

Work Programme – programme costs to 31 March 2013

Published June 2013



Department for Work & Pensions

Background

The Work Programme is designed to help people who are at risk of becoming long-term unemployed. It aims to support people into sustained employment.

The Work Programme is delivered by providers from the private and voluntary sector. Once a claimant has joined the Work Programme, they will be supported by their provider for up to two years.

There is public interest in how much the Work Programme costs. Whilst it is too early to make a full evaluation of the value for money of the programme, we are able to publish data on financial expenditure. This data provides a summary of expenditure on the Work Programme up to 31st March 2013.

The full payment structure and model can be viewed in the Annex. Due to the fundamental differences in the design of the contract, payment model, types of claimant and in the criteria and classification of outcomes, comparisons with previous welfare to work schemes should be avoided.

Analysis

Table 1 – Cost of the Work Programme to 31st March 2013¹

Payment Type (£m)	2011/12	2012/13	Total
Attachment Fees	267	180	447
Job Outcomes	13	142	155
Sustainment Payments	3	131	134
Total	283	453	736

Source: DWP General Ledger. Note numbers may not add due to rounding.

The Work Programme is predominantly a 'Payment by Results' model, meaning that Providers are paid once they have achieved defined outcomes. As such the cost of the Work Programme is primarily driven by the volume of claimants attached to the Programme (Attachment fees) and by the performance of Providers (Job Outcomes & Sustainment Payments). The proportion of costs attributable to Job Outcomes and Sustainment Payments will increase over time as Attachment Fees reduce and performance increases, see table 2 below.

¹ Costs are defined as the DEL (Departmental Expenditure Limit) costs of the Work Programme arising from Attachment, Job Outcome and Sustainment Payments.

Table 2 – Proportion of Work Programme costs by Payment Type

Payment Type	2011/12	2012/13	Total
Attachment Fees	94%	40%	61%
Job Outcomes	5%	31%	21%
Sustainment Payments	1%	29%	18%
Total	100%	100%	100%

We are not able to release sub-national data, as this would make it possible to calculate the discounts offered by Providers on Job Outcome prices. This information is commercially sensitive, and could undermine the future procurement of contracted out Employment Programmes.

Summary

It is not yet possible to assess the value for money of the Work Programme as it has been designed as a 5 year programme. A full evaluation of the programme will be completed, including value for money, with the analysis expected to be completed by the end of 2014.

Future releases of financial data

Financial data will be released alongside the official statistical releases of Work Programme performance data.

Annex 1 sets out the background to the Work Programme and shows the payment model for programme.

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Annex 1: Background of the Work Programme

The Work Programme was launched in June 2011 and is now in place nationally. It is an integrated package of support providing personalised work-focused help for a wide range of customers. Both Jobseeker's Allowance (JSA) and Employment Support Allowance (ESA) customers will be eligible at various stages of their claims depending on their circumstances along with Incapacity Benefit (IB) / Income Support and Pension Credit customers who are also eligible to volunteer for this scheme. The support is delivered by public, private and voluntary sector organisations, working under contract to DWP. These organisations will tailor services to what works best for individual customers in helping them back in to sustained work. For more information please see information note at the following link:

<http://research.dwp.gov.uk/asd/index.php?page=wp>

There are three main categories of payment a provider can receive:

- *Attachment fee* – a payment made to the provider at the point of engagement. The attachment fee is paid at different rates as defined in the payment schedule for each customer group. The attachment fee will reduce over the first three years of the contract and will be nil from July 2014 - the start of year four. The profile for this payment is:
 - Yr 1 = 100%
 - Yr 2 = 75% of the original amount
 - Yr 3 = 50% of the original amount
 - Yr 4/5 = 0%
- *Job Outcome Payment* - A Job Outcome payment is paid when a customer has been in work for either a continuous or a cumulative period of 13 or 26 weeks, depending on the payment group to which the claimant belongs. It is paid at different rates as defined in the payment schedule for each customer group. DWP set a maximum level for each job outcome payment, and providers were invited to offer a discount on this level in their bids. For customers in payment groups 1,2 and 6 the value of the maximum Job Outcome payments will reduce by 10 percentage points of the original level each year for customer starting from year three of the contract.
- *Sustainment Payments* – after a job outcome has been reported, a Sustainment payment can be claimed for each four week period of continuous work completed by a claimant, up to the maximum number set out in the payment schedule. While the claimant is still within the two year period that they are attached to the Work Programme, there can be breaks in employment between sustainment payments. Once a claimant has completed this two year period and is no longer attached to the Work Programme, providers can continue to claim sustainment payments up to the maximum number, so long as there is no break in employment. If there is a break of 2 days or more, then no further sustainment payments can be claimed.

Table 3 Payment Structure by Payment Group

Payment Group	Customer Group	Year 1 attachment fee	Job outcome fee (maximum)	Job outcome paid week:	Sustainment payment per 4 weeks	Maximum number of 4 weekly sustainment payments
1	JSA 18-24	£400	£1,200	26	£170	13
2	JSA 25+	£400	£1,200	26	£215	13
3	JSA early access	£400	£1,200	13	£250	20
4	JSA ex-IB	£400	£1,200	13	£250	20
5	ESA volunteers	£400	£1,000	13	£115	20
6	New ESA claimants	£600	£1,200	13	£235	20
7	ESA ex-IB	£600	£3,500	13	£370	26
8	IB/IS (England only)	£400	£1,000	13	£145	13
9	JSA prison leavers	£400	£1,200	26	£200	20

Work Programme Payment Model

