



Work and Pensions Select Committee inquiry into how the government will reach its aim to achieve an employment rate of 80%.

Supplementary Paper to ERSA evidence taken 22 November 2006

1.0 The Role of the Private and Voluntary Sector in Applying Sanctions

1.1 The Welfare Reform Bill contains powers for the Secretary of State to delegate sanctioning decisions to providers. Should the Secretary of State require providers to carry out sanctioning then they would be under obligation to fulfil this requirement in order to function as providers delivering a contract.

1.2 If the Government decides it does wish to transfer sanctioning power according to the provisions within the Bill, ERSA would welcome an early and open discussion with Government to ensure that the implementation is made to the satisfaction of all parties involved and that clients would not suffer any undue disadvantage from this power being transferred.

1.3 ERSA's own view of the appropriate role for providers in sanctioning differs from the power contained within the Bill. ERSA takes the position that because benefit rules and eligibility criteria are set by Government, it follows that it is only appropriate for Government to take sanctioning action. This would leave the providers with independence from the sanctioning process. A strength of the private and voluntary sector has been that the customer feels they can engage with the provider without worrying about their benefits. To remove this independence may jeopardise this relationship and stifle the effectiveness of providers.

1.4 ERSA views sanctions, together with the administration and processing of benefits, as part of the important role that Jobcentre Plus has to play in an evolving welfare to work market. ERSA envisages Jobcentre Plus as a neutral gateway to benefits and employment services; and therefore it is appropriate to leave sanctioning powers to be executed by Jobcentre Plus.

1.5 It is important to ensure that sanctions are applied consistently and fairly. Hitherto provider experience has been that this is not always been the case. The National Audit Office found that in 2005/06, 1.8 million interviews were missed at a cost of £16 million. (Jobcentre Plus: Delivering effective services through personal advisers November 2006). This shows that sanctions are not only important to incentivise people into participating in the process that will help them find employment, but that a consistent sanctioning policy can also help improve efficiency.

1.6 ERSA believes that providers can help Jobcentre Plus operate such a system. Some ERSA members have experience of operating Employment Zones. As part of this, providers collate evidence and present it to Jobcentre Plus. The sanctioning decision is then taken by Jobcentre Plus. This would maintain an impartial role for both provider and Jobcentre Plus in the

sanctioning decision and ERSA would endorse its extension across programmes liable to sanctioning.

2.0 Work Focused Interviews

2.1 Pathways to Work is being rolled out using the prime contractor model. The first WFI is to be delivered by Jobcentre Plus and subsequent WFI's will be delivered by the contractor. In order to fully test the effectiveness of using the private and voluntary sector, ERSA feels it is necessary for the first WFI to also be delivered by the contractor. This would allow for the measurement of the impact of using the private and voluntary sector from the very beginning of the process. If it is found to be successful then it will achieve better outcomes and therefore help move towards the 80% employment target more quickly.

2.2 In a multiple provider system, ERSA believes that JCP, as a gateway to services, could provide the client with impartial details about the providers in their area when they come to make their claim for benefit. This would assist in enabling the client to make an informed choice about the provider they work with. The first WFI would therefore be held by whichever provider the client deemed to be the most appropriate rather than being referred by Jobcentre Plus to a provider not of their own choosing.

3.0 Evidence Base

3.1 It is worth noting generally the paucity of comparative data on the outcomes of services provided by Jobcentre Plus and those provided by voluntary and private sector organisations.

3.2 Where data has been collected, for instance on the performance of providers delivering Employment Zones, the results are very encouraging. In the Welfare Reform Green Paper it was stated, "Independent evaluation shows that they [private and voluntary sectors] achieve significantly better job outcomes than Jobcentre Plus does with comparable clients." (A new deal for welfare: Empowering people to work, January 2006)

3.3 The private and voluntary sector provides flexible and innovative services and invests time in building relationships with clients. The National Audit Office found that, "the private/charitable organisations prioritise building a relationship with the customer and gaining their trust." (Jobcentre Plus: Delivering effective services through personal advisers November 2006) ERSA members have found their clients respond positively to this type of relationship and achieve good outcomes.

3.4 ERSA has consistently asked for evidence to be collected so the positive feedback that is received from private and voluntary sector clients is quantified and can be shared across stakeholders to encourage best practice and the improvement of customer experience and outcomes.