 to 24 year olds was 20.5 per cent (or 18.9% if those in full time education are excluded from calculations²). Whilst this was down 1.3 from the previous quarter, the proportion of young people who are unemployed remains very high compared with the overall rate of unemployment in the UK.

In the UK, the Department for Work and Pensions (in England, Wales and Scotland), and the Social Security Agency (in Northern Ireland) pay a form of benefit called the Job Seekers' Allowance to those who are unemployed and seeking work. It is part of the social security benefit system and is intended to cover living expenses whilst the claimant is seeking work. As could be expected, the claimant rate has followed a similar pattern over recent years to the unemployment rate (figure 3).

¹ The unemployment rate for the UK is for those aged 16 and over. The unemployment rate for the EU is for those aged from 15 to 74.

² Standard practice is to include young people in full time education in unemployment statistics if they if they have been looking for work within the last four weeks and are available to start work within the next two weeks. If young people in full time education are excluded from calculations, the unemployment rate for 16 – 24-year-olds in the UK for the last quarter of 2012 was 18.9%.



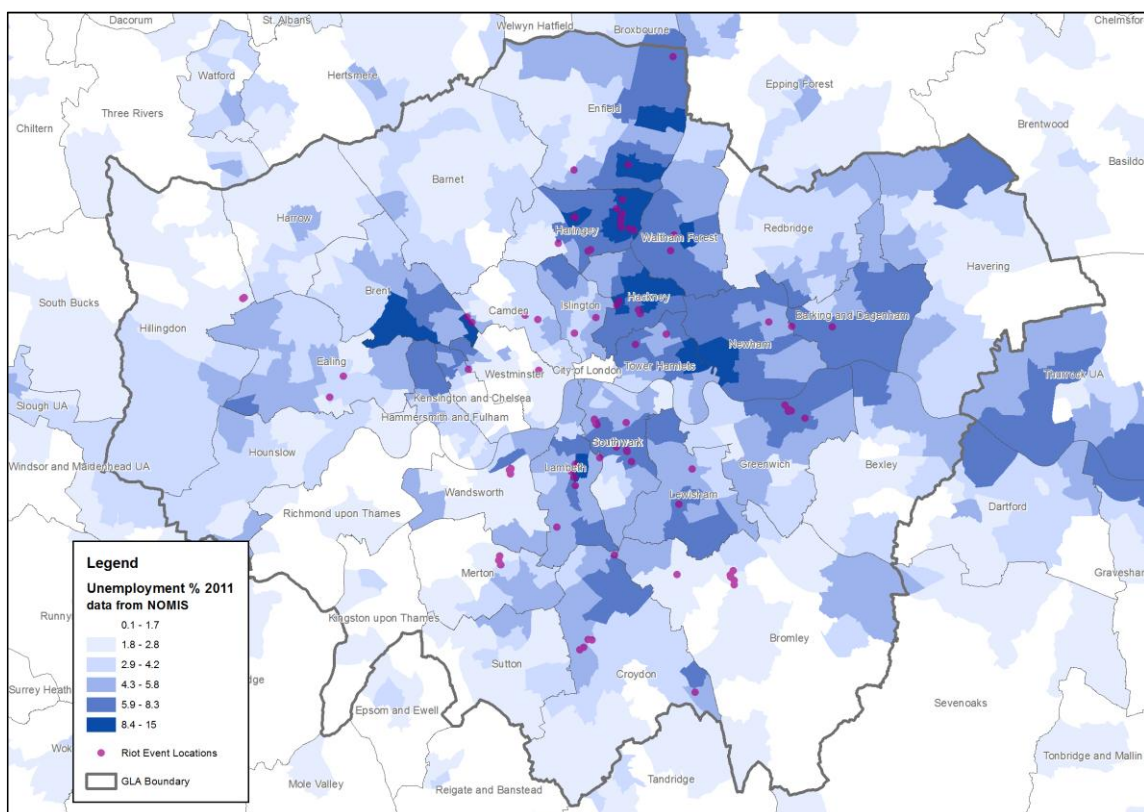
In September 2012, 1.57million people claimed Jobseekers Allowance in the UK, 28% of whom were aged 18 – 24. The overall claimant rate was 4.8%.

The effects of unemployment

Unemployment is likely to significantly affect individual and family wellbeing in the UK. Research has shown unemployed workers to be twice as likely as their employed counterparts to experience psychological problems such as depression, anxiety, low subjective well-being and poor self-esteem (Paul & Moser, 2009). There is also a wider effect. The stress of job loss, or being unable to find a job, can negatively affect parenting practices (McLoyd, 1998). As a result, children suffer negative outcomes such as increased distress and depressive symptoms. Depression in children and adolescents has been shown to be linked to various negative consequences, including academic problems, substance abuse, high-risk sexual behavior, physical health problems, impaired social relationships and increased risk of suicide (Birmaher et al., 1996; Chen & Paterson, 2006; Le, Munoz, Ippen, & Stoddard, 2003; Verona & Javdani, 2011; Stolberg, Clark, & Bongar, 2002).

In a phase of high unemployment, those who remain employed, or are able to secure work, also suffer. Higher workload levels and the threat of redundancy lead to increased stress and anxiety, which again can have wider negative consequences. Widespread unemployment has a considerable effect on communities in that it reduces resources. This may result in inadequate and low-quality housing, underfunded schools, restricted access to services and public transportation, and consequently limited opportunities for employment.

Unemployed people also report lower community belonging than their employed counterparts. This can affect crime levels, safety and community well-being (Steward et al., 2009). In the UK, the link between unemployment and community unrest could clearly be seen in the summer of 2011 when major urban violence swept across England. The causes of these riots and looting were multiple and complex, but as shown in figure 4, unemployment appears to be a significant underlying factor.



For the wellbeing of individuals, families, communities and the UK at large, there is a clear need to tackle unemployment and its underlying causes. As such, doing so is of high priority for the UK government.

Active employment and training policies

In May 2010, the Conservative/Liberal Democrat coalition Government came into power in the UK with the belief that...

... we need to encourage responsibility and fairness in the welfare system. That means providing help for those who cannot work, training and targeted support for those looking for work, but sanctions for those who turn down reasonable offers of work or training³.

All existing work programmes were ended and the Conservative Party campaign 'Get Britain Working'⁴ was introduced, which encompasses a range of major welfare to work reforms that aim to fight poverty, support the most vulnerable, and help people break the cycle of benefit dependency. These include The Work Programme, several Get Britain Working measures (including Work Clubs, Work Experience and Sector-Based Work Academies), and various specialist programmes developed in response to current challenges faced in the UK labour market.

Tailored, results-driven support to suit individual needs

Employment and training policy in the UK aims to recognise that 'people's barriers to work are as individual as they are' and that support should be designed and delivered in ways that achieve results in terms of helping people enter/re-enter the job market. **The Work Programme** is a major payment-for-results welfare-to-work programme that launched in June 2011. It is delivered by a range of private, public and voluntary sector organisations which are supporting people who are at risk of becoming long-term unemployed to find work. The Work Programme was developed in response to the belief that previous work programmes (e.g. New Deal, Employment Zones and Flexible New Deals) 'were fragmented; interventions were over-specified; and incentives were poor, allowing providers to stay in business without delivering strong results.'

³ The Coalition: Our Programme for Government (Jobs and Welfare), available at <http://webarchive.nationalarchives.gov.uk/20100919110641/http://programmeforgovernment.hmg.gov.uk/jobs-and-welfare/index.html>

⁴ <http://www.conservatives.com/getbritainworking/>

Three main principles are at the heart of The Work Programme:

- *Clear incentives to deliver results:* Service providers are paid almost entirely for results - defined as sustained job outcomes for participants. The longer a customer stays in work, the more delivery partners will be paid, so there are strong incentives to continue support once participants are in work. The programme supports a wide range of participants and payments are higher for helping participants who are further from the labour market into sustained work. The Work Programme is at the leading edge of wider government commissioning of payment-for-results public services.
- *Freedom for service providers:* Local providers are best placed to identify the most effective way of helping people into sustained work, and have been given new freedom to do so without prescription from government. Requirements for providers have been minimised as far as possible, allowing them to innovate and focus their resources where it will do most good. Publication of providers' service standards will increase service transparency and accountability.
- *A long-term commitment:* Five year contracts give prime providers a firm basis on which to build long term partnerships with their specialist supply chains of local providers, and other partners, including local government. Putting clear incentives in place over an extended period creates time for these partnerships to invest in the infrastructure and resources required for success.⁵

Emphasis on partnership working and networking

JobCentre Plus is part of the Department of Work and Pensions in the UK. It supports people of working age from welfare into work and helps employers fill their vacancies. Get Britain Working sees a greater emphasis being placed on partnership

⁵ The Work Programme, DWP. Available here: <http://www.dwp.gov.uk/docs/the-work-programme.pdf>

working, with Jobcentre Plus, providers, local authorities, employers, and jobseekers working together to find new solutions to unemployment.

There is also an emphasis on bringing jobseekers together. **Work Clubs** are run by local organisations like employers and community groups, and give jobseekers the chance to share knowledge, experience and job hunting tips.

Training and skills development

There is a strong emphasis in UK policy on equipping the unemployed with the skills they need to find work in a competitive labour market. The majority of providers delivering The Work Programme offer services involving training and skills development.

Sector-based work academies were launched in August 2011 and offer pre-employment training, work placements and a guaranteed interview for recipients of Jobseeker's Allowance or Employment and Support Allowance (work-related activity group), in sectors with many local vacancies.

As well as formal training, the UK Government believes in harnessing the power of volunteering to help unemployed people into work. **Work Together** is a Great Britain wide initiative that aims to encourage those looking for work to consider volunteering as a way of improving their employment prospects. The voluntary and community sectors play a significant role in supporting the delivery of Work Together, and both local and national organisations are encouraged to become involved where possible.

Supporting self-employment and new enterprise

Government policy supports unemployed people who wish to create their own work opportunities through self-employment. A **New Enterprise Allowance** is available across Great Britain and is designed to help unemployed people who want to start their own business. In 2013, a mentoring service will be available and provided by local partner organisations. In addition, **Enterprise Clubs** are a Great Britain-wide initiative which aims to support the development of a network of locally-led,

community-based support targeted at unemployed people interested in self-employment.

Helping young people into work

In response to the challenge of youth unemployment, in 2011, a £1billion **Youth Contract** was announced to help young unemployed people get a job. The Youth Contract aimed to provide nearly half-a-million new opportunities for young people, including apprenticeships and work experience placements. Key initiatives that The Youth Contract encompasses are:

- *Wage incentives:* Wage incentives of up to £2,275 are available for employers across England Scotland and Wales who can offer an 18 -24 year old a job through the Work Programme or Jobcentre Plus for employers who take on a young person living in one of 20 local authority areas.
- *Work experience:* Extra work experience places will be available across Great Britain over the next 3 years ensuring there is an offer of a place for every 18 to 24 year-old who wants one, before they enter the Work Programme.
- *Apprenticeship wage incentives:* Further wage incentives are available to support new apprenticeship pathways for 16-24 year olds in England only and encourage small employers, who have not previously taken on apprentices to benefit from the Apprenticeship programme.
- *Sector-based work academies:* Extra places will be available in England and Scotland over the next three years, ensuring there is an offer of a place for every 18 to 24 year-old who wants one, before they enter the Work Programme.

In addition to the general provisions for young people, The Government will invest £126 million over the next three years to support young people aged 16 to 17 who are not in education, employment or training in England (NEET).

The Young People's Learning Agency (YPLA) are running an open competition for organisations from all sectors to lead this programme on a regional or sub-regional basis. Organisations will be given complete freedom to design and tailor a

programme of support to help young people move into full-time education, an Apprenticeship or a job with training. As for other schemes will receive payment by results depending on how successful they are at helping young people to make a sustainable move into a positive employment-related outcome.

Provisions for disabled people

The UK government is committed to helping disabled people to compete in the labour market and find work where possible. As such, it operates specialist employment programmes for disabled members of the population who are of working age.

Work Choice provides disabled people who have complex barriers to employment and more intensive support needs with a comprehensive service covering all stages of their journey into work, particularly when other DWP employment provisions might not be suitable.

People with a disability, health or mental condition who require support to gain or retain employment can apply for an **Access to Work** grant to help them pay for things like:

- specialist equipment
- travel when they are unable to use public transport
- a communicator for a job interview

Part of UK employment policy is to support organisations that facilitate entry to work for specialist groups. **Remploy** is a UK charity which is heavily funded by government. As well as being the UK's leading employer of disabled people in its extensive network of factories, the organisation provides a range of employment services to jobseekers and employers alike, including:

- *Remploy Employment Advisors* to work with jobseekers to develop their skills, find suitable opportunities and help with job applications
- *Free access to resources*, such as newspapers, internet and telephones
- *Development and recruitment activities* to help jobseekers get and keep a job suitable for them

- *Free recruitment support* for employers, including a work experience programme that enables employers to try candidates before hiring them
- *Disability training* to ensure employers are aware of any issues relevant to employing people with disabilities

The Work Programme

The Work Programme was launched in June 2011 throughout Great Britain. Part funded by the European Social Fund, it provides tailored support for benefit claimants who need more help to undertake active and effective job seeking. It is delivered by private, public and voluntary sector organisations that are given complete autonomy to decide how best to meet beneficiaries' needs while meeting specified minimum standards. According to the Coalition Government, the Work Programme 'represents a step change for Welfare to Work in [the UK], creating a structure that treats people as individuals and allows providers greater freedom to tailor the right support to the individual needs of each claimant'.

How it works:

Those who are long-term unemployed, or at risk of becoming so, are referred to a Work Programme service provider to receive support to enter the job market. There are eighteen Prime Providers delivering 40 contracts across 18 regions of the country. There are two prime service providers in each region (three in larger regions), selected by a rigorous tendering process. Participants follow a programme of training/support specified by the provider to help them develop skills and access work.

The following are example Prime Providers of the Work Programme:

Intraining

Intraining is a leading national training and employment skills provider. It operates a wide range of skills and employability programmes and employs over 800 members of staff, operating from a network of over 20 regional offices.

To deliver the Work Programme, Intraining works closely with participants and local employers to give those who have been unemployed for more than 6 months (19+) the best chance of finding a job and keeping it. This includes giving participants access to offices and interventions that will help them move closer to finding work. When participants are job-ready, they are able to use Intraining's facilities to search for the right opportunities and get support in applying for those opportunities. Once they have found work, Intraining continue to support participants with the aim that they remain employed for a long time.

Services offered by Intraining include:

- NVQs and apprenticeships in a range of subjects
- Local skills-specific training
- Basic skills, e.g. literacy and numeracy
- Employability skills, e.g. team working and communications
- Work placements and voluntary work

G4S Welfare at Work

G4S Welfare at Work exists to 'support tens of thousands of unemployed people into employment across the UK'. It was awarded three 'Work Programme' contracts by the Department of Work and Pensions and through these aims to help over 120,000 people find stable work in Kent, Surrey and Sussex, Greater Manchester, Chesire, Warrington and North East Yorkshire and the Humber.

There are three main elements of G4S's model:

- **Job brokers:** Job brokerage is necessary for finding an individual work and can include:
 - o Identifying realistic jobs
 - o Building motivation and confidence
 - o CV writing and application form filling
 - o In-work benefit calculations
 - o Sourcing vacancies
- **Knowledge bank:** Many people require additional support to access employment. This can include:
 - o English language training
 - o Debt and housing advice
 - o Health and disability support

- **In Work Partners:** To help those who secure employment to stay in work. This can include:
 - o Career advice and in-work training
 - o Occupational health services
 - o Mediation with employers

The Work Programme is characterised by three main principles; 'Clear incentives to deliver results', 'Freedom for service providers' and 'Long-term commitment'.

Clear incentives to deliver results

Providers are paid primarily for the results they achieve, and incentives are designed to encourage service providers to help participants find work and stay in employment. There are three main types of payment that are available for each participant. A small *start fee* is provided for each new participant in the early years of the contracts, but this is reduced each year and eliminated after three years. Providers can claim a job *outcome payment* after a participant has been in a job for three or six months, depending on how far they are from the labour market. This period recognises the fact that some participants would have moved into jobs anyway, without support. After this, providers can claim *sustainment payments* every four weeks when a participant stays in work longer.

The Work Programme supports a wide range of participants including those who are at risk of long-term unemployment and others who are disabled or have a health condition. Participants receiving different benefits will access the programme at different times; some will be required to attend, and others will be able to volunteer. Participants must all be receiving an out-of-work income-replacement benefit at the time they are referred.

Some participants need more help to get into work than others, so service providers are paid more for helping those furthest from the labour market into work. This differential pricing ensures that providers have strong incentives to help all their clients, rather than focusing on easier to help customers at the expense of the most vulnerable.

Work Programme incentives are designed to encourage high performance from, and competition between, service providers. Participants are randomly allocated to a provider in their area and market share is shifted to the best-performing providers over the lifetime of the contracts. The key performance measure for providers is the number of job outcomes as a percentage of the number of people who have started on the programme in the previous 12 months.

Service providers are also required to meet minimum performance levels. The DWP publish estimates of the job outcomes that are expected for each of the main participant groups if they had not joined the programme, and providers are required to deliver results at least ten per cent higher than this 'non-intervention level' or face the possibility of losing their contracts. Additional incentive payments for high performance will also be available from the fourth year of the contracts.

Freedom for service providers

The Work Programme gives providers the flexibility to design their own programmes using their experience and creativity. Rather than asking providers to make one-size-fits-all services work for a wide range of participants, they are encouraged to offer personalised support that fits the local labour market. This approach enables providers to form partnerships with other organisations such as local authorities, health service providers and colleges that have an interest in helping people to move into work and to stay in work.

Minimum service offers from each provider are communicated to participants when they are referred to the Work Programme. These are published on the Department for Work and Pensions website to help increase service transparency and accountability. As an example, the provider Reed promised that Work Programme participants will:

- Meet with a personal Employment Adviser within ten days of joining the programme
- Receive a full assessment of their needs and skills
- Have their progress reviewed by their adviser at least once every four weeks

- Receive support to develop a tailored CV and job goals
- Receive financial advice and support to show how they will be better off working
- Be able to access e-learning, job search support and vacancies through Reed's online portal
- Receive support once they are in work and have access to an Employment Coach after 10 weeks of employments
- Have the opportunity to let Reed know about their experiences through consumer surveys
- Have a detailed history of their progress if they leave the programme before finding employment

Long term commitment

The Work Programme is a long term commitment for both participants and providers. Participants stay on the programme for up to 2 years, which enables providers to build strong and constructive relationships with them. At the beginning of the programme, providers committed to take referrals for five years. These long term contracts enable Prime Providers to build relationships with supply chain organisations and other partners.

Evaluation of the Work Programme:

Beyond basic data on early entrants to the scheme (28,600 in June 2011), very little data regarding the uptake and performance of the Work Programme is publicly available.

The Department of Work and Pensions is due to release detailed statistics on the Programme at the end of November 2012. These will include monthly and cumulative numbers on:

- Job outcomes paid to providers;
- Total sustainment payments paid to providers; and

- Number of individuals for whom a provider has been paid one or more sustainment payments

In addition, The Institute of Employment Studies are leading a multi-stranded evaluation of the Work Programme, including an evaluation of the approach to commissioning the Programme (through Prime Providers and sub-contractors) and an evaluation of the Programme itself. The research, which will use both quantitative and qualitative methods, will last for 3 years and be conducted by a consortium of by a consortium of research organisations, including the National Institute of Economic and Social Research, Inclusion, the Social Policy Research Unit at the University of York and GFK-NOP.

Until the above data can be accessed, the majority of the evidence that is available regarding the impact of the Work Programme is case-study based. DWP details the experiences of a range of participants of the programme on its website. These highlight cases of positive impact, but give no sense of the scale of change, or how the performance of the Programme compares to that of other employment initiatives. Moreover, evaluation to date has focused on whether or not individuals have entered sustained work through the Work Programme or not. There has been no exploration of the wider impact of this, e.g. on personal wellbeing, or of the 'softer' outcomes of the Programme, e.g. the value of upskilling or associated increase in confidence. To understand the true impact of the Work Programme, these elements must be explored further.

Sector-based work academies

Sector-based work academies are designed to help those who are ready for work and receiving benefits to secure employment. As with other initiatives, the aim is to move unemployed people into lasting paid work that enables them to stop claiming government support. The emphasis with work academies, however, is on working with businesses to train unemployed people, thereby producing employees with sector-relevant skills and reducing risk for prospective employers. They are driven by sector-demand to meet the requirements of our customers and employers.

How it works:

Sector-based work academies are available to anyone who is over 18 and claiming Jobseekers Allowance or Employment and Support Allowance. Referrals are made by Jobcentre plus. Participants remain on benefit while they are on the scheme and Jobcentre Plus pays any travel and childcare costs incurred. There is no direct cost to an employer for sector-based work academies as the costs are covered by government funding.

Placement at a sector-based work academy can last up to six weeks. There are three components:

- **Pre-employment training:** To ensure that people looking for employment have the essential skills to succeed in the workplace, sector specific training courses are developed that meet the needs of the local labour market. This is done collaboratively between Jobcentre Plus, local colleges and training providers and local businesses. The training is fully funded through the Skills Funding Agency and delivered by Further Education colleges and training providers. The training will enable participants to undertake units on the Qualifications and Credit Framework. In some cases, local businesses deliver the training themselves, but this is without public funding.
- **Work experience placements:** Participants are guaranteed an opportunity for unpaid work experience as part of the scheme. This enables them to develop their skills and have the opportunity to work in a real environment. Employers are asked to treat participant them as regular employees as far as possible whilst recognising that they may initially need additional coaching and supervision. In its guidelines for employers, DWP asks that they:
 - Explain to participants what they need them to do
 - Inform participants of management and reporting arrangements
 - Facilitate positive working relationships
 - Provide an overview of their business and its values and culture
 - Give a tour of the workplace

- Provide guidance on using any equipment
 - Provide guidance on health and safety
 - Explain standard workplace practices such as, security procedures, dress code, sick leave/absences, lunch and break times.
- **Guaranteed job interview:** As part of the scheme, participants are guaranteed a job interview. Whilst this will not necessarily lead to a job, it provides them with essential interview experience.

It is hoped that the combination of relevant training, experience of a real workplace, and interview experience will increase the likelihood of participants accessing sustained employment within the sector in which they attend the academy.

The following is a case study showing the impact of sector-based work academies from an employer's perspective⁶:

Wates Construction in partnership with their social enterprise partner, Atom Community Regeneration has found using sector-based work academies an excellent way to find the right people for their regeneration projects. Working closely with the Skills Funding Agency and Liverpool College they were able to decide on exactly the right sort of training required for their supply chain partners and in doing so were able to effectively recruit from the outset.

After two weeks of skills training in a local college and part-time work experience for a further two weeks which included a guaranteed job interview on completion, Wates and their supply chain partners interviewed 15 people of which 11 were offered employment opportunities.

The Project Director from Wates Construction said. "The combination of training and site experience has delivered exactly what we wanted. It has saved us valuable time not having to do the training ourselves and our recruits have hit the ground running. All candidates are showing great potential and I am confident that a solid career in construction is ahead of them."

⁶ Taken from DWP's guide for employers, 'Sector-based work academies: How Jobcentre Plus can help you fill your vacancies more effectively'

Evaluation of sector-based work academies

DWP releases general statistics regarding take-up of the sector-based work academy scheme and the demographic breakdown of participants. Between the launch of the scheme in January 2011 and May 2012, there were 14,340 starts on sector-based work academy pre-employment training.

Beyond case study analysis, there appears to be very little other publicly available information regarding the performance of sector-based work academies or the outcomes they achieve for participants, employers and the communities in which they operate.