HOUSE OF COMMONS

Work and Pensions Committee

Oral evidence: Welfare to work, HC 363

Monday 14 September 2015

Ordered by the House of Commons to be published on Monday 14 September 2015.

Written evidence from witnesses:

- Department for Work and Pensions
- What works Centre for Local Economic Growth

Watch the meeting – Welfare to work

Members present: Frank Field (Chair), Debbie Abrahams, Heidi Allen, Mhairi Black, Craig Mackinlay, Jeremy Quin, Craig Williams

Questions 99-166

Witnesses: **Robyn Fairman**, Strategic Lead, Lambeth, Lewisham and Southwark Pathways to Employment Programme, **Mat Ainsworth**, Greater Manchester Lead for Employment Initiatives, Public Service Reform Team, New Economy, **Dr David Halpern**, What Works National Adviser, Cabinet Office, **Kris Krasnowski**, Director, Central London Forward, and **Theresa Grant**, Greater Manchester Chief Executive Lead for Employment and Skills gave evidence.

Q99 Chair: Welcome. Thank you very much for the contribution that you have already made to our inquiry and the contribution that I am sure you are going to make today. Most of the Committee visited Ramsgate, both to look at Jobcentre Plus and the actual programmes themselves, so we have done quite a bit of reading but also some work, so to speak, on the ground. We only have three quarters of an hour. We are anxious to get from you what part you think local government could add to make the Work Programme more successful than it is. If I may, I am going to move questions on moderately fast. We have eight important questions. We do not need you all to answer every question.

Craig Williams: A number of the witnesses, as you know, have argued that local government should have a bigger role in the Work Programme. Maybe if I start by asking Robyn, what is it in particular that local authorities can do better for DWP and Work Programme providers cannot?

Robyn Fairman: From my perspective down in South London, we are three boroughs working together and we have the capability of integrating our services with our local health providers, with our housing, issues with debt management, so many of the barriers for the group that we are most interested in, which is the complex group, because they are the ones we do not think the Work Programme works particularly well for. We are in a

much better position to integrate our services around the needs of the individual so that every pound spent is achieving what it is trying to achieve, rather than each agency doing their own bit of the complex needs.

Q100 Chair: Robyn, if I was a person coming in with disabilities, with those sort of barriers to work, how would you offer something different to what is now offered?

Robyn Fairman: Obviously it depends on the nature of the disability, but for things like low-level mental health problems, we are much more linked into the local CCGs and the GPs and the voluntary and community sector. There is the ability to offer, through the key worker-type programmes that we use, positive approaches. People often see complexity and barriers as the reason why they cannot do things and we are trying to turn that around through key worker approaches by saying, "They are barriers. We recognise the barriers, but they are not necessarily things that completely stop you. There are ways that we can get through the barriers". Often people who have been on programmes for long periods of time become very entrenched in the reasons why they cannot do something, rather than having someone who is coaching them about what they possibly could do. I do think that is a key thing, what local government can do—we are much more linked in with other services so we can pull things in; we can change things for individuals.

Chair: Does anyone have anything to add to Craig's question, please? Yes.

Theresa Grant: Yes. I would just like to add, from a Greater Manchester perspective, because we have had it working on the ground some time now, and what we offer that is different is what we call a wraparound service. We have on the ground local integration teams made up of representatives of all the different agencies that a person might need help from to get into work. If it is a barrier that involves housing or, say dentistry or health, we have people within those local areas in local integration teams that help to remove those barriers quickly so people do not have to wait a long time to be work ready.

Kris Krasnowski: I think partly the question is right, but when you think back how much we are investing in these groups, on an investment basis a lot of the programmes that we are talking about are investing more than you would invest under the Work Programme. Working Capital is probably investing around twice as much. That is massively important to offering the sorts of service that disabled people probably require from an employment support option.

Q101 Chair: But if I was turning up in Manchester and I had health problems, would you be able to, in the wraparound service, not send me off to my doctor, where he has obviously failed to help, but start to make the appointments? Would you? Do you have the budget, the authority so that when I come back again, I have moved on?

Theresa Grant: If I could give you a very quick example of that—if I may, conscious of time—we had a person come to our Working Well pilot who had never worked. He was 28 years of age with very good qualifications, but had never even managed to get past an interview stage in a job. When he turned up, he had been on the Work Programme and had been two years beyond that seeking work, so he was a long way from being work ready or being on the Work Programme. He turned up to his key worker and he had no teeth. Everybody assumed when they looked at him that it was due to drugs or some other reason that he had lost his teeth. In fact, it was through medication when he was younger. It

meant he had lost his confidence, he had no self-esteem, and he could not get beyond an interview stage. It was not because of his qualifications.

Through the wraparound service, immediately we were able to get him support through NHS dentistry. He had teeth within a month and he was employed. I can tell you he is in sustained employment at this stage and a very happy young man at 28. He would probably never have had a job for the rest of his life. What we did in that, is not just an example of how we help somebody into work. We helped to change the system. NHS England dentistry have now said that they will put some of the time of new dentists, which they fund for a period of time, into helping people who need support to get into work, so we have helped to change the system.

Chair: Great. Heidi wanted to come in and also Debbie, you do as well. The questions, they are moving from that part of the agenda, is that right? Heidi, you come in, then we will go back to Craig.

Q102 Heidi Allen: That is incredible hand-holding and support for an individual. I presume—correct me if I am wrong—that the authorities would not have been interested in taking on the responsibility of the Work Programme, if we are going to call it that, X years ago, when the volume of people coming through perhaps was too many. Do you feel you have the skills and the contacts, because we are looking at people who need bespoke help now?

Theresa Grant: Under devolution we have had agreement to upscale our pilot from 5,000 to 50,000, so we feel we are ready to take on scale. Currently about 70% of people presenting have mental illness and then there are others with other disabilities. Out of that programme we have developed a Mental Health to Work pilot as well to help get people with mental health issues at an earlier stage in the process, because by the time they have come to us now they have been in the system a long time and have not had the help they needed. We are trying to catch them at the front end so we that can get them back into work earlier, before they get seriously ill. That is not just through the Work Programme and wraparound service; we have designed new care paths for mental health, because it is not always a clinical issue. Sometimes it is a social issue, so we have designed those and we are out to procurement as we speak to put that programme in place.

Q103 Debbie Abrahams: You are representing the city regions. How do the benefits relate to rural areas, more disparate areas, for example, in the south-west compared to those in city regions?

Theresa Grant: I represent an area that is rural and city.

Debbie Abrahams: But you know what I mean, in terms of economies of scale and so on, where we already have working relationships between the different statutory agencies. That is not the case in some areas, and that is why Manchester is undergoing devolution before other areas. What are the benefits, as I say, to an urban area or a city region compared to a rural area?

Theresa Grant: I think an obvious one is the joined-up-ness that you have just described in terms of governance and accountability. It may be a little bit more difficult to do that in

a rural area, but the agencies that are in place stretch across the rural areas in any case, so there should be no reason why it could not be scaled down or up.

Q104 Chair: There is no reason, if you are thinking of lovely Norfolk putting something out there, why the same service should not work there, is there?

Theresa Grant: Absolutely not, and we do have rural areas, believe it or not, in Greater Manchester. We have had pilots, for instance, of community hubs where Jobcentre Plus and Probation Services all work in a single hub because it is such a remote area. We found a huge difference in terms of turn-up rates, so people were not missing appointments that they did miss if they had to travel a distance. There was a huge benefit in localising services. That is what we are doing through devolution and what we have talked about as localising services.

Q105 Debbie Abrahams: But you manage it at a Greater Manchester level. How would that happen elsewhere?

Theresa Grant: That was managed by individual authorities, and while we have a Greater Manchester governance, it is still localised, so each local authority has their own responsibilities. Sorry, I do not want to hog all the answers.

Q106 Craig Williams: Building on Debbie's point, the LGAs are calling for the next set of mainstream contracts to be co-commissioned between DWP and local councils and some of the more specialist commissioning as well. Because obviously you are representing two groupings or authorities—or whatever you want to call the authorities you are representing today—you have a critical mass in terms of experience and knowledge. You can compete with the private sector in terms of recruitment and retention of specialist contractual services. What would you do in terms of managing the risk with DWP and the Treasury? The Work Programme has been particularly successful in terms of controlling costs. What could you do to reassure us? Maybe you can, but can all authorities do that in England and Wales or do you think you just have that critical mass?

Chair: Who wants to kick off on that? Kris. Thank you.

Kris Krasnowski: Yes, I will speak from my own perspective. It would be very difficult for rural areas to deliver at the same kind of price as some of the more urban areas. There is a challenge around the way in which the labour market works. The number and concentration of jobs in cities probably do not exist to the same extent in rural areas, so there might be some challenges there. In terms of how you run and commission those services, it is perfectly possible to have a slightly different model in some of the rural areas. You create a slightly different set of combinations and a kind of joint decision-making. There is scope to do something more in rural areas, but it does require a different type of contracting model, and I would argue that the Work Programme currently is a one-size-fits-all approach to contracting. Our rural areas have different needs and therefore we need to take into account how you contract in those areas in comparison to how you might contract in an urban area.

Q107 Chair: If in fact the Government were thinking along your lines, do you think your proposals, if implemented, would improve outcomes at current costs or do you see your

programmes being more expensive? Nobody could say over which period of time you were looking at, but that has to be in the Government's mind, does it not?

Kris Krasnowski: There are two questions there, I guess. First, one of the questions is do I think that we are investing the right amount of funding into these programmes. I would say for some groups we are probably not investing enough. A cost-benefit analysis needs to be undertaken that can demonstrate that there are bigger gains to be had by going deeper into the entrenched workers' populations. The costs for them ought to be higher.

In terms of delivering the current scope of the programme, I think DWP has done massively well to deliver what it has within the kind of constraints that it has had, but there is very little scope to go further than that. Thinking about how we integrate services better is where the value-added offer comes in now, so how do we integrate the skills system into our Welfare to Work model? That I would argue Government have not been able to do to a certain extent so far and I think that is where the value added comes from.

Chair: Mat, do you want to come in?

Mat Ainsworth: Yes. The Working Well pilot in Greater Manchester is working with 5,000 people who have already been on the Work Programme. The success rates for the Work Programme for that cohort is about 9% or 10% into work. It is 20% plus for the Working Well pilot at a similar cost. Some of the things that we are able to wrap around the programme are probably services and budgets that were already there, so there is no additional cost as such, but we are integrating them—so skills provision. In Greater Manchester, we are working on expansion. We are using our European Social Fund to specifically ally skills provision for the group that needs it, so it is not by chance that the right people get on the right provision, it is by design. Similarly, around mental health provision and our therapeutic interventions, they have been commissioned specifically for this cohort. They will be commissioned anyway; we are just making sure it is the right people who are accessing those services. In effect, we are being smarter about the money that we are using, so it is not costing more, it is the same amount of money—or less, in fact—but we are getting better outcomes for it because we are more joined-up in our commissioning.

Q108 Craig Williams: With the European moneys that are sent down, you are not meant to replicate national projects, so how would that work with joint commissioning and how would you manage to get that European money in and then not breach the European Union rules?

Mat Ainsworth: We are doing that now for the Working Well pilot and the expansion, so in effect we can commission skills provision and receive skills outcomes on the back of that provision, but we will make sure that the people who are accessing that provision are also those who require support to get back into work. It is about targeting our resources at the right people, so in terms of outcomes, we are achieving what the European Social Fund would expect. At the same time, we are also supporting more people into work, and more importantly, those people who to date have been unsuccessful at being supported into work.

Chair: Debbie, do you want to pick up on this?

Q109 Debbie Abrahams: Yes. It follows on to the next question, since you have mentioned the Working Well pilot in Manchester, and I understand that London is doing similar thing with its Working Capital pilot. Could you just very briefly, because I am conscious of time, explain how you identify people for this programme, and who implements it, because obviously there are some health-related aspects of that and it will be important that they are skilled professionals who know what they are doing? Is it mandated?

Then could I also ask—I know there is a lot here—you in particular why it was decided to have this at the tail end of the Work Programme interventions instead of earlier on in the programme?

Theresa Grant: We started to do this probably 18 months ago, so it is not that much at the tail end of it, and we recognise—

Q110 Debbie Abrahams: I was meaning for the claimants. They will have gone through a work-related component of the programme and then a health-related component, and it seems for claimants who have a specific set of conditions that it would be more appropriate to focus on the health conditions that may be preventing them getting to work rather than the other way around.

Theresa Grant: I would like to say that we wanted to give ourselves the greatest challenge so we chose the most difficult group, but it was the only group we were allowed access to, with their frustrating contracts. That is how that particular group were chosen. Mat, do you want to give a detailed answer on the—

Mat Ainsworth: Yes. In terms of the Working Well pilot, a group was working with our long-term benefit claimants who were out of work due to ill health, who have been through the national Work Programme and then go back to Jobcentre Plus. At that point, they are mandated to attend an appointment with our key worker service. However, future engagement with the programme is voluntary, so it is up to the provider to establish a good relationship with the individual. It is interesting that our engagement rates after the first appointment are greater than for the initial appointment, so the non-mandatory element seems to be more attractive than the mandatory. So they are good at building up that relationship.

Q111 Debbie Abrahams: Is that a particular learning that we could take out of this? They are mandated to attend something that is related to their health, which goes against any ethical practice—I am a former health professional—but then any future interventions are voluntary? Do you feel that the benefits come from the voluntary aspects rather than the mandated aspects?

Mat Ainsworth: A good provider should be able to establish a relationship with an individual to make them understand why it is worthwhile to continue to be engaged and that their issues can be understood and resolved quickly. That is the reason why the mandation has been less important going forward—providers have been able to build a relationship and respond to a need in a way that our evidence suggests was not the case for two years or more previously. On the current Working Well pilot, the average length out

of work for claimants is six years, so for six years issues have manifested and grown worse.

Q112 Debbie Abrahams: On the question about the qualifications of the key workers?

Mat Ainsworth: I do not necessarily think it is about the qualifications for the key workers. It is around the right list of competencies. It is also quite clear that our key workers do not necessarily need to provide the answers and the specialist response to everything. They just need to be able to understand what the issues are and to call in the right professionals as and when required. The Local Integration Boards that Theresa mentioned are absolutely critical, so we are not expecting people to know everything about every service, but they do know who to go to for advice.

Q113 Debbie Abrahams: So signpost?

Mat Ainsworth: No, I would not say signpost. I would say they call services in, so as opposed to signposting somebody to somewhere and hope that they find their way there, they call the professionals in. It is a warm handover and I think that bit is absolutely critical.

Q114 Debbie Abrahams: NHS professionals?

Mat Ainsworth: Absolutely, NHS professionals, GPs, mental health professionals.

Q115 Chair: It is the same as going for your pair of noshers. It would be a different requirement, a different set of skills you call in—as you did for the gentleman who wanted the teeth?

Mat Ainsworth: Yes.

Q116 Debbie Abrahams: I am a former health professional practising in Manchester and I know the waiting lists for mental health services. Greater Manchester has the worst in the country. You are managing to find some sort of loophole through that?

Theresa Grant: Co-operation, I would say, from the agencies.

Kris Krasnowski: If I could just add to that too, part of the extra or additional investment in some of these programmes enables you to buy something where that existing service is not available immediately. There might be instances where our provider would buy CBT therapy—or cognitive behavioural therapy—in advance, because they cannot access it through the NHS system quickly enough. Those are rare occasions, because the concept is that you try to integrate services and sequence them better, but sometimes it does help to have that additional extra funding that can enable you to buy that service.

Q117 Debbie Abrahams: Are you saying that DWP in effect is investing in the NHS?

Kris Krasnowski: Not necessarily. What providers are doing is investing in additional services. They are not overtaking the key role of the NHS or anybody else.

Q118 Chair: Kris, do we not, at the end of the day, want to be able to draw the moneys from different services for our constituents or for your clients? That is the sort of position we have to get to in our debate with the Government, is it not?

Kris Krasnowski: I think in the aggregate—

Chair: It is not about you buying at the expense of somebody. Of course it is in the moment, but the idea is that we have these huge budgets and how do we begin to relate, if need be, through the Work Programme to people's needs and not necessarily through the GP? I am conscious of time.

Q119 Debbie Abrahams: Can we just ask if there are any differences between what his happening in London and in Manchester? Is that all right?

Chair: That is all right, yes.

Kris Krasnowski: Not huge differences. We are also integrating a randomised control trial as part of our interventions—we have two-thirds of people coming on and one-third who form part of the control—so we have a slightly different approach. We have contracted with a prime provider who then also has a series of contractual relationships with smaller providers and they will spot purchase health services alongside their own expertise. The provider that we have gone with is a company called APM, who are new to the UK, but deliver disability services in Australia and have been very successful. We think it is quite a good partnership and they will bring in a new dimension to employment services around disability.

Chair: But not with your random control research. Before, we go on, Craig, can I just say that the second half of our questions are to other people who have not spoken very much.

Q120 Craig Mackinlay: Of course. To Mat and Theresa, listening to what you said has altered what I was going to ask. There are a number of things here: 50,000 people, your new pilot upgrading. It seems to me that that must be a huge percentage of the pool of those who are looking for help? I do not know the figures for Manchester, but it just seems an enormous figure. Given that this is a voluntary basis post-Work Programme, will you have enough people volunteering for it, or are you being a little bit ambitious? That is the first thing.

I did hear a figure from you, Mat, that 9% was the success rate on the Work Programme and yet your rate of success is 20%. That is not surprising when the people doing it are volunteers rather than those who are mandated, but the question comes out of here. Are you suggesting that what you are doing—you are doing more wraparound services; the example of what you did with the chap without teeth was a super one—is infinitely better than the work programmes that have been in place up to now? Would you be better doing it from day one rather than after they have been through a programme?

Finally, are you also part of the Payment by Results programme? Obviously, if people have been through a Work Programme provider, they have failed so they are getting no money for that claimant. They then come to you. Are your results Payment by Results driven as well?

Theresa Grant: Yes, I will give some answers and then I will hand over to Mat.

Craig Mackinlay: I know there is a lot there, I am sorry.

Theresa Grant: We are in a Payment by Results arrangement and will continue to be as we upscale as well. The 50,000 that we are upscaling to will be done in two phases. The first phase will be pre-co-commissioning of the Work Programme for 2017 and then the

second phase will be part of the new co-commissioned Work Programme, so we will get people at very different stages. The first stage will have 15,000 and they will come from a wider range of cohorts than the one that we have currently. So they will come at different stages of different programmes and we can bring them through different routes. They can come from GPs, for instance. They can be referred by housing associations or from other locations where people with particular needs present themselves. That is how we will manage the process going forward.

I am going to hand over to Mat to answer some of the other questions around cost.

Mat Ainsworth: Yes, just building on the volumes, there are 225,000 benefit claimants in Greater Manchester. The Working Well expansion is also keen to look at those people who are in work on low pay or are cycling in and out of work. We spend more on in-work benefits in Greater Manchester than we do on out-of-work benefits, so that is something we are keen to explore. In terms of how confident we are of getting the volumes, the numbers are there. At the moment, the primary referral will be via Jobcentre Plus. We have a good relationship locally with Jobcentre Plus. However, we want to ensure that those groups that we have identified for the Working Well expansion continue to be agreed by the Department.

In terms of outcomes, we are achieving slightly over 20% at the moment. I think that is perfectly feasible for the other groups that we are working with as well. Were the Work Programme operating in a similar way to Working Well, its results would have been better for those who require more intensive wraparound support. I do not necessarily think it is a radically different delivery model; it is just how it has landed on the ground, and how it has been managed is different.

Ju**st a point back to the very first question** about what local authorities can bring to the table. I do think that local contract management and local performance management is driving provider behaviour and that co-case management, whereby you have health agencies, skills agencies and others co-investing time in the same individual means that our providers have no hiding place either. They have to work with those individuals and provide support because their peers are working with them, so that is driving a certain behaviour as well.

As for when will be the best point in time to provide this level of support, as I said, on our Working Well pilot, the average length of time is six years out of work. Some of those individuals would have much preferred to have the support they are receiving now six years ago; it would have been six years less suffering for them and six years less cost to public services. There is a question about how can we assess need in a more intelligent way than is currently the case with the Work Programme, and I think that there is a better way of doing that.

Q121 Chair: So we could have a set of indicators that suggest how early you could draw on other services for groups of claimants?

Mat Ainsworth: Yes, I think so.

Chair: That is one of the questions that interests us. Right, on to Heidi, before you go.

Q122 Heidi Allen: Sorry, I have a quick question just following on from that.

Chair: As long as you stay to ask your question.

Heidi Allen: I will. I promise to be very quick. This area interests me. It feels to me like you are saying that essentially you have the potential to do a better job than the Work Programme. The Work Programme would still continue in Greater Manchester?

Theresa Grant: Currently, yes. That is the proposal.

Q123 Heidi Allen: You will be in competition, to use a word, with the Work Programme—sort of?

Theresa Grant: Not really, because we will be co-commissioning the Work Programme with DWP, so we will be jointly delivering that, so not in competition.

Q124 Heidi Allen: It just feels to me that there is waste there.

Theresa Grant: I think that is for you to decide.

Q125 Heidi Allen: Sorry, these are not meant to be leading questions. I just hate waste, particularly when there are vulnerable people who may have sat around for six years. Do you feel you have a strong voice to challenge locally whether the Work Programme is delivering and whether you could do a better job? It just feels full circle to me—public management through the job centre, "No, let us contract it out and go through the Work Programme", "Oh, hang on a minute, these guys in the local authority are doing it better". How strong is your voice to say, "We are the best here"?

Theresa Grant: It is about proving yourself, and the Working Well pilot was about proof that we could be trusted to do that. That was pre-devolution, but it did form the basis of some of our devolution discussions and was instrumental in allowing us to get more powers, because we had proven our ability. You are talking about state money and you are talking about vulnerable people, so it is not a question of saying, "Give it to us. We can do it better". You do have to prove your worth, you have to ensure that there is correct governance in place and we have done that through our combined authority and so on. I am sure that over a period of time we could get to a point where you would be able to say, "Here, we can do it, we can do it locally" and I just hope we will work to that point.

Chair: Kris, did you briefly want to come in?

Kris Krasnowski: Yes. I would just like to say that we also need to understand the way in which programmes are designed, so we are talking about a flow-based system. So people come in on day one, some of them get some support from Jobcentre Plus, and then as their duration increases the more support they get. So you have to think of it from that perspective. When you get to the 12-month point, for most claimants they are going on to the Work Programme, and for a lot of our programmes, you are looking at post-Work Programme.

But I think there is a question upfront: can you identify those people who ought to be fast-tracked sooner, which is important; then secondly, there is a whole group of people who are not being supported in the current programme. So if you look at ESA support group claimants, for instance, who are the majority of our work challenge in most cities, they are

not getting that much support via conventional mainstream programmes. Those are the individuals who are costing us the most money in terms of benefit and complex needs.

Chair: We are, as a Committee, thinking about whether we can do some research on this, because Treasury will argue it is all dead weight bringing people in, and we wanted to see whether we can help crack that argument. Heidi.

Q126 Heidi Allen: Robyn, your turn. In some of the work you have been doing in your part of London, you have your own pilot, Pathways to Employment, which I understand is working with unemployed people as they are moving on to Universal Credit.

Robyn Fairman: We are picking them up through the Universal Credit route in and then we try to early identify complexity right from day one. That is why I wanted to come in earlier—to highlight the amount of money that we spend on individuals. Different agencies spend loads of money on the same individuals, and they still come out six years later unemployed, because no one has spent the right amount of money at the right point. We are basically integrating with the job centre, so the work coaches are working with local authorities to see if they can triage people early enough to identify who is going to be still out of work six years down the line. It is very difficult to do it, but the work coaches probably get it right 80% of the time.

Q127 Heidi Allen: We are coming back to the same thing a lot of the time, are we not, about that early triaging?

Robyn Fairman: Yes.

Q128 Heidi Allen: Just going back to your pilot—forgive me, because I do not know the detail of it—but it is also running alongside DWP's own programme, which I think they call Universal Support Delivered Locally.

Robyn Fairman: That is the joint—

Heidi Allen: How does that work together? Is there overlap? Do you need each other?

Robyn Fairman: Universal Support Delivered Locally is the front-facing bit of the Universal Credit system. So the people who cannot deal with Universal Credit digitally will need to have some kind of front-facing support. Local authorities are coming in because we are all over the place—we are in libraries, we are everywhere. The joint local authority-DWP JCP teams are tackling the complexity of people so that they can claim Universal Credit. But we thought it was wasting so much public money if you did that just to help someone fill in a form, rather than seeing if you could not use that triage to say, "Oh, and can we see the ones who are going to cause us problems six years on? Can we use this as an early identification mechanism?" We worked closely with our local JCP, who are brilliant, and had joint teams running out of three hubs in our three boroughs to see if we could do that early identification and also get people straight through. It is the warm handover, it is the not using referrals, because people fall off at each referral point, and also identifying the positive aspects that people are bringing to see what we can do early on to overcome some of the barriers and allow them to own their own barriers.

Can I just say that housing is the biggest thing that people come with as a major barrier? It took us ages to get our key worker thing working properly, because originally the key

workers just wanted to hold people's hands and tell them how terrible it was and agree with them. We did an early evaluation just to change that model around, which was literally saying to people, "Yes, you are in appalling housing, but it might be like this for the next six months and this is not going to stop you getting a job". As a local authority person, that is quite a big change-around, to say, "Let us drive our way through it" and that is what you can do at a local level when you are integrated with other services. You will know about their housing situation, you will know about their debt situation, you will know whether they have council tax arrears. We are trying to deal with the whole person, so that we are not all spending money separately in our agencies.

Chair: Mhairi, will you take this on, this question?

Q129 Mhairi Black: Yes, sure. This is again probably for you, Robyn. Given that Jobseeker's Allowance and ESA to an extent previously determined the type of employment support that is available to claimants, and given that Universal Credit is now phasing out for most of them, what approach have you taken specifically to identify Universal Credit claimants' needs?

Robyn Fairman: Universal Credit claimants' needs are usually around digital, language and so on. The DWP has done a lot of work on identifying how you can overcome those issues. The wider employment needs, which are often related, will be the same ones as the Universal Credit needs, but there are also wider ones related to housing, debt and so on. We have taken the approach of triage, going through with people either on the telephone or face to face what their issues are and what are the challenges that they perceive themselves, rather than designing it from outside.

Can I just make a point that from a local authority point of view? I found it hard to deal with the job centre, because they classify people as ESA, low-support ESA, high ESA, low, JSA this, whereas I say, "Oh, look, that is a person with these kinds of problems and that is a person with these kinds of problems". We see JSA people coming in in week 3 who are complex, so you get complex JSA claimants. You get less complex ESA. From a local authority point of view, that whole thing is about, "Let us try to identify what the need is, then design a system around that, rather than decide what this batch of people are going to get". But we have battled that out with our local JCP and they are brilliant. When Universal Credit comes in, it is a different world, is it not? It needs to be a different world.

Chair: If it comes in. Mhairi, would you like to—

Q130 Mhairi Black: You are saying that things should become far, far more individualised; that it should be every single person on their own—

Robyn Fairman: No, only for the complex. I work in a London local authority. The Work Programme for the majority of people is very cheap and efficient and works, but for those who have complex needs, it does not work and we need a different system. We have just tried to use Universal Credit coming in as a way of saying, "That is an opportunity. We have to triage them anyway, we have to help them fill the form in. Why are we not doing a bit more to get them the right intervention at the right time?"

Chair: Craig, a quick one?

Q131 Craig Williams: Yes, a quick one. Do you see that that is where local authorities could step in and provide the most added value and the most benefit to the most vulnerable complex cases, because that speciality of course is not engaging that much with the generic Work Programme?

Robyn Fairman: From my point of view, in my little bit of south London, yes, we are focusing on complexity, because it would be very hard to us to compete with the big Work Programme providers. We do not have the capital, we cannot take those risks. However, these are our people anyway. They are complex. We are providing social care to them; we are providing adult social care. They are learning disabled, they are our kids and they are our people, so therefore it is for those with complex needs where you get the value added, not for the—

Craig Williams: That is valuable. I would love to know Manchester's answer very quickly?

Chair: We must move on before our next session with the Minister.

Craig Williams: Quite.

Chair: Jeremy.

Jeremy Quin: David, you have been very patient.

Craig Mackinlay: Sorry, Mr Chairman, just before Dr Halpern speaks, I must declare that we went to junior school together.

Q132 Jeremy Quin: If I may say, we have been hearing good ideas about different areas of the country from different providers. Is there a way in which best practice is shared? How do people know what is going on across the country? Assuming that you are not going to tell me that it is a state of perfection out there, a centre of excellence where these things can be brought together in some form, would that be a good innovative step?

Dr Halpern: That is what we are finding in other areas, so you heard lots of interesting examples about this. Even if you take the triage issue, the basic question remains, "What does work? What does work in general? What does work for a particular individual?" There is a host of practical important questions to which you cannot know the answer a priori. Even if you decide that someone has a mental health issue, even within IAPT we have five alternative forms of cognitive behavioural therapy. It could be done online possibly, it could be done digitally; is it effective, is it not? Mandation: do you mandate; how do you mandate? There are so many choices and options and are we going to say that every single area has to figure it out for itself?

The local and the devolution element gives you the extraordinary potential to have diversity of experimentation, if we take advantage of it. So the What Works argument—in fact, you might think of it almost as a movement—is to answer three of those questions. One is, "Well, what does work?" Literally do, if you can, RCTs, test variations; figure it out, do not just assume that it works because it looks like it works. Secondly, if you have

found that it works, then how do you transmit it and share it and turn it into a public good? Thirdly, even if you have shared it, it does not mean that it will get adopted, so the last element is to support providers in taking that on.

Just to give you an example of another area that is pretty analogous, in education now, there are 24,000 schools with a lot of autonomy about how they spend the money, particularly the pupil premium, which costs £2 billion a year. They can spend it on sending kids to the opera or lots of other things; they might think that they are doing the right thing. We have an institution that is dedicated to collating that evidence, putting it in a very simple, accessible form, and asking, "How effective is this? How much does it cost? How confident are we on this?" Head teachers can then use that evidence to inform the choices that they make operationally. Do we have that yet in this area? Well, not completely. The Department has a sort of internal one, but not as we would normally understand as a What Works centre.

Q133 Jeremy Quin: It is complex, given the nature of the providers and what motivates them compared with what motivates the average head teacher?

Dr Halpern: There are differences, but look, if you jump to another area, in medicine, we have had NICE since 1999. There are lots of complex motives in terms of pharmaceuticals and all the rest. NICE does not generate its own data, but it does take data from various players and then makes an impartial assessment, saying, "This pill is this effective for this treatment" so that a GP can make a more informed judgment. That is one of the challenges in this area, where you have private providers. You want to try to capture the public good aspect of that knowledge and practice. On the other hand, if you have private providers, they all want to capture some of that benefit. It has been done in other domains. It is not obvious why you could not do it in this one.

Q134 Jeremy Quin: Is it part of the contract that there is a requirement that that is shared and shared effectively through a digital mechanism by which anyone can access it?

Dr Halpern: There are a number of ways you could do it. You could certainly do it on a contractual basis. If you make a claim, that is likely to be subject to some kind of scrutiny, in the same way as for a drug company—it should be submittable to someone. It is also probably in their interest, ultimately. The reason why a drug company wants you to know that something is effective is that they want GPs to buy it. At best, the What Works centre in fact amplifies these dynamics, because if a provider or one of you guys are doing a fantastic job, it will stand, that form, and then you should get expansion of provision, as well as make it possible for others to copy it, and that is a good thing, right?

Q135 Chair: Thank you all very much. I am sorry that we are pushing you all the time with the answers. There may be additional information you would like to provide to us. Please do so. Do stay and listen to the Minister, because that might also affect what you want to say to us. We will be pressing her on some of these very points.

Thank you all very much indeed.

Examination of Witnesses

Witnesses: **Rt Hon Priti Patel MP**, Minister for Employment, **Matt Thurstan**, Director, Senior Management and Business Management Team, Contracted Employment Provision

Directorate, Department for Work and Pensions, and **Iain Walsh**, Director, Labour Market and International Affairs, Department for Work and Pensions, gave evidence.

Q136 Chair: Priti, welcome to the Committee. Would you like to, just for the record, say who you are and introduce your colleagues?

Priti Patel: Sure. I think I will let my colleagues introduce themselves, but my name is Priti Patel. I am the Minister for Employment, and my colleagues here from the Department this afternoon are Iain Walsh who works in Labour Market and Matt Thurstan is the Director of our Contracted Employment programme, but I will let them introduce themselves.

Chair: Very good. I was really pleased to be able to talk to you beforehand, Priti. The Government's record in getting people into work is very similar to the previous Government's, but you have done that at half the cost. We are now anxious for you to build on that success and we will be submitting a short report to you when we have finished taking our evidence. That is the background. We are really trying to find ways in which at the end of your stewardship in this Parliament the record will be even better than the last Government's. So with that in mind, Debbie, will you kick off for us?

Q137 Debbie Abrahams: Good afternoon, Minister. As Frank has rightly said, the evidence from your own evaluation last year does show the success that the Work Programme has had, but it also shows that it has not been particularly successful in relation to people with long-term conditions and disabilities. For example, if we look at people with mental health problems the success rate is only about 8%. I wonder if you would accept now that the Work Capability Assessment has not been an accurate assessment of people's needs, in particular in relation to their barriers to work, and that there does need to be an overhaul of the assessment process, as the Select Committee said over two years ago.

Priti Patel: Thank you for the question. I look at this in terms of the positives, in terms of what work has been undertaken to support people with barriers, disabilities, mental health and health conditions, to get into work. Obviously as the Chair of the Select Committee said, already the Work Programme has helped enormously to support people into work and we have had particular schemes and programmes focused on those with disability.

What I would say is that of course there is always more to do in this space. I would like to share a couple of examples with the Committee. We know for a fact that there is definitely more to do in the area of mental health—people with not just mental health issues but other health conditions or addictions; those with complex needs and barriers. The challenge for us particularly as we look to develop the Work Programme and whatever comes after it is very much in terms of how we work across Government—so joint commissioning, and how we work with other Departments such as the Department of Health. We now have a joint unit within my Department and in Health as well, to focus on some of these really challenging areas.

Of course the way you do that is by putting in more support and as we look at and explore options for the development of the Work Programme, diagnostic tools can capture information in relation to the individual, looking at the key characteristics and barriers. Then we can specifically tailor programmes and bespoke services, with the signposting that is required as well, to support that individual.

Q138 Debbie Abrahams: You might have heard or at least read the evidence from London and Manchester in, for example, the Working Well programme in Manchester. That is one example of a more holistic approach, but there is a growing evidence, is there not, Minister, of a more holistic, more health-first approach that has more specialist and individualised support? How will you be capturing some of the evidence from these pilots and other places? We already know that there are some NICE guidelines from, I think, 2010. Similar work has been undertaken in Durham. How will you be capturing this to recognise that people with long-term conditions, including mental health conditions and disabilities, particularly miss out? There has not been the success with the Work Programme for this group of people, so how will you be capturing that and making a more individualised health-first approach to support this group?

Priti Patel: The first thing to say is that what we are seeing in Manchester and Greater London—Manchester in particular, I think—is of great interest, certainly in terms of the work that we are doing, because of the way in which they are joining up. They are looking at bringing services together, so that they are able to focus on the individual, so that is absolutely right and that has to be the priority and it has to be the focus. At the end of the day we are focused on people, better outcomes for them, and how effectively by working in partnership and collaboration with other services in society we can help to transform their lives.

Of course pilots are essential in determining the best practices in terms of ways of working. As the Chair has said, value for money is without doubt a key criteria and component here. I am a believer. I have no doubt that by integrating services the efficiencies will come anyway, but it is a case of those key outcomes. Yes, we will learn from the work that is taking place. We are supporting Manchester and Greater London and certainly from a local point of view it is really interesting to see how different authorities, bearing in mind they are all different around the country, come together and approach the problem.

If I may, can I bring in my colleagues?

Debbie Abrahams: We are very short of time.

Priti Patel: Okay. Just for the evidence and how we capture it.

Q139 Debbie Abrahams: Can I add to that? Part of the reason for this report is to enable us to make recommendations to the Government about future contracts in the Work Programme. One of the pieces of evidence we have just heard is about mandation. As a former health professional I have concerns and I know that the Royal College of Psychiatrists has considerable concerns about the mandation of people to certain programmes. So although there seem to be very positive responses to interventions when attendance is voluntary, there are ethical dilemmas regarding the mandatory part of the programme. Could you confirm that people will not be mandated, because we know that there have been sanctions when people have been mandated to do something, and there has been a considerable rise in sanctions for the ESA work-related activity group? The number of claimants went from 713 in 2012 to 3,043 in March this year. Could you confirm those will not be included?

Priti Patel: Are you specifically speaking about the pilot—the work that is taking place in the local authorities right now—or more generally?

Debbie Abrahams: I am talking about mandation in the pilots. There was one piece of learning that has just been discussed and, as I say, the Royal College of Psychiatrists also expressed their concerns about mandation in health-related activity and the relationship with sanctions.

Chair: Where are you on that, Priti?

Priti Patel: Iain, do you want to give some context?

Iain Walsh: Just first about the mandation thing, I think there are two slightly different things. One is a specific health-related provision. What we can mandate to, or can rightly mandate to, is already limited. It is the case that referral to the Work Programme is mandatory for certain people in the ESA Work-Related Activity Group, but it does not mean that the Work Programme provider has carte blanche to mandate people to all types of health provision. That is quite limited.

On the rise in the number of sanctions called for, for ESA, that did happen over two or three years. That has reached a plateau now and to be honest I think that is because there has been a build-up of the number of people for whom interventions have been provided.

As well as these pilots in local areas, there are a number of mental health pilots going on at the moment. We also have some pilots for people who have longer-term review dates on ESA work-related activity and we are comparing the Work Programme provider with Jobcentre Plus and with other types of support. So there is quite a lot of learning going on there, and we will be capturing all of that as well as from the local areas.

Q140 Debbie Abrahams: Can I just clarify about the sanctions? In January this year there were 2,000 for failure to participate in a work-related activity, which this type of programme could be seen as part of, rising to 3,000 in March, so it does seem to be very variable and has not necessarily reached a plateau. If you cannot answer that now but would like to get back to me that is fine.

Iain Walsh: We can get back to you.

Q141 Chair: Priti, before I go on to Craig, you said that you had a unit in your Department and in Health looking at how resources might be more focused on individuals. Are you getting to the stage where you are saying, as I think you should be able to say, that if we are going to make a real success of the employment programmes we need to have command over so much of the health budget? I am not arguing about whether it increases or not, but instead of going through their doctor because they need something, we were hearing in our earlier session that people could access that support and help immediately.

Priti Patel: Chair, thank you for that. This is the space where we have to be. There is no doubt about that in terms of the joint working between the two Government Departments, and there is no doubt that people on ESA with conditions are the ones we will need to invest more in to get the right outcomes for them. The only way to do that is yes, by having the joint unit, which we have established, and we are working through options on how we can work together, notwithstanding the fact that we would have to cascade down to the communities, depending on the numbers who are on ESA and suffering from these conditions.

Q142 Chair: Well, Priti, what you need to do at the end of the day is to get agreement in Cabinet that Health should give you billions, whatever it is, of their budget specifically for you to use and to give services that could immediately help people back to work?

Debbie Abrahams: Or the other way around.

Chair: Rather than wait, is it not?

Priti Patel: We have to look at options. Obviously we are working with the Department of Health and that is the right way to do it, but it is a case, I think, as we have seen with some of the pilots, and with the unitary authorities as well, of joint commissioning and collaboration, understanding that these are all linked to getting the right outcomes and changing people's life chances as well.

Chair: We have two Craigs. One Craig first and then the second Craig.

Q143 Craig Williams: A very quick one. In terms of the integration between Health and Work and Pensions, you also have the devolved areas and the other governance. How would that work? It is not just simply a cheque from the Department of Health.

Priti Patel: Quite right, exactly. A very sensible question and we have to be absolutely practical about this, because the Work Programme is a national programme. It is not something that is simply tailored and localised. The point about the work that we are undertaking right now, in London and Greater Manchester, as you have heard already, is, yes, understanding what works locally. Let us not forget as well that every community—every LEP area, for example—has different labour market needs, so it is about understanding what the condition of the labour market is, where the job opportunities are, where the skill shortages are, and how the authority can work with the LEPs, as we have been doing with other programmes. We have the ESF programme, we have an innovation fund, where we are supporting communities, and LEPs in particular, to help map out and shape and identify some of this.

There is no one-size-fits-all here, and for us it is about working in partnership, setting the national framework. Taking a lot of learning and best practice, and believe you me the team here in particular, Matt and Iain and their teams, have spent a lot of time with Work Programme providers to understand just what is working, how the Work Programme can evolve, and some of the key learnings in terms of dealing with those with additional barriers.

Q144 Craig Mackinlay: There was recognition earlier on that those who have mental health problems or more obvious physical disabilities need to have more money spent on them. With the current specialist Work Choice we have the opportunity in 2017 to think about this again and try to get a better way forward, and that is part of our work, obviously. Do you think that Work Choice has been working?

Priti Patel: Interestingly enough, I spend a lot of time meeting those who are in the Work Choice space in terms of providing support out there, and of course there have been some great successes; there is no doubt about that. Of course again it is about the provision that you put out there, the engagement that you have with the individual, and importantly that sustained support. Of course, I think it has been doing what it should be doing and we have had innovation in that space. We have had some good people working in that space,

but I think we have to look at this in the wider context. It is fair to say that as a Government we have outlined our employment ambitions and aspirations and of course supporting people with disabilities and health conditions is at the heart of that, so it is just a case of what more we can do in that space, and how we can continue to push for more support and join up across Government and with employers. Employers have a very important role in this space as well, and we must look at how we can support and encourage employers too.

Q145 Craig Mackinlay: I know we have an ambition to halve the disability employment gap, and as you say it seems that Work Choice works. Would it make sense, rather than people ambling their way through the start of this route into employment, going through Work Programme and then into Work Choice, for people to be assessed and signposted early, so that we get straight into a unified scheme just for them that works for them?

Priti Patel: It is interesting that you should raise this, because I think it is fair to say that we are considering all opportunities. There is no doubt about that. I think it is fair to say that if we could unify a bit more, that would make sense, but we have to work on advice and some of the guidance that we have from practitioners in this space. We need to learn from them, because we have to test and learn the approaches, but it is important to understand the tipping point, the catalyst that can bring about change for the individual. Certainly Matt and his team and others have some good experience and insight, but we are always learning. You can never stand still. It is not as if this is how it is and this is how it is going to remain. We have to keep on building on the success of it.

Matt Thurstan: In terms of work choice performance, if you look at the latest statistics, I think there is quite an impressive performance improvement in Work Choice, especially in terms of outcomes. I would say personally, if I look at the data, from my experience of the last two years of running those contracts partly what has driven that is better contract management. We heard Mat before from Manchester talking about excellent contract management. That has driven quite a significant increase, in my view, in the performance of Work Choice. At the moment you can be referred to Work Choice before the Work Programme. I think the question is when we look at the segmentation whether we need to have a bigger think about people who should go on to more specialist provision first rather than a Work Programme. They are the kinds of questions that we are looking at in terms of the future provision.

Q146 Chair: Minister, I think there is a general acceptance now that one should have a Payment by Results system. To what extent have the messages been getting back to you from providers that as it stands it is not perhaps the most effective way of galvanising support and getting the outcomes that we want? To what extent have you been thinking about, for example, service fee payments and milestone payments, not in any way to undermine the programme and the emphasis you have given it, but to recalibrate it so that it is a finer instrument to gain those outcomes?

Priti Patel: We are all about outcomes, Chair, so the Payment by Results model is the first starting point of conversations, there is no doubt about that.

Q147 Chair: Does that mean you are thinking about how you develop your ideas?

Priti Patel: We have to. I take the view, certainly from the learnings that we have seen with the Payment by Results model, that it will remain the key feature of any programme. Certainly, the providers speak very positively and constructively about the significance of that payment model.

It is a case of whether to introduce service fees for providers or key milestones—the two are different. Key milestones, there is no doubt about it, have to be based on long-term sustained outcomes.

Q148 Chair: Does that mean you are thinking about that addition?

Priti Patel: We are constantly thinking about outcomes as part of a healthy conversation to have as we innovate and look forward, but also we have a good ongoing dialogue with providers and with the primes, as well as the sub-primes, because of course it varies around the country in terms of specialisms and expertise.

Matt Thurstan: If you would like me to add to that—the idea of what works in the Work Programme. The chief executives and the main primes had a round table with the Minister a few months ago, and they all said that payment by results had really changed their approach to things and driven more performance. I would agree with that.

In terms of service fees, there has been some discussion in the conversations we have had especially about the hardest to help groups—not necessarily some of the JSA groups we currently see going through. I know we are talking about moving away from that potentially, but for the hardest to help groups I think a service fee is a good idea to explore. I think you have heard evidence from some of the Work Choice providers. I think you had Steve Hawkins in here from Pluss who was quite keen on that, and we have a service fee in place there.

On progress measures, I think there are just a couple of points to make. First, I do not think there is any great evidence to show that these do lead to greater employment down the line. Secondly, there is nervousness about a tick-box exercise, which would concern me. Thirdly, something I am particularly keen on with Work Programme Plus, they could take some of the cost efficiencies out of the system. I think that progress measures that have to be validated and performance-managed, do add to the bureaucracy, personally.

We are exploring different options. The service fee I have heard quite a bit about. I don't hear too much from the market about the progress measures, to be honest.

Chair: Matt, if we are looking to the end of this Parliament, and you are looking back on your stewardship, we are beginning it with something like 60% are not being helped into work. Therefore we are looking at to what extent a range of measures could help to achieve a much better outcome. We know from all the evidence that we heard earlier, and you have hinted at it, that those with the greatest disabilities have considerable difficulties getting into work. What we are trying to do is encourage you to think about whether a Payment by Results system can be further developed. No one is talking about scrapping it. No one in their right mind will. But we are looking at whether the programme can be further developed to achieve greater success among that 60%.

Q149 Jeremy Quin: On that particular point, Minister, you are talking about service fees. We have heard that the Department may be considering an accelerated payment model,

whereby larger payments are made if you achieve certain outcomes—certain thresholds for the hardest-to-help groups. In those circumstances, Minister, just identify for us the type of groups you will be looking at and how you would put in place the thresholds that would need to be exceeded to achieve those accelerated payments?

Iain Walsh: I think on the accelerator model there are two issues. One is the different type of payment groups you put people into, which I am sure you have had some discussion on. Then the idea would be that, probably within each payment group, you would have this accelerator model. So where you put the thresholds would come on the best evidence that we might have. If you take a certain group of people in a particular payment group, what does the evidence show about how many people you would expect to get into work with lesser levels of intervention? Then you use that as a basis to set thresholds. So if you have a very flat model then you might start accelerating quite quickly once you get around a level that indicates that this seems to be real added value beyond what you would achieve otherwise. Of course, that gives an incentive for providers to get into the hardest to help groups within the groups that you choose.

Q150 Jeremy Quin: So it is a granular system looking at each individual?

Iain Walsh: Yes, I think that is the way you would do it. Similar to Matt's point about simplicity on other aspects, there is a balance. If you really wanted to have payment groups that were more homogenous within themselves you would start to get too many payment groups to operate. So the practical reality is that, however you decide to segment people, if it is perhaps less benefit-related and more related to barriers to work, you are still going to have groups of people for whom there will be a lot of variants in difficulty getting them to work. In that context, the accelerator model has its attractions in design terms, and then where you set the levels would have to be on the best available evidence about what we might expect with minimal intervention. So where is the real added value?

Q151 Craig Mackinlay: I do not know if your thought is similar to mine. I do worry that a huge number in some of the very difficult groups that have been through the programmes that we discussed earlier that have been trialled in Manchester with a proper Work Programme and out on to one of the pilots, don't find work. I am not quite sure who they are, but I would imagine that people with mental health issues is going to be a large one of those groups.

I worry that the providers in a commercial world are going to go for the lower hanging fruit. This is going to be obvious, and I worry whether under the pure Payment by Results scheme they will be putting in the resources to help those they pretty much know it is going to be very difficult to get an outcome for. I do not want to bureaucratise the system. I think you are absolutely right when you say that that is the last thing we need, but are there some staging posts where, okay, they have not been fortunate in getting a job at the end of it, but they have improved because of the system and their life chances have been enhanced and perhaps there should be a payment for that improvement?

Priti Patel: This is where the discussion is all at. That is where it is happening right now, there is no doubt about that. Of course, I think it is fair to say when the Work Programme was set up in the last Parliament, the Government faced huge numbers of people who were unemployed and the focus was on getting people back to work sooner rather than later. The JSA payment fell and we all know the story since then.

I am a newish Minister—I have been in the Department for four months—and among providers there is a very clear and frank recognition that it is in those who are hardest to help, those who are the furthest removed from the labour market, that the investment needs to come.

It is incumbent on us as Government to facilitate that and make sure that that is where the focus is. Work Programme providers are already in this space and I have been really encouraged by their high level of focus and motivation. They are innovating already in this area. They are coming to us with suggestions of what more can be done, perhaps how they could be incentivised to do more, and more generally some of the practices that they know we could expand or extend, whether it is co-location of services, learning from local service providers, greater joining up locally as well other aspects of public services. This is such a live debate right now. In all the discussions that Iain, Matt and myself have had, not with just the primes but also the subs, they are really energised by this because they know that that is where the major wins in terms of outcomes need to be.

Of course we want to make sure that we can come up with the right balance, that balance being value for money for the taxpayer. We want models that work as well, in terms of the wider outcomes, but I think there is a case to be made for getting greater efficiencies as well across public services.

Q152 Jeremy Quin: Just picking up on that, Minister, if I may. It is great to hear that these people are already innovating. What more can we do to encourage them? Would an innovation fund be a useful asset, whereby we can encourage people and incentivise them to do more in that space, or do you think it will flow naturally and the incentive is already there?

Priti Patel: My own view is that I am not sure if the innovation fund route is the necessary approach, because I think of it in terms of what more Government can do. Yes, we need to create the right model, and that is what we are working to do as a Department in terms of the contractual side, but also it is about how we as Government innovate. By that, I mean that it is about how we pull other public services together—Health being the Department that we have touched on already in this discussion.

We could go further. We are doing work already with the Department for Education, and the Department for Business, Innovation and Skills as well. Skills are crucial. Yes, dealing with the health barriers is one thing, but we must invest in people's skills and training and bring them closer to employers. It is our job to facilitate this across Government. Yes, clearly, we should work with the providers and the sub-prime providers, to look at some of the local characteristics of the local labour market and then work to develop the right kind of packages for those individuals.

Q153 Jeremy Quin: So you think the bottom line is that it should flow from the contracts that you provide? You do not think there is an extra layer of innovation and support that needs to be added on?

Priti Patel: In terms of innovation and support, we are working with the providers in terms of getting their feedback and learning from them. As I said, you cannot stand still in this space and they themselves are pulling together new ideas, which is highly important. But also they are working with the sub-primes as well—the sub-primes are almost like unsung heroes, doing some great work in our communities—and getting some real learnings from

there. I do not just look at this as a magic bullet, an innovation fund; I look at this very much as a combined approach.

Q154 Jeremy Quin: Is best practice being shared? I know you said that Matt has spent a lot of time looking at best practice, but in terms of getting it across the sector from those sub-primes—we have been hearing great examples from different regions—how can we be comfortable that best practice is genuinely being shared for the public good?

Priti Patel: I will let my colleagues speak because they are in the front line on this.

Matt Thurstan: If you look to our very hardest to help groups, we have a performance management regime that puts our worst performers in an enhanced performance regime where they have more regular interventions and so on and so forth. What we do have for those groups is "sharing best practice" sessions where we come together and each of the providers will talk through what has worked well for them, which different activities they have planned in their performance improvement plans and so on and so forth. That is one way of sharing best practice. Within my team, my performance managers typically oversee a number of contracts, and we have discussions across the whole team about what is working well even with the best providers. That also gets shared with the poorer-performing providers to think about and look at.

Do I think we could do more? We probably could. If you are going to ask me, one of the big wins for the next Work Programme will be the use of technology to share best practice and what works well. If someone comes up with a really good scheme for a catering course for someone, for example, they might put it on social media. People can vote for whether they think it is useful or not. If it is useful, other providers can signpost to that. It takes cost out of the market, it takes cost out for us and we best practice becomes easily accessible. There is more we can do, but I am quite encouraged to see how much of this is now going on. It is partially forced by the contract management approach, but it is happening. However, I think we could probably do more in future.

Q155 Jeremy Quin: Forgive me, you started by referring to providing examples of best practice to those who were not succeeding particularly well and I think you were moving on to saying, "How can we share best practice across the whole cohort?" That is obviously a good goal to be aiming for.

Matt Thurstan: We do share best practice when we are talking to the poorer performing contractors. We saw it before with health and wellbeing: some of the performers who are doing really well—the providers who are delivering to Manchester are the same who are delivering well on our programme—have integrated health and wellbeing coaches. That really seems to be working. I have quite a big variation on ESA performers in particular. It is very hard to say it is one thing, there are a number of factors, but one that does seem to play out in all the good performers is this integrated health and wellbeing approach. We do share that with the poorer performers, and I have seen some of the poorer performing contractors put that in place. We are sharing it across the market; I just think there is always more you can do in that space.

Jeremy Quin: Digital is the way forward?

Matt Thurstan: Yes, I think so.

Iain Walsh: We as a Department share learning with our providers, and our providers share learning between themselves. Going back to something that we heard earlier about the various health pilots and testing that we are doing through the joint unit, if we pick up something that is good we need to make that available to the whole pool of providers.

Q156 Chair: Bernard Shaw once said that if the English were promoted from the inferno to paradise, they would still gather around and talk about the good old days. There is something in our culture, I sense, always, that one does not prize success in the way that one should do. Matt, were you saying in answer to Jeremy that the combination of those who do want to spread good practice and the payment by results system brings the laggards along, wanting to know how they can get better payments by results? Are we breaking that English culture?

Matt Thurstan: That is happening but, to be fair, the providers are under a huge amount of pressure from my team on delivering performance improvements, especially on the hardest to help. I think that if we spoke to providers they would back this up—over the last two years, there has been a very different approach to contract management.

We could have hit this harder from day one. On every line of provision that we launch, we are on top of it from day one now. There is also a much better working relationship with the providers, so it is more of a partnership. There is trust on both sides. If there are barriers that we have put in place that we can remove—for example, if you need some information from Jobcentre Plus and you are not getting it—let us know and we will make sure that it happens. But the flipside is that you deliver better what you have put in your contracts for your bids, and so on and so forth.

There is obviously the payment by results incentive for providers to get more performance, but there is also a lot more pressure now in terms of the performance management regime. There are small things. We now have the right metrics to deliver on the contracts and we have transparent data, so every single month, we have a suite of data for every provider, every contract, and we really have some competition going. You might be in the top 10, but if someone is beating you in your package area, you need to go and explain to your parent company in the States why you are coming second or whatever. We have built this in and that is really incentivising performance, in my view.

Chair: Yes, indeed. Debbie and then Craig, please.

Q157 Debbie Abrahams: We had a visit to Craig's constituency last week and the provider that we saw had recently merged. In fact, three of them had merged. How do you manage that within the contracts? Are there concerns that you might end up not having the same organisation and the same standards of performance that you wanted?

Matt Thurstan: Yes, sure. I think you might have visited People Plus.

Debbie Abrahams: Yes.

Matt Thurstan: Yes, who merged.

Debbie Abrahams: Which is very good, by the way.

Matt Thurstan: Yes, yes. It is good. People Plus are doing very well in our performance at the moment. It is quite a rigorous routine we go through as a Department to assess when

there is a potential bid and takeover on the table. Commercial colleagues lead the process, looking at things like financial viability. We look at things like, "Is the market getting overtaken by too many large providers? Is the market share too great? What are the concerns? What if performance were to go downhill? How can we recover? What are the contingencies?" We also ask providers to submit, typically, a 90-day plan. We go through the plan. "What are you going to do to integrate? How are you going to improve performance? What do you see are the benefits of the integration and economies of the scale?" and so on and so forth. We do carefully look at that before the Department approves the takeover, and we have to approve it within the contracts because we have to novate the contracts across.

Chair: Could we quickly go back to Jeremy?

Q158 Jeremy Quin: Matt, you said that you have spreadsheets. You have the metrics.

Matt Thurstan: Yes.

Jeremy Quin: You can quickly cast your eye over them and compare and contrast, which is great to hear. I do not know if that is possible to share with us on an anonymised basis because I would love to see how that comes through.

Matt Thurstan: Yes.

Jeremy Quin: If that is possible, that would be great. Thank you very much.

Matt Thurstan: I can check. I do not know if it is commercially sensitive, but I can check.

Priti Patel: This is a fascinating area, and we will see what we can share with you because obviously some of it is commercially sensitive. When the Work Programme started, the environment in the marketplace was totally different to where we are today. Seeing consolidation, a lot of that is inevitable, people are taken over, merging some of the great work that takes place. It is the sustainability of that. Of course, our focus is on outcomes with payment by results and it is ensuring that that continues.

To the credit of the Department—I have learnt a hell of a lot as well—it is down to the contract management itself and the rigour that is put in place to hold these guys to account, bearing in mind that yes, obviously it is payment by results, but it is also about sustained outcomes. It is interesting to see the change in the landscape but also now to hear from the providers about what is next in terms of ideas and some of the practices that are working, particularly with the groups that are harder to help.

Q159 Jeremy Quin: Is it the nature of the relationship that they are prepared to put their commercial interest slightly to one side in sharing with you best practice and good ideas?

Matt Thurstan: We are getting there.

Priti Patel: Yes.

Matt Thurstan: This is part of building trust, so they have trust in us and vice versa. It is not across the board, yet, I don't think. We have an approach to market stewardship that is strategic supplier relationship management. The biggest and most critical suppliers we have in this area are also some of our critical suppliers in other areas of contracted

provision for the Department. We meet with those providers once a quarter and we are building that relationship. It takes time, but I have confidence now with a number of our key providers; we do have that relationship in terms of sharing information.

In terms of performance, we have a very good set of official national statistics that goes out once a quarter and if you look in there, you can see quite clearly the different levels of performance across all the providers. They have our new cohort management performance data in there, so you can see it live—real-time data for the last year, for example. I think that the next set is getting released later this week. You can get a lot out of that statistics release if you want to look further.

Q160 Craig Williams: We heard in the previous session from the local authorities from London and Manchester, and we heard, interestingly, from London that the bulk of the Work Programme is not something they could compete with. However, they saw a role for local authorities in dealing with more complex cases. I am just wondering how you were thinking about integrating and using the strengths of local government.

Priti Patel: This is the challenge, it is fair to say, because local authorities vary up and down the country and, as I said earlier on, there is certainly no one-size-fits-all in this space. It is fair to say that with local authorities we will have a working relationship; there is no doubt about that. For the national programme, obviously we set the framework. It is very much incumbent upon them demonstrating to us how they can facilitate the integration locally—because integration is the key—through the various public services.

I would argue that LAs, those that really want to innovate in this space, are best placed as a public service body to facilitate and pull together—health, perhaps a degree of social services or housing—some of those key elements that of course can support those individuals that are hard to help.

Just to point to a totally different scheme that is not the Work Programme, the Government's Troubled Families scheme, through local authority work-in, has supported individuals and households with problems and helped to support very clear outcomes—not just employment but life chances. There is obviously an offering there. But that is very much for local authorities to engage with us and the dialogue that we are having to see the best ways of working that can support the key outcomes that we are looking for.

Q161 Chair: As a last question, Priti, can I take us back to discussions we had in Ramsgate when we were visiting Craig's constituency last week? We heard in our first session that the Troubled Families programme—which I think is terrific—has a set of indicators that determines who will get help. Certainly, in Ramsgate, we were on a number of occasions faced with the question whether the indicators that decide how quickly you might gain additional help were not as effective as they could be. We similarly heard it in our earlier session this afternoon.

I just wonder whether you could talk to us about the Department's thinking on finessing those sets of indicators so that we do not have people hanging about in Jobcentre Plus who could more quickly progress to specialised help, and so that it would not be six years before they got a job but maybe six months.

Priti Patel: Sure, yes. You are quite right, Chair, about how quickly people can be supported. We have work that is taking place on how we can get support to individuals. Again, it is at a more localised level but certainly, through our Job Centres in particular, there is a greater focus—I cannot say there is a one-size-fits-all here—on those individuals to ensure that we can provide support sooner rather than later. But, again, there is more structured work taking place here.

Q162 Chair: Is it possible for us as a Committee to see those sets of indicators, not to make a great fuss about it, so we might comment on them? That would be really helpful. Thank you very much.

Priti Patel: I am sure if we can provide them, then we will.

Q163 Chair: That would be great. Yes, Iain?

Iain Walsh: Just a couple of comments here, one is specifically around the employment and health space and the whole issue there about intervening earlier, where there is a general expectation that that should be done. There is a lot of activity going on in the Joint Work and Health Unit. There is not necessarily any specific outcome to point to, but I am sure there is work in progress that can be shown.

There is a specific thing around employment and health, and then there is another thing that Matt alluded to, which is the way referrals might happen in Work Programme and Work Choice at the moment. You can probably extend that out and say there is scope to think of a more systematic and organised way of having a cross-government or almost cross-public services view about characteristics and individuals, and then being very clear about the best place for them to go and at what time, based on that shared understanding.

I am not saying we are there at the moment, but I certainly think, in terms of drawing up and facilitation, having that underpinning shared view about what an individual's characteristics are and what is the best place to route them, is one important element of joined-up thinking and alignment. Again, there is nothing specific worked through I can point to there, but it is an area of thinking.

Priti Patel: The challenge for us there—because this is not something that can be fixed instantly—is segmentation of the groups; the characteristics, as Iain has pointed out. At a local level, not just through programmes but through job centres, once they have been identified, a work coach can instantly say, "This is the level of support that is needed, this is how often we need to see you, this is where you need to go," and how that process is all joined up. That is very much work in progress and the health piece is just one example of that. We have to look at another side, which is skills and employment.

Q164 Chair: If I am working at a Jobcentre Plus, Priti, and somebody comes in who is homeless, who has drug or alcohol abuse problems and who is probably mentally ill, hanging around in the Job Centre is not going to get him a job. He probably needs help that week, if not that day.

Priti Patel: Exactly.

Chair: It is how we are moving to a set of indicators, clearly taking into account the pressures locally, that could much more quickly move people to that help. That was certainly—was it not, Craig?—the message we got from Ramsgate.

Priti Patel: That is a really good example. Quite frankly, if someone who has a housing need or is homeless comes to a job centre, the housing need should be the number one need that is dealt with—I know that this happens in some job centres—then of course that individual should be supported with all the other challenges or barriers that they may face. Of course, again, you are absolutely right, it is that support that is there and then, and access to all the other services can be co-ordinated and facilitated.

Q165 Debbie Abrahams: It harps back to my original question, which, I am sorry, was quite a long one so might not have been particularly clear. Again, in Ramsgate we were told that the work capability assessment had not worked there. They were still getting referrals for people who were terminally ill. I appreciate that we have raised this before as a Committee and if you are able to update us with any new guidance, that would be very welcome.

About two and a half years ago this Committee undertook an inquiry into work programmes for hard-to-reach groups, and we recommended that the Government look at using the Australian job seekers classification instrument as a way of segmenting. If we are looking at evidence, we want to use something that has been validated. We know that it works. It needs to be adapted for its particular area. That was a tool that we could use.

Chair: To an extent, Minister, we heard from Matt some good examples about how one shares good practice in this country; what about shared internationally?

Priti Patel: Internationally, I am there. I am already there. There is no doubt about that. Interestingly enough, I met with my Australian counterpart 10 days ago and we discussed segmentation in terms of learnings and the approach that they have taken. Again, this is a reflection on how the Work Programme has evolved. Six, seven, eight years ago, the United Kingdom was looking internationally at employment programmes. Yes, we are learning from international counterparts around the world, but other countries are coming to us as well, right now, too.

Q166 Chair: Did the Minister leave with you the set of indicators they use in Australia?

Priti Patel: We are picking up with the Minister so, yes, we are having discussions.

Chair: That is good.

Debbie Abrahams: Better late than never.

Matt Thurstan: We can also learn from prime providers in the market on this approach as well. Segmentation absolutely happens—

Chair: Absolutely.

Matt Thurstan: —at the prime provider level.

Priti Patel: Completely.

Matt Thurstan: They do segment based on a whole load of indicators. The most common one people are very keen on is how long someone has been employed over the previous four years. As someone said, the length of time unemployed is a real key indicator. There is a lot we can take to look at in terms of segmentation.

Iain Walsh: I was wondering if I could go back to your first point about the work capability assessment. In the work that the Joint Work and Health Unit and others are doing, there is a recognition that at an assessment, more information is needed to capture the employment barriers and then to communicate it to whoever will be picking it up. The Committee previously has talked about sharing outcomes in the work capability assessment with providers, which is an issue that we are currently exploring.

There is a broader, wider issue, which is, "What information is being captured upfront about health or other related barriers people might have?" At the moment, that is not the specific function of the work capability assessment. I just wanted to let you know that thinking is going on about, "How can we come up with an assessment that captures things that people really need to know and then share it with those people who are going to be picking that up?"

Chair: Priti, can I thank you, and Matt and Iain, for your contributions?

Priti Patel: Thank you very much.

Chair: Thank you very much.

Matt Thurstan: Thank you.