



Sustainable employment and skills

Recommendations arising from Opportunity,
Employment and Progression: making skills work

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Employment, Opportunity and Skills - where next?

In January we produced a discussion paper, written in response to Employment, Opportunity and Skills by One Parent Families|Gingerbread and WorkDirections. In this, we emphasised our support for the approach taken and our belief that better integration of the skills and employment agendas sits at the heart of ensuring better quality long-term outcomes for those people most disadvantaged within the labour market. We posed a number of questions and highlighted the fundamental importance of aligning delivery mechanisms and the performance objectives against which they will be funded and measured with the policy intent.

In this note, we want to pick up on some of the issues we raised in January, and move the discussion forward towards some tangible solutions.

Our understanding is that there are three sets of pilots set to commence within the next four months. The results from which will feed into the wider process of joining up the employment and skills systems:

- The Adult Advancement and Careers Service (AACCS), offering support on progression in work to all, both in and out of paid work.
- The Flexible New Deal, piloting the first 12 months of Jobcentre Plus-delivered support, including Skills Health Checks.
- The Integrated Employment and Skills Pilots, seeking to bring the employment and skills systems closer together.

The Integrated Employment and Skills pilots will sit at the heart of this new system and therefore provide the focus for this paper. We do, however, note the importance of ensuring that the three sets of pilots work together and do not add complexity or additional burdens to Jobcentre Plus or other providers.

We understand that these pilots will involve:

- Claimants being referred by a Jobcentre Plus advisor to a Skills Health Check, conducted by the AACCS.
- The AACCS advisor being able to recommend a referral to Local Employer Partnership training, to basic skills provision, to Train to Gain, or other LSC-funded provision if appropriate.
- The Jobcentre Plus advisor will retain the ultimate decision over whether the claimant participates in these programmes.

We are concerned that the testing in the pilots will be restricted to the new signposting and referral mechanisms rather than trialling new approaches to learning in the context of a sustainable and progressive employment goal. There are significant issues with existing delivery and if these are not addressed through the pilots, there is a very real danger that they will fail. Specifically:

- If the provision recommended by the AACS advisor is delivered by a provider with a poor reputation in the area then it is likely that either Jobcentre Plus advisors will fail to implement referral suggestions, or, if clients do attend, they will fail to benefit from the intervention.
- A poor anecdotal experience by staff/clients in the IES pilots will undermine confidence in not only the specific process being tested - in this case Skills Health Checks - but also the value of a move towards sustainability and a skills-focused approach. Anecdotal evidence will drive ongoing frontline engagement with the policy and its programmes at least as much, if not more than, formal reports.
- If performance targets and the measurement of success are not aligned between delivery agencies, then Jobcentre Plus practice, and that of learning providers, cannot be expected to change. Integration will remain an illusion.

In order to maximise opportunities for the IES pilots to be successful, it is our recommendation that they must include:

1) An integrated set of targets clearly focused on sustainable employment

Jobcentre Plus advisors need to be measured on meeting sustainable targets, rather than short-term employment targets. This will provide an incentive to work with Skills advisors to develop effective pathways for clients. At the very minimum we suggest that targets are aligned with those of the Flexible New Deal providers at six months. We understand that measured sustainability through the Work and Pensions Longitudinal Study will not be timely (there is a two-year delay on data). However, within the pilots, we suggest that sustainability could be measured using staying off benefits as a proxy for working. If this was the case, the data could be easily and swiftly made available by using a JSAPs check.

We would also recommend running these checks again at 12 and 18 months in work and feeding the results back to both Jobcentre Plus and Skills advisors. If staff are given information on how these pilots are working for people in the long-term, and they are targeted on that, they are more likely to fully engage with delivery.

2) Funding for skills provision that is outcome based in line with these targets

The IES pilots provide a fantastic opportunity to test the ways in which skills training is procured and provided for people on benefits, in addition to the pathways by which they access them. It has been indicated to us that learning providers may not be able to adapt swiftly to changing market conditions and expectations. However, the Skills 4 Jobs programmes indicate that the LSC are able and willing to contract for and take responsibility for delivering outcome-funded programmes for Jobcentre plus Local Employer Partnerships. It is our understanding that in London, Skills 4 Jobs will work with the IES pilots.

Ultimately we would like to see funding that follows the learner. Funding sustainable employment, rather than qualification outcomes, will enable AACs and Jobcentre Plus advisors and their clients to decide which courses have the greatest chance of moving them towards employment, and continuing to progress within work. A change in the way learning provision is measured and funded should drive delivery behaviour that is more closely aligned with the overall policy objective.

Current proposals are that lone parents will have a Skills Health Check two years before a claim for Jobseeker's Allowance is triggered by their youngest child reaching 12.¹ This two-year period provides a real opportunity for providing access to skills that will have a considerable long-term impact on poverty reduction. In these two years a lone parent could complete a level three qualification such as Access to Midwifery. These qualifications offer a gateway to higher earnings, job security, control over a future career, as well as far greater chances of securing employment once they are required to return to work. A change in the funding regime means that such interventions are more likely.

Within an outcome-funded system, there is need to ensure that those furthest from the labour market are helped to access support that will move them closer to work, even if an immediate job outcome is unlikely.

3) Funding that follows the learner

The Leitch review recommended that *'as far as possible, funding should be routed through mechanisms which put effective purchasing power in the hands of customers. This will give training providers a real incentive to deliver the skills that employers and individuals need, flexibly and responsibly.'*² We welcome the assertion in Employment, Opportunity and Progression, that *'skills accounts will put purchasing power into an individual's hands'*, but it is unclear at this point the extent to which funding will actually follow the learner, or will merely allow them access to a course that is already funded.

The IES pilots are an ideal opportunity to test out the genuinely demand-led funding that will be essential if individuals and employment service providers (both Jobcentre Plus and those delivering the Flexible New Deal) are to have genuine confidence in skills provision.

There is a clear need to improve the identification of learning interventions that have a positive impact on earnings. This process should not be limited to learning funded by the Learning and Skills Council but also look at professional qualifications available on the open market. The pilots should then signpost and financially support people to access these opportunities while in and out of work. Some courses may be considerably more expensive (for example Category B1 Fork Lift Truck Driving), but this cost would be offset by the savings made from reducing referrals to training that does not provide the same economic benefits to its participants.

¹ Lone Parents whose youngest child is over the age of 12 will be moved from Income Support to Jobseeker's Allowance as of November 2008. This will be extended in 2009 to lone parents with a youngest child over the age of ten, and in 2010 to a youngest child over the age of seven. As detailed in DWP (2007) 'Ready for work: full employment in our generation'.

² Leitch Review of Skills (2006) *Prosperity for all in the global economy - world class skills: Final Report* HM Treasury.

If a demand-led system cannot be immediately implemented, we think that a mix of supply and demand-side funding, as operates for example via supply-side subsidies to Children's Centres and the child care element of tax credits, would represent a significant step forward. Ensuring that providers focus on attracting learners, rather than on learners finding places on existing provision, is key to the success of an integrated employment and skills system.

4) A clear delivery path

With significant reforms taking place to the welfare-to-work infrastructure at the same time as the IES pilots, it is vital that the system is simplified both for users and for those who have to deliver it.

At present, it is unclear who ultimately makes the choice about what training that claimant should access when a claimant is referred by Jobcentre Plus to the AACS for their Skills Health Check. We can envisage situations where the AACS advisor refers a claimant to training, but the Jobcentre Plus advisor will not let them undertake this as part of their Jobseeker's Agreement. If Jobcentre Plus is to have this ultimate responsibility, the importance of changing their targets to deliver sustainable job outcomes will be magnified.

The relationship between Flexible New Deal providers, the AACS and Jobcentre Plus also remains unclear. FND providers should be able to and want to refer to the AACS, but they will also need details of previous referrals and information about whether advice was acted on.

Finally, we think that it should be a requirement of all publicly-funded courses that they have a clear progression and 'handover' route at the end of the course, be that back to Jobcentre Plus, the Learning Provider, to other provision, or to an employer. Too much existing training assumes that once completed, the claimant can take the next steps into further training or employment themselves, rather than helping them with these transitions.

5) More flexible, broader learning

Demand-led funding should lead to a broader range of training being delivered, in a more flexible way. But there is a need to monitor the participation of disadvantaged groups, such as lone parents, on training courses to ensure that they are not being excluded from provision.

We also think that the Skills accounts must involve a level of flexibility to fund courses other than those that lead to a level two qualification. As the recent research review published by the Cabinet Office shows, employability and soft skills (perhaps below level two), and higher level vocational skills, are those which lead to real benefits in terms of employment and wages.³ We recommend that provision is made for these courses to be funded if an advisor from the AACS recommends this and no other funding source is available.

³ DWP, DIUS and Cabinet Office March 2008 *Life chances; Supporting people to get on in the labour market, An analytical discussion paper* available at: http://www.dius.gov.uk/publications/life_chances_180308.pdf

Finally, the review of the '16-hour rule' announced by the Prime Minister in November will be vital to ensuring that Jobseeker's Allowance claimants can take up training that would help them to move into work. The flexibility to allow these claimants to move onto a training allowance and study full-time for eight weeks is welcome. But there may be courses that last for longer than eight weeks, which an AACCS advisor may want to recommend as the best option for the claimant. If these cannot be accessed due to the 16-hour rule, Government injunctions that claimants must improve their skills are unlikely to be taken seriously.

Conclusion

This is a unique opportunity for Government to finally crack the difficult task of making sure skills and employment policy line up to create real opportunities for people to enter, sustain, and progress in employment. If not done well however, cynicism about the possibility of this task will take over. At present, there are real concerns that what will be delivered in the Integrated Employment and Skills pilots will be merely a reconfiguration and re-labelling of existing products and policies, rather than something genuinely new.