



Department
for Work &
Pensions

Evaluation of the Work Choice Specialist Disability Employment Programme

Findings from the 2011 Early Implementation and 2012
Steady State Waves of the research

July 2013

Research Report No 846

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Summary

Work Choice is a Department for Work and Pensions (DWP) specialist disability employment programme introduced in October 2010. It provides employment support to disabled people who cannot be supported through mainstream employment programmes and their employers. Work Choice was the first specialist disability employment programme to be commissioned under the terms of the 2008 DWP Commissioning Strategy. The evaluation of Work Choice therefore explored both the new programme model and the effect of the DWP commissioning approach on this area of specialist provision.

This report offers findings from the Early Implementation and Steady State waves of research. This follows on from the previous Transition Wave of research, the findings of which were published by DWP in 2011 *Work Choice Evaluation: Commissioning and Transition of Clients to the Programme*. The Early Implementation and Steady State research took place over two years and involved a series of case studies and interviews with programme participants, their employers, provider staff, Statutory Referral Organisations and staff from Jobcentre Plus and DWP, as well as an on-line survey with providers both inside and outside the Work Choice supply chains.

Findings from the research explore the success of Work Choice against the programme aims and Critical Success Factors. This includes an examination of factors which influence access to the programme and participant profile. They also cover an exploration of what works in specialist disability employment provision, a review of the Work Choice wage incentive for young people and a comparison of Work Choice and Work Programme delivery. Commissioning findings examine the provider market structure and how this was affected by the commissioning of Work Choice. They also present views on the relationship between the provider market and programme delivery, and examine other features of the DWP commissioning model, including performance management and outcome-based funding.

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Glossary of terms

Commissioning Strategy	Document setting out the Department for Work and Pensions' (DWP's) approach to sourcing, procuring and managing contracted employment provision.
Contract Package Area	The geographical territory within which a provider delivers contracted employment provision.
Contracted provision	Employment support delivered on behalf of DWP by external organisations from the private, public or community/voluntary sector. It is one of the two routes by which the Work Choice programme is delivered (see also <i>Non-contracted provision</i>).
Creaming	Describes the selection of more participants who are close to the labour market.
Differential Payment System	A system of funding, used in the Work Programme, where providers are paid at different rates for outcomes achieved by different claimant groups, with outcomes for the harder-to-help groups being paid at higher rates than those for groups closer to the labour market.
Employment and Support Allowance	From 27 October 2008, Employment and Support Allowance replaced Incapacity Benefit and Income Support paid on incapacity grounds for new customers. Employment and Support Allowance provides financial assistance as well as personalised support for people with limited capability for work to help them move into suitable work.
End-to-end provider	A provider that covers the range of general employment-related services a participant receives throughout their time on a programme.
Flexible New Deal	Employment programme for Jobseeker's Allowance claimants launched in October 2009. It was the first provision commissioned under the principles of the Commissioning Strategy.
Invitation to Tender	Second stage in DWP's procurement process for contracted employment provision. Providers successful at Pre-Qualification Questionnaire stage are invited to submit a full tender.
Jobcentre Plus	Jobcentre Plus is part of DWP. It provides services that support people of working age from welfare into work, and helps employers to fill their vacancies.

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Jobseeker's Allowance	Jobseeker's Allowance is the main benefit for people of working age who are out of work, work fewer than 16 hours per week on average and are available for and actively seeking work.
Non end-to-end provider	A provider who provides specific specialist support as and when it is needed, rather than having a contract for a specific share of provision in a contract package area.
Non-contracted provision	One of the two routes by which the Work Choice programme is delivered (see also <i>Contracted provision</i>). Non-contracted Work Choice provision is delivered by Remploy, a non-departmental government body which operates as a company limited by guarantee. Remploy is directly funded to deliver Work Choice by DWP under Grant in Aid arrangements and offers Work Choice provision nationwide alongside the contracted providers.
Outcome-based funding	A funding programme where services are paid for on the basis of achieved outcomes (e.g. sustainable job outcomes) rather than for delivering the service (e.g. CV development, interview techniques). Sometimes a combination of service-based payments and outcome-based payments are included in the overall funding programme, as is the case for Work Choice.
Pan-disability provider	Providers who support participants with any and all types of disability.
Parking	Describes a situation where participants with more costly support needs receive only minimal services and make little progress in a programme.
Pre-Qualification Questionnaire	First stage of DWP's procurement process for contracted employment provision. Successful bidders are invited to submit a full tender.
Prime provider	A contracted provider responsible to DWP (as the commissioner) for all aspects of the contract and its underpinning service delivery. Directly responsible for all aspects of the supply chain and participants receiving services by any part of it.
Protected places	Full-time places within supported businesses with guaranteed funding from DWP for the duration of the current Work Choice contracts.
Provider Engagement Meetings	A meeting between Jobcentre Plus, DWP Performance Managers and contracted employment provider(s) to enable discussion of performance and delivery issues.

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Provider Referrals and Payments	An IT system which automates the clerical referrals and payments process for providers. This was introduced to replace paper-based systems, as well as to facilitate the smoother exchange of information about individuals referred for provision.
Special Purpose Vehicle	A legal entity created to fulfil narrow, specific or temporary objectives. In this context, usually formed by a consortium of organisations to bid for and deliver a contract.
Statutory Referral Organisation	An organisation invited to identify and refer suitable disabled people to the Work Choice programme in addition to Jobcentre Plus. Should be a local authority, National Health Service or local education authority organisation, or have a formal contract or agreement with one or more of those, and provide a statutory service that helps disabled people with the highest support needs consider and move into employment.
Subcontractor	A provider who holds a contractual relationship with a prime provider.
Supply chain	The organisations providing services to employment programme participants under contract to a prime provider.
Supported Businesses	A business established within a current or legacy provider organisation to employ disabled people. Public Contract Regulations (2006) define a supported business as a service where more than 50 per cent of the workers are disabled persons who by the nature or severity of their disability are unable to take up work in the open labour market.
Transfer of Undertakings (Protection of Employment)	Regulations protecting employees' terms and conditions of employment when a business is transferred from one owner to another. Employees of the previous owner automatically become employees of the new employer on the same terms and conditions.
Work Choice	Specialist disability employment programme commissioned by DWP. Aimed specifically for people who, by reason of significant disability-related barriers to work, cannot be helped by mainstream programmes to find or keep employment. It was introduced in October 2010 and replaced WORKSTEP and Work Preparation.
Work Preparation	Specialist disability employment programme which helped disabled people to address employment-related issues associated with their disability and prepare to enter work. Replaced by Work Choice in 2010.

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Work Programme

Mainstream employment programme commissioned by DWP under the principles of the Commissioning Strategy. It was introduced in summer 2011 and replaced existing provision including Flexible New Deal and Pathways to Work.

WORKSTEP

Specialist disability employment programme which focused on helping disabled people find or keep employment. Replaced by Work Choice in 2010.

Abbreviations

BASE	British Association for Supported Employment
CDG	Careers Development Group
CPA	Contract Package Area
DEA	Disability Employment Adviser
DES	Disability Employment Services (Australia)
DWP	Department for Work and Pensions
ESA	Employment and Support Allowance
EUSE	European Union for Supported Employment
FND	Flexible New Deal
IB	Incapacity Benefit
ILM	Intermediate Labour Market
IPS	Individual Placement and Support
ITT	Invitation to Tender
JSA	Jobseeker's Allowance
LMS	Labour Market System
MI	Management Information
PAT	Provider Assurance Team
PEMs	Provider Engagement Meetings
PQQ	Pre-Qualification Questionnaire
PRaP	Provider Referrals and Payments system
SPV	Special Purpose Vehicle
SRO	Statutory Referral Organisation
TPPM	Third Party Provision Manager
TUPE	Transfer of Undertakings (Protection of Employment)
VCSE	Voluntary, Community and Social Enterprise
VEN	Valuing Employment Now
WCA	Work Capability Assessment
WRAG	Work Related Activity Group

Executive summary

Background

Work Choice is a specialist disability employment programme commissioned by the Department for Work and Pensions (DWP). It provides employment support to disabled people who cannot be supported through mainstream employment programmes and their employers. It was introduced in October 2010, and replaced two previous programmes, WORKSTEP and Work Preparation, aiming to bring together the best elements of this previous provision into a unified flexible programme. A key principle underpinning Work Choice is a greater focus on those who need specialist support, while the programme's Critical Success Factors include ensuring that the programme contributes to an increased level of employment for people with learning disabilities and mental health conditions.

Work Choice was the first specialist disability employment programme to be commissioned under the terms of the 2008 DWP Commissioning Strategy. A key feature of this is the prime provider model, through which DWP contracts with a prime provider, who in turn manages a supply chain of subcontracted providers in order to deliver the contract. Work Choice provision is also delivered through non-contracted provision by Remploy, a non-departmental government body which operates as a company limited by guarantee and is directly funded by DWP under Grant in Aid arrangements.

The introduction of Work Choice, therefore, presented a number of challenges. It involved the replacement of existing programmes with one new programme model and the introduction of a new commissioning approach. The latter resulted in a restructuring of the provider market, which brought with it the movement of many thousands of participants between providers, the transfer of staff between provider organisations, a new funding model and a new approach to managing delivery and contract performance. The complicated nature of the legacy from previous specialist provision also presented a number of additional issues, which required consideration during the implementation and operation of the new programme.

Evaluation methodology

Evaluation of the new Work Choice programme was commissioned via two separate but complementary strands of research. The first, a programme evaluation, aimed to explore the success of Work Choice against the programme aims and Critical Success Factors. The second strand formed part of the evaluation of the DWP commissioning approach, and aimed to examine the effect of this approach on specialist disability employment provision.

Both evaluation strands involved three waves of fieldwork examining the introduction and operation of the new programme. A Transition Wave commenced immediately following implementation and was primarily carried out by DWP analysts. Findings from this wave were published by DWP in *Work Choice Evaluation: Commissioning and Transition of Clients to the Programme* (Thompson *et al.*, 2011). The Early Implementation Wave commenced six months after implementation and this was followed by a Steady State Wave 14 months later. DWP commissioned Inclusion to carry out these later waves of research, and findings from these waves are presented in this report.

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The Programme strand primarily utilised a case study approach which explored delivery within a number of geographical Contract Package Areas, covering both contracted and Remploy delivery. These case studies involved a range of stakeholders, including programme participants, their employers, provider staff, Statutory Referral Organisations (SRO) and staff from Jobcentre Plus and DWP. The case studies involved qualitative depth interviews and the majority of these were carried out face to face. Sampling for the case studies was based on a number of criteria which aimed to ensure coverage of the broad range of geographical and provider-specific characteristics. During the Steady State Wave, provider performance was included in the case study sampling criteria to facilitate an exploration of what works in specialist disability employment provision. This change to the sampling criteria means that some caution is needed when comparing findings across the two waves.

The Steady State Wave also included qualitative interviews and focus groups with Jobcentre Plus and provider staff, which specifically focused on a comparison between Work Choice and mainstream employment provision. The provider staff interviews included organisations that managed and/or delivered both Work Choice and the Work Programme and some organisations with a disability focus that delivered Work Programme provision only.

The Commissioning strand involved qualitative telephone interviews with staff from contracted providers, covering those inside and outside Work Choice supply chains, and Jobcentre Plus and DWP staff. The Steady State Wave of this strand also involved an on-line commissioning survey with providers. In total, across both waves and strands, 633 interviews and three focus groups were carried out.

The Work Choice programme

The Programme strand of the evaluation aimed to explore the success of Work Choice against the programme aims and Critical Success Factors, which included an examination of factors which influence access to the programme and participant profile. This strand also included a broader exploration of what works in specialist disability employment provision, a comparison of Work Choice and mainstream Work Programme delivery, and a review of the Work Choice wage incentive for young people introduced in July 2012. It covered both contracted and non-contracted provision.

Access to the programme

As previously noted, a key principle underpinning Work Choice is a greater focus on disabled people who need specialist support to find and maintain employment. The evaluation found that a combination of several factors influenced access to the Work Choice programme, including many that may potentially reduce access to the programme for those with the highest support needs. In particular Disability Employment Adviser (DEA) and provider assessment of a disabled person's likelihood to be able to work 16 hours per week or more within six months (the standard length of the pre-work support module). The potential impact of this was to some extent reflected within data on referrals and participants. There also appeared to have been a reduction in the percentage of participants with some impairments, as compared with the predecessor WORKSTEP programme. Overall, therefore, there appeared to be a need for greater clarity on who the Work Choice programme aims to support, and some DEAs and providers suggested that policy intent and programme design did not appear to be fully aligned. Whilst DWP has made changes to DEA and provider

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guidance aiming to address this issue, this did not appear to have significantly altered practice.

The SRO referral route was designed with an expectation that it would be particularly useful in enabling access to the Work Choice programme for people who would not normally come into contact with Jobcentre Plus. It was anticipated that this would include people with a moderate to severe learning disability and/or a mental health condition. However, the limited use of the SRO route, and provider control of the volumes and types of referrals generated via this route, appeared to be limiting access to the programme for these groups. Likewise, the decision to refer some Employment and Support Allowance claimants placed into the Work Related Activity Group straight to the Work Programme once the outcome of their Work Capability Assessment was known may effectively block access to Work Choice for some disabled people who may benefit from this specialist support.

It is, therefore, recommended that DWP review how best to facilitate access to Work Choice for all disabled people who would benefit from the specialist support it offers. The scope of such a review should consider the **need for improved clarity on the target participant groups that Work Choice aims to support**, along with a more formal process to ensure the appropriateness of participant suitability assessments. It should also specifically consider **improvements to the SRO route** into the programme and the **position of disabled people who are initially referred to the Work Programme although they may be more suitable for Work Choice**. Whilst there is DWP guidance in place to facilitate transfers from the Work Programme to Work Choice there was very little evidence of this occurring in practice.

Work Choice delivery

Overall, both participants and employers involved with Work Choice were positive about the support they received from the programme. Participants and providers all reported that the programme had a positive impact in terms of participants' ability to secure and maintain employment.

Findings on the delivery of Work Choice were examined with a particular focus on what works within specialist disability employment provision during the Steady State Wave of the evaluation. Whilst some limitations to service delivery were noted during the Early Implementation Wave, these were potentially transitional issues linked to the simultaneous implementation of a new programme and commissioning approach. Evidence from the Steady State Wave case studies, which involved some providers identified as the best or most improving performers, demonstrated a number of examples of delivery support that aligned with recognised models of best practice in supported employment. This included personalised pre- and in-work support for participants, the use of the 'place and train' model of supported employment, and appropriate support to employers. **It is recommended that all Work Choice providers consider the adoption of such best practice in their ongoing development of Work Choice provision, with appropriate support from prime providers and DWP.**

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Wider employer engagement was also regarded as a key success factor by providers, in terms of their ability to source and secure job opportunities for participants. **It is, therefore, recommended that providers should continue to focus on the development of this area.** There were **clear benefits and limitations of the approaches to employer engagement that were identified (individually based and the employment agency model) so a combined use of both approaches should be considered where possible.**

Whilst the majority of Work Choice in-work support for participants takes place within mainstream employment, some provision is delivered through supported businesses. These are workplaces that have historically been set up specifically to offer employment to disabled people and which are, to some degree, separate from mainstream employment. Whilst it can be argued that there is no longer a place for the traditional model of supported business within current service delivery (particularly where this has been linked to high costs and low outcomes), there does appear to be good evidence from this research for integrating existing businesses with wider programme delivery via an intermediate labour market approach (ILM). **It is, therefore, recommended that supported business involved in Work Choice delivery develop the ILM approach, with appropriate support from prime providers and DWP.**

There did not appear to be clear evidence on the benefits of financial support for employers within Work Choice, with a move away from their use, in particular, longer-term subsidies, which were felt to block progression into open employment. Some providers reported success using short-term incentives, although this was not universal. Findings from the review of the Work Choice wage incentive for young people were also mixed. **A further review of evidence on financial incentives may, therefore, be useful to see if they should form part of future specialist disability programmes.**

Future specialist disability employment support

The Sayce Review (Sayce, 2011) identified a clear role for specialist disability employment support, available to those who demonstrably have the greatest support needs and/or labour market disadvantage, which should also be available to those who support or employ them. It went on to recommend a single specialist disability employment programme to run alongside and complement the generalist Work Programme.

The Steady State Wave of the evaluation compared the support offered to disabled people through Work Choice with that offered via the Work Programme. Providers reported that there was less participant contact with the Work Programme provider than on Work Choice, and Work Programme support was reported to be less personalised to meet individual needs. Work Choice was reported to offer proactive, intensive and tailored in-work support to participants and their employers, with Work Programme in-work support reported to consist of mainly telephone support.

Providers articulated a strong view that mainstream provision was not able to offer adequate support for some disabled people, particularly within the current outcome-based funding model. Participants with a mental health condition or learning disability were most often highlighted as needing the more intensive and specialist support offered by Work Choice. The vast majority of providers and all of the Jobcentre Plus DEAs interviewed identified a definite need for a specialist disability programme alongside mainstream provision. **It is, therefore, recommended that DWP continue to fund and develop specialist disability employment support as a separate specialist area of provision.**

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As noted above, findings from the Steady State Wave case studies add to the growing body of evidence on what works in specialist disability employment support. Providers identified the aspects of their delivery models which contributed to good performance, and these were found to align with recognised models of best practice in supported employment. In addition to considering the adoption of such best practice in current Work Choice provision, **it is also recommended that future development of specialist disability employment provision be based on the best practice model of supported employment.**

DWP Commissioning approach

The Commissioning strand of the evaluation aimed to examine the effect of the DWP commissioning approach on specialist disability employment provision. This strand only included contracted provision and not non-contracted provision.

Previous research into the commissioning of employment programmes has noted how differing approaches to commissioning can affect the profile of the provider market. This in turn has an effect on the delivery of services. This strand, therefore, examined the provider market structure and how this was affected by the commissioning of Work Choice. It also explored views on the relationship between the provider market and programme delivery, along with the effect of other features of the DWP commissioning model. These included supply chain structures and performance management under the prime-provider model, and outcome-based funding.

Market structure

Difficulties in exploring the changes in the provider market were encountered because of limitations in the data held by DWP. This issue is not unique to Work Choice and the Public Accounts Committee (2010) has previously noted that lack of data on providers may limit the Department's ability to achieve its objective to ensure a healthy provider market exists. **Further consideration is, therefore, required of how DWP can accurately capture and maintain records on providers involved in its contracted employment programmes.**

Despite its limitations, the data available did appear to indicate that the new commissioning approach led to significant shifts in the provider market at the point at which the programme went live. One of the most notable changes to the market was the exit of a large number of local authority providers. This shift was reported to be owing, in part, to geographical and organisational constraints on bidding, with some suggestion that DWP requirements effectively blocked local authorities from the prime provider role. **It may, therefore, be useful to consider if future development of the DWP commissioning approach could address any of the specific barriers that local authority providers have identified.** This will be of particular importance if local authorities are to play a fully integrated role in future specialist disability employment provision.

Subsequent to the start of the programme, supply chains appeared to have been relatively stable. Where there have been leavers, replacements were typically restricted to providers already holding contracts. **Some consideration of mechanisms to encourage more open competition during the lifetime of contracts may, therefore, be useful.**

Specialist provision

The role of specialist providers, such as those offering specific services for participants with a brain injury or a visual impairment, in Work Choice provision was raised as a concern by a number of providers and DWP/Jobcentre Plus staff. The examination of market structure noted that some specialist providers had exited the market entirely. Supply chains were generally dominated by end-to-end providers of pan-disability services and referrals were most commonly allocated within supply chains on the basis of geography, although participant disability was also considered in some areas.

Specialist providers were generally utilised on a call-on, call-off basis and many reported receiving few, if any, referrals. A range of providers (both pan-disability and specialist) and some Jobcentre Plus staff raised a concern that pan-disability providers might not always have been able to offer the specialist skills required to support some participants. They suggested that the limited use of specialists might, therefore, have a negative effect on service delivery and participant experience. Some providers indicated that the limited use of specialists related to the cost involved, rather than the needs of participants. There were also instances where outgoing providers had made specialist staff redundant or faced closure. Over the long term this might result in the existence of fewer staff and organisations offering this type of support.

Overall this indicates that the DWP commissioning approach may have had a negative impact on the delivery of specialist services, which also has implications for service diversity and future supply chain competition. **Future development of the commissioning approach for specialist disability employment provision should, therefore, consider the position of smaller specialist organisations that support people with specific impairments.** This is likely to be of particular importance for participants with a low incidence but high impact impairment, which may be costly to support.

Programme performance

Many providers reported that the achievement of job outcome targets has been challenging during the first two years of the Work Choice programme. A number of potential reasons were given for this, which included a suggestion from some providers and some DWP Performance Managers that performance estimates submitted by providers as part of the tendering process were not subject to sufficient critical review within the contract award process. Whilst it should be acknowledged that providers are accountable for achieving the projected performance levels set out in their bids, **the issue of awarding contracts which include unrealistic performance estimates has been identified by the National Audit Office as a concern within previous DWP programmes and may require further consideration in future.**

In general, the mechanisms used by DWP and prime providers to manage performance appeared to focus primarily on monitoring and managing outcomes rather than service quality. Within their own supply chains many prime providers focused on a collaborative approach to service improvement, encouraging the sharing of best practice. Some providers noted the tension between this and the increasingly competitive nature of some supply chains. **It may, therefore, be helpful to review and develop the mechanisms for sharing best practice and service development within Work Choice.**

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From an external perspective, DWP and Jobcentre Plus staff described having moved away from overseeing service delivery and participant experience, as might be expected with the introduction of the prime provider model. The lack of external quality inspection was also felt to have compounded a limited focus on service quality, and there was little evidence that prime providers were taking on the role of assuring and developing this area.

Evidence from the evaluation of the predecessor WORKSTEP programme demonstrated the positive influence that an external inspection process had in developing the quality of this provision. It also forms a core element of contracted employment services in other countries such as Australia. **It is, therefore, recommended that consideration is given to the development of a quality framework for specialist disability employment services, along with the reintroduction of external quality inspection for contracted and non-contracted provision.**

Financial model

The Work Choice funding model includes a 70 per cent service fee with a 30 per cent outcome-based element, and this balance was welcomed by providers. The service fee element was felt to be important for a specialist programme because of the support requirements of the participant group. The inclusion of an element of outcome-based funding was also felt to support a focus on achieving job outcomes for participants. A comparison of Work Choice and Work Programme delivery noted that the different payment models appeared to be driving different levels of resourcing for the two programmes. There were significant differences reported between adviser caseloads, with Work Programme caseloads several times higher than those on Work Choice, even within a single provider organisation. There was also some evidence of greater levels of target-driven behaviour on the Work Programme, including some reports of 'parking' and 'creaming' of participants. **It is, therefore, recommended that any future funding model for specialist disability employment services should recognise the importance of services fees for provision aimed at this participant group.**

Provider views on the viability of contract incomes were more mixed. Whilst management fees of up to 35 per cent taken by prime providers increased the financial viability of Work Choice contracts for them, it reduced financial viability for subcontractors within their supply chains. An area of provision reported as likely to be negatively affected by low contract incomes and the related need to minimise costs appeared to be the purchase of specialist services. **Consideration of the levels of prime provider management fees, and the impact these could have on the resource available for direct service delivery, may therefore be useful in any future development of the commissioning approach.**

Non-contracted provision

Remploy delivers a significant proportion of Work Choice although publicly available data on its programme activity was limited, so it is **recommended that Remploy data is included within Work Choice statistics** to offer a more comprehensive view on the performance of the programme overall. Remploy is also directly funded by DWP under Grant in Aid arrangements and not subject to the competitive tendering of contracted provision. The Sayce Review recommended that Remploy Employment Services should

move from Government control and bid for all DWP funding through commercial contracts. **It is, therefore, recommended that further consideration is given to moving to a single model of procurement, funding and management arrangements within the programme.**

Future commissioning of specialist disability employment support

There appeared to be some tensions between elements of the DWP commissioning approach and its use within a specialist disability employment programme. These include the use of outcome-based funding, which may drive undesirable provider behaviour. Examples of this include the rejection of referrals of those considered unsuitable based on an assessment of their distance from the labour market in order to maximise outcome payments, and the limited use of specialist services to minimise expenditure. DWP does appear to have considered some of these factors within the approach it used to commission Work Choice, for example a significant element of service fees was included within the funding model. Despite this, some of the issues identified by the evaluation continue to be potentially problematic, which suggests the need to further review the commissioning approach.

The Sayce Review proposed that a future specialist disability employment programme is commissioned via the use of individual (personal) budgets. The use of individual or personal budgets to commission specialist disability employment support has been subject to some evaluation and, to date, evidence to support their use is not clear. Overall, therefore, whilst there is considerable evidence to support the need for the delivery of personalised services as a key element of successful specialist disability employment provision, the evidence on the use of personal budgets as an effective route for the commissioning of such support is much less clear. **It is, therefore, recommended that any use of a personal budget approach to commissioning specialist disability employment support is carefully considered in the light of existing evidence, and that emerging from other personalisation programmes.**

1 Introduction and background

This chapter aims to provide some background on the provision of employment support for disabled people within Britain and the introduction of the Department for Work and Pensions (DWP) Work Choice programme. It also outlines the main features of the programme and the commissioning model under which it has been implemented, the aims and objectives of the Work Choice evaluation and the research methodology used.

1.1 Policy background

Britain has seen a long-standing series of employment support programmes for disabled people, and it is helpful to appreciate this context in order to understand some of the complexities within current provision. The Royal London Society for the Blind and Royal National Institute for the Blind publication *Supported Employment: towards a national view* (Yates, 1998) offers a useful summary of developments prior to the introduction of the WORKSTEP programme in 2001, and it notes a key development with the Tomlinson Committee report of 1943, which articulated the idea of supported employment as a combination of welfare and 'real work' with the aim of 'rehabilitation' into mainstream employment. These views were embodied in the Disabled Persons (Employment) Act of 1944, which gave powers for the public funding of supported employment.

The Act built on existing arrangements cementing a tripartite structure for provision via local authorities, the voluntary sector and Remploy (a public body set up for this purpose) rather than introducing a unified approach. Although a number of developments in terms of policy and the programmes and models for the delivery of support have subsequently taken place, this range of provider organisations has remained, with the more recent addition of private companies who are contracted to provide specialist disability employment support.

During the past decade, the development of policy and provision has continued and several reports have made recommendations for improvements to DWP-funded specialist disability employment provision (Prime Minister's Strategy Unit, 2005; National Audit Office, 2005). In addition, an evaluation was conducted on the DWP WORKSTEP programme (Purvis *et al.*, 2006). These led DWP to conduct a Review of Disability Employment Support with a three-month public consultation beginning in December 2007 (DWP, 2007) which put forward proposals to reform the existing suite of specialist disability employment provision. Following the consultation, the Green Paper *No one written off: Reforming welfare to reward responsibility* (DWP, 2008a) and the White Paper *Raising expectations and increasing support: Reforming welfare for the future* (DWP, 2008b) announced the Government's intention to go ahead with these reforms. This resulted in the replacement of WORKSTEP and Work Preparation with a new programme, Work Choice, which was introduced in October 2010. In line with the approach of providing support in kind to employers rather than a direct financial subsidy, the Job Introduction Scheme was also discontinued at this time.

This report presents findings of the DWP-commissioned evaluation of the Work Choice programme, including the effect of the DWP commissioning model on specialist disability provision. It is, however, important to note that shortly after the introduction of Work Choice, the Secretary of State asked Liz Sayce, then Chief Executive of RADAR, to conduct an independent review of the Government's specialist disability employment programmes. A key aim of the review was to examine how more disabled people could be supported into work

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within the available funding. The findings of that review were published in *Getting in, staying in and getting on* (Sayce, 2011) and, although a fundamental review of Work Choice was beyond the terms of reference for the review, it did find that there is a clear role for specialist disability employment expertise which should be available to those who demonstrably have the greatest support needs and/or labour market disadvantage.

The report also proposed that in order to deliver a '*strategic set of support*', simplification and improved targeting of the entire system were required. In the longer term Sayce suggests that DWP funds a single specialist disability employment programme offering a personal budget to individuals which they could use to purchase employment support. This would run alongside and complement a generalist employment programme, the Work Programme.

In July 2011, the Government published its initial response to the Sayce Review and launched a consultation on the review recommendations. The Government subsequently published *Disability Employment Support: Fulfilling Potential* (DWP, 2012) in March 2012 which sets out responses to the consultation, along with some initial plans for changes to the provision of support. It also indicated that future development of employment support for disabled people will form part of the cross-Government disability strategy due for publication in 2013.

With this mind, whilst this report will primarily focus on the findings of the research carried out to evaluate Work Choice delivery and commissioning, it will also aim to consider these findings within the context of this ongoing strategic debate.

1.2 Work Choice commissioning

Contracted WORKSTEP provision and the Work Preparation programme had been delivered by a highly dispersed market of over 200 provider organisations, with many holding a single small-scale contract. They were part of a £1 billion welfare-to-work market which had expanded in an incremental and fragmented way, as highlighted in the Freud report on the future of welfare to work (Freud, 2007). Following on from this, DWP overhauled its approach to the market and developed a Commissioning Strategy (DWP, 2008c). The strategy set out a series of principles for the commissioning and management of contracted employment provision with the aim of achieving a more strategic relationship between the Department and providers, and a step change in provider performance. The strategy sought to use competition to drive value for money, balancing the risks providers carry in terms of working capital and the potential rewards available through outcome-based funding. The intention was that DWP contracts would be appealing to existing suppliers in the market, whilst encouraging new market entrants to deliver welfare-to-work programmes.

The key features of the 2008 DWP Commissioning Strategy which states:

- **The prime provider model** – whereby the Department contracts with a provider, who in turn manages a supply chain of providers in order to deliver the contract.
- **Outcome-based funding** – the strategy set out a commitment that providers would be paid increasingly on the basis of the sustained job outcomes that they achieve for participants.
- **Minimum service prescription** – allowing providers to make decisions about what will help participants into sustainable employment, with the aim of encouraging personalisation of support and innovation in service delivery.

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- **Larger, longer contracts** – contracts for Work Choice are longer than for previous specialist disability employment provision. The standard contract length is five years, with the option of a two-year extension dependent on performance. The aim is to produce market stability and encourage providers to invest in delivery.

As part of this commissioning approach DWP also committed to improving its capability and building a more strategic and partnership-based approach to managing contracted employment provision. It has committed to clarifying roles and responsibilities of staff within the Department that work with providers, investing in its staff's skills and working with providers to create a transparent and cooperative culture.

This approach to commissioning has been used in other countries, with varying outcomes, and with some concerns being raised about the extent to which outcome-based commissioning may exacerbate creaming and parking¹ of participants. Comparative studies have found that in countries such as Australia, the USA and the Netherlands, commissioners continue to supplement the procurement of general welfare-to-work services with the procurement of specialist programmes for particularly disadvantaged groups, especially for disabled people. Such studies reveal that the impacts of such commissioning systems have been mixed with findings indicating that policy design, commissioning and implementation are critical factors in the extent to which they more effectively serve the needs of the more disadvantaged or hardest-to-help groups (Finn, 2009).

Some of these concerns were recognised within the 2008 Commissioning Strategy which states that DWP *'will look for evidence of good case management and good customer experience as part of our assurance processes that providers are not "parking" the hardest to help'*.

It should, however, be noted that not all of the features of the Commissioning Strategy described above were fully implemented within Work Choice. In particular, whilst there is some element of outcome-based funding within the programme, 70 per cent of payments to prime providers are service fees. There is also a relatively high degree of prescription within the service specification in terms of the frequency and level of support that providers should deliver to participants, reflecting the service fee element of this programme.

Research into commissioning approaches (Finn, 2007 and 2008) has also highlighted how they can affect the provider market in different ways and in particular how the approach adopted can have a major impact on some voluntary, community and social enterprises (VCSE) and small specialist providers. Acknowledging this the 2008 DWP Commissioning Strategy explicitly described the Department's role in terms of market development and stewardship stating that it would *'play an active and transparent role to ensure that smaller, local providers who have the capabilities we need and who perform well, can flourish and develop'*.

The issues most directly related to the effect of the DWP Commissioning Strategy on the delivery of Work Choice are explored in detail in Chapters 3 and 4 of this report, although the links between the commissioning approach and programme delivery are explored throughout.

¹ 'Creaming' describes the selection of more participants who are close to the labour market and 'parking' describes a situation where participants with more costly support needs receive only minimal services and make little progress in a programme.

1.3 The Work Choice programme

Work Choice was introduced in October 2010 and replaced two previous specialist disability employment programmes:

- **WORKSTEP:** provided support for disabled people who faced complex issues in finding and/or keeping a paid job, but who, with support for them and their employer (such as mentoring or job coaching) could develop a successful career. The programme also aimed to help participants and their employers to progress to a stage where WORKSTEP support could be reduced or withdrawn over time, although in practice the support could be provided indefinitely.
- **Work Preparation:** helped disabled people to address employment-related issues associated with their disability and to prepare to enter work. Types of support included confidence-building, identification of suitable types of work and work experience.

An aim of Work Choice was to bring together the best elements of WORKSTEP and Work Preparation into a unified programme which improved existing specialist employment services so they would better equip disabled people to move into, retain and progress in employment. The programme is aimed specifically for people who, by reason of significant disability-related barriers to work, cannot be helped into employment through Jobcentre Plus mainstream programmes. Its intention was to create a more flexible, easy to use service that is better at enabling Jobcentre Plus front-line staff and external providers to meet the needs of individual disabled people and their employers.

The key principles underpinning Work Choice, set out in the programme specification issued as part of the Invitation to Tender (DWP, 2009: 14), are:

- A greater focus on those who need specialist support.
- Less prescription and greater flexibility.
- Better links between elements of provision.
- Better consistency and quality of provision.
- Provision for all types of disability.
- More opportunity for the customer to exercise choice and control.
- A greater focus on job entries.
- Improved support for people in either employment or self employment.
- Improved progression to unsupported employment.
- A greater emphasis on achieving potential within longer-term supported employment.

The programme specification also set out a series of Critical Success Factors which were defined as the areas where providers would need to be successful in order to deliver the overall aims of the programme. The Work Choice Critical Success Factors (DWP, 2009: 35-36) are:

- Providers will ensure that effective transition arrangements have been implemented and customer service maintained for all customers.

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- Providers will ensure every customer receives a level and type of support appropriate to their individual needs, by means of scrupulous assessment and allocation to the most appropriate Work Choice module.
- Providers will deliver a service that represents excellent value for money and a step-change improvement in performance compared with previous programmes. There will be an increase in the cost effectiveness of the programme and benefit to the Exchequer (measured by cost benefit analysis).
- Providers will deliver high quality provision to all customers in line with the DWP Quality Framework and achieve high standards at external inspection by developing their continuous improvement strategy in line with the relevant Common Inspection Framework.
- Providers will deliver an increase in the overall number of people helped through the new programme ensuring a greater focus on disabled people with the highest support needs who cannot best be served by Jobcentre Plus provision.
- Providers will deliver an increase in the percentage of individuals who progress into sustained unsupported employment for the same funding envelope.
- Providers will ensure the new programme contributes to an increased level of employment for disabled people, particularly people with learning disabilities and mental health conditions (the Public Service Agreement 16 target group)².
- Providers will liaise effectively with Jobcentre Plus, including the Disability Employment Advisers (DEAs), enabling them to understand and use Work Choice provision effectively for the benefit of their disabled customers.

1.3.1 Work Choice programme and management structures

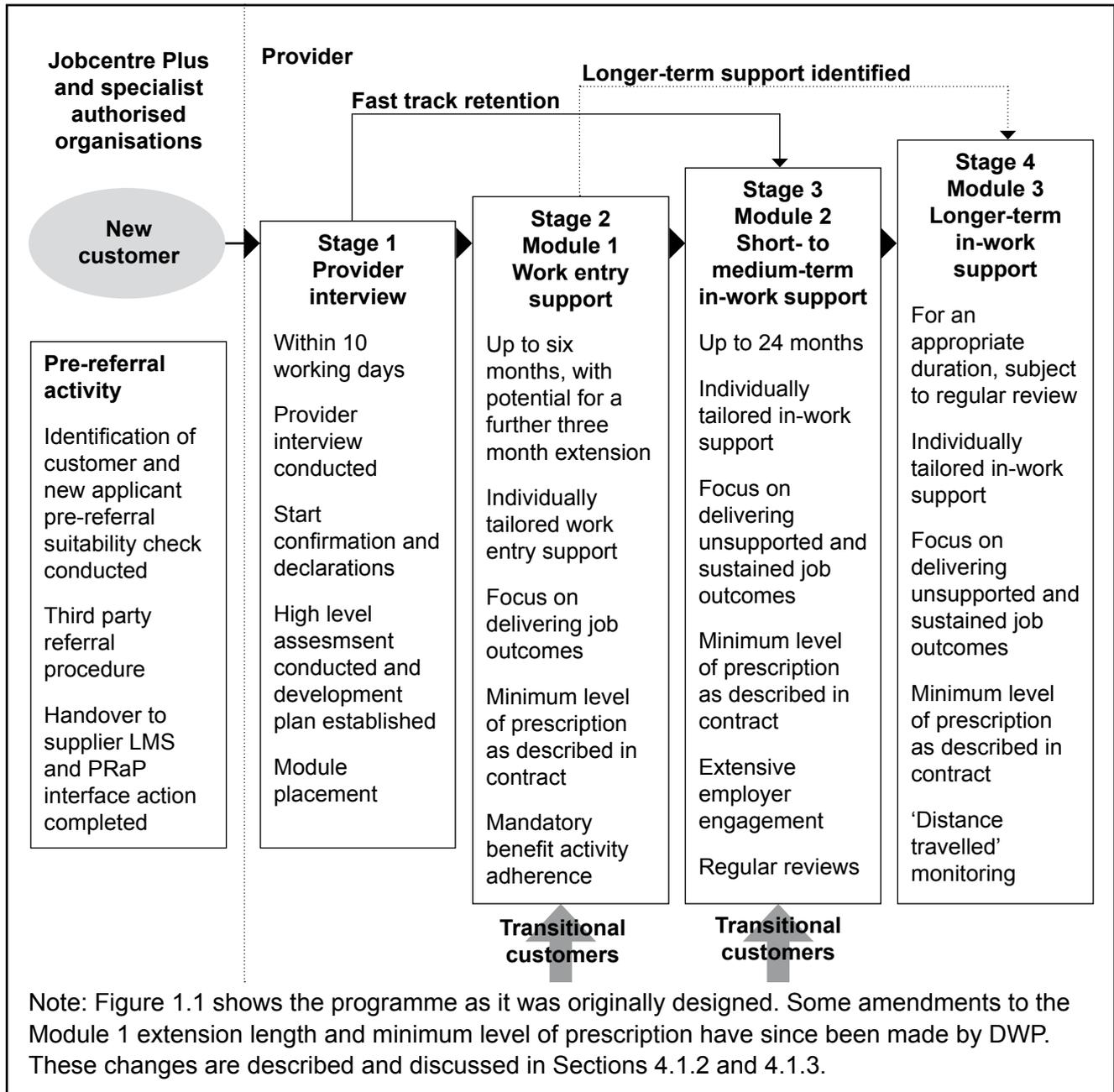
The principal route through which participants are referred to Work Choice is via Jobcentre Plus DEAs. A limited number of other organisations (e.g. Social Services and Secondary Mental Health Services) are able to directly refer suitable disabled people to Work Choice as a Statutory Referral Organisation (SRO). These referral routes are discussed in more detail in Chapter 2 of this report.

² Public service agreements detailed the aims and objectives of UK government departments. They were introduced in the 1998 Comprehensive Spending Review. The aim of public service agreement 16 (PSA16) was to increase the proportion of socially excluded adults in settled accommodation and employment, education or training. The two relevant PSA16 groups to Work Choice were 1) adults with learning disabilities known to Councils with Adult Social Services Responsibilities and 2) adults in contact with Secondary Mental Health Services. The Work Choice Invitation to Tender document stated that a key criteria for successful bids would be the provider's ability to deliver effective support and job outcomes for adults with learning disabilities and mental health conditions covered by PSA16. Public Service Agreements were abolished by the Coalition Government in 2010.

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On receiving a referral, providers conduct an interview with the participant to discuss the provider's services and the participant's needs. This determines which module of the Work Choice programme the participant joins, and informs the production of their development plan. The modular approach aims to ensure that there is progression through the Work Choice programme towards the ultimate goal of unsupported employment, where this is appropriate. The participant journey is set out in Figure 1.1 and more detail is offered in Appendix A.

Figure 1.1 The Work Choice participant journey



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The Work Choice programme is delivered via two routes: contracted provision and non-contracted provision.

Contracted Work Choice provision was commissioned under the 2008 DWP Commissioning Strategy. Under the prime provider model introduced as part of the strategy (see Section 1.2 above), DWP contracts with prime providers, who in turn manage supply chains of providers in order to deliver Work Choice. Work Choice contracts were awarded to prime providers in 28 contract package areas (CPAs) across England, Scotland and Wales and a total of eight organisations hold Work Choice prime contracts. Some hold a single prime contract, whilst others hold multiple prime contracts³. Prime providers can operate as managing agents and subcontract out all provision in their CPA(s), or can deliver part of the provision in their CPA(s) alongside subcontracting out a proportion.

Non-contracted Work Choice provision is delivered nationwide alongside contracted provision by Remploy (as was also the case for the WORKSTEP programme). Remploy was established following the Disabled Persons (Employment) Act of 1944 and is a non-departmental government body which operates as a company limited by guarantee. Remploy is directly funded by DWP under Grant in Aid arrangements, and at the time of the research offered Work Choice provision through its employment services in 26 of the 28 CPAs (via supported jobs with mainstream employers) and through a number of supported businesses (enterprise businesses).⁴

Within this report reference to providers includes both contracted providers and Remploy, unless specified otherwise.

A number of DWP and Jobcentre Plus staff have a role in the management of provider and programme performance. DWP Performance Managers and Account Managers have responsibility for managing contracted provision performance at a CPA and a provider level.⁵ For non-contracted provision, the DWP Remploy sponsorship team includes a Performance Manager for Work Choice. This national role covers Remploy delivery of Work Choice and involves contact and liaison with Jobcentre Plus. Jobcentre Plus Third Party Provision Managers (TPPMs) have responsibility for ensuring that contracted and non-contracted provision meets the needs of participants at a district level.

1.3.2 Supported jobs and supported businesses

There are two distinct approaches to the delivery of in-work support, which reflect those previously found within WORKSTEP provision. These are via a supported job, usually with a mainstream employer (although support to become self employed is also possible) or within a supported business.⁶ Supported businesses are defined by Public Contract Regulations (2006) as '*a service where more than 50 per cent of the workers are disabled persons who by reason of the nature or severity of their disability are unable to take up work in the open labour market*'. These businesses have often been established for a considerable period of

³ See Table 3.1 in Section 3.2 for a full breakdown of the number of contract packages awarded to each prime provider.

⁴ For more detail see Section 1.3.2 Work Choice in-work support delivery models.

⁵ For more detail on the Work Choice related role of DWP Performance and Account Managers see Section 4.4.1.

⁶ Whilst supported business provision within contracted provision were covered by this evaluation, Remploy supported businesses (Enterprise Businesses) were not.

time, some linking back to charitable provision of supported employment from the 19th century. At the point when providers were invited to tender for Work Choice contracts, DWP estimated that there were 14,000 participants employed on WORKSTEP, of which up to 3,000 places were within supported businesses (excluding Remploy).

1.4 Transition to Work Choice

Arrangements for the transition to the new Work Choice programme were complex and, in addition to the introduction of the new programme delivery model, these included:

- a restructuring of the provider market as the programme was implemented under the 2008 DWP Commissioning Strategy. This brought with it the transfer of a number of employees between provider organisations under the Transfer of Undertakings (Protection of Employment) (TUPE) regulations⁷;
- the movement of an estimated 14,000 participants (excluding Remploy figures) to the new programme. In many cases this also involved movement between providers, including the transfer of information on the individuals and common payment terms;
- the introduction of new referral procedures for Jobcentre Plus, and training for staff.

The election in May 2010 delayed the award of contracts, but not the start of the programme, which reduced the timescale in which these changes could be managed, and added to their complexity. Research carried out by DWP on the transition to the new Work Choice programme noted that:

'...the movement of clients from legacy programmes to Work Choice was a substantial change in welfare to work provision with an estimated 14,000 clients (excluding Remploy staff) moving from one programme to another. At the same time there was a significant re-shaping of the provider market, with the entry of new organisations both at prime provider and subcontractor level, and the exit of around 170 providers. The impact of this change was increased by the condensed period of time that providers had to carry out transition activities from six months to three months, following a delay in awarding contracts to preferred bidders after the 2010 general election. Consequently, the transition was a complex task involving significant risks.'

(Thompson *et al.*, 2011)

The Work Choice transition research report further noted that the themes presented in that report were of particular importance to respondents, either because they represented areas of good practice or because they illustrated challenges which arose during the transition period. As may be expected, areas of concern tended to predominate within the findings and areas which went well or as expected received less mention.

It should be noted that this context is also relevant to some findings presented within this report, as transitional challenges continued to be key themes for many respondents during the earlier stages of the research conducted.

⁷ These regulations protect employees' terms and conditions of employment when a business is transferred from one owner to another. Employees of the previous owner automatically become employees of the new employer on the same terms and conditions.

1.5 Other disability employment provision

In addition to contracted Work Choice provision and Remploy, DWP funds Access to Work and Residential Training Colleges as part of specialist disability employment support.

Access to Work supports disabled people to take up and retain paid employment by helping with payment for aids, adaptations and support so disabled people can work effectively. Access to Work is available to disabled people who are in paid work, self-employed or about to start work. It is provided where the employee requires support or adaptations beyond the reasonable adjustments which an employer is legally obliged to provide under the Equality Act 2010. Support can include specialist equipment, help with travel, support workers and communication support.⁸

Residential Training Colleges offer courses to unemployed disabled people that aim to help them find and maintain work or become self-employed. There are nine Residential Training Colleges and these are located throughout England. Courses vary between colleges. Of the nine colleges, five are pan-disability, three focus on visual impairment and one focuses on hearing impairment.⁹

Running alongside this specialist area of provision, disabled people are also supported to find and maintain work via the DWP-funded mainstream employment programme, the Work Programme. Some of the specific groups covered by the Work Programme are those claiming Incapacity Benefit (IB) or Employment and Support Allowance and those who have recently moved from IB to Jobseeker's Allowance. The model for payments to providers of the Work Programme aims to recognise the potentially higher support needs of participants from these groups (as compared to more mainstream jobseekers) by offering higher payments for working with these groups of participants. It was anticipated that these differential payments would fund any elements of specialist support that may be required, and act as an incentive to providers to ensure that these participants would not be 'parked' on the programme (see Section 1.2 above). An exploration of the routes for disabled people onto Work Choice or the Work Programme is offered in Chapter 2, with some comparison of service delivery offered in Chapter 6.

As well as the DWP-funded provision, a range of other employment support for disabled people is currently found within Britain. A recent scoping review on the economic evidence around employment support for disabled people (Wilkins *et al.*, 2012) found '*a complex interrelated array of approaches, pilots and schemes*'. The review reported a range of provision within the health, education and social care settings, funded by local and central government and the charitable sector.

⁸ An evaluation of Access to Work was carried out for DWP and the findings published in three 2009 reports: DWP Research Reports 619, 620 and 621.

⁹ An evaluation of residential training provision was carried out for DWP and the findings published in a 2007 report: DWP Research Report 448.

1.6 Research aims and objectives

This evaluation of Work Choice was commissioned via two separate but complementary pieces of research, the first a programme evaluation which aimed to explore the success of Work Choice against the aim, principles and Critical Success Factors set out in Section 1.3. The second strand formed part of the evaluation of the DWP commissioning approach, examining the effect of this on specialist disability employment programmes.

The specific research objectives for the programme evaluation were:

- to provide an understanding of the delivery, management and experience of the programme and the extent to which this varies;
- to provide an assessment of the service delivered by supported businesses as part of Work Choice; and
- to develop recommendations to feed into ongoing development of Work Choice policy and delivery.

The central research aim for the commissioning strand of the evaluation was to examine the effect of the Department's commissioning model on employment provision for disabled people facing specific barriers to entering the labour market via the experience of the commissioning and running of Work Choice. The research focused on the effects of the commissioning approach on the following main topic areas:

- **Market structure:** looking at changes in the provider market associated with the new commissioning model and the relationship between the profile of the provider market and programme delivery.
- **Provider capabilities:** assessing the effect of the commissioning model on provider finances and profitability, supply chains and delivery models.
- **DWP capabilities:** reviewing delivery of the Commissioning Strategy commitment that DWP will build its own skill base in order to work more effectively in partnership with providers.

The evaluation comprised of three waves of research¹⁰ covering both the programme and commissioning strands. Following completion of two waves, a review of the original research aims and method was carried out in consultation with the Evaluation Steering Group and relevant DWP stakeholders. It was agreed that, whilst the main aims of the evaluation would remain as outlined above, the final wave would focus on four key themes:

- what works in specialist disability employment provision;
- an exploration of Work Choice participant profile;
- comparison of Work Choice and Work Programme delivery; and
- Work Choice commissioning and the specialist disability provider market.

¹⁰ See Section 1.7 for detail on the research waves.

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In response to a further discussion with DWP in autumn 2012, a further change to the evaluation was agreed. This aimed to explore employer and provider views on the potential effectiveness of the Work Choice wage incentive for encouraging employers to recruit young disabled people aged 18 to 24 from the Work Choice programme.

1.7 Methodology

The linked evaluations were designed to involve three waves of fieldwork examining the introduction and operation of the new programme as outlined below.

- Transition Wave commenced immediately following implementation and aimed to offer timely feedback from stakeholders on their experience of the transition from WORKSTEP to Work Choice. Findings from this wave were reported in *Work Choice Evaluation: Commissioning and Transition of Clients to the Programme* (Thompson *et al.*, 2011).
- Early Implementation Wave commenced six months after implementation and aimed to offer early feedback on the implementation and operation of Work Choice, including relationships between the various stakeholders.
- Steady State Wave commenced 20 months after implementation and aimed to offer an in-depth exploration of the operation of Work Choice following a period of bedding-in to allow for the resolution of any implementation issues.

The Transition Wave was primarily carried out by DWP analysts, and DWP commissioned Inclusion to carry out the Early Implementation and Steady State Waves.

The Early Implementation Wave conducted in 2011 consisted of two fieldwork elements and the Steady State Wave conducted in 2012 consisted of four fieldwork elements which are described below. Details of issues considered for the research with Work Choice participants, a detailed breakdown of interview numbers and a technical annex for the survey data are contained in Appendix D.

1.7.1 Early Implementation Wave

Case study research

Qualitative case study research was conducted in summer 2011 which focused predominantly on the Work Choice programme evaluation aim and objectives.

Given the size and scope of Work Choice supply chains, it was decided that the most appropriate approach for this element of the evaluation would be to conduct a series of nine case studies focused on contracted provision in eight CPAs and non-contracted provision in one Remploy branch area. This approach was felt to allow sufficient sites to explore the diversity of provision, alongside the potential to explore in-depth issues relating to each study.

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A purposive sampling approach was used to select the case study areas based on coverage of the following criteria:

- The majority of prime providers¹¹ and Remploy.
- Areas where the prime contracted out all delivery via their supply chain and areas where the prime provider adopted a combination of both delivery and subcontracting.
- A mixture of private, public and voluntary and community sector supply chain providers.
- Areas with supported businesses in the supply chain.
- England, Scotland and Wales and an urban/rural mix.

In each of the eight contracted provision case studies the prime provider plus a sample of subcontractors and supported businesses were chosen for in-depth study. In the non-contracted provision case study, one office within the branch was chosen for in-depth study.

In each case study, semi-structured depth interviews were conducted with pre-work and in-work Work Choice participants, senior and front-line provider staff, and employers of Work Choice participants. All participant interviews and the majority of provider staff and employer interviews were conducted face to face (with the remaining provider staff and employer interviews conducted by telephone).

Qualitative telephone interviews were also conducted with SROs, Jobcentre Plus staff (including DEAs and TPPMs) and DWP staff (including Performance Managers and Account Managers) linked to the case study areas.

Commissioning research

Qualitative telephone interviews were conducted in summer and autumn 2011 which focused predominantly on the Work Choice commissioning evaluation aim and objectives.

The summer 2011 interviews were conducted with a sample of 47 organisations classed as outside Work Choice supply chains. These comprised a mix of organisations that provided specialist disability employment provision but chose not to bid to deliver the Work Choice programme, organisations that bid but were unsuccessful, and organisations that had entered but subsequently left one or more Work Choice supply chains.

The autumn 2011 interviews were conducted with organisations involved in Work Choice contracted provision. All prime providers and current subcontractors across all 28 CPAs were invited to participate. Interviews were conducted with one key individual from each of the eight prime providers and from the majority of subcontractors (75 out of 84).

The identification and recruitment of appropriate individuals to interview within each organisation was critical to this element of the evaluation. Individuals interviewed required the relevant knowledge, expertise and experience to discuss the topics of interest and so were typically senior within the organisation.

¹¹ CPAs held by seven of the eight prime providers were included in the Early Implementation Wave case study research. Two case studies were carried out in CPAs held by the prime provider with the largest market share and one case study was carried out in each of six CPAs held by six other prime providers.

1.7.2 Steady State Wave

Case study research

A final wave of qualitative case study research was conducted in late summer and early autumn 2012. Like in the Early Implementation Wave, the case study research focused predominantly on the Work Choice programme aim and objectives. The Steady State Wave case studies also explored the additional what works and participant profile areas of research focus that had been identified during the evaluation review.

As in the previous wave, nine case study areas were chosen focused on contracted provision in eight CPAs and non-contracted provision in one Remploy branch area.

A purposive sampling approach was used to select the case study areas. The criteria used to select the Early Implementation Wave case study areas were taken into consideration, including coverage of the majority of prime providers¹² and Remploy, and coverage of England, Scotland and Wales and an urban/rural mix.

However, because of the additional aim of exploring what works, high and/or significantly improving performance was also used as a criteria for selecting case study areas for this wave. Four of the eight CPAs chosen for inclusion in the case study research were in the top ten highest performing CPAs for both supported job outcomes and unsupported sustained outcomes, and two of the other CPAs chosen were in the top five highest performing CPAs in one of these outcome measures. Some caution is therefore needed when comparing the findings between waves.

The research process itself was the same as in the previous wave. In each case study, semi-structured depth interviews were conducted with Work Choice participants, provider staff (including supported businesses) and employers. All participant interviews and the majority of provider staff and employer interviews were conducted face to face. Qualitative telephone interviews were also conducted with SROs, Jobcentre Plus staff and DWP staff linked to the case study areas.

Commissioning research

During autumn 2012, further fieldwork with providers was carried out which focused predominantly on the Work Choice commissioning evaluation aim and objectives.

This began with a quantitative on-line survey which aimed to gather data and views from organisations involved in Work Choice contracted provision and organisations outside Work Choice supply chains. The majority of subcontractors plus some prime providers and some organisations outside the supply chain responded.

¹² CPAs held by six of the eight prime providers were included in the Steady State Wave case study research. Two case studies were carried out in CPAs held by the prime provider with the largest market share, two in CPAs held by another prime provider and one case study was carried out in each of four CPAs held by four other prime providers. The two prime providers who were not selected for the Steady State Wave case study research were both involved in the Early Implementation Wave case study research.

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In order to explore key themes in more depth, the survey was followed with qualitative telephone interviews with one key individual from all eight Work Choice prime providers plus a sample of subcontractor and outside supply chain organisations.¹³

Comparison research

Further research with Jobcentre Plus staff and with providers was conducted in late autumn 2012 which focused on comparison between Work Choice and mainstream employment provision, and participant profile, which had been identified as additional areas of research focus during the evaluation review prior to the start of the Steady State Wave.

Fieldwork with Jobcentre Plus staff was conducted to explore a) how decisions were made about which disabled people are referred to which provision and b) views on specialist and mainstream provision for disabled people. Three Jobcentre Plus districts with different urban/rural profiles were chosen. A focus group was held in each of these districts containing both specialist and mainstream advisers from a number of offices in each district. Focus groups were chosen to allow for variations in practice and views to be highlighted and explored in detail. Alongside the adviser focus groups, face-to-face interviews were held with two to three adviser managers in each district.

Fieldwork with providers was also conducted to explore differences and similarities in provision for disabled people across the programmes. Qualitative telephone interviews were conducted with providers who managed and/or delivered both Work Choice and the Work Programme. Interviews were also conducted with organisations with a disability focus that delivered Work Programme provision only. These interviews were predominantly conducted with senior staff, though some interviews were also conducted with front-line staff where further detail on delivery was needed.

Work Choice wage incentive research

In response to an emerging DWP research interest, interviews were conducted with employers in January 2013 which focused solely on the Work Choice wage incentive for employers recruiting young disabled people aged 18–24. This additional fieldwork involved 35 qualitative telephone interviews with a diverse mix of employers to ensure a full range of perspectives could be explored.

1.7.3 Data analysis and research outputs

Interviews and focus groups were recorded (with the permission of research participants) and transcribed verbatim. Coding frameworks were developed based on areas of interest highlighted within the research questions, plus key themes emerging from the fieldwork. Transcripts were coded accordingly and analysed using a tabular framework approach.

The survey dataset was analysed using basic cross-tabulations of responses, grouped under the evaluation research questions. Questions were analysed overall, and were disaggregated by participants' responses to the initial questions around key characteristics. Findings were only reported as percentages of the overall sample when bases were greater than 50.

¹³ It was originally intended to carry out telephone interviews with 80 providers but this was reduced to 40 in order to provide evaluation capacity for additional fieldwork with employers which focused on the Work Choice wage incentive for 18–24 year olds.

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The research for each element of each wave of the evaluation was analysed immediately following its completion. This enabled findings from the evaluation to be fed back to DWP on a regular basis to support ongoing development of Work Choice policy and delivery.

Following completion of both the Early Implementation and Steady State Waves of the evaluation, and prior to production of the final full report, a further stage of analysis was carried out to highlight patterns within and across the analysis tables, survey data and information gathered from documentary evidence reviews.

1.8 Structure of the report

This report aims to present the findings from the commissioning and programme strands of the evaluation of Work Choice thematically. Whilst there are chapters of specific areas of relevance to each strand, the links between the commissioning approach and programme delivery are explored throughout.

Chapter 2 explores access to Work Choice and how this affects the profile of the participants who are supported via the programme. Chapter 3 reviews the structure of the specialist disability employment provider market following the introduction of Work Choice under the DWP Commissioning Strategy. Chapter 4 explores the affect of the commissioning approach on programme delivery and Chapter 5 offers a more in-depth exploration of Work Choice programme delivery. This includes a focus on what works and how this compares to recognised models of best practice in employment support for disabled people. Chapter 6 considers the referral of disabled people to the Work Programme and explores the nature of the support available through the Work Programme and compares it with that available for Work Choice. Overall conclusions and recommendations are presented in Chapter 7.

2 Access to Work Choice

Work Choice aims to provide specialist employment support to disabled people with all types of disability whose needs cannot be met through other programmes, Access to Work or workplace adjustments.

The success criteria for the Work Choice programme, as defined by the Department for Work and Pensions' (DWP's) Work Choice Project Board, emphasised the intention to focus support on those with the most significant need. The criteria included '*ensuring a greater focus on disabled people with the highest support needs who cannot best be served by Jobcentre Plus mainstream provision*' and made particular mention of '*people with learning disabilities and mental health conditions*' (DWP, 2009).

An individual can be referred onto the Work Choice programme by either a Jobcentre Plus Disability Employment Adviser (DEA) or a Statutory Referral Organisation (SRO). Work Choice provider organisations are not able to recruit directly onto the programme.

This chapter explores the processes and decisions underpinning referrals of disabled people to Work Choice and the journey from referral to participation on the programme, and considers the implications of this on the profile of Work Choice participants.

Findings are based on qualitative interviews with Jobcentre Plus staff, SRO staff and Work Choice provider staff conducted in summer 2011 as part of the Early Implementation Wave and the latter half of 2012 as part of the Steady State Wave. More information on the research waves can be found in Section 1.7 and a detailed breakdown of who was involved in the interviews can be found in Appendix D.

2.1 Jobcentre Plus Disability Employment Adviser referral route

The majority of Work Choice referrals are made by Jobcentre Plus. This section outlines the factors and processes involved in referrals to DEAs. It explores the impact of these on who is considered for referral to Work Choice. It then looks at the factors influencing DEA decisions on who to refer to the programme.

2.1.1 Referrals to Jobcentre Plus Disability Employment Advisers

In most Jobcentre Plus offices, only DEAs can establish the suitability of Work Choice for an individual's needs and refer them to the programme, though by the Steady State Wave of the research Employment and Support Allowance (ESA) Advisers in some offices were also able to make referrals. The majority of Jobcentre Plus staff interviewed felt it was appropriate that only specialist disability advisers could refer to Work Choice. This was because those respondents felt specialist disability advisers had a depth of knowledge and experience of assessing disability-related barriers in relation to employment and an understanding of the Work Choice programme. Some also felt that having only a small number of staff (and in many cases just one adviser per office) making referrals to the programme allowed for better prioritisation of who to refer. This was seen to be of particular value where a Jobcentre Plus office had a limit on the number of Work Choice referrals they could make each month (see Section 2.1.3 for further discussion of this).

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There were subtle differences between offices in terms of how claimants were referred to DEAs, which may have affected how likely they were to see all potentially suitable disabled claimants for the programme. In some offices, all claimants who disclosed a disability were given an appointment with the DEA and a decision was made following discussion between the claimant and the DEA about whether the individual would continue to see the DEA or return to having their appointments with a mainstream adviser. A more common approach appeared to be for claimants who disclosed a disability to be given the option to start seeing a DEA rather than a mainstream adviser. It was unclear whether claimants were made aware that they could not be considered for Work Choice if they did not opt to see a DEA.

Therefore, whilst a number of benefits (in relation to the management of referral suitability and volumes) were identified of restricting Work Choice referrals to DEAs, the potential disadvantage is that some disabled people who would be suitable for Work Choice may not get the opportunity to be considered for the programme if they remain with mainstream advisers.

A number of DEAs felt that improving mainstream adviser knowledge of the Work Choice programme and how to identify less visible disabilities (such as mental health conditions) might help ensure more individuals who would benefit from being considered for Work Choice were referred to a DEA. A Work Choice presentation given by one DEA to all mainstream advisers in their office was reported to have resulted in those advisers making more referrals to the DEA.

2.1.2 Employment and Support Allowance claimants

During the Steady State Wave interviews in 2012, mainstream and ESA advisers suggested that some claimants placed into the ESA Work Related Activity Group following the outcome of the Work Capability Assessment (WCA)¹⁴ were required to be referred straight to the Work Programme because of the conditionality regime in place, rather than receiving support from Jobcentre Plus for a period first (see also Chapter 6). This meant that these individuals typically did not get an opportunity to see a DEA and, therefore, to be considered for Work Choice. This was notable as advisers suggested that the ESA Work Related Activity Group included many individuals with mental health conditions who might have been more suitable for Work Choice support.

'I can see an ESA customer that's transferred from Incapacity Benefit ... they come and see me and I'll refer straight to the Work Programme. That's it, it's not good.'

(Jobcentre Plus Adviser, Steady State Wave)

¹⁴ The WCA was introduced in October 2008 to assess entitlement to ESA. The assessment contains a series of questions which relate to physical and mental functions. Individuals found eligible for ESA are placed into one of two groups, the Support Group or the Work Related Activity Group. The Support Group is for individuals found to have severe restrictions on their ability to work. Individuals placed into this group are exempt from work-related activity and are not expected to look for work. The Work Related Activity Group is for individuals found to be capable of work at some time in the future and capable of taking steps towards moving into work (undertaking work-related activity) immediately. When an individual is placed into the ESA Work Related Activity Group following a WCA, a prognosis is offered on the time period within which they are expected to be fit for work. Those expected to be fit for work within 12 months or less are referred to the Work Programme from the point that their WCA outcome is known.

This position of some ESA customers, along with the issues regarding claimant referrals to a DEA discussed above, led some DEAs interviewed as part of the Steady State Wave to suggest that some individuals who would have been suitable for Work Choice probably had slipped through the net and were not seen by them.

2.1.3 Key factors that influence DEA referral decisions

DEAs work with a range of disabled people, not all of whom would be suitable for or interested in the Work Choice programme. Interviews with DEAs found that a range of factors influence their decisions on who to refer to the Work Choice programme, which include:

- varied interpretations of suitability;
- claimant motivation;
- provider responses to previous Work Choice referrals;
- perceptions on the quality of local Work Choice provision;
- availability and perceptions on the quality of other provision; and
- the number of Work Choice places available.

Each of these factors and the way they influence referral behaviour are considered below.

Varied interpretations of suitability

All individuals referred to Work Choice should meet the eligibility and suitability criteria detailed in DWP's Work Choice guidance. To be eligible for the programme, an individual must be of working age and disabled as defined by the Equality Act 2010 (Home Office, 2010). Suitable candidates for Work Choice are defined in the guidance as those who:

- experience complex work-related support needs arising primarily from disability;
- have requirements in work which cannot immediately be overcome through workplace adjustments which are required under the Equality Act 2010 and/or by Access to Work Support;
- need support in work as well as help with finding work;
- cannot be helped through other DWP programmes; and
- following Module One, expect to be able to work for a minimum of 16 hours per week.¹⁵

In both waves of the research, all DEAs interviewed felt that they were clear about the eligibility and suitability criteria for Work Choice. Some, however, did point out that the guidance was open to interpretation and both waves of the evaluation found evidence of some variation in how DEAs were interpreting the suitability criteria and, therefore, who they were referring to Work Choice.

¹⁵ The 16 hours requirement is not a new requirement introduced with the Work Choice programme, but with the predecessor programme WORKSTEP.

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Specifically, DEAs interviewed in both waves of the research felt that there was some inconsistency between the programme aim to focus support on those with the most complex needs and the expectation that those referred would be able to work for a minimum of 16 hours following the time-limited support of the pre-work module of the programme (Module One).¹⁶

'I think it's a contradiction with the complex barriers and the six-month time scales.'

(DEA, Early Implementation Wave)

Both waves of the research found a lack of clarity and consistency among DEAs as to whether they should include an assessment of distance from the labour market and an individual's likelihood to be able to move into work within the time-limited period of pre-work support available on Work Choice when assessing an individual's suitability for the programme.

The DEA guidance on Work Choice suitability was modified in April 2011 to clarify that distance from the labour market should not be taken into account:

'At referral stage, the DEA does not need to make an additional judgement on the suitability of the client for Work Choice on the basis of the length of Module One, in determining any perceived distance from being able to access the labour market. The DEA needs only to be satisfied that the eligibility and suitability criteria are fully met.'

However, none of the DEAs interviewed in either wave of the evaluation appeared to be aware of this modification to the guidance, and distance from the labour market appeared to be a key factor for them in referral decisions.

In addition to this, the option for providers to extend pre-work support (up to nine months in the Early Implementation Wave and up to 12 months by the Steady State Wave) did not appear to influence referral behaviour. Many DEAs in both waves of the research suggested that they would not refer a claimant to Work Choice if they considered them unlikely to be able to be supported into work within six months.

'If I'm reasonably sure that they've got a good chance of getting into work within six months, which is what the [Work Choice] programme's about, then I will refer them.'

(DEA, Steady State Wave)

This typically appeared to be linked to DEA perceptions that providers were only using the extensions with individuals who were about to move into work, a view that was supported by findings from provider interviews (see Section 4.1.3).

'It's unfortunate that we are tied with the time scales. I know there is an extension but that has to be if a job is going to be almost there.'

(DEA, Early Implementation Wave)

¹⁶ The pre-work module of Work Choice has a standard duration of up to six months. Since programme go-live there has also been an option to extend pre-work support for an individual by three months (to nine months in total) where this was felt to be appropriate. In 2012 an amendment was made to programme design which added an option to extend pre-work support for a further three months (to 12 months in total) where this was felt to be appropriate. Further discussion of the length of the pre-work module and the use and impact of the extension periods is discussed in Section 4.1.3.

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The length of the pre-work support period of the programme also meant that some DEAs felt that Work Choice was not suitable for individuals with very complex needs.

'I think it is aimed at people who are almost job ready, not anybody that's too far away from the job market.'

(DEA, Steady State Wave)

Amendments to DEA guidance and to the length of the extension periods for pre-work support did not appear to have significantly altered this perception and its effect on referral behaviour.

Claimant motivation

Work Choice is a voluntary programme. Some DEAs highlighted the importance of motivation to work for the success of the programme.

'... they are motivated and want to work ... they have to demonstrate commitment.'

(DEA, Steady State Wave)

However, the extent to which DEAs considered an individual's motivation for work as a referral factor appeared to vary.¹⁷

The voluntary nature of the programme also meant that some DEAs felt that the programme was unlikely to be successful for individuals whose health condition might affect their motivation, especially those with some mental health conditions.

Provider responses to previous Work Choice referrals

In both waves of the research, a number of DEAs reported that providers sometimes challenged their interpretation of who should be referred to the Work Choice programme.

'I feel that I have a clear idea. However, I don't feel that the providers always agree with that.'

(DEA, Steady State Wave)

'If we read the leaflets and what they say and when we had our training it is actually specifically for the really severe, disabled customers who need the long-term support. That's where we use Work Choice but unfortunately it is not like that. They are picking and choosing who they will work with.'

(DEA, Steady State Wave)

Where providers were challenging some DEA referrals, this was often felt by DEAs to be driven by the time limited nature of Module One and the level of performance targets.¹⁸

¹⁷ See Section 2.3.1 for provider views on Work Choice participant attitudes and motivation.

¹⁸ Prime providers were able to set their own targets for the programme as part of the bidding process for the programme, but these targets were expected to match or exceed national minimum performance expectations set by DWP which included an expectation that at least 55 per cent of new participants should achieve a supported employment outcome. See Section 4.3 for a further discussion of programme performance.

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'The problem is the providers don't want me to send people who need that particular level of support because it's going to be difficult to get them into work within six months ... One of our main providers was very surprised when I printed out my guidance. She said that it would be impossible for us to meet our targets if that's the average person you referred.'

(DEA, Steady State Wave)

By the Steady State Wave, the research found that in some instances, DEAs had begun to only refer individuals to Work Choice who they felt had a strong chance of moving into work within six months because providers were rejecting referrals of individuals that did not meet this criteria.

'Initially I thought Work Choice was for anybody that needed a great deal of support but I've changed my mind over time. It's not for people who need a great deal of support because the Work Choice providers don't really want to work with those because they are going to take a lot longer to get into work and probably after six months they won't have found a job.'

(DEA, Steady State Wave)

Perceptions on the quality of local Work Choice provision

There was some evidence that DEA perceptions of the quality of support provided by local Work Choice providers also influenced both the numbers and type of referrals made.

A number of DEAs reported that their decisions on who to refer to Work Choice (and which local provider to refer to)¹⁹ were influenced by their assessment of the strengths and weaknesses of these providers. These perceived strengths and weaknesses could be seen to vary between Contract Package Areas (CPAs).

For example, some providers were perceived by DEAs to have developed strong links with large employers to provide job opportunities for their Work Choice participants.²⁰ DEAs suggested that they would refer individuals who they felt were more job ready to these providers.

Some providers were perceived by DEAs mainly to deliver pre-work support via group support rather than one-to-one sessions. Some DEAs felt that this made the provision unsuitable for individuals with more severe disabilities, including moderate to severe learning disabilities.

¹⁹ At the time of the research, in all but two CPAs nationwide (where the national non-contracted provider Remploy did not deliver), there was a choice between a contracted supply chain of providers and Remploy for Work Choice provision. Whilst the decision on whether to be referred to contracted provision or non-contracted provision should be made by the disabled person being referred, DEAs were typically found to have a key role in the decision (see Appendix C). Contracted provision referrals are always made to the prime provider but DEAs were aware of which providers were in their local contracted provision supply chain and, as referrals were often allocated by primes on a geographical basis, DEAs often knew which supply chain provider their referred clients would be supported by if referred to contracted provision.

²⁰ This is discussed further in Section 5.4.1.

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Others were perceived to have strengths working with particular disability groups (e.g. those with brain injury, autism or a visual impairment) and this could influence their likelihood to refer individuals with these disabilities to Work Choice.

'I decide to refer to [provider A] if you're more job ready. They don't seem to have enough time to do 1:1. I would refer to [provider B] if the customer is a bit further away. I've sent autism, people with learning disability to [provider B], people with back disorders, depression to [provider A].'

(DEA, Early Implementation Wave)

DEAs perceptions of the quality of local Work Choice provision might possibly be formed on the basis of partial information and feedback, as not all participants will feed their views back to DEAs, and communications between DEAs and provider staff varied. However, they are of note because the research found that these perceptions appeared to influence who was referred. This appeared to be more common than the needs of the individuals referred determining what providers deliver.

Availability and perceptions on the quality of other provision

During both waves of the evaluation most DEAs suggested that they considered the full range of available provision (both DWP and local options) before making a Work Choice referral. A number of Jobcentre Plus advisers felt there was currently a provision gap for those with the most complex disability-related support needs, although this may to some extent be related to the pattern of mainly referring individuals who were considered ready to move into work within six months. In some areas, alternative local provision was available for disabled people with the most complex support needs, but in other areas such provision was described as extremely limited. This is in line with findings from research on the Jobcentre Plus Offer (Coulter *et al.*, 2012) which found limitations in the availability and awareness of local provision.

At the time of the Early Implementation Wave research the Work Programme had not yet begun, but the previous mainstream programmes, Flexible New Deal and Pathways to Work, had already come to an end. There was, therefore, a temporary gap in mainstream provision at this time. There was some evidence that, in a limited number of areas, this had resulted in some disabled individuals being referred to Work Choice who did not need the level of support offered by the programme.

'We looked at all the referrals that we'd had, to see if we thought they were appropriate referrals for Work Choice but didn't find that they were ... We just felt that Work Choice seemed to be getting so many people that should have been mainstream provision.'

(Third Party Provision Manager (TPPM), Early Implementation Wave)

However, by the time of the Steady State Wave research the Work Programme had been established for over a year and no Jobcentre Plus staff felt they were referring any individuals to Work Choice who could be adequately supported by mainstream provision.

Number of Work Choice places available

During the early months of the Work Choice programme, referrals by Jobcentre Plus to Work Choice were significantly higher than referral profiles had predicted. This led to the introduction of close management of referral volumes (see Appendix C for further discussion of this). As a result of the management of referral volumes, DEAs interviewed during the Early Implementation Wave research typically reported that they had a limit on the number of referrals to the programme they could make each month.

By the Steady State Wave autumn 2012 interviews, most DEAs reported that there were no limits on the number of referrals they were able to make to the Work Choice programme. In some cases this appeared to be because of a removal of the previously imposed referral volumes limits. Alternatively or additionally in some instances, this appeared to be because DEAs were working with fewer individuals who they felt were appropriate for and would benefit from Work Choice (because provider challenges of some referrals limited who DEAs subsequently assessed as suitable and/or because of concerns about the quality of local Work Choice provision as discussed above). In a small number of cases, there were reports of referral profiles being set within Jobcentre Plus to try to encourage DEAs to increase their referrals to the Work Choice programme.

However, whilst expressed by fewer numbers by the Steady State Wave, some DEAs were still reporting in late 2012 that referral volumes limits were still in place and affecting their ability to refer all the individuals that they felt were suitable for Work Choice to the programme.

The existence or lack of referral limits and any associated referral targets all appeared to affect referral decisions.

2.2 Statutory Referral Organisation referral route

Work Choice was designed so that a limited number of organisations would be invited to become SROs and identify and directly introduce²¹ suitable disabled people to Work Choice provision, in addition to DEA referrals. The Work Choice guidance (DWP, 2010) states that SROs should be organisations that provide a statutory service that helps disabled people with the highest support needs consider and move into employment. SROs should be local authority, National Health Service or local education authority organisations or have a formal contract or agreement with one or more of these.

Identification of SROs can be undertaken by Work Choice prime providers and Remploy, Jobcentre Plus DEAs and TPPMs, local authorities, the National Health Service and local education authorities.²² The expectation was that the SRO referral route would enable referrals of people who might not go to, or contact, a Jobcentre Plus office and, therefore, would not normally come into contact with DEA services. It was expected that the SRO referral route would be particularly helpful for people with a learning disability and/or a mental health condition.

This section provides research findings on the set up and use of SROs by providers. It then looks at the factors influencing SRO decisions on who to introduce to the programme.

²¹ These individuals are viewed as 'introduced' rather than 'referred' until their eligibility and suitability is confirmed by the Work Choice provider.

²² Only the identification of SROs by Work Choice providers (both primes and Remploy) was explored in the evaluation and, therefore, reported here.

2.2.1 Provider engagement with Statutory Referral Organisations

At the point of the Early Implementation Wave interviews in summer 2011, the majority of the Work Choice providers interviewed had not set up any SROs. Of those that had, some had not yet had any introductions from the SROs and others reported they had only received an extremely small number of introductions. Only one multiple-CPA provider had proactively set up a range of SROs in each of their CPAs by this stage.

By the time of the Steady State Wave research conducted a year later, providers in all nine case studies had developed relationships with SROs, but again there was very limited use of these in most cases. Only one of the case study providers (the same multiple-CPA provider that had been found to be proactive in setting up SROs in the previous wave) was found to be working with substantial volumes of participants introduced by SROs.

Data compiled from internal DWP management information supported these research findings. The data showed that, nationally, a total of 457 organisations had been set up as SROs by 31 May 2012 but that only two per cent of all Work Choice referrals made up to this date had come from these SROs. The data also showed a lot of variance in referral volumes from the SROs, with at least one third of the 457 organisations set up as SROs having made no Work Choice referrals.

The data also supported the interview reports from one provider of their more proactive approach to SRO engagement. The DWP data showed that this provider had set up 73 per cent of the 457 SROs and that 93 per cent of all SRO referrals made by the end of May 2012 had been made to this one provider. This provider had not only been more proactive in setting up SROs, therefore, but were receiving significantly more referrals from their SROs than other providers. In one of this provider's CPAs, 15 per cent of their referrals were being generated from SRO introductions rather than Jobcentre Plus. However, this was not consistent across all the provider's CPAs, with lower proportions of SRO referrals found in some and none in others.

In both the Early Implementation and Steady State Waves of the evaluation, referral volumes received from Jobcentre Plus were found to be the key factor driving provider decisions on the extent to which they engaged with SROs. During the early months of the Work Choice programme, referrals by Jobcentre Plus onto the programme were significantly higher than referrals profiles had predicted (see Appendix C). The majority of providers in the Early Implementation Wave interviews reported that they were receiving as many referrals from Jobcentre Plus as their capacity would allow, or in some cases more. These providers, therefore, appeared to have no incentive to further increase referrals volumes by engaging with SROs.

'We haven't gone out to look for them because of the volume of referrals coming through. We didn't necessarily need them.'

(Provider, Early Implementation Wave)

By the Steady State Wave referral volumes were described by most providers as being at more manageable levels. However, a number of providers still stated that they had a limited incentive to engage SROs due to Jobcentre Plus referral volumes.

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The provider with a more proactive engagement strategy reported that they had not experienced the issue of high referral volumes from Jobcentre Plus in the early stages of the programme in many of its CPAs. A desire for greater referrals was the key driving factor for its SRO engagement strategy in both waves of the evaluation.

Where case study providers were engaging SROs, there were some reports that they were managing referral volumes from SROs by setting referral limits. Providers typically described this as being owing to Jobcentre Plus referrals volumes. A small number of providers indicated that they felt the DEAs in their area did not like the providers to encourage SRO referrals and, therefore, appeared to be limiting their SRO engagement in order to maintain good DEA relationships.

Two further factors were reported by a limited number of interviewees which may discourage providers from working to increase the proportion of referrals received from the SRO route significantly. Firstly, some providers suggested that participants introduced by SROs were often further from the labour market and had greater support needs than participants referred by Jobcentre Plus. Secondly, there were reports that setting up SROs and administering the introductions made by them was time intensive.

In both waves of the research, providers were generally positive about the potential role SROs could play in referrals to Work Choice. A number of providers showed recognition that the SRO route ensured that Work Choice could be accessed by a wider pool of individuals by enabling disabled people who might not go to Jobcentre Plus to access Work Choice.

'I think it's a good thing that we have organisations that can refer direct to the programme. It makes me nervous that, on a voluntary programme, Jobcentre Plus would be able to control the referral flows. Some people don't want to go to the Jobcentre if they're only claiming Disability Living Allowance, they might not feel that the support they get from the Jobcentre is relevant for them, so those people may get missed.'

(Provider, Early Implementation Wave)

However, there was no evidence that providers' positive attitude towards the role SROs could play was significantly affecting their use or lack of use of SROs.

2.2.2 Key factors that influence SRO introduction decisions

Generally SRO staff interviewed during the Early Implementation Wave research in 2011 demonstrated very limited understanding of the Work Choice programme, including the introduction process, and the eligibility and suitability criteria. In line with the provider interview findings, SRO reports of making Work Choice introductions were extremely limited at the point of the interviews in summer 2011.

By the Steady State Wave research, SRO understanding of Work Choice did appear to have increased on the whole, but issues were still apparent. All the SROs that had made introductions had awareness of who the Work Choice programme was for but, whilst some were happy with the amount of knowledge they had, others suggested that they would like to know more about delivery or their SRO introduction role. Some of the SROs also displayed some confusion over whether they should be introducing individuals direct to the provider(s) or if the Jobcentre Plus DEA did or should have a role. Some SROs that had not made any

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introductions demonstrated a lack of understanding of the Work Choice SRO introduction process and their role in it, with a small number of these not appearing aware that they were an SRO.

How SROs determined who they should introduce to a provider as a potential Work Choice participant appeared to vary. Some were using guidance from the provider(s). For others, decisions on who was suitable were made via discussion with the provider(s). A small number suggested that they typically involved the local Jobcentre Plus DEA(s) in suitability decisions. Some were using other assessments, for example occupational therapy assessment models, to assess whether people were ready for work and their motivation to work.

Alongside the impact of these different methods of determining suitability, a varied set of additional factors was also found to be influencing SRO introduction decisions.

For most SROs, their motivation for making Work Choice introductions was to access support that they did not provide themselves or that they had limited capacity to provide. However, there was also evidence that some organisations had become SROs in order to self-refer to the protected places within their supported business.²³

In both waves of the research, perceptions on the quality of local Work Choice provision and availability, and perceptions on the quality of other local provision both appeared to be key factors influencing SRO introduction behaviour, as was also seen to be the case for Jobcentre Plus DEA referral behaviour. For example, some of the local authority SROs interviewed felt they had good pre-existing provision and networks for disabled people requiring employment support and were using those rather than making Work Choice introductions.

There was also some evidence that the length of the pre-work module was affecting who SROs introduced, as was also found in the DEA interviews. A number of SROs, mainly specialising in learning disability, suggested that many of their clients required more than six months' support before they would be able to work 16 hours per week. These SROs reported that they would typically support these individuals themselves.

Despite reports in the Steady State Wave from Work Choice providers that they might need to manage referral volumes from SROs, the SROs interviewed in this wave did not report any referral limits imposed by the Work Choice provider(s) they worked with as a barrier.²⁴

There were reports from some of the SROs interviewed that some of the individuals they had introduced to Work Choice were not being accepted onto the programme as they were considered unsuitable by the provider. Whilst some SROs stated that they were getting good feedback from providers on the outcome of the introductions they were making, others suggested that they were not getting any feedback and, therefore, that some individuals could be without programme support without the SRO being aware of this.

²³ A definition of and further background on supported businesses and protected places is offered in Section 5.6.

²⁴ The exception to this was organisations that reported that they had become SROs so they could self-refer to their supported business, in which case their referrals were limited to protected place vacancies.

2.3 From referrals to Work Choice participation

Sections 2.1 and 2.2 explored factors involved in generating Work Choice referrals from Jobcentre Plus and SROs respectively. However, not all individuals who are referred to the Work Choice programme start or remain on the programme. Non-starters include both disabled people who decide not to start on the programme before or after meeting the Work Choice provider and disabled people who, after initial contact, are deemed to be unsuitable by the provider.

Work Choice Official Statistics (DWP, 2013a) showed that 11,430 (20 per cent) of the 55,980 individuals that were referred to contracted Work Choice provision from the launch of the programme in October 2010 to December 2012 did not start on the programme.

The Official Statistics show a wide variance in starts from referrals across CPAs, from as high as 89 per cent of referred individuals joining the programme to as low as 57 per cent of referred individuals joining the programme.²⁵

This section explores this issue in more detail by firstly looking at provider views on the suitability of those referred to the programme and then considering the implications of this for whether individuals start on the programme.

2.3.1 Provider views on the suitability of those referred

During the Early Implementation Wave research in 2011, provider views on the suitability of the Work Choice participants who had been referred to them were mixed. A number of providers felt that some participants referred to them were too distant from labour market. At the other extreme, a limited number of providers suggested that a small number of the participants who had been referred to them were individuals who did not need specialist disability support and could have been suitable for mainstream provision. However, as already highlighted in Section 2.1.3, this issue was likely related to the temporary gap in the availability of mainstream provision between the end of Flexible New Deal²⁶ and Pathways to Work, and the start of the Work Programme.

During the Steady State Wave research, providers reported that overall they felt that the suitability of referrals they had received from Jobcentre Plus had improved from Year 1 to Year 2 of the programme, and some felt that the suitability was continuing to improve. During this wave, most providers felt that the majority of their participants were suitable for Work Choice. There was some evidence to suggest that provider and Jobcentre Plus views on suitability were not always aligned however, as discussed in Section 2.3.2.

There were two main reasons why providers viewed some referred individuals as unsuitable. One related to attitudes and motivation, and the other to distance from the labour market.

²⁵ These figures are based only on referrals and starts on contracted Work Choice provision. Equivalent data for non-contracted Work Choice provision is currently not available.

²⁶ Flexible New Deal was an employment programme for Jobseeker's Allowance claimants launched in October 2009. It was the first provision commissioned under the principles of the Commissioning Strategy.

Participant attitudes and motivation

In both waves of the evaluation, provider staff across all the case study areas reported that a Work Choice participant's attitude to work was a critical factor in determining whether the programme was appropriate for them.

'I've got such a range of participants with different health issues. I think as long as they want to work and they're in that frame of mind then yes I think they can do it.'

(Provider, Steady State Wave)

Only a small number of provider staff interviewed felt that all the Work Choice participants they worked with wanted to work. The majority of staff interviewed suggested that, though many of their participants wanted to work, not all did.

Section 2.1.3 described that, whilst a disabled person's motivation and attitude to work was a factor that influenced DEA referral decisions, the extent to which DEAs took this into account when assessing suitability did appear to vary. In the Steady State Wave interviews, some provider staff felt that some disabled people who did not want to work but would be subject to mandatory Work Programme referrals might opt to be referred to Work Choice instead as it does not have the conditionality and sanctions of the Work Programme.

Distance from the labour market

In both waves, Work Choice provider staff displayed varying interpretations of who the Work Choice programme was designed to support. Some provider staff felt that there appeared to be a tension between the intent of the programme in terms of its key target groups, and the outcome targets for providers.

'When the programme was designed there was a degree of conflicting tension there in that there is a requirement to support those with challenging mental health conditions and learning disabilities who might require the most support but [on] the other side there is the requirement to get some 60 per cent of the individuals on the programme into employment.'

(Provider, Steady State Wave)

Therefore, many providers echoed the views expressed by DEAs about the duration of Module One of the programme (see Section 2.1.3), noting the apparent tension between the Work Choice aim of supporting disabled people facing the most complex barriers to work, and the time-limited design of the pre-work module.

Some providers clearly felt that the time-limit on pre-work support meant they would be unlikely to achieve job outcomes for participants with the greatest support needs and, therefore, that they would not achieve overall job outcome targets. Some, therefore, suggested that the programme was not designed to support people furthest from the labour market into work. In both waves, some even articulated a view that people who would not be able to move into work within six months were not eligible for the programme, despite the option to extend the length of the pre-work support module past six months.²⁷

²⁷ See Section 4.1.3 for views on, and usage of, available extensions to the length of the pre-work support module.

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'People who could go on the programme are people who are able to move into 16 hour week or more work within six months. If they're not able to do that they're not eligible for the programme.'

(Supported Business Manager, Early Implementation Wave)

In some areas, where DEAs were primarily making referral decisions based on the eligibility and suitability criteria, and providers were interpreting these on the basis of the length of the pre-work module and the outcome targets, views on suitability were very divergent.

'Jobcentre Plus don't understand what Work Choice is for, which is people who are job ready.'

(Provider, Steady State Wave)

This divergence of views may to some extent be linked to differences between the Work Choice DEA and provider guidance at the time of the research. The provider guidance (DWP, 2010) included the Work Choice eligibility and suitability criteria that DEAs used but did not include any reference to the April 2011 guidance update that was provided to DEAs which stated that *'at referral stage, the DEA does not need to make an additional judgement on the suitability of the client for Work Choice on the basis of the length of Module One, in determining any perceived distance from being able to access the labour market'*.

Instead, the provider guidance stated that *'customers referred to Work Choice are expected to be able to work for a minimum of 16 hours per week following participation in Module One.'*²⁸

Disability type was not stated by provider staff as a factor in their assessments of the suitability of an individual for the programme in either wave of the research. However, on further exploration of the suitability of the programme for different disability types in the Steady State Wave, some provider staff suggested that the length of the pre-work stage of the programme and the requirement for job outcomes to be for 16 hours per week or more made the programme less successful for individuals with more severe disabilities and particularly for individuals with a severe learning disability or autism.

2.3.2 Implications of provider views on the suitability of those referred

Both waves of the research highlighted that differences in opinion between Jobcentre Plus and a Work Choice provider over the suitability of a referred individual were not addressed in one consistent way.

In the Early Implementation Wave research in 2011 some providers expressed frustration that they had no control over referrals and their suitability. However, there were also reports by some providers that they assessed the suitability of referred participants.

²⁸ Subsequent to completion of the research, in March 2012, the Work Choice provider guidance on this point was updated to state that *'Given that Module One of Work Choice can last for up to 12 months, the DEA is not required to judge if the customer is likely to be fit enough for work for 16 hours or more at the end of Module One, only that the customer understands and agrees that this will be their goal'*.

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'At their first interview we do an assessment to ensure that actually they are appropriate for the programme. All of us in the first few months were, "well if they've been referred we have to take them." What we've now learnt is we actually have more time than the DEA does to assess the customer's needs and we need to take that time to ensure that this is the right programme.'

(Provider, Early Implementation Wave)

In the Steady State Wave research in 2012, most providers reported that they would initially try to work with participants who appeared unsuitable, but that if, after working with them for a set period such as a month, they were still viewed by the provider as inappropriate for the programme they would refer them back to Jobcentre Plus. In addition to this, where participants could not be contacted or failed to attend, most providers indicated that three attempts would be made at contact before the participant would be referred back to the DEA.

Similar to the provider reports, some DEAs interviewed during the Steady State Wave research reported that in their area, if the providers felt an individual was not suitable, they would work with them for a trial period and discuss with the DEA after that.

'If no improvement's been made on either side, then we would agree to remove them from the programme if we thought that was the right thing.'

(DEA, Steady State Wave)

However, some DEAs reported that the providers in their area were rejecting referrals they felt were unsuitable immediately and sometimes for reasons the DEAs disagreed with.

'I think they believe they have the option to say no and quite often take that option.'

(DEA, Steady State Wave)

Other DEAs indicated that providers in their area did not challenge referrals and some reported that this used to occur but was improving.

'In the beginning that was more of an issue. We did have [providers] saying they felt, in fact the words used were "we only want to see people who are job ready". We did have a bit of a battle with them. That's not what the criteria is. But they seem to have accepted that. It doesn't seem to be an issue now.'

(DEA, Steady State Wave)

DEA perceptions of provider reasons for rejecting referrals had some overlap with provider reports. In the Steady State Wave research, DEAs felt providers were most likely to reject referrals of individuals they perceived to be too distant from the labour market to be supported into work within the Module One time period. Some DEAs also felt providers were likely to reject referrals of individuals they perceived as having a lack of motivation to engage with the programme and/or move into work.

Failing to attend was another common reason reported by DEAs for individuals to be returned to Jobcentre Plus by providers in both waves. DEAs reported variations in whether providers would try to take into account the effect of an individual's disability on their ability to attend. Some were reported to be flexible. At the other extreme, an example was given of an individual who missed his initial appointment with a provider because of difficulties caused by the nature of his disability. The provider did not start the individual on the programme because of this, and they reportedly continued to refuse to reconsider the participant despite

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the DEA contacting them to explain that the nature of the individual's condition was the reason they had failed to attend.

'This is someone who needed extra help to find some places, he can't just be expected to go somewhere, he tried his best. Despite me talking to the provider they said "no, we've terminated him and that's the end of that due to no contact".'

(DEA, Early Implementation Wave)

The Steady State Wave research found that some DEAs were more willing to challenge provider rejections than others. There were examples given of individuals remaining on the programme following a DEA's challenge of provider referral rejection attempts. There were also examples given of DEAs and providers working together to devise new ways of working with an individual. However, other DEAs reported that where a provider rejected a referral, they did not feel able to challenge this at all.

2.3.3 Role of the Third Party Provision Managers in resolving referrer-provider suitability disagreement

Some of the TPPMs interviewed reported that they had a role in monitoring and managing the suitability of referrals made by DEAs. A similar number of TPPMs interviewed stated that they were not involved in any suitability monitoring, believing this to be the role of the DEA and/or managers within the Jobcentre Plus offices. However, DEA line managers interviewed did not typically appear aware of, or involved in resolving, issues relating to provider rejections of referrals. This suggests that DEA line managers do not appear to be performing this role where TPPMs are not.

Where TPPMs did have a role in referral suitability, the extent of this role was found to vary. Most commonly, TPPMs reported that they checked a sample of referral rejections, ascertained the reasons and addressed any issues with DEA and/or provider interpretations of suitability highlighted by the cases. However, some reported that they would only become involved in referral suitability if a DEA approached them with a query or if there was disagreement between a DEA and a provider regarding the suitability of a referral that could not be resolved by direct discussion between them.

The research suggests that monitoring of referral suitability and the appropriateness of any referral rejections by providers is not systematically occurring in some areas. Having CPA or district-level oversight of referral suitability decisions to ensure consistency and the appropriate application of guidance would, therefore, be helpful where this is not currently in place.

2.4 Work Choice participant profile

This chapter has so far looked at the factors involved in Work Choice referrals and participants starting the programme. This section looks at the Work Choice client profile in more detail by considering referrals, starts and outcomes by disability type. Further details on Work Choice participants are offered in Appendix B.

The number of referrals to the Work Choice programme by disability type, and the percentage of starts from those referrals and job outcomes achieved from those starts are outlined in Table 2.1.

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Table 2.1 Work Choice referrals, starts and job outcomes by primary disability type²⁹

Primary disability	Total referred from 3 May 2011 to end of December 2012		Of which have started Work Choice		Of which have achieved a job outcome	
	No.	%	No.	%	No.	%
Conditions restricting mobility/dexterity	4,400	14	3,240	74	900	28
Visual impairment	1,100	3	780	71	200	26
Hearing and/or speech impairment	1,660	5	1,200	72	330	28
Long-term medical conditions	3,200	10	2,260	71	630	28
Moderate to severe learning disability	3,600	11	2,670	74	590	22
Mild learning disability	5,530	18	4,280	77	1,100	26
Severe mental illness	440	1	310	70	80	26
Mild to moderate mental health condition	5,940	19	4,260	72	1,170	27
Neurological conditions	1,660	5	1,210	73	340	28
Multiple conditions	3,910	12	2,810	72	730	26

Table based on 'Table 4: Number of referrals by primary disability and financial quarter' from the Work Choice Official Statistics, February 2013 (DWP, 2013a).

The data presented in Table 2.1 show that severe mental illness was the least common primary disability of people referred to the Work Choice programme (accounting for only one per cent of referrals). The table also shows that there was little variance in starts from referrals based on disability type.

For the majority of disability types, the percentage of job outcomes achieved from starts was between 26 and 28 per cent. The only exception to this was moderate to severe learning disability, for which there was a lower percentage of job outcomes achieved from starts (22 per cent).

2.4.1 Comparison of Work Choice and WORKSTEP participant disability

The success criteria for the Work Choice programme, as defined by the DWP Work Choice Project Board, emphasised the intention to focus support on those with the most significant need and made particular mention of '*people with learning disabilities and mental health conditions*' (DWP, 2009). There are limitations in the data that is available to assess if the new programme has focused on these groups, although some comparison between Work Choice programme starts by disability against those for the predecessor programme WORKSTEP is offered in Table 2.2.

²⁹ These figures are based only on contracted Work Choice provision. Equivalent figures for non-contracted Work Choice provision were not available.

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Table 2.2 Work Choice starts and WORKSTEP participants by primary disability³⁰

Primary disability	Work Choice starts (3 May 2011 to end of December 2012) %	WORKSTEP participants (2008 to 2009) %
Conditions restricting mobility/dexterity	14.1	17.7
Visual impairment	3.4	6.7
Hearing and/or speech impairment	5.2	6.0
Long-term medical conditions	9.8	4.3
Learning disability (Single category in WORKSTEP figures so Work Choice figure combines mild and moderate to severe)	30.2	43.4
Mental health condition (Single category in WORKSTEP figures so Work Choice figure combines mild to moderate mental health condition and severe mental illness)	19.9	9.4
Neurological conditions	5.3	7.6
Other health conditions (WORKSTEP category only so no Work Choice figure)	–	4.8
Multiple conditions (Work Choice category only so no WORKSTEP figure)	12.2	–

Work Choice figures derived from 'Table 4: Number of referrals by primary disability and financial quarter' from the Work Choice Official Statistics, February 2013 (DWP, 2013a).

WORKSTEP figures taken from DWP WORKSTEP database figures reported in the WORKSTEP Customer Survey (Purvis *et al.*, 2010).

It should be noted that Work Choice replaced Work Preparation as well as WORKSTEP and also the participant data for each programme was collected in different ways. Caution must, therefore, be exercised when trying to make direct comparisons. However, the figures do appear to indicate a notable reduction in the percentage of participants with a learning disability, although they do appear to indicate a notable increase in the percentage of participants with a mental health condition. Also of note is the apparent reduction in the percentage of participants with a visual impairment.

2.5 Chapter summary

The majority of Work Choice referrals were made by Jobcentre Plus, where specialist DEAs acted as programme gatekeepers. A number of benefits in relation to the management of referral suitability and volumes were identified to having only specialist advisers able to make referrals. However, some disabled people who appear to meet the Work Choice suitability criteria do not get the opportunity to see a DEA and be considered for the programme. This included some ESA claimants who were referred straight to the Work Programme once their WCA outcome was known.

³⁰ Both the Work Choice and the WORKSTEP figures are based only on contracted Work Choice provision. Equivalent figures for non-contracted Work Choice provision were not available.

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A complex combination of factors were found to influence DEA decisions on who to refer to the Work Choice programme. The eligibility and suitability criteria were one factor, but many DEAs also took an assessment of distance from the labour market into consideration, despite Jobcentre Plus guidance to the contrary. Claimant motivation, provider challenge to certain referrals, perceptions of the quality of local Work Choice provision, the availability and perceptions of the quality of other provision and the existence or lack of referral limits also appeared to affect DEA referral decisions.

Providers reported that not all of those referred to their Work Choice provision were suitable for the programme, although most providers reported that the suitability of referrals had improved over the period of the evaluation. The two main reasons why providers felt some participants were unsuitable were motivation and distance from the labour market, i.e. that participants did not wish to find work or that they were unlikely to be supported into work within the time-limits of the Work Choice pre-work module. Some provider staff highlighted what they felt was a tension between the target groups for the programme and the outcome targets expected of providers.

There were variations found in relation to whether providers would challenge referrals that they regarded as unsuitable and attempt to return such individuals to Jobcentre Plus. There were also variations found in relation to DEA responses to provider challenge. Some DEAs felt able to challenge provider attempts to return referrals if they disagreed with the providers' reasons but other DEAs felt unable to challenge providers on this. In some but not all areas TPPMs were performing an oversight role on referral suitability. Overall, however, there did appear to be a considerable number of participants who were referred to Work Choice that did not start or remain on the programme. Official programme statistics report that one in five of the people DEAs refer do not start on the programme.

Some of the key factors that DEAs and providers reported as considerations for referral or acceptance of participants – distance from the labour market and perceptions about a participant's ability to enter work within six months – appeared to reduce access to the programme for disabled people with the highest support needs. The potential impact of this was to some extent reflected within data on referrals and participants, for example severe mental illness was the least common primary disability of people referred to the Work Choice programme. There also appeared to have been a reduction in the percentage of participants with a learning disability, or a visual impairment, as compared with the WORKSTEP programme. Overall, therefore, there appeared to be a need for greater clarity on who the Work Choice programme aims to support, and some DEAs and providers suggested that policy intent and programme design did not appear to be fully aligned.

In order to broaden access to the programme for disabled people who may not come into contact with Jobcentre Plus, specific organisations can be identified by Work Choice providers to become SROs. These SROs can directly introduce suitable disabled people to Work Choice. During the Early Implementation Wave there was extremely limited evidence of set up and use of SROs by all but one provider. By the Steady State Wave a greater number of SROs had been established but there was still limited use of them by all but the same one provider. Providers generally appeared supportive of the intent behind SROs but their engagement with them, or lack thereof, was primarily driven by the volume of referrals from Jobcentre Plus. This suggested that access to Work Choice for disabled people not in contact with Jobcentre Plus remained limited.

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The SRO interviews also further highlighted the apparent inconsistency between Work Choice policy intent, i.e. to support those with the most significant needs, and perceptions of programme design and suitability criteria. Some SROs who worked with people with more severe learning disability reported that the requirement for Work Choice participants to be able to work 16 hours per week after six months meant that many of the people they worked with were unsuitable for the programme.

3 DWP commissioning approach and provider market structure

Previous research into the commissioning of employment programmes (Finn 2007, 2008) has reported how the approach adopted can affect the provider market in different ways; for example, it can have a major impact on some voluntary, community and social enterprises (VCSE) and small specialist providers. Acknowledging this, the Department for Work and Pensions (DWP) Commissioning Strategy explicitly described its role in terms of market development and stewardship, stating that it, *'plays an active and transparent role to ensure that smaller, local providers who have the capabilities we need and who perform well, can flourish and develop'* (DWP, 2008c).

Changes in the provider market associated with the new commissioning model and the relationship between the profile of the provider market and programme delivery were, therefore, included as key themes within the commissioning strand of the Work Choice evaluation. This chapter considers the provider market structure for specialist disability employment programmes and how this was affected by the commissioning of Work Choice. It goes on to explore views on the relationship between the profile of the provider market and programme delivery.³¹ Views on the effect that other features of the DWP commissioning model have on service delivery within Work Choice are discussed within the Chapter 4.

This chapter draws on provider market data from DWP, two waves of qualitative research with providers both inside and outside Work Choice supply chains and a survey of the specialist disability employment provider market. In addition, this chapter draws on DWP research on the transition from WORKSTEP and Work Preparation (Thompson *et al.*, 2011).

The Early Implementation Wave of research began in summer 2011 with qualitative interviews with a sample of organisations that were unsuccessful in Work Choice bids, chose not to bid for Work Choice and/or left Work Choice supply chains. This was followed by qualitative interviews in autumn 2011 with one key individual from each Work Choice prime provider and from the majority of subcontractors.

The Steady State Wave research took place in October and early November 2012. This began with a survey which gathered the views of Work Choice prime providers, subcontractors, and some organisations outside Work Choice supply chains. The survey was followed by depth qualitative interviews with one key individual from all eight Work Choice prime providers plus a sample of subcontractor and outside supply chain organisations. More information on the research waves can be found in Section 1.7, and a detailed breakdown of who was involved in the interviews can be found in Appendix D.

³¹ As previously discussed it is important to note that Work Choice provision is delivered via two routes, through the contracted providers and also by Remploy. This chapter refers to contracted provision only.

3.1 Background

Work Choice was the first specialist disability employment programme to be commissioned under the terms of the 2008 DWP Commissioning Strategy. The central elements of the Commissioning Strategy are:

- the prime provider model
- outcome-based funding
- minimal service prescription
- larger, longer contracts.

Of these elements the focus was on the prime provider model and longer contracts elements, and there was less emphasis on outcome-based payments and minimal service prescription elements.

The procurement of Work Choice was undertaken through a two-stage bidding process. Prospective prime providers submitted a Pre-Qualification Questionnaire (PQQ) and those who were successful at that stage were invited to submit an Invitation to Tender (ITT). During the PQQ and ITT stages, potential prime providers developed supply chains of subcontractors, and these were assessed as part of the evaluation of tenders. The PQQ was issued in January 2009 and the ITT was issued in July 2009. Work Choice preferred bidders were announced in April 2010 ahead of the start of the programme in October 2010.

3.2 Market changes

WORKSTEP and Work Preparation were delivered by 214 providers. These programmes predated the 2008 DWP Commissioning Strategy and so these providers all held direct contracts with DWP. More than half of these contracts (59 per cent) were held by public sector providers, mostly local authorities. Twelve per cent were held by private sector providers and 29 per cent by VCSE providers.

One of the aims of the Commissioning Strategy was for DWP to manage fewer, larger contracts for employment programmes. This was achieved in the commissioning of Work Choice, as the Department now manages 28 Work Choice contracts, one in each Contract Package Area (CPA) with eight prime providers. Sixty-five organisations submitted PQQs to become Work Choice prime providers. This included 35 of the 214 WORKSTEP/Work Preparation providers. Twenty-nine organisations were successful at PQQ stage, of which 23 submitted ITTs. Of these, 12 were former WORKSTEP/Work Preparation providers. Eight organisations were named as preferred bidders and went on to become prime providers across the 28 CPAs.³²

Of the eight Work Choice prime providers, only three had previously delivered WORKSTEP or Work Preparation. The remaining five had varying degrees of involvement in mainstream employment provision, with three acting as prime providers for the Flexible New Deal (FND). However, the proportion of contracts held by each of the prime providers indicates that new entrants played a smaller role in provision of Work Choice than the number of new entrant organisations would suggest. Overall, 19 of the 28 Work Choice contracts went to existing

³² One of the preferred bidders announced in April 2010 did not go on to sign a contract with DWP, although this was taken up by another provider within the CPA.

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providers of specialist disability employment services, including 16 awarded to Shaw Trust (Thompson *et al.*, 2011: 64).

The number of contract packages awarded to each preferred bidder is outlined in Table 3.1.

Table 3.1 Number of contract packages awarded to each prime provider

Number of contract packages	Prime provider
16	Shaw Trust
5	Working Links
2	The Pluss Organisation
1 each	Advance Housing and Support, Ingeus UK Ltd, Momentum, SEETEC and CDG-Wise Ability

Source: DWP.

Overall, 67 providers were named in successful contracts, either as prime providers, subcontractors or both. At contract award stage 25 of the 67 providers were new entrants to the market and had not previously delivered WORKSTEP or Work Preparation (Thompson *et al.*, 2011: 68). Of these 25, the majority had previously delivered other DWP contracts such as Pathways to Work, New Deal for Disabled People and Employment Zones, and ten had experience of delivering FND contracts. A small number were new to DWP contracting and were typically small disability-focused charities. As of February 2011 there was a reported 100 providers, while figures reported in November 2011 indicate there were 76 providers.³³ The most recent stocktake of providers by DWP in May 2012, reported that 79 providers were delivering Work Choice. It should be noted, however, that it remains unclear if these figures include all non end-to-end providers which makes it difficult to assess the market position of these providers.

As at April 2013, no prime providers had exited or joined the market, although one of the original preferred bidders did not go on to sign a contract with DWP and this was taken up by another provider within their CPA.

In total 121 providers of WORKSTEP/Work Preparation were reported to have exited the market without bidding for Work Choice and 51 WORKSTEP/Work Preparation providers were reported as unsuccessful in their attempts to become Work Choice providers (Thompson *et al.*, 2011: 68). As of November 2011 forty-seven³⁴ providers were reported to have left supply chains post contract award. It is not entirely clear if these figures include all non end-to-end providers and this lack of clarity on the number of providers may be further compounded by the issues of definition regarding the position of supported business providers who have been described as either 'inside' or 'outside' the supply chain (discussed further in Section 4.2.3). This lack of clarity about what the market data held by DWP includes or does not include is one of the consequences of the move to the prime provider model, as DWP no longer directly manages most Work Choice contracts, and therefore, has limited access to supply chain data. It was anticipated at the time the evaluation was

³³ The February 2011 data was taken from a survey of prime providers carried out by DWP (Thompson *et al.*, 2011, p.68). The November 2011 data was provided to DWP Performance Managers by prime providers.

³⁴ Ten left between Work Choice contract award and February 2011 (Thompson *et al.*, 2011: 66) and 37 left between February and November 2011.

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designed that DWP would provide market structure data at roughly six monthly intervals. This would include:

- market exit and entry by providers;
- sectoral breakdown of the market;
- contractual arrangements between prime providers and subcontractors (full contract, service level agreement etc.); and
- whether prime provider funding arrangements with subcontractors mirror those between the prime providers and DWP.

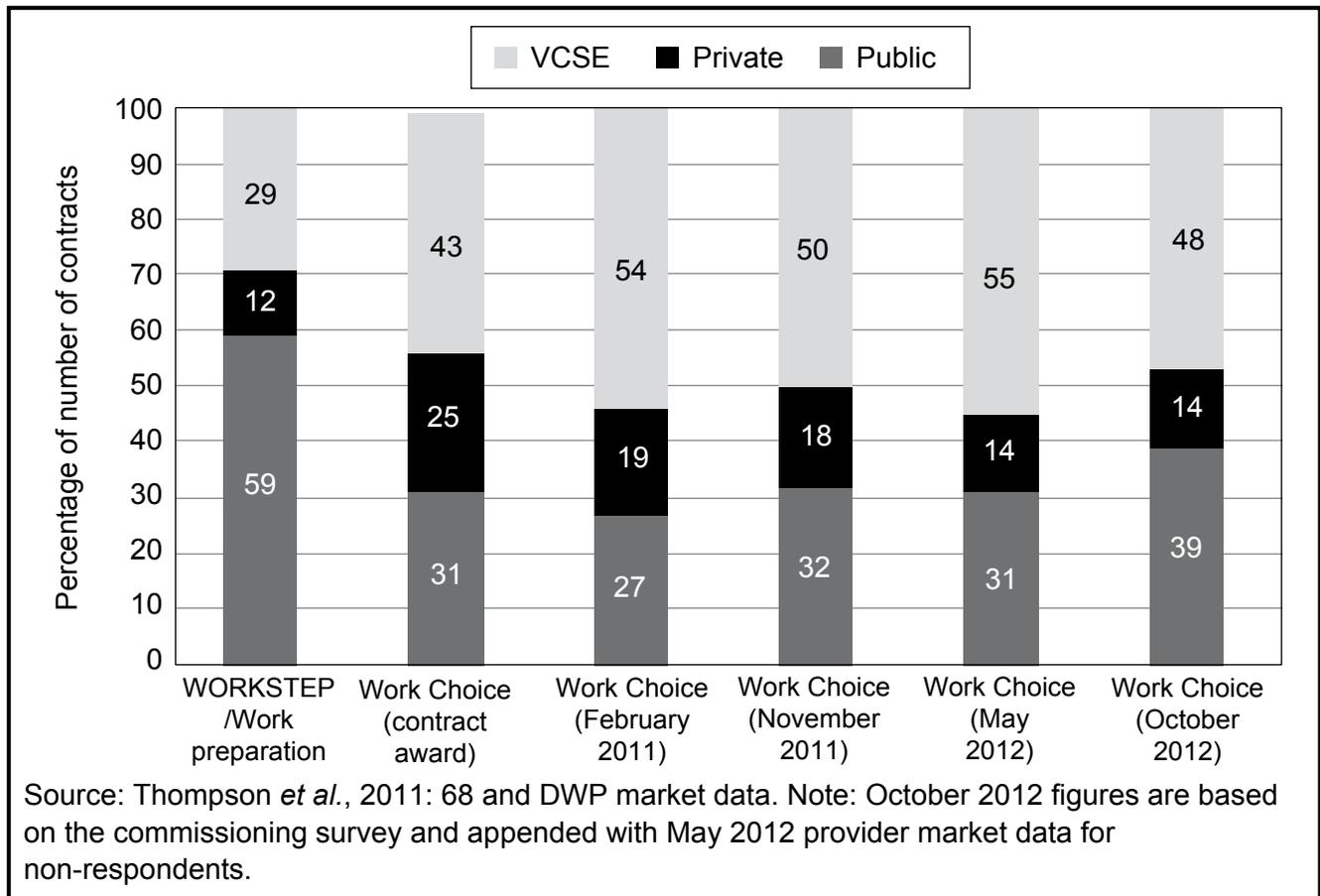
In practice however, because of the contractual position of DWP noted above, it was not possible to provide all of this data. In order to help overcome any limitations caused by this, this evaluation draws on a number of sources, including the commissioning survey. However, it must be noted that this does present difficulties in making an accurate assessment about the composition of the provider market and the changes that may be associated with the new commissioning model. The findings on the provider market presented within this chapter must, therefore, be considered within this context.

This issue of the availability of data on the provider market was also noted within previous programmes such as Pathways to Work. The Public Accounts Committee report on Pathways (2010) noted that '*The Department lacks the information it needs to understand the supply chain for employment support which conflicts with its objective of ensuring a healthy market exists*'.

3.2.1 Sectoral shift

There appears to have been a shift in the sectoral breakdown of organisations delivering DWP specialist employment provision since the introduction of Work Choice and the new commissioning model. Most noticeable is the move away from public sector organisations holding the majority of contracts and the increase in contracts now being held by VCSE organisations (see Figure 3.1).

Figure 3.1 Specialist disability employment provider market



Overall the number of contracts held by public sector organisations fell from 59 per cent of WORKSTEP/Work Preparation contracts to 39 per cent under Work Choice (as of October 2012). Findings from qualitative interviews in the Early Implementation Wave with the 20 local authorities identified as market leavers suggest that many of them held relatively small WORKSTEP/Work Preparation contracts. Most commonly this was for fewer than 50 contract places and was often for fewer than 15. Conversely, most of the local authorities now involved in the delivery of Work Choice had previously held contracts for 50 or more places, with many having over 100. This suggests that the scale of previous provision of those local authorities exiting the market was generally smaller than those that remained in it.³⁵ Under Work Choice, all but two of the local authorities were involved as end-to-end subcontractors.³⁶

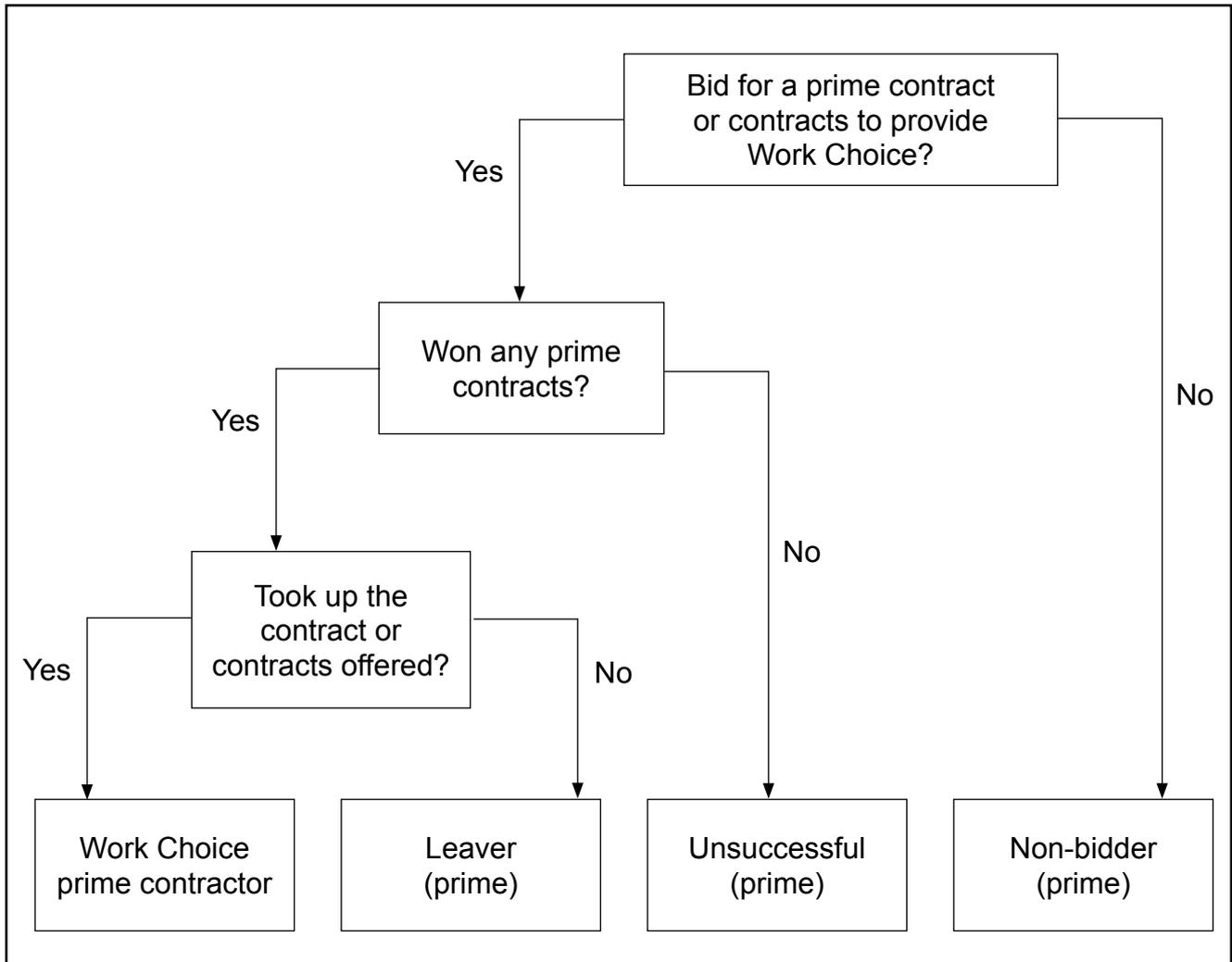
³⁵ In the Early Implementation Wave, all but one of the 24 local authorities delivering Work Choice were interviewed as part of this evaluation.

³⁶ An end-to-end subcontractor is a provider that covers the range of general employment-related services a participant receives throughout their time on a programme.

3.3 Reasons for market exit

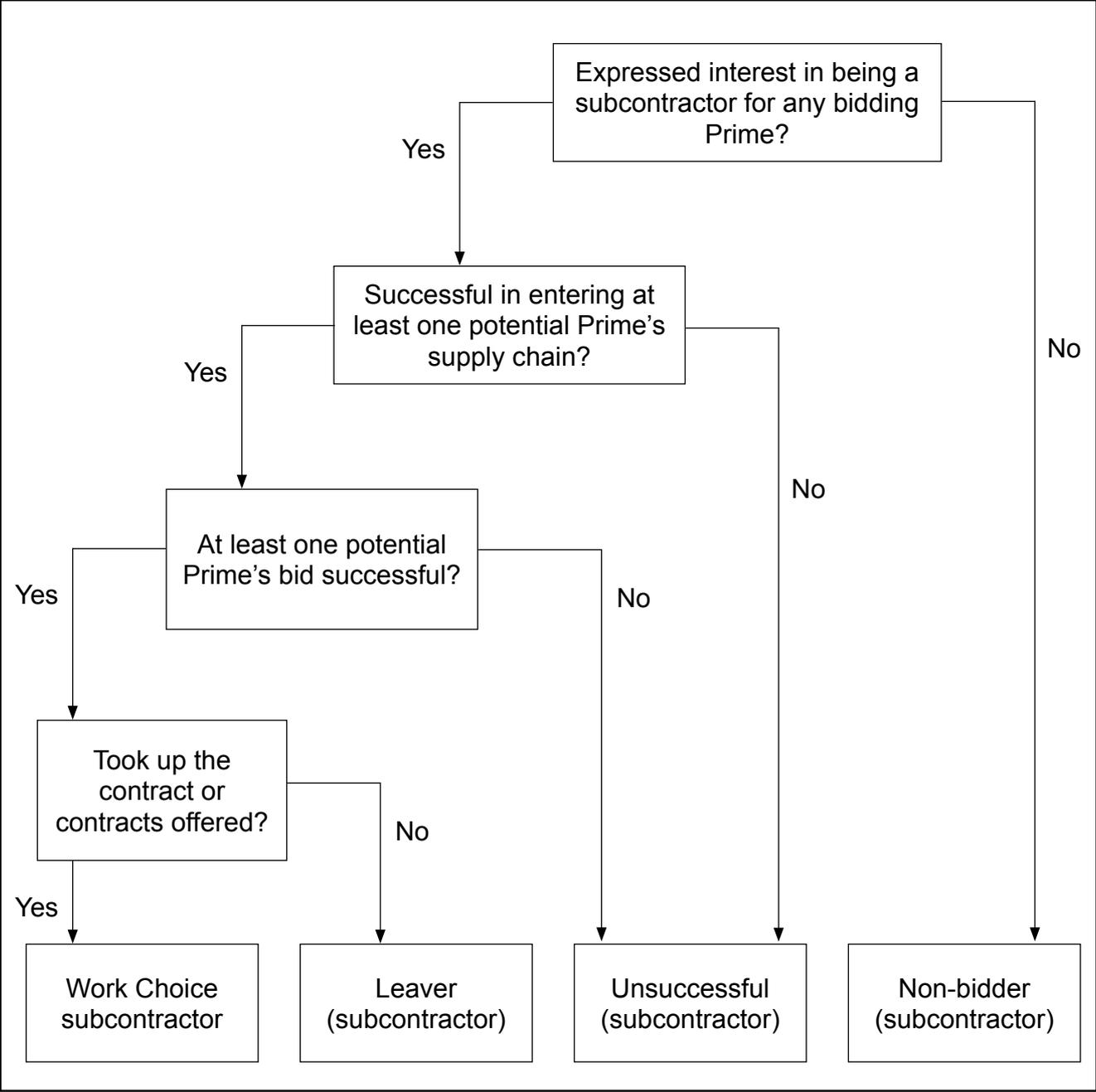
As shown in Figure 3.2, providers exited the market through not bidding for Work Choice contracts, being unsuccessful in their bids and through leaving supply chains. This section, based on qualitative interviews in the Early Implementation Wave, discusses each of these in turn.

Figure 3.2 Flows in and out of the specialist disability employment provision market



(Continued)

Figure 3.2 Continued



3.3.1 Non-bidders

Non-bidding potential prime providers

Potential prime providers that did not bid for Work Choice contracts reported a range of reasons for not bidding. These included a lack of experience, lack of resources to bid for multiple contracts and financial barriers. Financial barriers to bidding for prime contracts included insufficient organisational cash flow and financial stability. For example, one organisation that was interested in bidding as a prime provider via a consortium stated that the financial liability guarantees that DWP required were too high for most of the organisations they wished to work with. Some larger private and third sector organisations that had been involved in the delivery of FND contracts but had not been involved in WORKSTEP and/or Work Preparation chose not to bid for Work Choice because they believed they did not have enough specialism and experience in disability support. Others suggested a strategic decision had been made to concentrate on pooling resources for Work Programme bids.³⁷ Most, but not all, of these organisations were successful in securing prime provider contracts with the Work Programme.

Local authorities that did not bid to become prime providers had a specific range of barriers to bidding. One of these was that the geographical coverage of their organisation was more limited than the Work Choice CPAs.³⁸ This was a barrier for local authorities, either bidding alone or as part of a special purpose vehicle (SPV).³⁹ A number of local authorities that were successful in becoming Work Choice providers also suggested that forming an SPV was difficult or not possible for many Local Authorities. They felt this was because of the limitations on organisational flexibility caused by being governed by specific statutory requirements and financial regulations. This combination of issues facing local authorities (geographical and organisational) was felt by some to exclude them automatically from being a prime provider. The design of the commissioning model, where prime providers hold contracts over large geographical areas, was perceived by some organisations to be disadvantageous to local authorities and to give an advantage to private sector organisations that were not constrained in this way.

³⁷ The Work Programme was procured between July 2010 and June 2011. It was a two-stage process where providers first bid to join DWP's Employment Related Support Services Framework. Successful providers then competed for Work Programme delivery within 18 CPAs.

³⁸ The Work Choice CPAs are bigger than local authority areas. Therefore, if a local authority or an organisation that only worked in a small geographical area wanted to bid for Work Choice as a prime provider they needed to join together with other organisations to form an SPV that could cover the whole CPA.

³⁹ None of the eight successful prime providers were public sector organisations or an SPV formed of public sector organisations. However, one successful prime provider, Careers Development Group – Wise Ability, was a private SPV formed of two third sector organisations.

Non-bidding potential subcontractors

The majority of the non-bidding organisations interviewed in the Early Implementation Wave were local authorities and small, often specialist, organisations that had held small WORKSTEP and/or Work Preparation contracts. Had these organisations chosen to bid, their size and/or turnover meant they would typically have been expected to bid as a subcontractor. At this level, the reasons most commonly cited for choosing not to bid were that the programme was not considered to be financially viable and/or that the outcome-based funding element meant the financial risk was felt to be too high.⁴⁰ These organisations also indicated that their specialist disability employment provision was too limited for them to be considered as a subcontractor and that they were unable or unwilling to upscale their provision. They, therefore, decided not to seek to become Work Choice subcontractors.

In addition to the barriers to becoming prime providers outlined earlier, local authorities reported a range of factors that prevented them from bidding to become subcontractors. Some suggested that the new contract had provided an opportunity to end provision and, therefore, achieve expenditure savings. In one specific example it was reported that a local authority had previously attempted to cut supported employment provision as part of an exercise to reduce expenditure, but this had attracted significant political opposition so they had stepped back from this decision. The decision not to bid for the new contract then achieved this end result without attracting similar negative publicity.

Other Local Authorities reported a range of organisational factors that influenced decisions on bidding for Work Choice. Some stated that they were in the midst of council-wide restructures at the time of the Work Choice contracting process and so were unable to consider bidding for the new contract. Some of these local authorities were still receiving some Work Choice funding via protected places in a local authority-run supported business. Others were still providing non-Work Choice in-house employment support for disabled people, with one suggesting that they work with clients who are further from the labour market than those referred to Work Choice and provide longer, more intensive support than that available through the programme.

⁴⁰ It is worth noting that the service-fee element of Work Choice payments is 70 per cent. This is much higher than under the Work Programme, where only a small (and reducing) attachment fee is paid, with the remaining payments being outcome based.

3.3.2 Unsuccessful bidders

Unsuccessful potential prime providers

Organisations that unsuccessfully attempted to become prime providers varied as to whether or not they knew the actual reasons for not scoring well in their bids.⁴¹ It was common for unsuccessful potential prime providers to report that their lack of success was owing to a lack of experience, either in specialist disability employment support or in supply chain management. For example, an unsuccessful private sector bidder was new to the UK market and so felt their infrastructure may have been considered insufficient at that time. They also noted that their lack of specialist disability experience may have contributed to the decision. Some local authorities that unsuccessfully bid for prime contracts speculated that DWP was not keen to give prime contracts to local authorities and those acting in consortia.

Unsuccessful potential subcontractors

Among the organisations interviewed, the most common reason for not becoming a subcontractor was the prospective prime provider not being successful in its bid to contract for the service. All the local authorities and a large number of the third sector organisations that were unsuccessful in becoming subcontractors fell into this category.⁴² Less common experiences, detailed by some VCSE organisations, included not being accepted into any potential prime providers' supply chains or initially being considered but ultimately not being taken forward into the supply chain. A small number of organisations that wanted to become subcontractors had been in discussions with a successful prime provider prior to contract award and had believed they were part of the prime provider's bid. It was only after contracts were awarded that they found they were not.

Feedback from prime providers on why organisations were unsuccessful in joining their supply chains appeared rarely to have been provided. It was common for the organisations interviewed to report that they had been unable to open any lines of communication and potential negotiation with some of the providers that were awarded prime contracts. One reason fed back from a prime provider to an unsuccessful subcontractor was that they could not afford to have too many subcontractors in their supply chain. This suggests the underlying reason was financial, possibly related to the cost of managing delivery via several organisations. The unsuccessful subcontractors that did not receive feedback speculated on a number of possible reasons including being too small and/or being too specialist. There was a perception that they were less attractive to prime providers than organisations that provided pan-disability support and offered larger and/or more flexible geographical coverage.

⁴¹ DWP reported that it offered feedback to all unsuccessful prime bidders. The lack of knowledge of why they were unsuccessful may have been a reflection of the individuals that we interviewed not knowing, rather than evidence that prime bidding organisations did not receive feedback.

⁴² Twenty-two organisations were interviewed that were unsuccessful in their attempts to become Work Choice providers. Of these 12 were third sector organisations, eight were public sector organisations and two were private companies. A small number of the organisations that were unsuccessful remained involved in the programme as their organisation consisted of, or included, a supported business with protected places.

3.3.3 Leavers

In general, supply chain leavers stated that they did not take up subcontracts with the successful prime provider because of the terms and conditions offered. Issues included contract pricing being considered too low, performance targets (outcomes) being considered unrealistically high, volumes of referrals offered being too low to make involvement financially viable and issues regarding liability arising from Transfer of Undertakings (Protection of Employment) (TUPE) regulations.⁴³

In some cases it appeared that subcontract terms and conditions were not formalised until the prime provider was successful. There were, however, some reports of changes to terms and conditions from the prime provider once the tender had been won but prior to go-live. One leaver stated that the prime provider had quoted the indicative financial model from the DWP programme specification in its offer letter when building its supply chain at tender stage, but had then offered financial returns much lower than these in the final subcontract. Another supply chain leaver stated that it had been assured by the prime provider at tender stage that it would not have any TUPE liability. However, later this changed to a requirement to take on a number of staff from an outgoing provider, which they were unwilling to do because of high levels of transferred undertakings, in particular local authority pensions.

One local authority reported leaving a Work Choice supply chain after choosing not to sign their subcontract. Although the supported employment team within the authority had been successful in securing a substantial subcontract, council members made a decision to withdraw from the arrangement and cease providing the service in order to make cost savings.

Therefore, a wide range of issues related to the terms, conditions and behaviour of different prime providers appears to have had an impact on the configuration of their supply chains.

3.4 Changes to supply chains after go-live

In August 2012, Shaw Trust and Careers Development Group (CDG) announced that they were merging. CDG was a Work Choice prime provider as part of an SPV with Wise Ability, as well as holding one Work Programme prime contract. Though not an entirely new entrant, CDG substantially increased its role at prime provider level in the Work Choice programme through the merger. No other prime providers entered or exited the market after go-live.

During interviews in the Steady State Wave of research, some prime providers reported that they had increased or decreased their own share of delivery because of changes within their supply chain(s). The majority of prime providers reported that one or more subcontractors had left their supply chain(s). Prime providers described two groups of exiting organisations. The first group were small specialists who reportedly left of their own accord because of insufficient volumes or an unwillingness to deliver a target-driven service. The second group were end-to-end subcontractors whose contracts had been removed because of underperformance. In addition, most of the prime providers that had not yet withdrawn any subcontracts because of underperformance were currently escalating their contract

⁴³ These regulations protect employees' terms and conditions of employment when a business is transferred from one owner to another. Employees of the previous owner automatically become employees of the new employer on the same terms and conditions.

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breach processes with one or more underperforming members of their supply chain(s). Some prime providers were also reducing the proportion of contract delivery for lower performing subcontractors and increasing the proportion of delivery for higher performing subcontractors. This was a change from the Early Implementation Wave of commissioning research, which found no evidence of market share being shifted by prime providers owing to performance up to autumn 2011.

Where prime providers had removed contracts for underperformance, the delivery previously allocated to the exiting organisation was often given to existing members of the supply chain or taken in-house by the prime provider. In one case a prime provider had passed on the subcontract for delivery to an organisation already delivering in another of their CPAs that was willing to expand their involvement. Prime providers currently escalating contract breach processes also envisaged utilising the existing supply chain or in-house provision to fill the gap. This behaviour appeared to be driven by a perception that this was a less risky option than bringing in new 'untested' subcontractors.

[Offering extra market share to the existing supply chain] would probably be the preferred option ... it's just about managing that risk.'

(Prime provider, Steady State Wave)

Of all eight prime providers, only one reported going out to tender after removing a subcontractor from a supply chain.

There were fewer examples given of supply chain entry. One prime provider had introduced an additional end-to-end subcontractor to improve geographical coverage. Another prime provider had invited subcontractors that were performing well in one of their CPAs to also join another CPA. Other prime providers reported that they had increased the number of non-contracted specialist providers whose details they shared with their supply chain.

As opportunities to replace underperforming Work Choice providers were typically restricted to providers already holding subcontracts with the prime provider, the entry of providers not currently delivering the programme appears to be limited.

These findings of relatively stable supply chains were broadly consistent with findings from the survey of providers in the Steady State Wave. The survey did not identify prime providers removing poorly performing subcontractors, though caution must be taken because of the small number of prime providers that responded.⁴⁴ One prime provider stated that a single subcontractor had left their supply chain of their own accord (reportedly because the outcome requirements of the programme did not fit with the culture of the subcontractor) and two had approached a number of prospective subcontractors to provide specialist services otherwise unavailable in their supply chain. Three of the four prime providers surveyed expected their supply chains to stay roughly the same size in the future, with the fourth prime provider expecting their supply chains to contract in the future.⁴⁵

⁴⁴ Primes can also deliver Work Choice provision in CPAs where they are not the prime, as a subcontractor. A question was asked in the survey to determine whether organisations were answering as a prime or as a subcontractor. Four respondents identified themselves as primes. A further two organisations that hold prime contracts responded to the survey as subcontractors. None of these six organisations reported that they had removed a contract from subcontractors within their supply chains.

⁴⁵ This question was not asked of subcontractors, therefore the two primes that responded as subcontractors were not asked this question.

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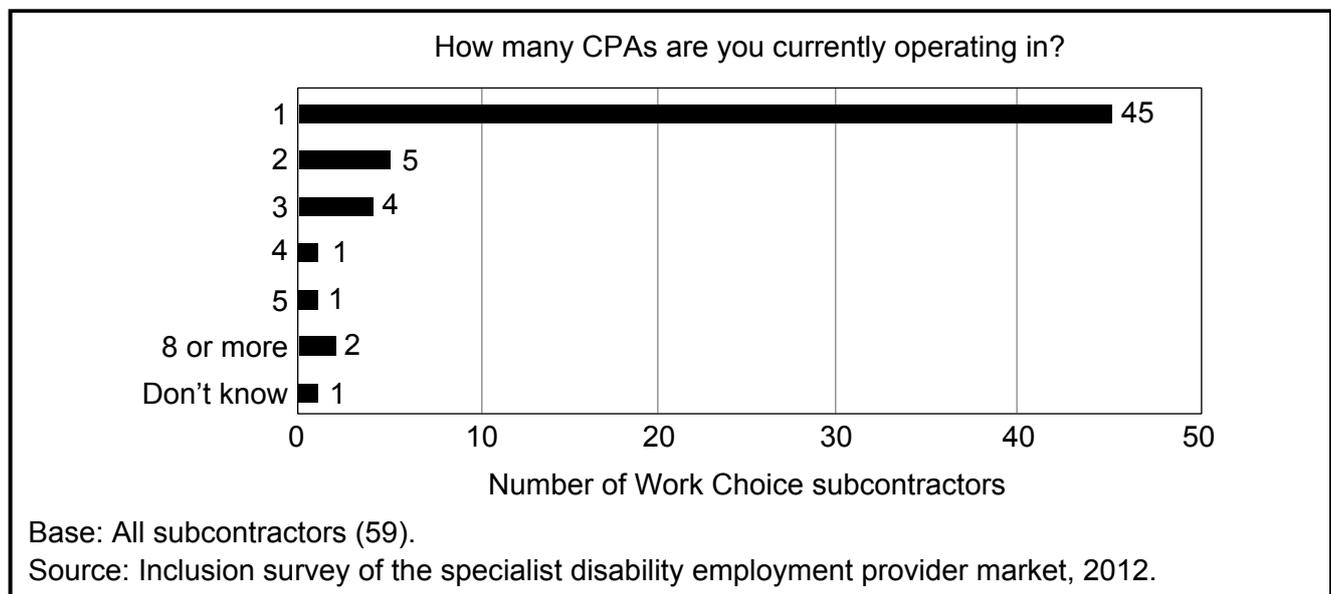
Of the 59 subcontractors that responded to the survey, three had left supply chains since the start of delivery, with all citing lower than anticipated referrals as one of the reasons behind their exit. Nine had joined new supply chains, with a relatively even split of whether the subcontractor or the prime provider had initiated the contact. Those who initiated the contact themselves cited a desire to expand and demand for their specific services as the main motivations behind joining new supply chains. The experience of joining new supply chains varied drastically between organisations with answers ranging from one (extremely negative) up to nine (where ten reflects an extremely positive experience).

Of the five supply chain leavers surveyed, all were operating in a single CPA before they left and there was a mix of whether the providers left of their own accord or had the contract withdrawn. The most commonly cited reason for their withdrawal was an inability to agree financially viable terms with the prime provider in the area.

3.5 Work Choice providers

It appears that most Work Choice providers are delivering in a limited geographical area and that Work Choice accounts for a relatively small part of their business. Data from the commissioning survey in October 2012 indicates that most providers delivering Work Choice operate in just one CPA and, for most, Work Choice accounts for a relatively small part of their turnover. Three quarters of subcontractors (from a base of 59) held contracts in only one CPA; however, others were active on a wider scale with two organisations operating in eight or more CPAs, as shown in Figure 3.3.

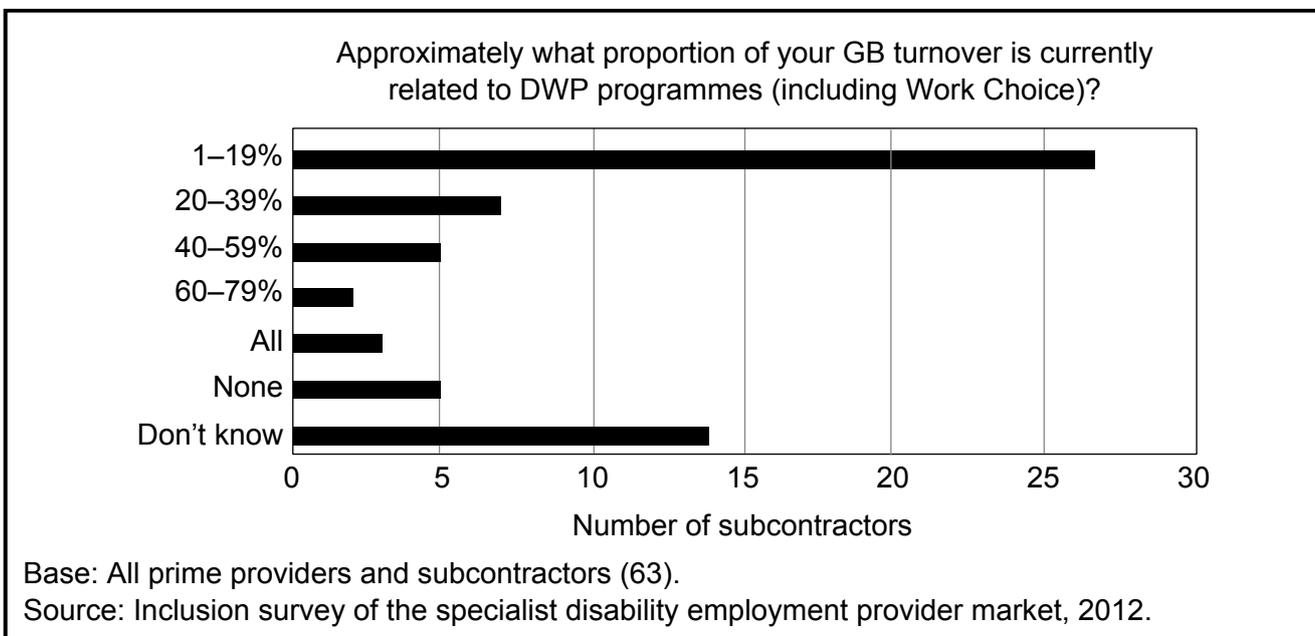
Figure 3.3 Work Choice subcontractors by number of CPAs



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Of the 63 organisations inside the supply chain (59 subcontractors and four prime providers), DWP commissioned programmes (including Work Choice) most commonly accounted for less than 20 per cent of their annual turnover in Great Britain (GB), as shown in Figure 3.4.

Figure 3.4 Providers' GB turnover related to DWP-commissioned programmes



The commissioning survey showed that the majority of organisations surveyed provided pan-disability services, as opposed to offering specialist support to those with particular disabilities. When comparing organisations inside the supply chain to those outside, those inside were more likely to offer pan-disability support, and specialist providers were more likely to be operating outside Work Choice supply chains than inside them, as shown in Figure 3.5. This suggests that the Work Choice commissioning model may have caused some specialist disability providers to move out of the market of organisations seeking to deliver specialist disability employment provision for DWP. As discussed in Chapter 2, many of those with the most complex needs may not be referred to Work Choice, and so this could be linked to the movement of specialist providers out of the market.

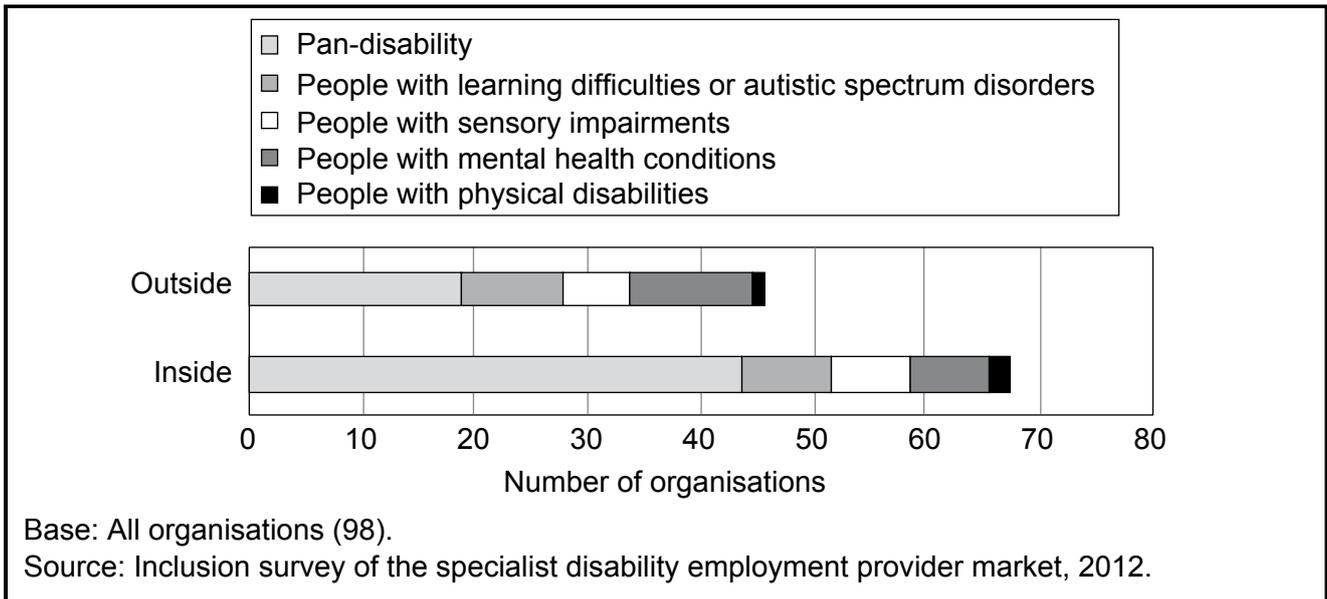
In the qualitative interviews, some providers reported that they had been specialists in the past but under Work Choice were delivering pan-disability support. For example:

'Predominantly we've always been mental health and learning disability orientated but with Work Choice in terms of employment we're now very much pan-disability.'

(Subcontracting provider, Early Implementation Wave)

This too suggests that the commissioning model may be encouraging pan-disability rather than specialist support, but also that some pan-disability providers are likely to be providing support to some groups who may need specialist support.

Figure 3.5 Organisations inside and outside Work Choice supply chains by disability specialism

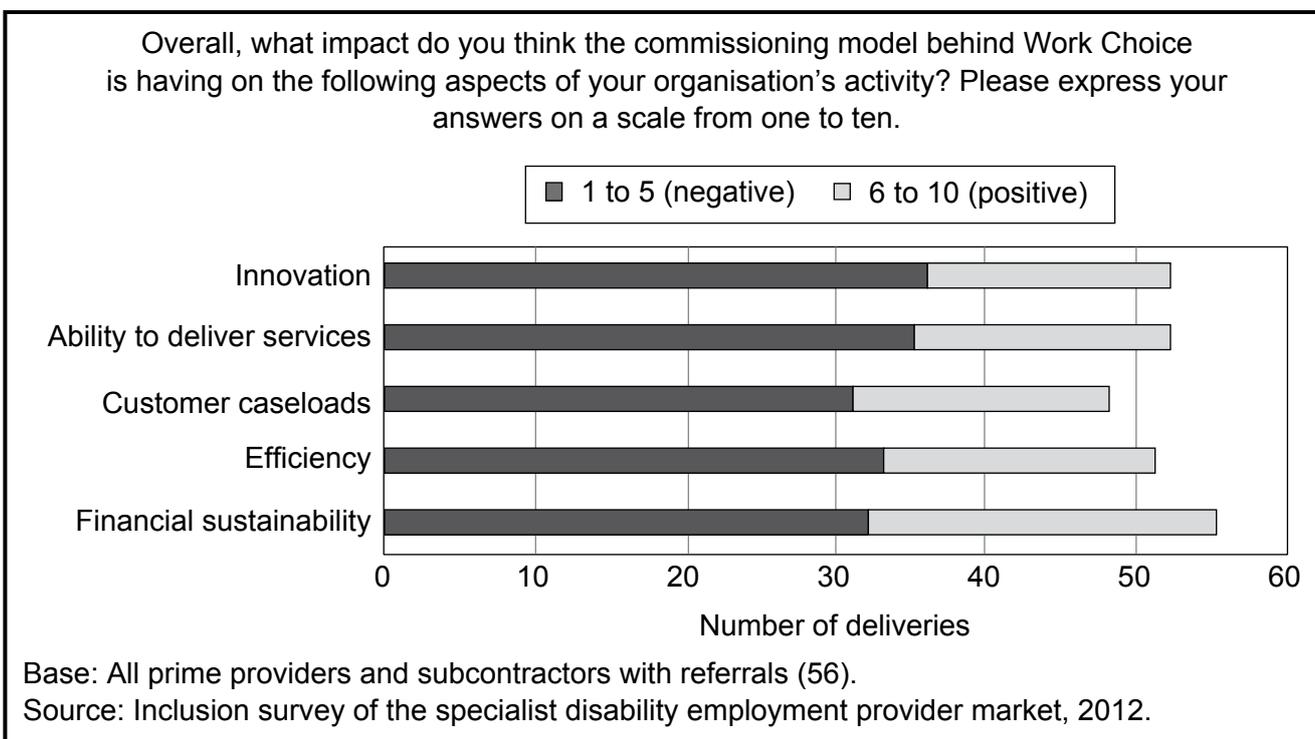


3.6 Impact of the commissioning model on the specialist disability employment provider market

3.6.1 Impact of the commissioning model on organisations delivering Work Choice

Surveyed organisations delivering Work Choice were asked about any impact the commissioning model had on a number of aspects of their activity. The 56 deliverers of Work Choice that had received referrals since the start of delivery (four prime providers and 52 subcontractors) generally reported negative responses. Across all aspects of their activity, these organisations reported a greater number of negative impact responses (those numbered one to five on the scale) than positive responses (six to ten), as shown in Figure 3.6. The four prime providers generally reported more positive impacts than subcontractors.

Figure 3.6 Impact of the commissioning model behind Work Choice on delivery organisations' activity

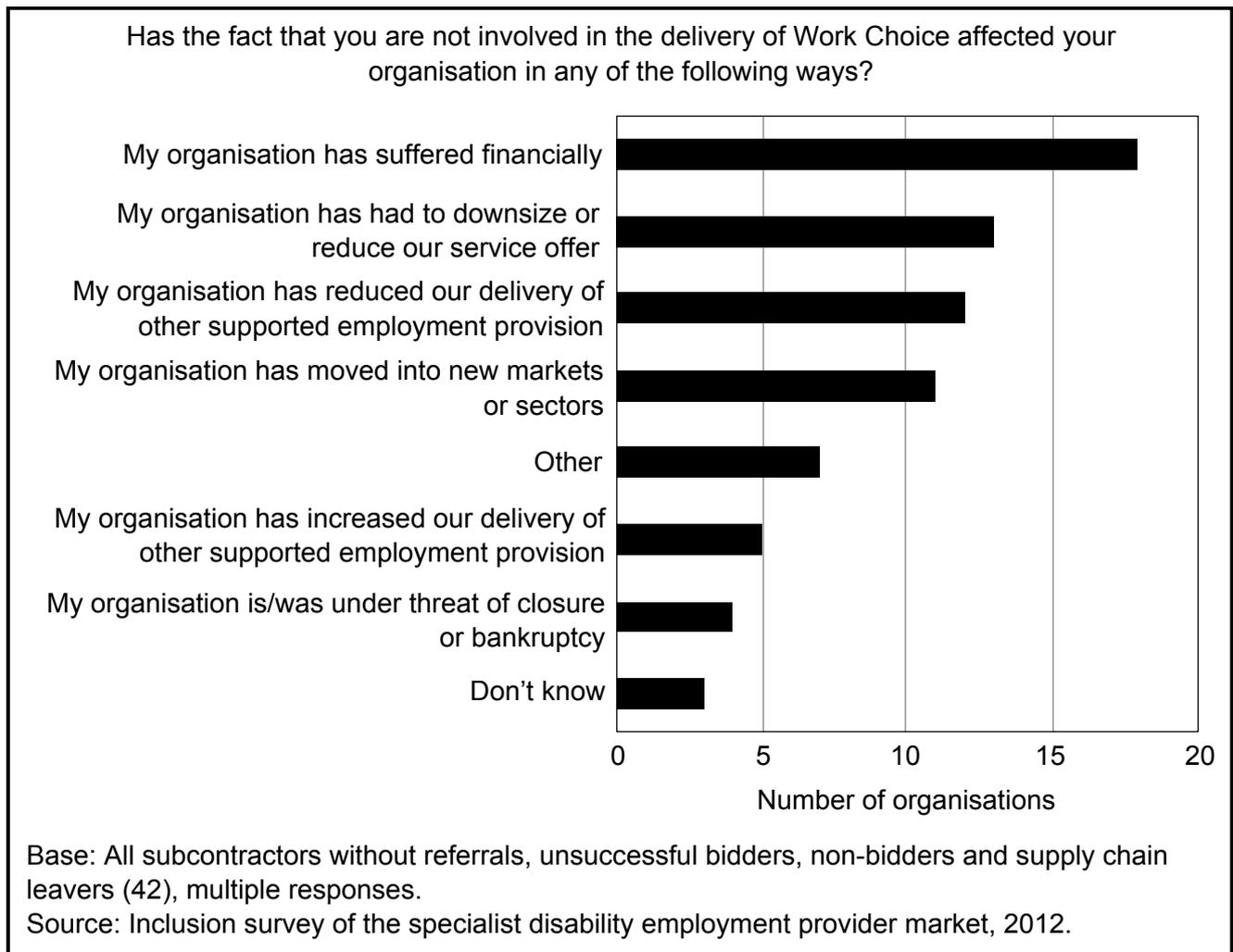


In qualitative interviews, subcontractors were asked about the impact of the commissioning model on their delivery and on their organisation. The main impacts reported were around the financial sustainability of the contract and on the level of prescription from their prime on their delivery. These issues are discussed in Sections 3.7 and 3.8, and Section 4.1.4 respectively.

3.6.2 Impact of the commissioning model on organisations not delivering Work Choice

Work Choice subcontractors that had not yet had any referrals, those that had left all their supply chains, organisations that had bid to provide Work Choice unsuccessfully, and organisations that did not bid but had previously provided WORKSTEP or the Work Preparation programmes were asked in the survey about the ways in which their lack of involvement had affected their organisation. The responses from these 42 organisations are shown in Figure 3.7. The most commonly reported effect was that the organisation had suffered financially, which was reported by 18 of the 42 organisations.

Figure 3.7 The effect of lack of involvement on organisations not delivering Work Choice



Organisations not involved in the delivery of Work Choice generally saw their lack of involvement as either negative or of no consequence at all for the future. Twenty-four of these 42 organisations reported that their lack of involvement would have a negative impact (one to five on scale), only three reported a positive impact (six to ten on scale), and 13 of 42 reported that it would have no impact at all on the future of their organisation (two did not know). Nine of the 13 organisations reporting no impact were those that did not bid to provide Work Choice. Leavers, unsuccessful bidders and subcontractors without referrals were all more likely to report some level of negative impact.

In qualitative interviews during the Early Implementation and Steady State Waves, providers outside Work Choice supply chains varied widely in terms of the extent of the impact on their organisations of not delivering Work Choice. Unsurprisingly, those most affected were organisations that delivered large WORKSTEP or Work Preparation contracts and/or had been largely dependent on those contracts and smaller organisations. There was evidence of some organisations reducing staff numbers/hours and some going out of business. Some that had not yet had to consider redundancies suggested they were expecting that this might become necessary. For example, one VCSE provider that had delivered WORKSTEP and was reliant on this income felt that not delivering Work Choice had a major negative impact on their organisation:

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'It took away a third of our business overnight from 25 October which meant we had to put Plan B into operation and that meant a complete overhaul of the charity, savings of about £62,000 per annum which meant redundancies of disabled people. It meant cutting down able bodied and disabled people down on to shorter working hours. It was horrendous ... We want to be in supported employment. We've had a history of 80 years in it and 80 years' experience in it. Just to have your legs cut from underneath you by the DWP; it knocked the stuffing out of this organisation.'

(Non-Work Choice provider, Early Implementation Wave)

While most of this impact was captured during the Early Implementation Wave, some organisations reported ongoing financial difficulties including possible bankruptcy and the possibility of making further redundancies during Steady State Wave interviews.

Some outgoing provider organisations in the Early Implementation Wave also reported losing their most experienced staff to TUPE. In one case a provider reported that specialist staff were transferred and then made redundant by the new provider, resulting in the loss of staff with specialised expertise. In other cases staff were offered TUPE but decided not to take this and some staff were reported as taking TUPE but then leaving the new provider very soon afterwards because of issues related to working arrangements and their perceptions of the quality of service being provided.

Other organisations felt that not being involved in Work Choice would not have a great impact on their organisation. These organisations were generally larger, had delivered limited WORKSTEP or Work Preparation provision and/or had more diverse portfolios. A small number of organisations felt not being involved would not be detrimental because they believed the contract on offer was not commercially viable. For example, one VCSE organisation that was unsuccessful said in the Steady State Wave *'I'm pleased we haven't got it'*, having seen other providers in the local area struggle to deliver the targets in their contracts.

3.6.3 Impact of the commissioning model on specialist provision

The Work Choice Invitation to Tender (DWP, 2009) stated *'It is extremely unlikely that any prime contractor will be able to deliver the Work Choice programme without support from other specialist niche disability organisations ... Work Choice suppliers will need to demonstrate how they will identify niche organisations to deliver specialist provision to meet the needs of a diverse customer group'*.

As discussed above, some small specialist providers exited the specialist disability employment provider market during both procurement of Work Choice and its live running.⁴⁶ During qualitative interviews during both the Early Implementation and Steady State Waves a number of the providers said that they believed there had been a loss of expertise, local knowledge and employer relationships with the move to the current market.

⁴⁶ In some cases, organisations were no longer interested or able to provide services for DWP, while others had moved away from delivering specialist disability employment support at all.

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This was considered to be a result of reduction in both the number of specialist providers and the smaller role for these types of organisations in the delivery of Work Choice compared with previous programmes. For example, the following provider argued that large, pan-disability providers would struggle to provide specialist support for all participants across CPAs:

'The specialism is being taken away and the local knowledge when you are managing something that covers such a big part of the UK, how do you provide specialist resources for a very specific area or service group?'

(Provider, Steady State Wave)

Consequently these providers, which included some current Work Choice subcontractors and prime providers as well as organisations that were no longer involved in DWP specialist disability provision, were concerned about the quality of support for participants that had specific needs. For example, they reported that support for participants with a brain injury or visual impairment was now being delivered by more mainstream providers, and in some areas it was reported that there was no specialist mental health provision or specialist services for deaf participants. These issues are discussed further in Section 4.2.2. There were also indications that some non disability-specific specialist provision, such as self-employment support, was not being contracted for or provided in some areas. As discussed above, some pan-disability providers were originally specialists. Some of these providers reported that the Work Choice model was not appropriate for their original group of specialism and this had led them to deliver pan-disability support.

There was some speculation about the potential impact of the reduction in local authority involvement in specialist disability employment support. In addition to the reduction in direct local service provision, some of those interviewed voiced concerns about the potential longer-term impact on wider provision such as local authority adult services and transition provision from children's services (i.e. without the provision of supported employment opportunities they suggested that there might be an increased demand on day services and a negative impact on successful transitions from education to employment).

Where specialist providers were in Work Choice supply chains, they typically held non end-to-end contracts and received fewer referrals than expected.⁴⁷ The limited use of these providers, combined with market exit and some prime providers' lack of experience in working with the Work Choice participant group has potentially diminished specialist input to Work Choice provision. It was suggested that this may result in limitations to the services available to support participants with specific needs such as those with a brain injury or a visual impairment. There was also a specific view that the exit from the market of some providers, and limited usage of (and related income for) specialist non end-to-end services, may lead to a longer-term loss of staff and organisations who can offer this type of provision. This chapter has noted examples where outgoing provider organisations had made staff redundant or faced closure, and also gives an example of the loss of staff with specialist expertise. Overall this indicates a potentially negative impact on specialist service delivery and implications for service diversity and future supply chain competition.

⁴⁷ This is discussed further in Section 4.2.2.

3.7 Future intentions of providers

At both the Early Implementation Wave and the Steady State Wave, providers both inside and outside supply chains were asked about their future intentions with regards to Work Choice, specialist disability employment and DWP-commissioned welfare-to-work provision in general. Findings were broadly the same across both waves. Most providers delivering Work Choice reported that they wanted to continue working in the field of specialist employment provision and would assess future funding opportunities on a case-by-case basis. This was also the case for many organisations outside Work Choice supply chains, some of which were still hoping to be involved in Work Choice in non end-to-end call-off arrangements. In contrast to this, some of the organisations that were not delivering Work Choice assumed there would be no future opportunities for them as they were not part of existing supply chains. These findings on providers' desire to continue with or move into Work Choice supply chains may appear to be out of step with some of their negative perceptions of Work Choice which are discussed elsewhere.⁴⁸ However, similar findings were reported by providers regarding the Work Programme, where providers were also negative about the programme's impact on their organisation and ability to deliver (Lane *et al.*, 2013). The context of a relatively small number of DWP programmes and lack of funding opportunities elsewhere may be driving these favourable responses to bidding for DWP contracts in the future.

All the prime providers indicated that they would be keen to continue to be involved in specialist disability employment provision in the future. Some prime providers expressed a desire to expand their involvement in the current contract if DWP were to redistribute contracts at the prime provider level based on performance. Prime providers were generally open to considering the appropriateness of bidding for any future DWP welfare-to-work programmes. A minority of prime providers were only interested in bidding for specialist disability contracts in the future. These findings were in line with those from the commissioning survey in the Steady State Wave, where all four prime providers reported that they intended to continue or seek to increase their involvement with Work Choice in the future and also to seek to be involved in future DWP-commissioned welfare-to-work schemes, sometimes depending on the specific terms and requirements.

All of the subcontractors interviewed were planning to continue to be involved in Work Choice in the immediate future. Some subcontractors (typically those that felt the contract values were viable and/or were performing satisfactorily) suggested that they would be interested in expanding their involvement should the opportunity present. For example:

'We have certainly made our prime aware that we would be interested in taking more work under the Work Choice programme.'

(Subcontracting provider, Steady State Wave)

Others reported that their performance in Year 3 of the contract would affect whether they could (or would want to) continue to be involved longer term. Specialist subcontractors often stated that they would aim to be involved in any programme that supported the client group they work with, whether this was through DWP or other funding. Subcontractors that had received referrals were also positive in their future intentions with regard to Work Choice. Again, these findings were in line with survey findings, where 42 per cent reported that they would like to continue to be involved in Work Choice at current levels and a further

⁴⁸ See Sections 3.6.1 and 3.6.2.

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42 per cent said they might seek to increase their involvement in Work Choice or definitely intended to increase their Work Choice involvement in the future. With a view to other DWP programmes, responses were also positive, with only 2 of 52 subcontractors with referrals saying they definitely would not seek to be involved in future DWP programmes.

In qualitative interviews during the Steady State Wave, some Work Choice subcontractors said they would not expand their involvement in specialist employment provision if it were under an outcome-based, prime provider contracting model. For example, one subcontractor explained that they did not have the financial capacity to cope with multiple outcome-based contracts, and so decided not to bid for more than the two outcome-based contracts they already had for the Work Programme and Work Choice. Some specialist non end-to-end providers also mentioned this issue, particularly those that had not received any Work Choice referrals. Some of these felt there was a need to agree minimum numbers of referrals if they were to consider bidding for similar contracts in future. Others in this position also suggested they would not expand their involvement with similar contracts as the time involved in the expression of interest process had proved to be excessive for such a small number of participant referrals.

The views about outcome-based contracts were mirrored by some providers that were not delivering Work Choice. For example, some providers that decided not to bid for financial reasons said they would not seek to become involved with future provision unless the payment structure moved away from the current outcome-based payments which they did not consider viable. Others reported that they were aiming to achieve a mixed portfolio with some contracts that involved upfront service fees to counterbalance the outcome-based funding sources. It should be noted that the level of service fee offered within Work Choice contracts (70 per cent) was felt by most providers to be adequate.

Many leavers, non-bidders and unsuccessful bidders were positive or open-minded in their future intentions regarding Work Choice, perhaps because not being involved in the delivery of Work Choice continued to have a perceived negative impact on a number of organisations. Twelve of the 35 surveyed organisations that were non-bidders, unsuccessful bidders or supply chain leavers, reported that they would continue to be uninvolved in Work Choice, 12 said they may seek involvement and two said they would definitely seek involvement. Nine stated that they did not know. In qualitative interviews, some of the unsuccessful and non-bidders stated that they would consider involvement in Work Choice. However, none were planning to pursue this proactively, rather they suggested that they would be open-minded in considering involvement if they were approached, depending upon the contract terms and value. This suggests that Work Choice is not viewed as a closed programme to a number of organisations not currently involved in its delivery.

Some outgoing provider organisations also reported that they were looking to develop a range of funding sources, to diversify or change focus. Non-DWP funding and services being delivered and/or considered included skills funding, local authority contracts, charity fundraising and private employer funding. Funding and service diversification was considered a positive move by some organisations. Others suggested that whilst they felt they needed to widen their provision they were concerned that their previous specialist expertise in their particular area of disability would be lost. This concern further supports the view outlined in Section 3.6.3 that the introduction of the new commissioning approach may have potentially had a negative impact on specialist delivery.

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Respondents not currently delivering Work Choice generally thought that the DWP-commissioned welfare-to-work sector was not commercially attractive to their organisations. Ten of these 42 organisations rated it as extremely unattractive, and a further 23 rated it somewhat unattractive (two to five on the scale). Despite this, most respondents not delivering Work Choice were positive, or at least open-minded, regarding future DWP-commissioned welfare-to-work provision. Twelve of these 42 organisations stated that they would definitely seek to be involved in future programmes and a further 23 stated that they may seek to be involved depending on the specific terms and requirements. There was no correlation found between an organisation's views on the commercial attractiveness of the sector and their stated likelihood to consider bidding for future DWP programmes. This suggests that a perceived lack of commercial attractiveness is not necessarily a barrier to consideration of future DWP welfare-to-work contracts. This may be linked to the general lack of funding opportunities available, as discussed above.

3.8 Comparison to commissioning of mainstream programmes

Both Work Choice and the Work Programme were commissioned under the 2008 DWP Commissioning Strategy. In both cases the Department has been successful in commissioning a programme where it manages fewer, larger contracts than in programmes commissioned under previous commissioning arrangements. In both programmes, supply chains have emerged with relatively few large subcontractors providing end-to-end services and a greater number of smaller subcontractors providing specialist services or specific interventions on a call-on, call-off basis (Lane *et al.*, 2013). In some cases across both programmes, end-to-end subcontractors that had previously provided specialist services then went on to provide both specialist and mainstream/pan-disability services. On both programmes it appeared that there was limited use of subcontractors providing specialist services or specific interventions on a call-on, call-off basis (this is discussed further in Section 4.2.2).

Reasons for not bidding or unsuccessfully bidding at a prime level were similar across both programmes. These centred around the financial requirements, such as cashflow and reserves, of becoming a prime provider. At a subcontractor level in both programmes, some providers did not bid or rejected contracts because of a lack of financial viability or willingness to accept the risk of outcome payments. However, across both programmes despite reporting outcome-based contracts as not being financially viable, most providers indicated a willingness to bid for future DWP-commissioned welfare-to-work contracts. In Work Choice some providers believed they were unsuccessful because of a lack of disability experience; this was not the case for unsuccessful Work Programme bidders.

One clear difference between Work Choice and the Work Programme is the extent to which subcontracts were felt to be financially viable by end-to-end subcontractors. In Work Choice, by the Steady State Wave, most of these subcontractors felt that their contracts were financially viable, whereas in the Work Programme it was common for subcontractors at this level to feel that the contract was not financially viable. This was because of the upfront service fee element of Work Choice compared to the very limited, and falling, attachment fee paid upfront on the Work Programme. Some Work Choice subcontractors reported that they would not look to take on Work Programme contracts because of the lack of service

fees. Subcontractors providing services on a call-on, call-off basis across both programmes reported that their contracts were not financially viable because of a lack of referrals and guaranteed income.

3.9 Chapter summary

The commissioning of Work Choice led to changes in the specialist disability employment provider market. The introduction of the prime provider model meant that DWP managed fewer contracts with a smaller number of providers. One consequence of not managing all Work Choice contracts directly is that the Department's, and therefore this evaluation's, access to market data was poorer than for programmes commissioned under previous arrangements. In order to help overcome these limitations, this evaluation drew on a number of sources. It should, however, be noted that this presented difficulties for offering an accurate assessment about the composition of the provider market and the changes that might be associated with the new commissioning model. This issue did not appear to be specific to Work Choice as it has been raised in the context of previous programmes.

Nonetheless, it did appear that the new commissioning model had led to significant shifts in the provider market structure at the point of programme go-live. A number of providers entered the market; most of these had previously delivered other DWP contracts though a small number were new to DWP contracting and were typically small disability-focused charities. The extent to which these organisations were actually involved in delivery did, however, seem to be limited. Some of the new prime providers had previous experience as prime providers on DWP programmes but had limited experience of specialist disability provision.

A large number of local authorities exited the market. These local authorities tended to have delivered small volumes under WORKSTEP/Work Preparation. This shift away from the majority of providers being local authorities and towards private and VCSE providers was explained, in part, by geographical and organisational constraints to bidding for Work Choice, with some suggestion that DWP requirements effectively prevented local authorities from the prime provider role. There was also suggestion that local authorities were ending their involvement in this type of provision to reduce expenditure.

A number of other potential barriers to market entry were reported. These included perceptions that the outcome-based element of the model was too financially risky or that contracts offered by prime providers were not financially viable and/or had unfavourable terms and conditions attached. Some public sector organisations that bid for prime contracts via consortia speculated that DWP did not regard such consortium bids favourably. Some organisations that tried unsuccessfully to enter supply chains as subcontractors suggested that prime providers limited the number of organisations in their supply chains.

Subsequent to the start of the programme, supply chains appeared to have been relatively stable across the first two years of the contract. There had been some leavers, with exits linked to issues of performance and finance, and replacements were typically restricted to providers already holding subcontracts. Overall the entry of providers not currently delivering the programme appeared to be limited.

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The position of specialist providers in the market was raised as a concern by a number of providers and these views were consistent with those of DWP/Jobcentre Plus staff, which are discussed in Chapter 4. Some specialist providers had exited the market entirely while others were being utilised on a call-on, call-off basis and had received few, if any, referrals. It was suggested that this might result in limitations to the service available to support participants with specific needs such as those with a brain injury or a visual impairment. There was also a specific view that the position of specialist providers in the market might possibly lead to a longer-term loss of staff and organisations who could offer this type of provision. This chapter has noted examples where outgoing provider organisations had made staff redundant or faced closure, and also gives an example of the loss of staff with specialist expertise. Overall this indicates a potentially negative impact on specialist service delivery and implications for service diversity and future supply chain competition.

Most providers delivering Work Choice reported that they wanted to continue working in the field of specialist employment provision and would assess future funding opportunities on a case-by-case basis. This was also the case for many organisations outside Work Choice supply chains, some of which were still hoping to be involved in Work Choice in non end-to-end call-off arrangements. In contrast to this, some of the organisations that were not delivering Work Choice assumed there would be no future opportunities for them as they were not part of existing supply chains. The context of a relatively small number of DWP programmes and lack of funding opportunities elsewhere may be driving these favourable responses to bidding for DWP contracts in the future.

4 DWP commissioning approach and Work Choice delivery

The central research aim for the commissioning strand of the Work Choice evaluation was to examine the effect of the Department for Work and Pensions' (DWP's) commissioning model on specialist disability employment provision. Chapter 3 considered the influence of the introduction of the DWP commissioning model on the specialist disability provider market. This chapter discusses some of the features of the commissioning approach, including minimal service prescription, the prime provider model and outcome-based funding. It also specifically considers the management of performance under the prime provider model and explores views on the effect of each of these areas of commissioning on the delivery of the Work Choice programme.⁴⁹

This chapter presents findings based on the views of a range of DWP staff, Jobcentre Plus Third Party Provision Managers (TPPMs) and contracted provider staff. Views from DWP and Jobcentre Plus staff were gathered via qualitative interviews in summer 2011 as part of the Early Implementation Wave and in summer 2012 as part of the Steady State Wave. Views from prime providers and the majority of subcontractors were gathered via qualitative interviews in autumn 2011 as part of the Early Implementation Wave and via a survey in autumn 2012 as part of the Steady State Wave. Relevant findings from the provider case study interviews in both waves and from qualitative interviews conducted as a follow-on from the Steady State Wave commissioning survey have also been drawn upon in this chapter. More information on the research waves can be found in Section 1.7, and a detailed breakdown of who was involved in the interviews can be found in Appendix D.

4.1 Work Choice service prescription

One of the features of the 2008 DWP Commissioning Strategy was the commitment to reduce the level of prescription relating to how providers deliver employment services. The intention of this was to drive innovation in the delivery of employment provision, encourage the personalisation of support and increase the focus on the delivery of outcomes rather than processes.

This feature of the Commissioning Strategy was only partially implemented within Work Choice. There was a relatively high degree of prescription within the Work Choice service specification related to the delivery of certain levels of support. In addition to this, some subcontractors reported that the services they delivered were to some extent being prescribed by their prime providers. This section considers the extent of the service prescription introduced by both DWP and prime providers, and outlines views about the influence this had on service delivery.

⁴⁹ As previously discussed, it is important to note that Work Choice provision is delivered via two routes, through the contracted providers and also by Remploy. This chapter refers to contracted provision only.

4.1.1 Service prescription from DWP

Although the Work Choice Service Specification was not prescriptive in terms of the types of support that should be delivered through the programme, it did specify the level of support that providers should deliver to participants and the length of time for which this should be provided. This reflects the tension between the Commissioning Strategy approach of minimum prescription in order to offer a flexible and personalised approach and the need to guarantee minimum levels of service delivery, especially where high levels of service fee form part of the model. Support-level requirements and the pre-work module length are considered in the following subsections.

4.1.2 Support-level requirements

The Work Choice Invitation to Tender Specification (DWP, 2009) laid out a contractual requirement that Work Choice providers would devote a minimum of eight hours' support per week to each Module One participant. This was expected to increase, leading up to 16 hours, as or if the participant prepared to move into Module Two or Three. For each Module Two participant, providers were required to be working with the participant or with others on behalf of the participant, for at least eight hours per month to help progression to unsupported employment. In Module Three, providers were expected to be working with the participant or with others on behalf of the participant, for at least four hours per month.

At the Early Implementation Wave provider staff were asked about differences between the Work Choice programme model and previous specialist disability employment provision. Many felt that Work Choice was more intensive, in terms of the minimum number of contact hours required in each module and in terms of the time limitations of the pre-work support period. Some also suggested that Work Choice was more target driven and focused on client progression, which was felt to be an improvement on previous programmes. Others were less positive and suggested that the service prescription meant that they were less able to tailor support to individuals in terms of the amount and frequency of interventions.

Generally provider staff were aware of the eight hours per week minimum levels of support requirement in Module One, but there was some confusion over what activities contributed to this (especially in relation to whether this was direct contact time with provider staff or provider-directed participant activity). A number of provider staff were interpreting the eight hours requirement to include the time that participants themselves spent on work-related activities.

As well as significant variation in terms of whether providers were achieving the Module One support-level requirement, there were also questions raised by providers about the appropriateness of this. A substantial number of providers felt that Module One's required support levels restricted their ability to deliver tailored provision to participants.

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In July 2012 DWP announced changes to Work Choice service requirements⁵⁰ and an updated version of the Work Choice provider guidance was released (DWP, 2012). This stated that the requirement for participants to participate in provision for 8-16 hours per week in Module One had been removed. The guidance provided the following rationale for this:

'In some cases customers need to build up their level of participation gradually and eight hours' engagement may not be appropriate initially – they may be some distance from the job market and would benefit from a gradual, staged entry into the programme. In some cases the fluctuating nature of the disability can make it difficult or inappropriate to attend for a prescribed number of hours per week.'

At the time of the Steady State Wave of case study research in summer 2012, provider awareness of this change was very mixed, but most providers welcomed it.

'It just takes that pressure off a little bit and with a lot of the customers as well it takes the pressure off them because some of them, particularly the guys with like autistic spectrum or Aspergers or mental health, a huge anxiety is about coming in here.'

(Provider, Steady State Wave)

However, some providers felt that the change was likely to make little difference in practice. For many this was because they already used some discretion in relation to the requirements. For others this was because they planned to continue to adhere to the original support levels for the majority of participants.

Further provider interviews conducted in late 2012 found that the removal of the Module One support-level requirement had not typically had a significant effect on delivery. Some providers had made a decision not to use the relaxation, and some prime providers were also requesting that the subcontractors in their Contract Package Area (CPA) continue to adhere to a minimum of eight hours support per week. Where providers did utilise the relaxation, they suggested that this was only done as an exception, e.g. for a short period for participants who would struggle with eight hours initially. Providers reported that they were reluctant to use the relaxation on a widespread basis because they felt that it was beneficial for participants to have a structure and get used to the routine of coming into their premises regularly. There was no evidence from these interviews of providers using the removal of the minimum support-level requirement to 'park' participants.

As provider organisations interviewed were not making significant changes to delivery as a result of this relaxation, they did not feel that the relaxation of the Module One support level requirement would have an impact on outcomes. However, some providers reported that it had reduced the amount of time taken on paperwork and demonstrating compliance, which was seen as a positive change.

⁵⁰ The changes were announced within the DWP (2012) Work Choice Live Running Memo LR11, 10 July <http://www.dwp.gov.uk/docs/wc-memo-lr11.pdf> and the Work Choice Provider Guidance was also updated to reflect these changes.

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In the Steady State Wave of the evaluation, the in-work (Module Two and Three) support-level requirements were widely believed to be too prescriptive and too high for many participants beyond the initial in-work period. This was also reported by some providers in the Early Implementation Wave. After the first few weeks in employment, eight hours a month of support was felt by providers to be unnecessary for the majority of Module Two participants. A self-employment specialist interviewed in the Steady State Wave case study research felt that the specified minimum levels of support were not necessarily a good fit for a self employment model. Likewise, apart from when a Module Three participant had an issue that they needed help to resolve, providers felt that four hours a month was too high for most programme participants.

By the time of the Steady State Wave research, some provider staff suggested that the level of in-work support they provided was driven by participant and employer need rather than by the specified minimum levels. Such staff were making a conscious decision to tailor the level of support provided to each participant, providing substantially more than the specified minimum levels when required and less than the specified levels where this was felt to be appropriate. A number of providers reported that some employers thought that the specified minimum levels of support were intrusive. In some instances providers felt they may be counter-productive to good relationships between providers, employers and participants.

4.1.3 Length of Work Choice pre-work support module

Another element of service prescription within Work Choice was the allowable length of the pre-work module (Module One). The Work Choice Invitation to Tender Specification (DWP, 2009) stated that the standard length of Module One was six months with an option for providers to extend this up to a maximum of nine months if they believed a participant would benefit from this.

The Early Implementation Wave research found that many providers had not yet utilised the Module One extension option. Providers typically suggested that they would only consider the extension where they had made good progress with a participant and were extremely confident they would get a job within the three-month extension period. Examples were given of participants in the middle of work trials/placements which could lead to a job, or participants who were starting to get job interviews but had not quite yet got a job. Among those that had used the extension, there were some examples of successful job outcomes achieved as a result.

In July 2012, alongside removal of the Module One minimum support-level requirement discussed above, the total allowable time in Module One was extended by an additional three months (i.e. up to a maximum of 12 months). The revised provider guidance (DWP, 2012) stated that this additional three-month extension should only be used '*when a strong probability of a job outcome depends on this extra support*'.

During the case study research in summer 2012, there was mixed awareness among provider staff of the recent increase in the extension period to a maximum of 12 months of Module One support. It was largely welcomed however, with front-line provider staff in many case studies highlighting that some of their participants needed up to 12 months to find work, and some managers sharing this view. Most of the provider staff who made frequent use of the six to nine-month extension reported that they would find the additional nine to 12-month extension beneficial, and believed that it could have a positive effect on their participants' progress and on outcomes.

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Some senior provider managers were, however, more cautious about the potential value of the additional extension. Some expressed concern over the lack of clarity that this additional extension could introduce to decisions on who should be referred to the programme.⁵¹ Some believed that it was important for the pre-work module to still be seen as a six-month programme as standard in order to maintain a strong focus on job outcomes throughout. This may, to some extent, be linked to their focus on the outcome payment aspect of the contracts.

'We should be careful how we use it; that we are not saying – oh well, we have got 12 months to get this person into a job before they exit – because I think that everybody becomes, even the participant, doesn't become as focused. That is why I like six months, three months, three months. They are shorter-term goals and it keeps the ball rolling.'

(Provider, Steady State Wave)

The provider interviews conducted in late 2012 found that the additional extension after nine months was typically being used where an individual had a job pending (to ensure the move into work occurred while the individual was still registered on the programme, therefore, allowing the provider to claim the employment outcome), rather than to provide an extended period of pre-work support to participants. Providers reported a range of reasons for this limited use of extensions including: the funding of the programme not reflecting 12 months of support, an inability to take new participants if caseloads were full of 'extended' participants, and that advisers and participants may lose motivation with a longer period of support.

Typically therefore, the Module One extensions were not being used to meet the support needs of participants who required a longer period of pre-work support than six months before they would be ready to apply for jobs. Some provider staff reported that use of extensions only where a job outcome was pending meant that participants with the greatest support needs, who would benefit from a longer period of pre-work support, would not receive this.

4.1.4 Service prescription from prime providers

In both waves of the evaluation, prime providers reported that they required the use of specific administration and participant development planning systems by their supply chain(s) of providers. In the majority of case study areas, prime providers had introduced new electronic customer management systems for this.

In the Early Implementation Wave, many subcontractors provided negative feedback on these newly introduced systems. Some subcontractors felt that the systems introduced were too rigid and forced a very process-driven approach to interactions with participants. This was also reflected in views about the differences between Work Choice and previous specialist disability employment provision, where staff suggested that Work Choice was more prescriptive and structured than the previous WORKSTEP programme, which reduced their ability to personalise the support they delivered. Many also highlighted the time-intensive nature of the new administrative processes. This was felt to reduce the resources which could be directed to delivery and stifle creativity. There were also a number of more practical issues highlighted in relation to the implementation of some of the new systems, including reports of technical difficulties and limitations with initial training.

⁵¹ See Chapter 2 for a detailed discussion of provider and Jobcentre Plus views on who is suitable for the Work Choice programme.

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By the Steady State Wave, some of the earlier reported problems with the systems imposed by prime providers appeared to be resolved. At this stage, subcontractors were more likely to report that they were given the right balance between flexibility and prescription by their prime provider(s). In the commissioning survey in October 2012, subcontractors were asked what level of delivery flexibility they were given by prime providers. Forty-six per cent reported no or low flexibility (one to five on scale), 52 per cent reported high or complete flexibility (six to ten on scale).⁵²

At the Early Implementation Wave, most prime providers reported that they did not prescribe what their supply chain of providers should deliver to participants, other than in terms of passing on the DWP service-level requirements (discussed in the previous section). Most also reported this at the Steady State Wave.

'We're prescriptive where we're contractually obliged to be prescriptive but we encourage innovation.'

(Prime provider, Steady State Wave)

However, the Steady State Wave research also found that in some cases prime providers were more likely to prescribe the model and shape of provision delivered by their subcontractors. In such instances, the prime providers reported that they now required lower performing subcontractors to adopt best practice approaches to delivery that they and/or other higher performing providers in the supply chain were already using (see also Section 4.5.2).

4.2 The prime provider model and Work Choice supply chains

One of the key features of the 2008 DWP Commissioning Strategy under which the Work Choice programme was contracted was the prime provider model. Under this model, DWP contracts with a prime provider who in turn manages a supply chain of providers in order to deliver the contract.

This section discusses how prime providers structured their Work Choice supply chains. It first outlines how prime providers allocated delivery responsibilities and referrals to their supply chain(s) and then looks in turn at the role of specialist subcontractors and supported businesses within supply chains.

4.2.1 Supply chain structure and allocation of referrals

The majority of Work Choice prime providers delivered part of the provision in their CPA(s) alongside subcontracting a proportion to a supply chain of providers. A smaller number of the prime providers were solely managing agents for the Work Choice contract and, therefore, contracted out all provision.

⁵² One respondent reported that they did not know.

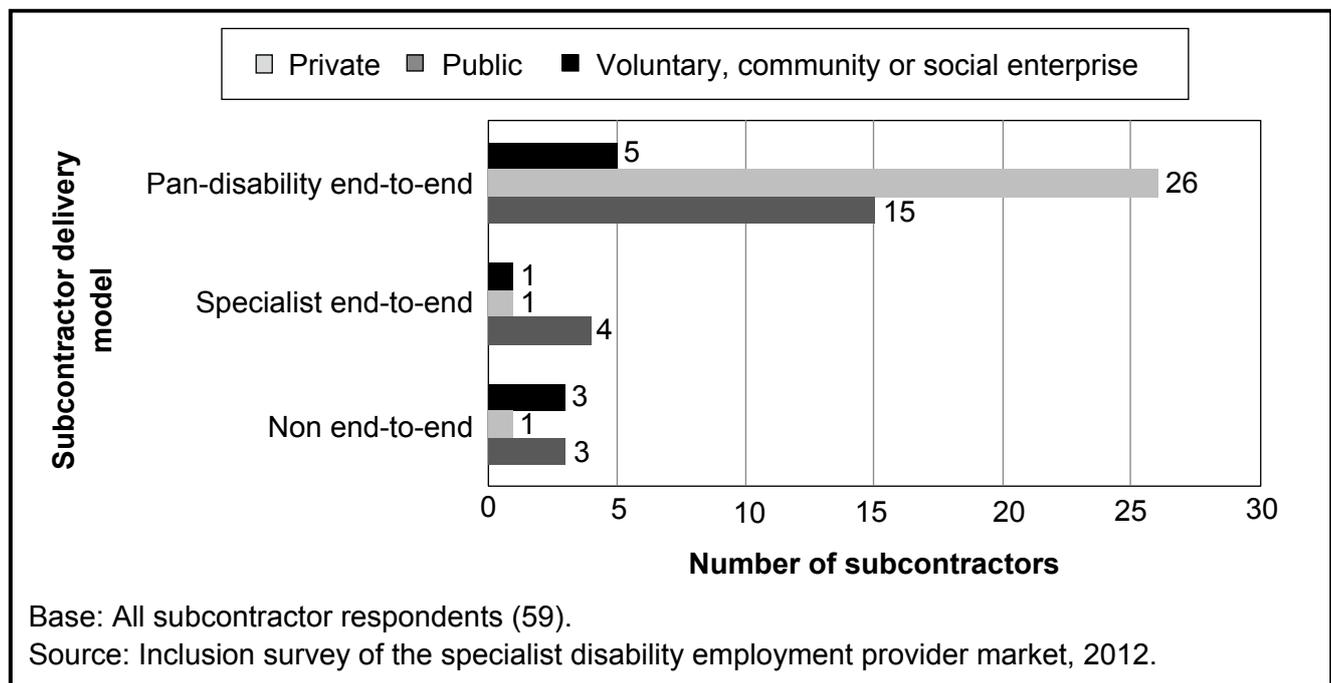
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Work Choice supply chains typically contained a group of providers (including the prime provider unless they were a managing agent) that delivered end-to-end⁵³ support. In some supply chains all end-to-end subcontractors delivered pan-disability provision (i.e. supported participants with any and all disabilities) although some pan-disability providers had a specific area of specialism (e.g. mental health or learning disabilities). Other supply chains consisted of a combination of pan-disability and specialist end-to-end subcontractors that only supported individuals with a particular disability (e.g. visual impairment) or only delivered a particular type of service (e.g. self-employment support). No supply chains consisted purely of specialist end-to-end subcontractors. There was also very limited evidence of the use of specialist non end-to-end providers (see Section 4.2.2).⁵⁴

Of the 59 subcontractors that responded to the Steady State Wave commissioning survey, nearly four fifths (78 per cent) described their delivery model as '*pan-disability end-to-end provision*'. The remainder were split roughly equally between specialist end-to-end provision and specialist non end-to-end provision.⁵⁵

Subcontractors from the private sector, public sector, and voluntary, community and social enterprise (VCSE) sector offered all three types of delivery model, as shown in Figure 4.1. Figure 4.1 suggests that public sector subcontractors were more heavily concentrated within the pan-disability end-to-end delivery model.

Figure 4.1 Work Choice subcontractors by sector and delivery model



⁵³ End-to-end delivery refers to where a provider supports a participant throughout their full Work Choice journey as opposed to only providing specific interventions or support for a specific part of the journey.

⁵⁴ As discussed in Section 3.2, it is unclear whether DWP market data includes all non end-to-end providers. Given that this was used as the sample of Work Choice providers for the survey (and qualitative interviews), caution must be taken with the following findings.

⁵⁵ A description of specialist non end-to-end provision can be found in Section 4.2.2.

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Nationally, prime providers allocated a substantial proportion of Work Choice participants to supply chain subcontractors. Managing agent primes allocated 100 per cent of referred participants to subcontractors.

Prime providers typically reported that they allocated referrals to providers within their supply chain(s) on the basis of geography. The majority of individuals referred to Work Choice were referred to and supported by end-to-end pan-disability providers.

Disability type was also reported by prime providers to be a factor in referral decisions in some CPAs. Work Choice supply chains which contained specialist end-to-end subcontractors would allocate appropriate referrals from across the CPA to those providers. Pan-disability providers with a specialism also sometimes had individuals allocated to them from across the CPA whose impairment matched their specialism, as well as individuals with all types of disability from their allocated geographical area.

This was confirmed by end-to-end subcontractors. In the commissioning survey, nearly three quarters (73 per cent) of subcontractors that had received referrals reported that they were made on the basis of geography. In addition, more than one-third (37 per cent) reported that referrals were determined based on participant need for specialist support.⁵⁶

4.2.2 Use of specialist subcontractors

In addition to end-to-end subcontractors, supply chains also contained specialist non end-to-end subcontractors that provided specific services usually via call-off or spot purchase contracts or service level agreements (i.e. they provided specialist support as and when it was needed, rather than having contracts for a specific share of provision in a CPA). These organisations sometimes supported people with a specific disability, such as a learning disability, brain injury or visual impairment. Others provided specific services such as travel training or counselling.

Chapter 3 highlighted that the commissioning model might be encouraging pan-disability rather than specialist support (see Section 3.5) and that specialist providers within Work Choice supply chains typically held non end-to-end contracts and received few referrals (see Section 3.6.3). Research carried out as part of the commissioning strand of the Work Programme evaluation also found limited use of specialist non end-to-end providers in that programme (Lane *et al.*, 2013).

At the Early Implementation Wave, prime providers reported that they were seeking to increase the number of specialist non-end-to-end subcontractors in their supply chains, and by the Steady State Wave many reported that they had done so. Across both waves of this evaluation, however, very little use of these specialist non end-to-end subcontractors was reported by providers. Where providers were using specialist non end-to-end support on a limited basis, many described the use of services already funded by other sources. The most commonly purchased service was to support individuals with sensory impairments (primarily sign language interpretation).

⁵⁶ This was a multiple response question and, therefore, respondents could report more than one determinant of referrals.

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Some prime providers and end-to-end subcontractors indicated that they had made limited use of specialist non end-to-end subcontractors because, on the whole, they felt that very few of their participants required such support. They reported that they felt able to meet the needs of the majority of the participants being referred to them.

'We don't purchase in any additional support. We haven't found that we needed to.'

(Prime provider, Steady State Wave)

There was, however, some indication that Work Choice prime providers who were new to specialist disability employment provision had a limited understanding of the Work Choice client group and specialist disability provision. This issue was noted during the Early Implementation Wave by some prime providers themselves, who indicated they may have underestimated the needs and service requirements of the client group. It was also a view expressed by a number of subcontractors.

Some of the specialist providers believed the limited number of referrals they had received was because of limited numbers of individuals requiring their specialism being referred to the Work Choice programme. Others, however, thought that such individuals were entering the Work Choice programme but being referred to pan-disability providers, and they raised concerns about the ability of pan-disability providers to deliver appropriate support.

A range of other providers also expressed a view that pan-disability providers might not always be able to offer the specialist skills required to support some participants. They suggested that the limited use of non end-to-end specialists may, therefore, have a negative effect on service delivery and participant experience. These providers often suggested that the limited use of non end-to-end specialists was related to the cost involved (see Section 4.6.6) rather than the needs of those referred.

Jobcentre Plus Disability Employment Advisers (DEAs) interviewed during both waves of the evaluation typically suggested that there was a need for a greater use of specialist provision within Work Choice delivery. A number of DEAs also suggested that the limited availability and use of specialist providers within delivery of Work Choice had a negative impact on the service delivered to participants and the breadth of individuals who the programme could currently help.

Although it was beyond the scope of this research to follow up individual cases, some DEAs gave examples of referrals they had made where they had specified that the individuals should be supported by a specialist non end-to-end provider listed within the supply chain but the individual had instead been allocated to a pan-disability provider. For example, one DEA in the Steady State Wave reported that the contracted prime provider in her district had a spot-purchase arrangement with a local epilepsy specialist. The DEA had, therefore, made a number of referrals of individuals with epilepsy and indicated on the referral that the individuals should be supported by the specialist provider. However, the DEA reported that these individuals had instead been supported solely by the pan-disability prime provider and, in one instance, the DEA had even had a referral of someone with severe epilepsy returned to her, with the prime provider stating they were unable to support the individual. There were also a small number of reports of individuals being returned to Jobcentre Plus as being unsuitable for the programme, i.e. they were deemed by providers to be too distant from the labour market because of specific disability-related barriers. The issue of differing views of participant suitability is discussed in more depth in Chapter 2.

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In addition to limiting the support available for participants, some providers suggested that a lack of referrals to specialists could have implications for longer-term diversity within the provider market and future supply chain competition. This linked with Early Implementation Wave findings where a number of specialist providers reported issues with the financial viability of the low and sporadic numbers of referrals they received. Some of these providers, therefore, suggested that this meant they would not be able to provide call-off services in the future.

4.2.3 Supported businesses⁵⁷

When exploring the working relationships that supported businesses have with prime providers, there appeared to be a range of experiences and many supported businesses described themselves as ‘within’ or ‘outside’ the supply chain. This appeared to refer to whether the supported business provider worked with the prime provider during the development of their bid for the Work Choice contracts, with the supported business forming a distinct component of the prime providers’ supply chain, or whether the relationship was simply based on the DWP requirement for the prime provider to work with a supported business in their CPA regarding the provision of protected places.⁵⁸

At one extreme some supported businesses who described themselves as outside the supply chain felt totally isolated from wider programme delivery and had very little contact with their prime provider.

‘We have no contact with them at all other than around the financial return which we provide once a month ... and quite frankly I am pretty disgusted with it all.’

(Supported business provider, Early Implementation Wave)

Some of the supported businesses who described this type of situation had previously provided both supported placements and employment within their supported businesses via the WORKSTEP programme. In the Early Implementation Wave research, some of these businesses described feeling that they had been misled during their negotiations with the prime provider, in that they had been led to believe that they would continue to deliver both elements of provision for the new programme. However, a short time before subcontracts were formalised it became evident that this arrangement was no longer on offer and they were informed that only their protected places were being offered.

‘Basically [the prime provider] said there would be no changes to how we deliver the programme and that we’d still be looking after the external people ... I had that meeting with them didn’t I and none of it came of it.’

(Supported business provider, Early Implementation Wave)

⁵⁷ A definition of, and further background on, supported businesses is offered in Section 5.6.

⁵⁸ Supported businesses have contractual protection for the period of current Work Choice contracts, in the form of a payment for an agreed number of filled places (known as protected places). The contractual relationship with DWP for programme delivery within a supported business lies with the prime provider for the CPA where the business is located.

This last minute change in the position of these providers meant that Transfer of Undertakings (Protection of Employment) (TUPE) arrangements for support worker staff to be transferred to the incoming provider had to be made at very short notice. The transfer of support staff was also reported to have had a significant effect on the ability of supported businesses to deliver some aspects of support and personal development to participants, in particular with regard to areas such as job searching to facilitate external progression, where some businesses reported they did not now have the staff to offer this.

Some supported businesses that were within the supply chain, and who continued to deliver support to participants in supported placements with external employers, also described a lack of meaningful engagement from the prime provider with their supported businesses in the Early Implementation Wave research. For example, participants in some supported businesses were not entered into the prime providers' customer management software systems. In general these providers felt that their supported businesses were not being properly integrated into the new programme.

During the Steady State Wave a smaller number of supported businesses were involved in interviews, and although the difficulties reported in the Early Implementation Wave remained a concern for some, others reported recent improvements in the level of engagement from prime providers.

'Over the last couple of months now we have had more dealings with [prime provider] ... it's changed.'

(Supported business provider, Steady State Wave)

This particular supported business described the way they had maintained a proactive approach which served to develop their channel of communication with the prime provider. This had eventually facilitated the use of a more integrated service delivery model offering participants short-term contracts within the supported business prior to seeking work with mainstream employers. This use of the supported business as an intermediate labour market (ILM) was also reported within a number other supported businesses and is discussed further within Chapter 5, which covers Work Choice delivery models.

4.3 Work Choice programme performance

In performance terms, the Work Choice programme has three types of job outcome:

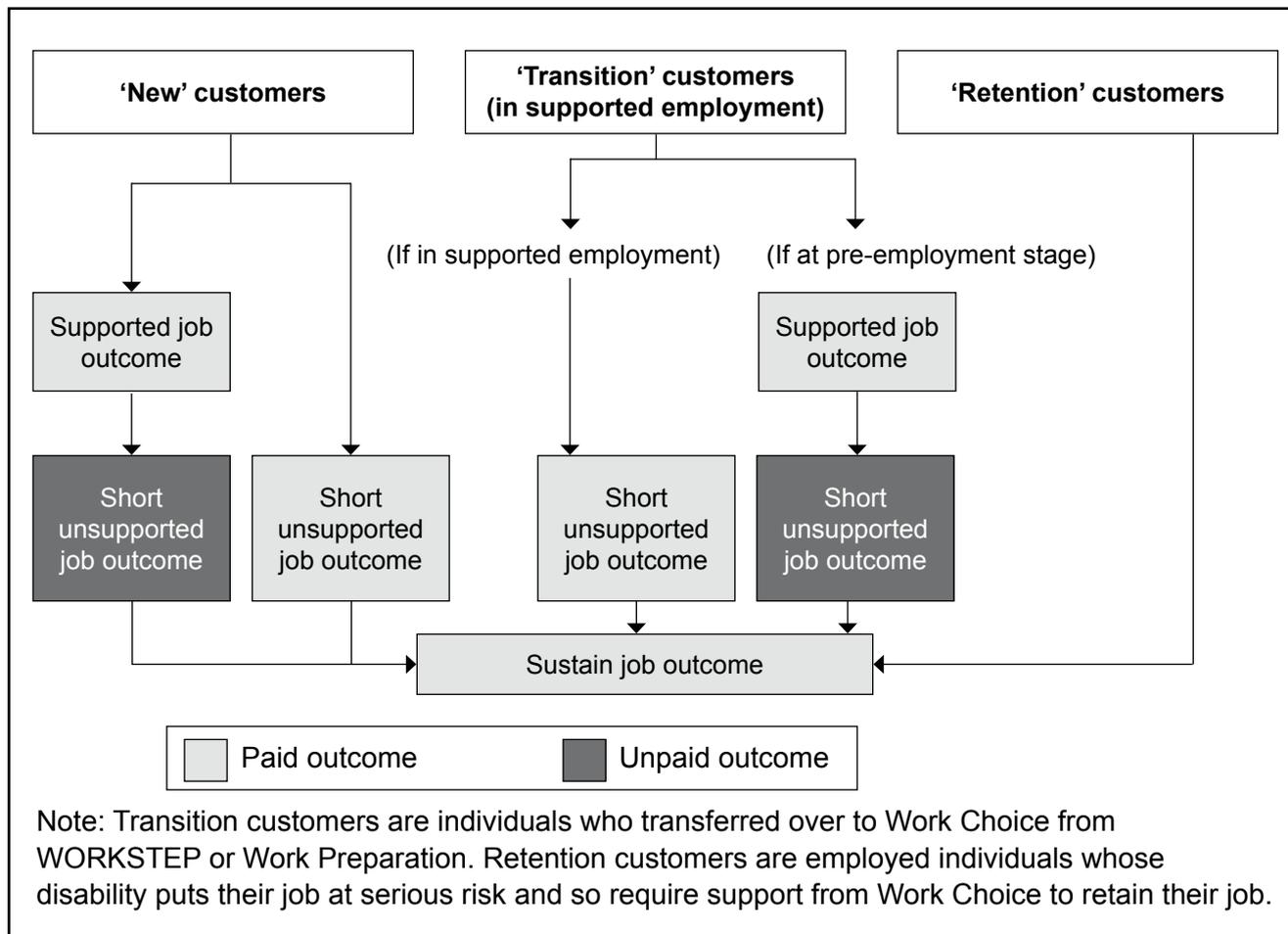
- Short **supported job outcomes**, which are achieved when a participant moves into employment (which is expected to last at least 13 weeks) and is supported in that employment by the Work Choice provider. Individuals referred to Work Choice are expected to require in-work support⁵⁹ and so the majority of participants are expected to move into supported work in the first instance.
- Short **unsupported job outcomes**, which are achieved when a participant is in unsupported employment (which is expected to last at least 13 weeks). The expectation is that most Work Choice participants will achieve an unsupported job outcome only after a supported job outcome. However, there may be some who move straight to unsupported work.
- **Sustained unsupported job outcomes** which are achieved after a participant has sustained unsupported employment for 26 weeks.

⁵⁹ As detailed in Section 2.1.3, the Work Choice guidance states that suitable candidates for Work Choice are those who *'need support in work as well as help with finding work.'*

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Figure 4.2 shows the range of possible performance outcome routes participants may achieve.⁶⁰

Figure 4.2 Work Choice possible performance outcome routes



4.3.1 Performance expectations

There were three national minimum performance expectations for Work Choice outlined in the Work Choice Invitation to Tender (DWP, 2009):

- 55 per cent of 'new' participants to achieve a supported job outcome
- 30 per cent of all participants to achieve an unsupported job outcome
- 60 per cent of those who achieve an unsupported outcome to be sustained in unsupported employment for at least 26 out of 30 weeks.

⁶⁰ Whilst all three types of job outcome are relevant from a performance perspective, from a funding perspective a maximum of two outcomes may be claimed: 1) a short job outcome payment which can be claimed on achievement of either a supported job outcome or an unsupported job outcome for a participant, but not both, and 2) a sustained job outcome payment. For more information on outcome payments, see Section 4.6.1.

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Prime providers of the Work Choice programme won their contract(s) based on a competition that included price and suggested performance levels. Prime providers are managed by DWP against the suggested performance levels submitted in their bids rather than against the national minimum performance expectations.

The suggested performance levels submitted by Work Choice prime providers in their bid(s) varied, but were typically higher than the national minimum performance expectations. Some prime providers and DWP managers suggested that where providers had submitted high performance estimates as part of their bids, these had contributed to success in winning contracts. There was a sense from some providers that the assessment of bids should have included a more critical assessment of performance estimates that were in excess of DWP expectations and that providers should not have been awarded contracts on the basis of performance estimates they would be unlikely to achieve. DWP Performance Managers were concerned that they were managing providers against unachievable performance targets that now formed part of contracts.

'We're almost setting providers up to fail because they are then reporting back unrealistic profiles that there's no way they can achieve.'

(DWP Performance Manager, Steady State Wave)

Whilst it should be acknowledged that providers are accountable for achieving the projected performance levels set out in their bids, the concern that providers were awarded contracts that overestimated what could realistically be achieved, and which they then failed to deliver, is an issue that has been highlighted in relation to the commissioning of previous employment programmes. For example, the National Audit Office (2010: 10) reported that:

'In procuring Provider-led Pathways, the Department rightly set ambitious benchmarks for contractor performance in tender documents, drawing on experience from the best performing Pathways pilot areas. The tenders subsequently submitted by contractors and agreed with the Department were, however, significantly in excess of these benchmarks and may not have been realistic. Contractors have consistently underperformed on their employment targets, even allowing for the recession, raising concerns about the level of critical review of Pathways bids by the Department, particularly given the extent to which these exceeded performance benchmarks in tender documentation.'

4.3.2 Programme performance to date

Many providers reported that the achievement of job outcome targets has been challenging during the first two years of the Work Choice programme. When discussing this issue some suggested that a difficult economic climate had produced an impact on their ability to achieve their target levels of job outcomes although, as discussed in the previous section, some prime providers also suggested that potentially unrealistic levels of job outcomes had been submitted as part of some bids.

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DWP-published Work Choice performance information indicates significant performance variation between CPAs on all job outcome measures, although by the Steady State Wave of the evaluation, performance in supported employment outcomes was improving over time. The Work Choice Official Statistics (DWP, 2013a)⁶¹ showed that the number of supported job outcomes achieved had increased quarter on quarter. More than twice as many supported job outcomes were achieved nationally by contracted providers in Quarter 3 of the 2012-13 financial year than in Quarter 3 of the previous year.

4.4 Performance management by DWP

As Work Choice was contracted using a prime provider model, DWP's role in performance management was focused at the prime provider level.

4.4.1 Performance management approach

A number of DWP and Jobcentre Plus staff have a role in the management of provider and programme performance. For contracted provision, key DWP staff roles and the relationships they have with providers are as follows:

- The Account Management Team has responsibility for all senior provider interactions and will facilitate strategic review meetings. Within this team, Account Managers take a lead with key providers, developing long-term strategic partnerships to maximise performance, quality and value for money.
- Account Executives support Account Managers in managing either a single provider or portfolio of providers by analysing and reporting on the performance and compliance of providers at national level.
- The Performance Manager is the prime provider's main point of contact at the CPA level and is responsible for all aspects of the contract that relate to performance. Whilst providers have responsibility to deliver to the terms of their contract (including performance), it is the role of the Performance Manager to work with providers to improve performance and monitor delivery. Performance Managers also take forward issues raised by Jobcentre Plus concerning providers, in order to ensure that an acceptable solution is arrived at.
- Senior Performance Managers lead a team of Performance Managers, ensuring consistency of approach and implementation and supporting management of underperformance.

Account Managers work with a prime provider in relation to all their provision, regardless of geography or DWP contract type. Some Account Managers work with just one prime provider and others work with a number of prime providers, depending on the size of the DWP contracts held by the providers. Performance Managers are geographically focused and typically manage one Work Choice CPA contract, although a small number manage two.

⁶¹ The Work Choice Official Statistics contain outcome figures for contracted provision only. Equivalent non-contracted provision figures are currently not available.

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Provider guidance also states that Jobcentre Plus will co-ordinate and chair Provider Engagement Meetings (PEM) at Jobcentre Plus district-level covering DWP contracted employment programmes. These meetings focus on performance, delivery and participant experience, and are led by Jobcentre Plus Third Party Provision Management teams. Some TPPMs reported that they invited DEAs to these meetings.

- TPPMs are based in each Jobcentre Plus district and are responsible for ensuring that local contracted and non-contracted provision meets the needs of all clients and contributes towards local performance. To achieve this, TPPMs must work with a range of colleagues and divisions within Jobcentre Plus and DWP.

At the time of the Early Implementation Wave, there did appear to be some lack of clarity between the role carried out by Account Managers, Performance Managers and TPPMs. This mirrored findings from the Transition Wave of the evaluation (Thomson *et al.*, 2011). There appeared to have been some improvement in this by the Steady State Wave research but some staff within these roles did still perceive there to be some overlap and ambiguity.

'You've got a Performance Manager, a Senior Performance Manager, an Account Executive and Account Manager. I struggle to see which one of those is the most important and which one of those is responsible for what.'

(DWP Account Manager, Steady State Wave)

In both waves of the evaluation, prime provider staff described their relationship with DWP in positive terms. Prime providers generally reported that DWP typically adopted a supportive rather than adversarial approach.

'I know there's going to be times when [the Performance Manager] is going to have to say "now your performance is under, you've got so many weeks to increase it", that's his job. But I find him very supportive, he couldn't be better in my eyes.'

(Prime provider, Early Implementation Wave)

One prime provider reported in the Early Implementation Wave that DWP performance staff had adopted an adversarial approach to managing their performance in Year 1 of the programme and had focused purely on *'threatening breach rather than helping us to improve'*. By the Steady State Wave, this provider reported that the approach from DWP in Year 2 of the programme had been much more supportive and collaborative. This provider felt this was beneficial and a contributory factor to their improved performance.

4.4.2 Performance management mechanisms

DWP staff reported using a range of mechanisms in their management of prime providers' performance. These included use of:

- monitoring management information;
- performance meetings/discussions;
- formal contract breach procedures; and
- promotion of performance improvement/sharing best practice.

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The main mechanism used by DWP to assess provider performance was monitoring management information (MI). All DWP Performance Managers reported using data from the Provider Referrals and Payment system. Some Performance Managers also reported using MI provided by prime providers in their discussions about performance.

In both waves of the evaluation, Performance Managers reported that, overall, the MI available was useful although some suggested a need for a better suite of MI. In addition, in both waves, some reported difficulties caused by a time lag in the data.

Some Performance Managers also felt that overall there was an over-emphasis on using MI as the principle mechanism to assess performance and not enough emphasis on monitoring quality and customer experience.

'I feel that when things start going wrong we find out too late because in the past where we were actually visiting and sometimes unannounced then you could identify issues there and then. Sometimes using paper-based MI it can be two or three months before a trend is developed and by then it is too late ... It's maybe six months down the line before you sort out what could have been identified from the outset.'

(DWP Performance Manager, Steady State Wave)

Performance meetings and discussions were held with prime providers to discuss current performance, the implications of this and possible approaches to performance improvement. Performance Managers described holding provider performance reviews with prime providers to discuss CPA-level performance. Jobcentre Plus TPPMs ran PEMs to discuss provision more generally, and performance within the context of this.

In the Steady State Wave research some DWP managers reported that recently introduced restrictions on travel expenses had reduced the frequency with which they could meet face to face with their prime provider(s). They suggested more face-to-face contact with the prime provider(s) they managed would be beneficial.

'The amount of money you could save or performance that you could gain by being amongst them rather than distance managing them far, far outweighs the travel cost.'

(DWP Account Manager, Steady State Wave)

In both waves, there was evidence of DWP tailoring the intensity and frequency of their performance meetings and discussions to the relative performance of the prime provider(s) they worked with. Prime providers operating higher performing CPAs reported less input and contact from DWP in relation to performance and this was felt to be appropriate.

Where a contract was underperforming, DWP had the option to implement formal contract breach procedures. In both waves, Performance Managers described implementing performance improvement or development plans as a first step. By the Steady State Wave, there was some evidence that providers who were still significantly underperforming were being placed into minor breach. However, there did appear to be some lack of clarity around the implementation of this.

'So I'll be going in there, without clear direction, not really knowing. I know they'll be going into contract breach but I can't tell them when.'

(DWP Performance Manager, Steady State Wave)

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DWP performance management staff and prime provider staff both appeared unsure about how likely it was that DWP would utilise the option to remove prime contracts for underperformance. Because of this, some Performance Managers felt the mention of formal contract breach procedures had little effect.

'I sometimes feel as though we are pretty toothless in that respect. We make the noises but as to whether they actually take any notice of it I still have my reservations.'

(DWP Performance Manager, Steady State Wave)

Some higher performing prime providers suggested that DWP could be firmer in its use of formal contract breach procedures where there was significant underperformance. They also proposed the use of market share shift at prime contract level, with the contracts of poorer performing prime providers being moved to those who achieve higher performance.

There was also evidence of the use of performance improvement activity being facilitated and promoted by DWP. The Work Choice Performance Improvement Taskforce was formed in 2011 to provide additional and concentrated effort to improve performance and collaboration between key stakeholders. The taskforce membership comprised Performance Managers, Account Managers and strategy staff from DWP, Jobcentre Plus staff and representatives from each Work Choice prime provider. The remit of the Taskforce was to identify improvements, and a Strategic Steering Group was set up in early 2012 to implement the Taskforce recommendations.

Prime provider staff who had been involved in the Taskforce reported that this had been positive. However, there was suggestion that changes and improvement agreed by the Taskforce could have been implemented more quickly by DWP.

Some Performance Managers also described a use of best practice sharing in their performance meetings and discussions with individual prime providers. Senior Performance Managers were found to be encouraging the discussion of issues and sharing of best practice between Performance Managers. Based on this, there were examples given of Performance Managers disseminating best practice by helping individual prime providers to look at other things they could do to improve and suggesting new ways of working from other CPAs.

'It's an excellent way to exchange and the Performance Managers have really taken that on board. They're keen it does continue.'

(DWP Senior Performance Manager, Steady State Wave)

Some prime providers corroborated these reports and described DWP Performance Managers and Account Managers as helping them to identify solutions. However, some other Performance Managers and Account Managers seemed to be less aware of best practice sharing.

'I am not sure if there is any communication of good practice across all of the Work Choice providers. So for example, we have got some who are doing really well but have we actually looked at that and found out why they are doing particularly well and is this something we can share with the other provider network ... I think there is probably scope there for improvement.'

(DWP Account Manager, Steady State Wave)

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In both waves of the research, some Performance Managers did suggest that more could be done by DWP to facilitate direct best practice sharing between prime providers. This view was also expressed by some prime providers. One suggestion was for the introduction of an on-line forum hosted by DWP where providers could share best practice. Mechanisms for sharing best practice between contracted and non-contracted Work Choice provision were also notably lacking.

4.4.3 Management of service quality

Overall findings suggest that DWP's performance management approach for the Work Choice programme was focused more on outcomes than service quality. This appeared to be linked with the focus of the Performance Manager role, changes to the focus of the TPPM role and the removal of external quality inspection.

The focus of the DWP Performance Manager role was discussed by Performance Managers who had also been involved in the contract management of previous programmes, including WORKSTEP. Performance Managers in both waves noted that the context of their role had changed with the new commissioning approach. They reported that they were no longer able to take a hands-on approach which encompassed service delivery. Some felt that the more light-touch approach and focus on management of providers against outcome targets, without reference to the quality of delivery, reduced their effectiveness.

'When we were Contract Managers we got into more detail with the provider in terms of the quality of delivery ... I would go to a provider and look at a couple of files and then give them advice, say I think perhaps your development plan for this guy's a bit weak, you could put a bit more in this and you haven't seen him for six weeks and whatever. In the shift from Contract Manager to Performance Manager the key thing as far as the Department is concerned is that the provider delivers in terms of the numbers and that's the real focus now, but in my view you can't have one without the other.'

(DWP Performance Manager, Steady State Wave)

There was also some evidence of changing focus within the TPPM role. Specifically, the research found that the TPPM role in monitoring participant experience within Work Choice provision appeared to be reducing over time. At the Early Implementation Wave, approximately half of the TPPMs interviewed suggested that they undertook some participant experience reviews or other monitoring. By the Steady State Wave however, only one of the TPPMs interviewed reported that this was part of their work. Of the other interviewees, some suggested that they would like to do more but felt they were not resourced to do this and some saw this as outside their role (suggesting it was the responsibility of DWP Performance Managers).

The role of external quality inspection is explicit in the DWP Commissioning Strategy: *'We will have an external assessment of provision'*. (p26) and this commitment was recognised within the service specification for Work Choice provision (DWP, 2009). One of the Critical Success Factors for Work Choice was that providers would *'deliver high quality provision to all customers in line with the DWP Quality Framework and achieve high standards at external inspection by developing their continuous improvement strategy in line with the relevant Common Inspection Framework'*.

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This approach changed prior to programme go-live when a policy change was announced to discontinue external inspection and improvement support for the quality of DWP contracted employment provision. This announcement also noted that *'in the future, the DWP Provider Assurance Team⁶² [would] extend its remit to cover, in a light-touch way, some of the quality issues that formed part of external inspections'*.

Two Provider Assurance Team managers were interviewed as part of the evaluation (one during each wave) and they were clear about the limits of their role in Work Choice service quality, i.e. they assessed quality systems within a prime provider, not the quality of their service delivery.

'We have been told very pointedly that we are not a quality assurance team ... all we are doing there is making sure that the organisation has got the tools to recognise the quality improvement that it needs to make itself. What we are not doing is offering an opinion into the quality of provision ... it is nothing like Ofsted.'

(DWP Provider Assurance Team Senior Assurance Manager, Steady State Wave)

The quality inspection of previous provision (WORKSTEP) was carried out via the Adult Learning Inspectorate (later Ofsted) in England and by Estyn for providers based in Wales. The WORKSTEP evaluation (DWP, 2006) highlighted the positive influence that the introduction of external inspection process had in driving forward the modernisation of this area of provision. Performance Managers in the current evaluation who had been involved in managing WORKSTEP contracts were also positive about the effect this had.

'OFSTED came in to look periodically at a contract. It was good because it was a detailed look at what a provider was delivering.'

(DWP Performance Manager, Steady State Wave)

External inspection is also supported by the British Association for Supported Employment (BASE) and its current discussion document on the Disability Employment Strategy (BASE, 2013) notes that the Ofsted inspection of previous WORKSTEP provision showed that a framework of external appraisal and self assessment greatly increased the general quality of provision.

External inspection is also a key element of contracted employment services elsewhere. In Australia for example, all disability employment services must meet the requirements of the independently assessed quality assurance system to receive funding from the Australian Government. From 2015, all contracted providers of employment services, including the mainstream Job Services Australia, will be also be required to be accredited against Department of Education, Employment and Workplace Relations approved standards. Providers will be externally assessed annually against these standards.

⁶² The purpose of the Provider Assurance Team (PAT) is to provide an assurance that payments made to providers are in accordance with DWP and Treasury requirements, public funds and customer data are protected, and value for money has been obtained. The main aim of the team is to review and test the internal control systems of prime providers to establish how effective they are at managing risk to DWP in relation to contracted employment programme expenditure and data security. The areas covered by PAT provider reviews are governance arrangement, service delivery (which includes provider arrangements for self-assessing the quality of their delivery), financial procedures and data security.

4.5 Performance management by prime providers

Subcontractors account for a high percentage of Work Choice delivery nationwide. Under the prime provider model, the responsibility for managing the performance of subcontractors is with prime providers rather than DWP.

4.5.1 Performance management approach

The Early Implementation Wave of the evaluation found that working relationships between prime providers and subcontractors were generally positive, but that this was not universal. In the Steady State Wave commissioning survey, subcontractors with referrals were relatively positive about their overall relationship with their prime contractor(s). Two thirds (67 per cent) described it as relatively or extremely positive (six to ten on scale), and no subcontractor described it as extremely negative (one out of ten on scale). These views did not vary noticeably by either the sector that subcontractors operated in or their Work Choice delivery model. Unsurprisingly, subcontractors without referrals were relatively less positive about their relationships with primes.

In addition, a collaborative approach to performance improvement was reported to be the most common. In the commissioning survey, 29 per cent of subcontractors reported a strong collaborative relationship with other subcontractors and 33 per cent reported a minimal collaborative relationship. Just eight per cent of subcontractors reported a strong competitive relationship between subcontractors in their supply chain(s) and nine per cent reported a minimally competitive relationship.

Some prime providers reported that the publication of league tables was the only element of competition used in their performance management whereas others were implementing or considering market share shift. These mechanisms are discussed further below.

4.5.2 Performance management mechanisms

Performance management mechanisms utilised by prime providers included:

- performance meetings and discussions;
- performance league tables;
- market share shift and/or removal of contracts; and
- best practice sharing and training.

Some prime providers and subcontractors reported that performance meetings and discussions occurred as frequently as weekly, whilst for others these discussions occurred monthly. In several cases, the frequency of performance discussions was reported to have increased between the Early Implementation and Steady State Waves. In the qualitative interviews in the Steady State Wave, some subcontractors reported that some prime providers who had been using a collaborative whole supply chain approach were moving towards a more individual provider approach to performance management.

'We're not seeing what our other subs are doing now because we don't get together. Up to then we'd know how each of us were performing in the partnership whereas now we don't we just know what we're doing. We're concentrating on our own profile.'

(Subcontracting provider, Steady State Wave)

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At the Early Implementation Wave some prime providers were using performance league tables so all members of the supply chain could see their relative position. By the Steady State Wave, league tables appeared to be more widely used, though their use was not consistent across all supply chains. Where used, however, they were felt to be beneficial for ensuring a focus on performance.

'From the very beginning we have published the data across the whole supply chain for the whole supply chain. Every single one of them down to the advisers know how many referrals, how many starts, how many jobs etc. etc. everybody got and that has created good healthy competition. Nobody wants to be at the bottom.'

(Prime Provider, Steady State Wave)

In one case, a prime provider had received requests from subcontractors to provide supply chain performance league tables, but was reluctant to do so because of concerns that this would breach DWP regulations regarding sharing performance data. It is not clear if the prime asked for permission from DWP to do so. More clarity from DWP on this matter may, therefore, be helpful.

Prime providers generally reported that they had not wanted to consider or start formal contract management processes potentially leading to market share shift or removal of subcontractors for underperformance during the first six months of the programme. This was to allow provision to bed-in and subcontractors to deal with the challenges of implementing a new programme.

By the time of the Early Implementation Wave research however, half the prime providers reported that they were starting to utilise their formal performance management processes with underperforming subcontractors. This was reflected in comments from some subcontractors that they felt there was increased performance management pressure from their prime provider(s) as the first annual review approached.

The Steady State Wave revealed much greater evidence of formal performance processes being initiated by prime providers during Year 2 of the programme. This included use of performance improvement plans. A number of prime providers also reported shifting market share away from poorer performing subcontractors and towards those performing better.⁶³ In one case this was an ongoing process where market share would regularly be moved between subcontractors. More commonly, market share would be redistributed across the supply chain only at the point when a poorly performing subcontractor was removed.

However, the research also found that some prime providers were not using market share shift, and neither did they have any plans to use it. Instead, such prime providers were focusing on collaboration and helping poorer performing subcontractors to improve.

'We haven't done that at all and we have stepped back from doing that because the whole object of the exercise has been to bring each provider up to the same level of performance and we try to do it on a very supportive basis as opposed to a threatening basis.'

(Prime Provider, Steady State Wave)

⁶³ As discussed in Section 3.4 the research only found one example where the removal of a subcontract resulted in the prime provider inviting open tenders for a replacement subcontractor. More commonly the subcontract would be given to an existing subcontractor that was performing well.

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The facilitation of best practice sharing and staff training appeared to be relatively widespread, though not universal. The Early Implementation Wave identified some evidence of practice development networks and performance improvement activities facilitated by prime providers. Where these were in place they were generally well received by subcontractors and felt to be very positive and useful.

In the Steady State Wave all prime providers reported using some best practice sharing and/or training mechanisms to drive performance improvement. A variety of approaches to best practice sharing were found. Some prime providers were facilitating best practice sharing workshops for the whole supply chain whilst others used a more selective approach, facilitating the sharing of practice between higher and lower performing subcontractors in their supply chain, or sharing best practice approaches with subcontractors on an individual basis.

In the majority of cases, prime providers appeared to be giving their supply chain providers the flexibility to decide whether to implement best practice. One prime provider whose own delivery staff were performing well had, however, started to prescribe elements of their own model which contributed to good performance (see also Section 4.1.4).

Many, though not all, subcontractors also reported that their prime provider provided training and/or best practice sharing in order to help them improve their performance. Where these measures were provided, they were generally found to be positive and useful by subcontractors, although a small number reported finding these of limited value. Providers that found best practice sharing to be of limited value reported that this was because of a lack of time during supply chain meetings and that sessions were rushed or that they felt that they did not learn anything in these sessions. Others suggested that underlying competition between supply chain providers limited their willingness to share best practice. There appeared to be some incompatibility between the use of market share shift and the use of collaborative best practice sharing.

'I do believe that if everybody worked together and supported each other then maybe the results for the customer would be better [but] this can be difficult when you're actually making it competitive against the supply chain.'

(Subcontracting provider, Steady State Wave)

Some subcontractors also suggested that they would like their prime provider to facilitate more opportunities to share best practice, with a small number of subcontractors reporting that their prime provider did not offer any capacity building or best practice sharing opportunities. These subcontractors all wanted this kind of support from their prime provider.

4.5.3 Management of service quality

As with DWP's performance management of prime providers (see Section 4.4.3), prime provider performance management of supply chain subcontractors was found to involve a limited focus on service quality.

In the Early Implementation Wave case study research, some prime providers and subcontractors reported the use of checks on quality as well as hard target data but this was not consistent across all CPAs. The extent to which subcontractors perceived that quality monitoring was occurring, versus prime provider descriptions of this, also appeared to vary. For example, in CPAs managed by one prime provider who reported the use of quality management, subcontractors generally felt that the prime provider managed compliance and targets only and were critical of what they felt to be a lack of quality management.

At the Steady State Wave, it appeared that the emphasis of performance management remained on monitoring and managing outcomes rather than markers of quality. There was some limited evidence of compliance monitoring but prime provider checks of the quality of delivery and participant experience generally appeared lacking. One prime provider who had been placed into minor breach by DWP also suggested that this had led them to focus more on compliance and outcome targets and less on participant experience and best practice sharing across their supply chain.

4.6 Work Choice funding model

This section looks at the Work Choice funding model. It first considers the structure of the funding model and explores views on the impact of this model. The section then turns to look at views on the level of income received by providers from their Work Choice contracts.

4.6.1 Balance between service fee and outcome-based funding

The DWP Commissioning Strategy embedded the principle of outcome-based funding for contracted employment provision, whereby providers are paid a proportion of their fee on the basis of the sustained job outcomes they achieve.

The payment elements for Work Choice are as follows:

- a service fee which is paid monthly and equates to 70 per cent of a provider's contract price;
- an outcome payment for achievement of short job outcomes (movement into supported or unsupported employment expected to last at least 13 weeks). Payment is made on a unit price basis, calculated by dividing 15 per cent of a provider's contract price by the number of job outcomes offered in the provider's bid; and
- an outcome payment for achievement of sustained unsupported job outcomes (employment that lasts for at least 26 of the 30 weeks following progression into unsupported employment). Payment is made on a unit price basis, calculated by dividing the remaining 15 per cent of a provider's contract price by the number of expected sustained job outcomes offered in the provider's bid.

Whilst a portion of contract funding is, therefore, only paid on successful achievement of outcomes, the Work Choice funding model includes a significant upfront service fee element.

There was evidence that prime providers were, in most cases, offering their supply chain subcontractors the 70 per cent service fee and 30 per cent outcome funding payment split.⁶⁴ The commissioning survey found that four in five subcontractors (81 per cent) reported that they were contracted to be paid for the services they provided as part of Work Choice through this mixture of service fee and outcome payments. Fifteen per cent (nine organisations) reported that they were paid through service fees only. The remainder of the respondents did not know how their organisations were contracted to be paid, and no subcontractor reported being paid on a purely outcome-based approach. Five of the nine organisations contracted to be paid only through a service fee had not received any referrals to date, suggesting that the vast majority of subcontractors delivering the Work Choice contract were subject to a combination of service fee and outcome funding.

⁶⁴ The 30 per cent outcome fee is split between 15 per cent for supported outcomes and 15 per cent for sustained outcomes, mirroring the primes' terms with DWP.

4.6.2 Views on the service fee element

The upfront service fee was overwhelmingly seen as positive by both prime providers and subcontractors in both waves of the research.

Providers gave examples of how service fee payments facilitated a more planned approach and supported investment in service delivery. Overall it was felt to have a positive impact on the type and level of support that they could provide. This was felt to be extremely important because of the nature of the target participant group of the programme i.e. those with significant and complex support needs.

'With a programme like Work Choice we can invest upfront and have some level of security, particularly with a difficult client group like this ... The level of investment that we can place into this is more focused and greater.'

(Prime provider, Early Implementation Wave)

The service fee was also felt by some subcontractors to be a key factor in the financial sustainability of the contract and their ability to deliver it.

'We welcome the front-loaded nature of the funding. If the programme was solely outcome-based funding, many providers would walk away from it.'

(Subcontracting provider, Steady State Wave)

When discussing the service fee, a number of providers compared Work Choice favourably to the Work Programme where there is a much greater focus on outcome-based (and therefore delayed) payments.

'I think because these individuals require a different kind of support, a different kind of intervention, I feel that the funding models in more mainstream programmes don't lend themselves to the intensity of intervention that these individuals need.'

(Prime provider, Steady State Wave)

Steady State Wave research with organisations involved in the delivery of both Work Choice and the Work Programme found that the service fee element of Work Choice was reported to have enabled greater investment in staffing, which in turn enabled staff to provide more frequent and intensive support to participants. The lower emphasis on outcome-based funding in the Work Choice contract was also felt to reduce the incentive to 'park' participants unlikely to achieve an outcome.⁶⁵

Some providers commented on the proportional split between the service fee and outcome payments for the programme. Most felt the balance was appropriate, with the service fee significant enough to allow the benefits described above, but with enough of an outcome payment element to ensure a focus on outcomes.

⁶⁵ See Section 6.3.2 for a discussion of the impact of the greater emphasis on outcome-based funding on Work Programme delivery.

4.6.3 Overall financial viability of Work Choice contracts

The previous section described how providers felt that the funding model, which includes a significant portion of Work Choice funding as a guaranteed and upfront service fee, had a positive impact on service delivery. However, there were mixed views from providers in relation to whether they felt the income they received from their individual Work Choice contract(s) was financially viable and sustainable.

At the Early Implementation Wave, most (but not all) prime providers felt that contract income was viable and sustainable. By the Steady State Wave research, all prime providers described their contracts as viable.

The majority of subcontractors at the Early Implementation Wave felt that contract income was not viable and sustainable or had mixed views on this, with some suggesting it was too early into the contract period to express a firm view. By the Steady State Wave, a greater proportion of subcontractors described their contracts as financially viable. In the survey, roughly equal numbers of subcontractors reported that contract(s) were financially viable as reported that contracts were to some extent not financially viable.

Two key trends are apparent from these findings. The first was that an increased number of providers viewed their contracts as viable over time. The second was that prime providers were more likely to deem the contract financially viable than subcontractors. Improved performance may have contributed to the first trend and management fees may be a factor in the second, both of which are discussed later in this section.⁶⁶

4.6.4 Factors affecting Work Choice contract income

A complex range of interrelated factors were reported to affect contract income. These included contract price, management fees and performance, which are discussed in turn below.

The contract price received by a prime provider for delivery of the Work Choice contract in a particular CPA was based on the price the prime provider submitted in its bid. Contract price could, therefore, vary from one CPA to another.

Prime providers of the Work Choice programme won their contract(s) based on a competition that included price and suggested performance levels. Some prime providers and DWP Performance Managers suggested that the tendering process had rewarded low contract price bids to the extent that some non-commercially attractive prices were submitted in order to maximise the likelihood of becoming preferred suppliers.⁶⁷ This has potential implications for sustainability.

The contract price received by a subcontractor for their elements of delivery in a particular CPA were affected not only by the contract price agreed between the prime provider and DWP for that CPA but also by any management fee taken as a percentage of the contract price by the prime provider.

⁶⁶ It is also possible that providers that believed their contracts were not financially viable were more likely to have ceased delivering Work Choice between the waves of research, though this was not directly reported by providers.

⁶⁷ This view was also noted by some organisations who chose not to bid for Work Choice, or were unsuccessful in their bids (see Sections 3.3.1 and 3.3.2).

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Providers suggested that management fee percentages charged by prime providers varied and in some cases they were reported to be as high as 35 per cent of the contract price. In both waves of the evaluation, prime providers who reported they charged lower management fees and subcontractors expressed concern over the implications of high management fees in reducing the level of funding reaching subcontractors to support their delivery of services to participants.

'That money [management fee] comes from front-line delivery, it comes out of our current provision and I think that that is not the most financially efficient and effective way of doing it. That worries me because it's taking money away from customers.'

(Prime provider, Early Implementation Wave)

'It is quite unrealistic to take a 35 per cent management fee when you get very little from it ... it is taking money from the front line.'

(Subcontracting provider, Steady State Wave)

There was some suggestion that high management fees were used by some prime providers to limit the financial risk of the contract for themselves.

'The organisations that are going to be primes are going to have to be financially able to carry the risk, so they're likely to be organisations which are driven by money. I think that most of the management charges are driven by management of the financial risk that the contract actually imposes on the organisation. So if a profit-oriented organisation is looking at financial risk they're looking at ways of removing that, or passing that risk on. So if we charge a 30 per cent management fee then that gives us a contingency for poor performance.'

(Prime provider, Early Implementation Wave)

The guaranteed income from management fees received by prime providers and the reduced contract income received by subcontractors because of these management fees is likely to be a factor in the differing views on the financial viability of the contract expressed by these two tiers of providers.

Work Choice contract income was also affected by performance. Thirty per cent of Work Choice programme funding is dependent on outcomes. Many providers have reported that the achievement of job outcome targets has been challenging during the first two years of the Work Choice programme and this has had financial implications for them.

4.6.5 Views on what constitutes financial viability and sustainability

Judgements on what constituted financial viability and sustainability varied between providers.

Some prime providers reported that they required the contract to make a profit, others that they required it to cover costs and make a small surplus which they could reinvest. Private sector prime providers were more likely to require the contract to make a profit.

The majority of subcontractors who stated that Work Choice was viable and sustainable for their organisation were not referring to making large profits from involvement in the programme, but rather to covering the cost of delivery. A number of VCSE subcontractors

viewed their Work Choice contract(s) as supporting their ongoing commitment to provide employment support to disabled people. These organisations, therefore, typically described their Work Choice contracts as viable even where income was reported to not fully cover the cost of delivery and they were subsidising the support they provided to Work Choice participants with additional organisational or charitable funds.

4.6.6 Contract income and viability

Section 4.6.2 discussed the provider view that the provision of an upfront service fee allowed end-to-end providers at the prime and subcontractor levels to invest in sufficient staffing resource to enable the delivery of regular and intensive support to participants.

However, when discussing overall financial viability, some providers expressed a view that their Work Choice contract(s) did not provide the same level of income as some previous programmes and suggested that this would have an inevitable effect on provision.

'It's really tight. DWP have been reducing unit costs and something will always have to suffer if you haven't got the same volume of money in there: you can't provide the same resources ... I think we would all be fooling ourselves if we said that less money means more provision.'

(Prime provider, Early Implementation Wave)

This view was also supported by some DWP staff.

'Having worked in disability fields myself in the past I know that to support somebody can work out very, very expensive. If we look at how much we are paying them per customer they wouldn't be able to afford to provide the support that is maybe required.'

(DWP Performance Manager, Steady State Wave)

In the Early Implementation Wave research, where providers felt their Work Choice contract was not financially viable or sustainable, the element of provision they suggested was most likely to be negatively affected was the provision of specialist and/or intensive services for participants furthest from the labour market.

'There's not a lot of room for the more serious or in-depth specialisms because it is quite expensive.'

(Subcontracting provider, Early Implementation Wave)

'There just isn't enough money anywhere to provide the signing that deaf participants need to enable them to participate at 100 per cent ... The cost is prohibitive and people just can't afford to do it.'

(Prime provider, Early Implementation Wave)

By the Steady State Wave, providers were less likely to describe elements of support that they were unable to provide owing to funding constraints. Delivering prime providers and end-to-end subcontractors appeared on the whole to have fit their delivery models to the funding being received. There was still limited evidence of providers buying in specialist support (see Section 4.2.2) but providers did not overtly describe contract income as a determining factor in this.

4.7 Chapter summary

This chapter discussed some of the features of the commissioning approach including minimal service prescription, supply chain structures and performance management under the prime provider model, and outcome-based funding.

Some aspects of the Work Choice service specification are quite prescriptive. This may reflect the funding model, which offers a high level of service fees. Where issues regarding these aspects of the specification have been raised by providers, DWP has been flexible and adapted their requirements, although the extent to which providers have used this increased flexibility has varied. This limited use of some agreed flexibilities may be related to the outcome-based element of the funding model.

Subcontractors' initial negative perceptions about the imposition of service prescription by prime providers were potentially linked to the introduction of administrative systems and the impact these were felt to have, rather than the imposition of a service delivery model. By the Steady State Wave, however, there were indications that some prime providers were introducing more prescription within delivery in an attempt to address underperformance within supply chains.

CPA supply chains were dominated by end-to-end providers of pan-disability services, although some of these providers also had a specific area of specialism. Referrals were most commonly allocated within supply chains on the basis of geography, though disability type was also a consideration within some. The use of specialist non end-to-end providers within Work Choice delivery was limited and this appeared, to some extent, to be linked to a perceived reduction in contract income. There was some evidence that limited use of these specialist providers has had a negative impact on service delivery and the range of participants that the programme can adequately support. When this is considered alongside the exit of some specialists from the market discussed in Chapter 3, it does reiterate concerns about the effect that the DWP commissioning approach has had on specialist disability employment provision.

Overall the complex nature of the legacy from previous specialist provision appeared to have presented challenges for the new programme and commissioning approach, in particular with regard to supported business provision. It appeared that some prime providers regarded them as outside their supply chain and they were not fully integrated with Work Choice delivery. This had caused a number of difficulties in terms of service delivery, in particular the loss of staff to support participants and constraints on the use of an ILM model, although by the Steady State Wave there was some evidence that initial difficulties were being addressed.

Providers have reported that the achievement of job outcome targets has been challenging during the first two years of the Work Choice programme though indications were that performance was improving overall. There was also some suggestion that unrealistic performance estimates submitted by providers as part of the tendering process had not been subject to sufficient critical review within the contract award process.

Within the prime provider model, DWP managed performance at a prime provider level and prime providers were responsible for managing the performance of their supply chain(s). Whilst a range of mechanisms was being used by DWP to manage performance, the emphasis appeared to be on monitoring and managing outcomes rather than quality. DWP and Jobcentre Plus staff described a move away from a hands-on role that included

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oversight of service delivery and participant experience. The lack of external quality inspection was felt to have compounded the limited focus on service quality. There was little evidence that prime providers were taking over the role of assuring and developing service quality. They too appeared to be almost exclusively focused on outcome target monitoring and management, and were adopting a range of approaches to this. Whilst many focused on a collaborative approach to service improvement, some noted the tension between this and the increasing use of competition within some supply chains.

The balance between a 70 per cent service fee and 30 per cent outcome-based funding for Work Choice was welcomed by providers. The service fee element was felt to allow for investment and to facilitate the participation of some smaller specialist providers in the programme. The service fee was also felt to be an important element for a specialist programme because of the support requirements of the participant group. It also appeared to reduce any perverse incentive to 'park' participants unlikely to achieve an employment outcome.

Views on the viability of contract incomes were, however, more mixed. The selection of prime providers who offered lower contract prices in the tendering process and lower than anticipated outcome payments owing to performance challenges both appeared to have negatively affected contract income for providers. Management fees of up to 35 per cent taken by prime providers increased the financial viability of the contract for them whilst reducing viability for subcontractors. As already noted, the area of provision most likely to be negatively affected by low contract incomes appeared to be the spot-purchase of specialist services.

5 Work Choice delivery and what works

A key objective of the Work Choice evaluation was to provide an understanding of the delivery and experience of the programme, including some assessment of the service delivered by supported businesses. In order to offer some background for the discussion of support offered through Work Choice this chapter commences with a brief overview of employment support for disabled people, before moving on to discuss service delivery models within Work Choice. In line with the theme introduced for the Steady State Wave of the evaluation it also considers what works in terms of service provision.

The findings on Work Choice delivery draw on case study research conducted at both the Early Implementation Wave in 2011 and the Steady State Wave in 2012. The approach to sampling the contract package areas (CPAs) for the Early Implementation Wave case studies aimed to cover a broad spread of provision. In the Steady State Wave, because of the additional aim of exploring what works, high or significantly improving performance was also used as a criteria for selecting case study areas for this wave. Four of the eight CPAs chosen for inclusion in the case study research were in the top ten highest performing CPAs for both supported job outcomes and unsupported sustained outcomes, and two of the other CPAs chosen were in the top five highest performing CPAs in one of these outcome measures. Some caution is, therefore, needed when comparing the findings between waves.

Findings present views and experiences derived from qualitative interviews with a wide range of Work Choice providers, participants, employers and Jobcentre Plus staff of the support provided across all modules, and within supported businesses. They include both contracted and non-contracted provision and cover pre-work and in-work support, employer engagement, financial support to employers and delivery in supported business. More information on the research waves can be found in Section 1.7, and a detailed breakdown of who was involved in the interviews can be found in Appendix D.

A short review of current labour market activation policies and the delivery of employment support for disabled people was also carried out to offer context for the review of Work Choice delivery. This was primarily based on Organisation for Economic Co-operation and Development (OECD) and European Union (EU) studies, with a focus on the identification of models of best practice. It should be noted that many activation measures for disabled people lack acknowledged definitions, making inter-country comparisons difficult, although this review aimed to focus on those measures with most relevance to Britain. Comparison of delivery between mainstream programmes that are aimed at all unemployed people and specialist disability employment programmes is considered further in Chapter 6, with the main focus for this chapter being what works in specialist disability programmes such as Work Choice.

5.1 Supported employment

As discussed above, many of the specific policies and programmes which aim to help disabled people find and keep work, such as supported employment, lack agreed definitions. This point is also noted in a recent review of the economic evidence around employment support (Wilkins *et al.*, 2012) which reported that *'gaps and inconsistencies in the economic evidence were compounded by variable and liberal interpretation of certain models, particularly supported employment'*. A review of research literature on supported employment (Beyer and Robinson, 2009) noted that supported employment is often referred to as the place, train and maintain model. Beyer and Robinson also reported that much of the research on supported employment has been carried out in the United States, mainly because the model was developed there. Their review noted that research on supported employment in the UK and Europe is less common because the model was introduced later. The review focused on the use of supported employment for people with a learning disability and it concluded that the approach does place people with moderate and severe learning disabilities in paid jobs.

Forms of supported employment are widespread across Europe and in OECD countries. In its broadest sense supported employment is described as support for disabled people in obtaining and maintaining paid employment in the open labour market (European Commission, 2011). Supportive measures noted as good practice within European models include assistance to the participant before, during, and after obtaining a job, as well as support to the employer. In Australia, under Disability Employment Services (DES), a key element of support is 'job carving' where a DES provider works with an employer to 'carve' a role for a disabled worker. DES providers then provide ongoing support to both the employer and employee.⁶⁸

Despite the lack of clarity over some of the terminology, the European Union for Supported Employment (EUSE) has developed and documented a clear best practice model of supported employment which is supported by quality standards and a number of 'how to' guides and toolkits⁶⁹. This model, which is also endorsed by the British Association of Supported Employment (BASE), offers a framework which has previously been used by Government to define and agree standards for supported employment in England. The Valuing Employment Now (VEN) policy paper on supported employment (HM Government, 2010) described the model as *'a well evidenced, personalised approach to working with people with considerable disabilities to access and retain employment, with support'*.

The VEN paper also acknowledges some of the different terms used to describe supported employment, including job coaching. It clearly outlines guiding principles for best practice in supported employment, which reflect those of the EUSE model. The paper refers to key stages of supported employment, which are described by BASE as a *'flexible and continuous process, designed to meet all anticipated needs'*.⁷⁰ These key stages or elements of supported employment are outlined below:

⁶⁸ DES participants are divided between those who are likely to need ongoing in-work support and those who are not. All participants receive in-work support, though those who are categorised as likely to have a need for ongoing in-work support are eligible for more intensive support. Participants are assessed by an external assessor each year to determine their need for ongoing in-work support.

⁶⁹ EUSE <http://www.euse.org/process>

⁷⁰ BASE <http://base-uk.org/information-commissioners/what-supported-employment>

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- **Participant engagement**

In the past, professionals, disabled people and their families often had low expectations of disabled people finding sustainable work. Supported employment recognises the importance of raising these expectations for individuals and their families, and across education, health and social care services.

- **Vocational profiling**

The delivery of supported employment should include a mechanism for the identification of the aspirations, learning needs, skills, and job preferences of the participant. This vocational profile then informs job searching to ensure a high quality job match is obtained, which best suits the participant's skills and preferences.

- **Employer engagement**

Within supported employment, close engagement with employers is seen as a key element, where employers are seen as partners with whom the provider organisation has an ongoing relationship. This relationship builds trust and an understanding of the employer's business and the support required for any participant who is employed. It helps to overcome traditional recruitment and selection barriers and may involve the use of working interviews which adopt a 'place and train' rather than 'train then place' in an employment model. It recognises that most people learn skills better in situ and this helps to overcome the job readiness barrier where people can be stuck in a cycle of permanent training. It is also reported to increase a participant's motivation because they see from the beginning that they are employed.

- **Job matching**

This builds on vocational profiling and is, therefore, informed by participants' abilities, skills (current and potential) and aspirations. Once an employer's commitment to offering work is secured, a job analysis is usually undertaken. BASE describes this process as checking assumptions made in the job description and thoroughly investigating the job so that the supported employment provider can describe all of its aspects and those of the workplace. Although it is common practice for employers to set out the basics of a job for new recruits, it is not common for a detailed analysis of the job and environment to be available. The job analysis might point towards ways of carving together parts of job descriptions that suit the worker's talents, or creating new job descriptions that suit the worker and are cost effective for the employer. The accuracy of job matching should ensure the long-term suitability of employment and is seen to be particularly crucial for participants with the most severe impairments.

- **In-work support**

The process of vocational profiling and job analysis should ensure that the support requirements of a participant are properly considered, which will allow in-work support to be individually tailored and targeted. Where appropriate, in-work support to the participant and their employer may include specialist elements such as systematic instruction.⁷¹ Alongside this is the development of natural supports within the workplace which encourages the involvement of the employer and co-workers as appropriate. Supported employment providers should ensure that induction and ongoing training takes place and may offer out-of-work support if needed. Providers should also ensure that goals are agreed with the participant and progress against these is recorded on a development plan.

⁷¹ Systematic instruction is a particular method of job coaching that supports disabled people in the workplace, and it is felt to be a particularly useful approach for those with a learning disability.

- **Career development**

Few people stay in the same job for the whole of their working lives and disabled people are no different in having to adapt to changing labour markets and wanting to improve their working lives. Supported employment should encourage the career development of individuals by promoting training and development opportunities.

5.1.1 Variants of supported employment

Many of the core elements of supported employment described here can also be found within models of employment support which have been developed to focus on supporting particular groups of disabled people. For example, the Individual Placement and Support (IPS) model has been found to be successful for supporting people with mental health conditions into work (Sainsbury Centre for Mental Health, 2009), and Project SEARCH supported internships, which support young people with a learning disability in their transition from education into employment (Purvis *et al.*, 2012). These two models include a high degree of service prescription supported via model fidelity assessments, which gauge the degree to which the service delivered adheres to the programme model. Whilst in the case of the IPS model there does appear to be evidence that adhering to the prescribed model improves outcomes, there is limited evidence available to support the need for this within supported internships.

5.1.2 DWP research on employment support for disabled people

The review of best practice in employment support for disabled people outlined above also considered evidence from previous Department for Work and Pensions (DWP) evaluations, in particular those reported in *What works for whom?* (Hasluck and Green, 2007). This DWP research report offered a review of evidence from previous DWP evaluations and aimed to identify which interventions have worked most effectively for particular groups of people. This included people with a health condition or disability, and a key point raised in the report is the heterogeneous nature of disability and the wide range of issues disabled people face in entering and retaining work. The report noted that because of this, what works is very varied, and that there is a need to consider both what works at programme level and what works for specific individuals.

It further reported that specificity (i.e. an individual focus and personalised support) and continuity in smoothing transitions were regarded as particularly valuable by programme participants. From a provider perspective an appropriate fit between participant needs and the services delivered were also seen as crucial. In particular providers noted the importance of having adequate time to spend with participants and the opportunity to tailor services to meet individual need as key factors in moving disabled people towards work. This review also highlighted that it is important to note that disabled people are not a static group and their barriers and bridges to work can change over time. This again emphasised the need for responsiveness and flexibility in delivering support to meet individual participant needs.

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Across a number of programmes, the importance of beliefs, attitudes and intentions were also noted as important factors in determining what works. Those most motivated to return to work are likely to be more successful (where other factors were constant). Finally, in relation to entry into work, it noted that employers were often cautious about employing disabled people, and the perceptions and attitudes of employers matter for the employment prospects of disabled people.

The importance of these factors appears to be supported by subsequent DWP research and they are considered and addressed via the EUSE best practice supported employment model, in particular the elements of personalised flexible support and participant and employer engagement. Therefore, the following sections which discuss the delivery of Work Choice and what works will consider this alongside best practice in supported employment (where appropriate).

5.2 Work Choice pre-work support (Module One)

As discussed within chapter two in most instances the period of pre-work support offered through Work Choice is expected to last for no more than six months, although it can be extended in exceptional circumstances to a maximum of 12 months. This section considers the nature of the pre-work support found within both waves of the case study research.

5.2.1 Development planning and distance travelled

The DWP Work Choice guidance states that development plans are a key element of the programme. All Work Choice participants must have an agreed development plan that is reviewed regularly and which must reflect participants' aspirations and job goals and include all support mechanisms agreed. This reflects the vocational profiling element within the supported employment model.

All the Work Choice providers interviewed had development planning processes in place. At Early Implementation Wave all subcontractors reported that the development planning process had been introduced by the prime provider. Many subcontractors expressed concerns about the effectiveness of these new development planning systems, and technical difficulties associated with introduction of new IT systems to support this. By the time of the Steady State Wave providers were generally more positive about development planning. They generally reported that initial assessment and diagnostic activities were key in determining the personalised support given to individual participants.

Participants were generally positive about the development planning process and many reported that they found their development plan useful in terms of setting goals and monitoring their progress against these. Some noted that it offered a clear illustration of where they had progressed, and areas that still required development.

'It was useful because I noticed it changed. The second time I did it, it was a bit different. I've progressed in some areas so I knew I needed to be a bit more training ... It made me feel happy that I was progressing a bit.'

(Participant, Steady State Wave)

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The DWP Work Choice guidance (DWP, 2010) also stated that DWP '*expect a Distance Travelled mechanism to form a vital part of the planning and ongoing monitoring of your participants' development throughout their period on the Work Choice programme*'. The guidance recommended use of the approach developed and piloted during research which explored a Distance Travelled approach to WORKSTEP development planning (Purvis *et al.*, 2009) but stated that providers were free to employ any comparable method of Distance Travelled monitoring.

Whilst the providers involved in the Early Implementation Wave case studies reported that they had Distance Travelled systems in place, very few were using systems that could be said to be comparable to the recommended approach. Most of the Distance Travelled systems in place did not appear to incorporate many or all of the key elements for such an approach recommended by the research. These included use of a series of key behaviours, use of an incremental scale, an evidence-based approach and a partnership approach to monitoring.

At the Steady State Wave, providers were not asked any specific questions about the Distance Travelled approaches used but were asked to describe how they monitored and evaluated support and progress, and any changes to their methods over the past year. Distance Travelled was not raised by provider staff interviewed, suggesting that they may not consider this as a vital part of participant progress.

5.2.2 Personalisation of support

As discussed in Section 5.1.2, the delivery of personalised support has been found to be crucial to the effective delivery of employment support to disabled people. The Early Implementation Wave research in 2011 found that provider mechanisms for delivering pre-work support to Work Choice participants varied. There was evidence of group sessions and job clubs being used by some or all supply chain partners in all but two of the case-study CPAs. A number of providers indicated that they had begun using or increased their use of group-provided support since Work Choice was introduced in response to the minimum levels of support requirements within the programme. One-to-one support was also provided to participants and this was the main support mechanism for providers using a peripatetic or outreach model, although providers who primarily delivered group sessions also noted that where these were unsuitable (e.g. for some participants with autism or anxiety issues), one-to-one support would be offered.

Many provider staff interviewed also reported that the provision they were delivering was tailored to the needs of individual participants. Examples of the types of support that would be delivered when applicable included dyslexia assessments, advice on condition management, completing benefits checks, etc. In most cases, however, the support was relatively structured (job clubs, rolling in-house training programmes, one-to-one appointments of a set length and frequency, etc.) with a limited degree of personalisation.

There appeared to be more personalisation of support by the Steady State Wave in 2012. Most providers reported that they offered both one-to-one meetings with an adviser and group work, including job clubs and training in small groups. Providers generally reported that they had the flexibility to tailor their support package to suit individuals' needs and aspirations.

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'We've got experienced consultants here so if they feel something's not working well with a particular customer, they're given licence to try something different, be inventive. As long as we're compliant, I'm willing to try most things that just can help a customer get back into work.'

(Provider, Steady State Wave)

A provider specialising in self employment described the necessity of their support being extremely personalised in order to help participants start up in their chosen career:

'I suppose we are very fortunate in dealing with self employment because the customer is choosing what they are looking to do and we are not trying to fit them into a job. It is more customer focused and I suppose our support is very much aimed towards the individual achieving what they want to do.'

(Provider, Steady State Wave)

Most participants who were interviewed were positive about the pre-work support they received. They agreed with the provider view that the support they received was holistic and flexible enough to meet their particular needs.

'It's very flexible, yes, and I believe the support we get here is tremendous, it's very, very good.'

(Participant, Steady State Wave)

5.2.3 Training

In both waves of the case study research, providers described brokering training to meet specific participant needs, including literacy and numeracy. The majority of providers reported that they had built working relationships with local education and training providers, in order to access training for Work Choice participants. In most instances, providers were building links with training providers who delivered courses that providers could access for their participants at no cost, such as basic skills provision. There was, however, some suggestion that the amount of such provision was reducing.

'There used to be so much around but there doesn't seem to be as much provision out there for people anymore.'

(Provider, Early Implementation Wave)

A small number of specialist providers whose participants required extremely specialised training tended to deliver most of their training in house. These providers reported that in addition to more general training, for example in IT, they focused on condition management. This included, for example, how to live with brain injury and overcome some of the difficulties that may result from that condition, how participants with autism spectrum disorders should inform and educate potential employers about their disability, and providing training to participants with visual impairments on the range of assistive technology. Specialist providers also reported that participants often benefited from meeting and working with other participants with a similar disability. They described one benefit as peer support, which could encompass the sharing of experience and information, a point also noted by some participants (see Section 5.2.5).

'Some people had never met anyone else with sight loss so it's very good for that. And they share information, different projects and different services that are going on for people with sight loss or different groups that they're involved with outside of here, they share that information.'

(Specialist provider, Steady State Wave)

5.2.4 Work placements and work trials

At the Early Implementation Wave many providers appeared to be adopting a 'train then place' approach, rather than the 'place then train' approach of the best practice supported employment model. Some providers described how they focused on the sequential delivery of training followed by job search, rather than providing the two activities concurrently. There was little evidence of employer engagement and working interviews.

'Module One is 26 weeks so for the first 12 weeks every Thursday we run a session... so week one will be motivation, week two will be confidence building, week three will be CV writing, things like that, on a rolling period. So we try and up-skill them in those first 12 weeks. The last 14 weeks are intensive job searching with them.'

(Provider, Early Implementation Wave)

By the Steady State Wave a number of providers reported using work placements and work experience as a key element of pre-work provision, particularly for participants who had never worked, or who had not worked for many years. One case study prime provider indicated that they advise their subcontractors to 'place then train', as they believed that this is the best way to prepare participants for longer-term employment. The case studies provided examples of providers using external placements, placements in supported businesses and, in one instance, the use of a wage incentive to create traineeship placement opportunities for participants. This involved a six-month paid traineeship where a participant had the opportunity to work 21 hours per week for the provider or for an external employer. They had agreements with external employers that the provider would pay the wages of the participant for the six months of the traineeship, while they gained experience of the role, on the understanding that the employer would provide a paid job for the individual at the end of the six months. Work trials in lieu of interviews were also reported by a number of providers in different case study areas.

'I do what I call work tasters which are usually for a day and that's really just to give the person an idea of what the job is and also the employer... From there you organise a work trial. I try and keep work trials to less than two weeks.'

(Provider, Steady State Wave)

The negotiation of work trials was seen by some providers as a good way to bypass more traditional application processes, which were felt to sometimes disadvantage disabled applicants. The facilitation of work trials was reported as a highly successful element of the support provided to some Work Choice participants.

'Work trials is where an employer is not sure, they give them a go, like an extra interview ... it means they get to show their skills in the workplace doing the job they've applied for and if they can do it then they might take them on.'

(Provider, Steady State Wave)

5.2.5 Participant views and experience of pre-work support

The pre-work activities and support that were most commonly reported by participants at both waves of the case study research were:

- identifying suitable jobs and routes into work;
- producing CVs; job searching; advice and guidance; and
- an opportunity to discuss concerns and problems.

They reported that pre-work support was delivered to participants via one-to-one meetings, and some had also attended group sessions, which they had found useful.

In general, participants interviewed thought that the support they had received had been helpful in their move towards employment, and enabled them to apply for a greater range and number of jobs than they would have done in the absence of the programme. Many reported that Work Choice had boosted their confidence and helped them to stay motivated when applying for jobs.

'It is helping my confidence ... it keeps you in that disciplined mindset of looking for work.'

(Participant with a condition restricting mobility, Early Implementation Wave)

Some Work Choice participants also described the practical aspects of the pre-work support they received as being particularly helpful, for example, help in finding suitable work experience opportunities, travel training and support, assistance with complex application forms, and preparation for interviews. They believed that in helping to overcome all of these barriers to work, the support was tailored to their individual needs and requirements, which reflects the personalisation of support described in Section 5.2.2.

Participants receiving support from providers specialising in working with particular disabilities reported that they particularly appreciated the way that their support had been tailored to their condition. They also said they gained confidence from peer support, and meeting others with a disability.

'We started off doing four weeks with groups, group sessions. It was good to be in a room full of people that have disabilities.'

(Participant with a learning disability, Early Implementation Wave)

'Being around people with the same ... you don't have to worry you're in ... comfortable surroundings so don't have to explain yourself to anyone and everyone's in the same boat and me personally being here I think my confidence is getting a little bit better.'

(Participant with a visual impairment, Steady State Wave)

Most participants interviewed also thought that they received the right amount of support from their Work Choice provider, although a few pre-work participants said that they would like a little more support each week, for example, to help them look for or apply for jobs.

5.2.6 Views on the impact of pre-work support

In the Steady State Wave research, participants and provider staff were asked for their views on the impact of the support delivered by Work Choice. Providers in all case study areas suggested that the vast majority of their participants would not have been able to find work without Work Choice support. Whilst some said that a few participants might, in time, have found work themselves, many held the view that in these cases it would have likely taken participants longer. Some provider staff also suggested that, without the diagnostic and job matching aspects of the Work Choice pre-work support, the work they found would probably not have been as suitable for them.

'I think a couple of them, of course, would have done but I think they might not have got there as quickly and it might not have been such stable and realistic employment.'

(Provider, Steady State Wave)

Participant views supported these provider views. The vast majority of the pre-work participants interviewed said they did not think that they would find work without the support of Work Choice. Some had been unemployed for several years, but now believed that they were starting to make real progress towards work. A few thought that without Work Choice they would perhaps find work eventually, but that it would take them much longer. Most participants who had entered work while on Work Choice thought that without the Work Choice support they had received, they would probably still be unemployed. Some participants also said that their providers had created opportunities for them which they would not otherwise have had access to.

'I think I'd have been unemployed for a few more years because it's so hard when you're a disabled person to get out there to get yourself noticed. I don't think people really take you seriously and although employers are supposed to be mindful of people with disabilities and make changes and stuff, they don't always do so.'

(Participant, Steady State Wave)

Providers in most case study areas reported that as well as helping participants to find and apply for jobs, a key impact of the programme was the increase in participants' confidence and motivation. This was again supported by participant views.

'It's helped with understanding more ... building up my skills as well, and confidence and people skills. I've been looking for a job since I left school but I've got nowhere. I'm starting to get somewhere now with [provider]'

(Participant, Steady State Wave)

5.2.7 What works in Work Choice pre-work delivery?

This and the subsequent 'what works' subsections provide an overview of what works when delivering particular aspects of support, drawing on all of the case study data collected at the Early Implementation and Steady State Waves of research.

Providers consistently reported that **regular one-to-one support** builds participants' confidence, motivation and perseverance. The tailored and flexible nature of support is of key importance, as is finding the right job for the right person, both in terms of getting participants into work but also in creating sustainable outcomes.

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'Seeing customers regularly, definitely. You know, the motivation of powering their self-belief'

(Provider, Steady State Wave)

'Here I get the feeling that staff care, they want you to be in work that is going to be viable. They don't just look at the short term. They look at the long term. They want you to be happy in work. They want you to live your life to the best.'

(Participant, Steady State Wave)

Providing **opportunities for participants to work together in small groups** can create natural peer support, promote sharing of ideas and help individuals develop interaction skills and confidence useful for the workplace. Group sessions appeared to be most successful where providers used these alongside sufficient one-to-one support (rather than in place of) and continued to recognise and offer purely one-to-one support to individuals who would struggle to develop in a group setting.

'I think what works really well for us is we mix the delivery. So we get them working as teams, we have them working individually. We've had relationships formed because of the team working, but the team working it's peer-supportive, you know, you're not alone.'

(Provider, Steady State Wave)

Adopting the **'place then train' approach of the supported employment model** which includes **work placements and work trials** has operated successfully in some areas and was reported to be very beneficial. Work placements can provide valuable experience for participants who had little or no work history. Work trials can be used instead of interviews and formal application processes for participants who would generally not perform well at these. In some cases, these practices were resulting in multiple placements, and ongoing arrangements between providers and employers.

'It's that level of negotiation with the employers, that I think is what's driving the job starts.'

(Provider, Steady State Wave)

Sharing good practice across adviser teams within providers and between providers was reported to have been working well in one case study area in particular. The time taken away from face-to-face work with participants for monthly team meetings, peer review groups and case conferencing was believed by the providers to have been more than offset by improvements in performance.

5.3 In-work support

There are two distinct models for the delivery of in-work support within the Work Choice programme, which relate to the historical development of supported employment within Britain. These models are:

- supported employment with a mainstream employer, which is covered in this section; and
- work within a supported business which is discussed in Section 5.6.

Work Choice can also offer support to disabled people via self-employment.

5.3.1 Nature of provision

When they enter work, the participant should receive ongoing flexible specialist support relevant to their own personal circumstances. This period of support (Module Two) is expected to last no more than two years. Work Choice design also recognised that some participants need longer-term support and Module Three provides longer-term support with a focus on ongoing development.

In both waves of research, providers in all case study areas reported that their in-work support was flexible and participant driven; depending on the individual and their disability. Whether they were providing Module Two or Module Three support, the base mechanism for in-work support was development planning and review meetings between a support worker and the in-work participant. The employer would also often be involved in all or part of these meetings. The meetings would be used to review and update development plans, to assess support needs, and for goal setting and action planning.

Support reported as being offered across case studies included regular visits and telephone calls, mentoring, job coaching, assistance with Access to Work applications, advising on workplace adjustments including specialist equipment and changes to role, problem solving in response to issues arising, and sourcing suitable training. Providers working with Module Three participants said that holistic support, taking their wider life circumstances into account, was also important.

'It's totally individual from sorting out training courses to development within work to sorting out buddy systems, tax rebates, panic alarms, however it comes to totally re-evaluate and getting the employer to change her job ... to be more suitable to her.'

(Provider, Steady State Wave)

Some providers conducted handovers from pre- to in-work support teams, which were felt to be very important in ensuring continuity of support, while at other providers, participants retained the same support worker for the pre-work and in-work modules. In all areas, providers reported that an initial assessment of what the participant would need to support them in work was undertaken. There were, however, no specific reports of job analysis or job carving, although many providers referred to advising on workplace adjustments, which may include elements of these processes.

In the Steady State Wave of research, providers in all case study areas reported that the initial period of in-work support was crucial, enabling participants to settle into their new workplace, and to ensure that both employer and participant were satisfied with the arrangements. Providers had found that issues often arose during the first few weeks, which could be easily resolved with their timely intervention, but without which, employment would not be sustainable. During an initial period of between one to three months, natural supports within the workplace could also be developed. After this, many Module Two participants required much less active support, although having a 'safety net' in place, should any difficulties arise, was still thought to be important in sustaining employment for many of them.

'I think the initial transition period is crucial, so to make sure that that person's got everything they need to go into work, so that's anything from supporting an Access to Work claim, helping make sure their benefits are transitioned, and they're supported in the work place, you know just with relationships really.'

(Provider, Steady State Wave)

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Indeed, provider interviews highlighted a significant subset of in-work participants who did not require regular support following a period of initial in-work support but who might have struggled if their condition deteriorated, or if any workplace problems develop, to deal with these successfully and sustain their employment. In such instances, providers felt that identifying the issues and intervening with support quickly was crucial. For some providers, the requirement for support if a problem developed was a key barrier to successful progression of some participants off the programme. In contrast, one large multiple CPA provider reported that they progressed participants once their regular in-work support needs ceased but that they had a national support service in place which contacted progressed participants by phone several times a year to check that all was well, and whether any additional support was required. If and when appropriate, the local provider staff could be contacted to support the participant again.

'The good thing is at the unsupported stage if there are any issues, the support centre will contact me straight away.'

(Provider, Steady State Wave)

5.3.2 Participant views and experience of in-work support

In common with findings on pre-work support, participants were generally positive about the support they had received and felt it was helpful to both maintain and progress within employment. A range of support was described, including ongoing work on confidence building, job coaching, training and development. Some participants described help from their provider to deal with issues outside work, such as housing, and others described being referred to other services such as Social Services.

It was clear that participants received quite different levels of in-work support depending on their needs, which was related to a number of factors including the effect of their disability and the length of time they had been in work. In general, participants felt that the level of support they received was appropriate for their needs although a few suggested they would be happy with less frequent provider visits to their workplace.

Whilst much of the support for participants was agreed during planned meetings with employers and their provider, many participants also reported that they particularly valued having a support worker that they could contact if a problem arose. They often reported that it was easier to raise an issue or talk about a problem they were having with their support worker than with their employer. This was particularly so for participants with learning disabilities, who often found it hard to communicate their feelings and needs to their employers, and participants with mental health conditions, who could find some situations at work very stressful, causing them considerable anxiety if left unresolved. At such times, participants reported that they benefited greatly from being able to contact a trusted support worker. They knew that their support worker would give them good advice, and talk to their employer on their behalf, if that was appropriate.

'What's really helped is having a safety net. I know if something goes wrong I can always ring [support worker] and she will calm me down and give me good advice. I trust [support worker]'s advice.'

(Participant with a mental health condition, Steady State Wave)

5.3.3 Supporting employers

Engaging with and supporting employers is a core element of the supported employment model and in both waves of research, employer relationships were cited as key by many provider staff. A good mix of employers participated in both waves of the research, including large and small employers in the private, voluntary and public sectors. Some had employed one Work Choice participant, others had employed several. One large private sector employer had taken on around 50 Work Choice participants as a result of a national-level relationship with a provider.

A range of benefits to being involved in Work Choice were cited by employers, including providing equal opportunities, adhering to their Corporate Social Responsibility policy, facilitating workplace and process adjustments that created more widespread workplace efficiencies, and some also reported that they gained access to good quality candidates who simply needed a chance.

'We recognised there's a whole pool of labour, of talent, that's untapped: people that for whatever reason haven't been given the opportunity that most of us had, who were just looking for a chance.'

(Employer, Steady State Wave)

Many employers suggested that they would probably not have employed participants without the support of Work Choice, and felt the support received was necessary to maintain ongoing employment. This was particularly the case where participants required high levels of support linked to a learning disability or mental health condition, or where employers had no previous experience of employing disabled people. While employers did not usually understand the detail of the Work Choice programme, they generally stated that they knew all that they needed to, and knew who to approach within the provider if they did have any questions.

Employers were, on the whole, very happy with their relationships with providers and with the support provided both at the recruitment and in-work stages of the programme.

'I can't fault Work Choice, they've really helped us a lot. As did WORKSTEP. It was annual reviews and intermittent visits, catch ups. It's been a regular, ongoing thing.'

(Employer, Steady State Wave)

A number of providers highlighted that some employers thought that the minimum levels of in-work support specified for Work Choice were intrusive. In some instances providers felt they may be counter-productive to good relationships between providers, employers and participants, although the employers interviewed did not tend to raise this issue.

Providers reported that if an open and regular communication between employer and provider was established, this increased the chances of a successful and sustainable placement.

'A lot of it is just down to feedback. You need to really engage the employer to give you feedback and let you know how somebody's getting on. Are they understanding instruction etc. and so that is I always think your relationship with the employer is key to keeping somebody in a job.'

(Provider, Steady State Wave)

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Providers reported that they usually organised a three-way meeting between participant, provider and employer at the start of the placement, and some providers believed that this arrangement was also a fruitful method of ensuring good communication on a longer-term basis. However, they also thought that it was important for participants to regularly have some time alone with the provider, so that they would be able to talk about any issues they felt uncomfortable about raising in front of their employer. Providers also reported that they encouraged employers to alert them if there was a problem or issue that they needed assistance to resolve. Some providers highlighted that it was very important to support employers to understand their employee's disability so that employers, rather than providers, could support participants in the longer term.

'Disabilities don't disappear after six months, health problems don't disappear after six months, so if you work with that employer and you get them to understand that individual's needs, hopefully they won't be pulling on your resource too much and more importantly they will be able to support that individual appropriately in the workplace.'

(Provider, Steady State Wave)

Examples of support to employers included coaching on understanding and dealing with issues related to the participant's disability, or how to best communicate with the participant. One employer said that as a result, they now felt much more confident that they understood disability issues, and knew that they were not discriminating.

'It's very much about being an advocate with the employer and developing a relationship where you can say "this is where this person's strengths lie, there may be some weaknesses that we need to develop on in this area" and then putting a plan in place to ultimately get that client to the point where they don't need our support anymore.'

(Provider, Early Implementation Wave)

Support could also be in the form of assisting the employer with specific issues, such as introducing changes or adjustments at work, or dealing with problems that may arise, and acting as an intermediary between the participant and employer if required. There were examples of Work Choice providers helping an employer to make adjustments, either before an employee started work, or afterwards, in response to a difficulty that had arisen. There were also examples given by employers where difficulties had arisen with their Work Choice employee, and their provider had helped them to deal with the situation correctly and sensitively, avoiding recourse to disciplinary procedures. This ongoing support to employers to resolve any day-to-day difficulties was also reported as one of the most common and valued forms of support to employers in the evaluation of WORKSTEP (Purvis *et al.*, 2006).

5.3.4 Views on the impact of in-work support

All providers interviewed during the Steady State Wave research suggested that a period of initial in-work support was vital for a large proportion of their participants. Estimates of the proportion requiring this ranged from all to around half of participants. Among those who felt able to provide an estimated figure, the most common view was that between 70 and 80 per cent of their participants would struggle to sustain employment without initial in-work support.

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Providers also reported a number of examples of in-work participants who would have lost their jobs without the support of the programme. These involved situations where in-work advisers had to step in and resolve difficulties that had arisen in the workplace. They often involved the use of inappropriate behaviour/language or dealing with changes in the workplace, and tended to be associated with participants who had an autistic spectrum disorder or learning disability. One participant who was involved in a situation of this type reported that they had required the help of their support worker in order to both understand and address the problem.

A number of providers mentioned the importance of a safety net of support for participants, especially during the early months of employment. They suggested that the knowledge that in-work support was available had a large positive impact on participants even when they did not directly draw on that support. Linked to this, many in-work participants said they liked to know that support was there from their Work Choice adviser if they needed it. This made it difficult to estimate the true impact of Work Choice support at the in-work stage.

'Well it is always there when I want it. They don't have to come around if there is not a problem. They phone me up to see how I am and stuff like that and I say if I got any problems and if everything is ok and that is fine. I would talk to them first if something ever happened.'

(Participant, Steady State Wave)

Compared to initial support, the need for long-term ongoing support was seen to be relatively low. The most common view from providers was that most participants would in time be able to progress from the programme. Similarly, many participants interviewed felt that over time the in-work support they received could be withdrawn and that they would progress to unsupported employment.

However, there were also examples of participants who felt they would need longer-term support in order to stay in employment and the majority of providers felt that for a small number of their Work Choice participants, ongoing support would be necessary. There were suggestions that participants with a severe learning disability, autism spectrum disorder and/or certain mental health conditions were most likely to require ongoing support. Where long-term ongoing support was felt to be needed this was often to help participants to cope with workplace change or fluctuating or deteriorating health conditions. In such cases it was felt to be crucial for the provider to have an ongoing relationship with both the individual and the employer. Further discussion of participant views on progression can be found in Appendix B.

5.3.5 What works when delivering in-work support?

An **initial assessment of in-work support requirements**, followed by a relatively **intensive period of support over the first few weeks of employment** appears crucial in ensuring that participants and employers have everything they needed to move forward.

'It's just getting them through the first month, the first day, the first week, making sure that the transition from benefits to pay is sorted, that if they're eligible that we've made the application to Working Tax Credits, that we go in and negotiate with the employer if there's any specific needs that the customer's got, Access to Work packages ... I think that's the time that potentially, it's either yes they stay or no they fall by the wayside.'

(Provider, Steady State Wave)

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Related to this is the need to always keep the **end goal of progression** off the programme in mind, so that the right support can be put in place in the early stages of the placement, and indeed, so that participants can be well prepared for work from day one on the Work Choice programme.

'I think for us what we're looking to do is ensure that the support we provide from day one is sustainable so in terms of the tools that we give our customers, in terms of the things that they learn ... I don't think it's all about back end and once they've found a job, what in-work support shall we provide now? I think it starts from day one.'

(Provider, Steady State Wave)

Providing **one-to-one tailored support to participants** in accordance with their disability and circumstances, often with input from their employer, is a cornerstone of Work Choice, and appears to work well. Where appropriate, light touch support can encourage participants to be independent in the workplace. Having the flexibility to step in to problem-solve and put additional support in place in a timely manner is critical in preventing any difficulties from escalating.

'I would say there's two sides to it, one is the mentoring, the reassurance that you're on the right track, you're doing the right thing and the other is the job coaching.'

(Provider, Steady State Wave)

Engaging with and supporting employers and educating them about participants' disabilities was important. By supporting employers to communicate with and help their employees it sets the scene for successful progressions. Developing open and regular communication between providers, participants and employers meant that any issues that arose could be highlighted and dealt with quickly and appropriately.

'To me, the support of employers is much more important than the job. Because if you've got somebody with a health condition and [the employer] doesn't understand it, your dream job will become a bit of a nightmare very quickly.'

(Provider, Steady State Wave)

A mechanism for relatively infrequent but regular contact after participants had progressed from the programme was working well for one large provider and could be useful for others. This brings attention to new support needs, assists participants with unforeseen changes or difficulties and prevents them from falling out of employment. Maintaining the continuity of existing relationships by having this contact and support delivered by someone who knows the participant and the employer is also a key factor in effective delivery.

'The good thing is at the unsupported stage if there are any issues, the support centre will contact me straight away... if the support centre are unable to get hold of the candidate we have got a good process set up at the moment where I will go out.'

(Provider, Steady State Wave)

5.4 Employer engagement

In addition to their day-to-day links supporting participants and their employers, the majority of providers highlighted the importance of their broader engagement with employers. This type of employer engagement involved promoting Work Choice and developing working relationships that could lead to job opportunities for their participants. Most providers had some form of dedicated employer engagement staff to carry out this type of work, some locally based, and in some cases via national teams.

In the Early Implementation Wave in 2011, there was acknowledgement from some providers interviewed that their employer engagement needed to be improved and increased. Some suggested that it was becoming harder to engage employers, because of the labour market conditions, with a high number of jobseekers chasing a smaller number of vacancies.

‘We also go out in the market to employers; some are really good, others look at us as though we’ve come from another planet because there’s so many people unemployed, [they think] “why would I take on someone with a disability?”’

(Provider, Early Implementation Wave)

In the Steady State Wave research in 2012, there was a clear increase in reported employer engagement activities in most case study areas, with many viewing this as one of the most effective routes to ensuring job outcomes.

In some case studies, providers reported networking with employers at local employer partnership events, attending jobs fairs and business breakfasts. A number of providers mentioned that educating employers, both to the benefits of the Work Choice programme, and of employing disabled people, was important. There were a few provider reports that employer engagement was still difficult because of the economic climate. However, in general, providers were positive about the opportunities that could be created by working to develop mutually beneficial relationships with employers.

An evaluation of WORKSTEP, one of the predecessor programmes to Work Choice (Purvis *et al.*, 2006) found that providers had developed two different approaches to employer engagement: one which focused on finding jobs for individual participants based on their individual requirements and capabilities, and one which focused on developing large scale relationships with employers and adopting an employment agency approach to filling their employment needs. Both approaches were evident in the 2012 research with the individual approach typically used by smaller or specialist providers and the employment agency approach only used by larger national providers.

5.4.1 Employment agency approaches

At both the Early Implementation and Steady State Waves of research, multiple CPA providers described formal arrangements that they had in place with some large employers. In some cases, these ‘managed accounts’ guaranteed interviews for participants referred via the provider and appeared to have some level of exclusivity in terms of working with that provider. These types of arrangement were reported within the WORKSTEP research, which noted that it was not effective in all locations, i.e. in areas which lacked large employers. There was also evidence of this with regard to Work Choice, and that some providers had found it more effective to work with smaller organisations.

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The employment agency approach described by some of the multiple CPA providers appeared to work best where relationships created between the provider and large employers at the national level were followed up and strengthened further locally. In some case studies, these relationships were highly valued by providers and felt to be extremely successful at generating large numbers of vacancies for Work Choice participants to be placed into.

'We have fantastic employer engagement, we really do, we had a [name] store recently, we put 13 people into it ... We have a good reputation with employers because of that so I think that does make a difference for us. Because you can put multiple participants in, or multiple participants go into an organisation it's easier to manage, and it's also easier to sustain so makes your in-work support stronger as well. So I think things like that work well for us.'

(Provider, Steady State Wave)

Where an employment agency-style relationship had been successfully established, the employers also valued the ready availability of pre-screened and specially selected candidates for their vacancies. Employers engaging with a provider through such arrangements were often not aware that the participants they employed were on a DWP-funded specialist disability employment programme and instead were often just aware that the participants were supported by the particular provider.

'We recognised there's a whole pool of labour, of talent, that's untapped: people that for whatever reason haven't been given the opportunity that most of us had, who were just looking for a chance.'

(Employer, Steady State Wave)

However, to be successful, the employment agency model usually depends on large, national Work Choice providers who have the capacity to develop the relationships with large employers, and to supply the volumes of participants to meet employer demand. It is also not a practical model in areas where there are limited or no large employers, e.g. in some rural and coastal areas. The model is also not appropriate for all Work Choice participants and may risk limiting the range of job opportunities for Work Choice participants supported by providers using this model. One Disability Employment Adviser (DEA), for example, reported that an individual referred to a Work Choice provider who uses the employment agency model was returned to Jobcentre Plus as unsuitable because the jobs they could offer via this model were not an appropriate match.

'Because she said she wasn't looking for an x, y, z job they said they couldn't help her.'

(DEA, Steady State Wave)

Some smaller, specialist providers also suggested that this large-scale approach to employer engagement was not suitable for the types of participants they worked with, e.g. those with autistic spectrum disorders, or people recovering from brain injury. They felt such participant groups required a more individualised approach, and that it was usually more appropriate to place their participants with employers that particularly understood their disability and support needs, or in roles which were suitable for them.

5.4.2 Individual approaches

Not all providers were equipped to operate employment agency approaches, or believed that these would be appropriate for their participants or suitable for their local labour market. Smaller providers, single CPA providers, and specialist providers in particular, focused their activities on finding the right opportunity for each participant, seeking out suitable employers and vacancies for them that were geared to their aspirations and, if appropriate, their disability. This included cold calling employers providing the right kind of work opportunities, and brokering contact on behalf of participants with regard to advertised vacancies.

While these types of contacts tended to be with smaller employers, they could, nonetheless, lead to the providers building up a network of existing employers who came back to them when they had another vacancy. A number of providers reported that at first contact, employers often needed to be educated about the wide range of disabilities, and what employing a disabled person might mean for them in practice, simply because they had no experience of this.

Staff in smaller provider organisations often reported having little time available specifically for employer engagement activities. In these cases, a wider CPA-level employer engagement role was found to be valuable in providing additional suitable vacancy opportunities.

'On Work Choice we have our own employer relationship manager anyway, who's there to build the links on behalf of the subcontractors, so it's to complement what the subcontractors have themselves. And some months he's literally achieved 60 per cent, 70 per cent, 80 per cent of the subcontractor's outcomes.'

(Prime provider, Steady State Wave)

5.4.3 Employers' views

Some of the larger employers that were using a Work Choice provider in a similar way to an employment agency said that, on the basis of a number of successful placements, they trusted the provider to understand their business need and job role requirements, and to present them with suitable, pre-screened candidates. Involvement in Work Choice for them was, therefore, felt to be a very cost effective way of recruiting.

'It takes the pressure off from the interview process and job search for advertising for staff. You don't have to go out looking for the people. They're almost handed on a plate for you. It saves time, money and an awful lot of paperwork.'

(Employer, Steady State Wave)

In being able to recruit suitable employees to their business as a result of being involved with Work Choice, employers were able to easily fill their vacancies, fulfil their mission of reflecting the diverse communities they served, and meet their corporate responsibility targets.

'It was a working scheme that paid off. It had a benefit for [the company] and it also had a benefit for the candidate ... For us as a business it is all around that kind of commitment to people within our community. We also have company values that we need to try and abide by.'

(Employer, Steady State Wave)

5.4.4 What works – employer engagement

Employer engagement was regarded as a key success factor by providers. Those who used it most reported that it yielded very positive results.

'It's that level of negotiation with the employers that I think is what's driving the job starts.'

(Provider, Steady State Wave)

There are clear benefits and also limitations to both main approaches to employer engagement. The **individual approach can result in personalised job matching**. However, this approach can be time consuming. **The employment agency approach can generate large numbers of ring-fenced jobs** for Work Choice participants and can also bring benefits to employers which will increase their likelihood to continue the arrangement long term. However, this approach is unfeasible to develop in isolation by smaller providers and in some areas of the country, and the vacancies generated will not be appropriate for all Work Choice participants. Total reliance on one model is, therefore, unlikely to meet the needs of all participants in all localities so **the combined use of both approaches should be encouraged where possible**.

5.5 Financial support to employers

Many countries, including Britain, have a history of giving financial support to employers to encourage the employment of disabled people. The terms incentive or subsidy are in some cases used interchangeably, although within this discussion incentive is used to describe a short-term encouragement to employ someone and address any initial needs. Subsidy is an older model of compensating an employer for employing a disabled person who is potentially regarded as less productive than other employees. In Britain there has been a move away from the use of long-term financial subsidies although in some countries these still form a proportion of spending on active labour market programmes for disabled people. For example, in many European countries financial support for employers still plays an important role (European Commission, 2011).

Poland and Denmark both provide permanent subsidies. In Denmark these subsidies make up a large proportion of spending on active labour market programmes for disabled people. In both countries, progression to unsubsidised employment is low. In Finland and the Netherlands, wage subsidies are available but only on a temporary basis. In Finland, there is a low take-up of the subsidies and few individuals are kept on after the subsidy ends. In some countries, employer subsidies form part of a wider system of support. In Austria, for example, subsidies form part of supported employment, with wage subsidies and subsidies for adjustment costs tapering off over time.

The position within Work Choice is considered in the following subsection. This includes a final strand of research which was introduced specifically to explore the new Work Choice wage incentive. This was launched in July 2012 for employers recruiting young disabled people aged between 18 and 24 from the Work Choice programme. It aims to encourage employers to recruit young disabled people.

5.5.1 Legacies from past programmes

During both waves of research, much of the provider discussion around financial support to employers was with regard to financial subsidy arrangements made during previous programmes which had transitioned over to Work Choice. The Work Choice Invitation to Tender noted that, of the approximately 14,000 existing employed participants, a financial incentive was being paid for around 5,500. The payments for transferring participants were guaranteed via payments built into the Work Choice funding model.⁷² The level of these payments is gradually being reduced over the lifetime of Work Choice contracts.

In the Early Implementation Wave research in 2011 many providers reported that they did not usually offer financial support to employers as part of Work Choice, and were, therefore, only using financial payments to employers when they had inherited this arrangement from outgoing providers. There were reports that a number of transition participants had been progressed off the Work Choice programme very quickly because they did not appear to have any support needs, or because they appeared to still be on the programme solely owing to payments to the employer (which the incoming provider had negotiated ending). There were, however, some reports that incoming providers had ceased payments to employers without proper negotiation.

By the time of the Steady State research in 2012, many providers reported that they had continued to successfully negotiate the reduction or removal of some payments that were a legacy from past programmes. However, providers reported that not all employers had been amenable to this, and some employers had reportedly said that if they lost their payment from Work Choice they would not be able to continue to employ the Work Choice participant to whom it related. In cases where employers were not open to negotiation, this was reported to be creating financial difficulties for some providers. Payments which were still in place from past programmes were also cited by many providers as a barrier to progression from the programme.

'They [participants] openly say to us, "we don't really need you here, we don't want you here" and then we'll say, "we have got to do something with you, because it demands four hours, even if it's just coming along and talking to you both, we need to do that" and it's, "well we don't need you, could we go unsupported?" Err no because they're going to take the money away.'

(Provider, Steady State Wave)

5.5.2 Current use of financial incentives

In both waves of research, most providers said that they did not use financial support to employers at all for new participants. Some believed, for the most part, that these payments were an outdated form of leverage that was inappropriate in the current employment climate, with greater awareness of disability, and employers' obligations under the Disability Discrimination Act, first introduced in 1995. Other providers had tried incentives in various forms, for example, a multiple CPA provider reported that they had tried using an incentive of £500 for employers who employed a participant, but it had not been taken up. As a result they had recently steered away from using financial incentives.

⁷² Except in the cases of supported businesses and government departments.

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This type of incentive payment is similar to the payment that had been offered to employers by Jobcentre Plus via the Job Introduction Scheme. This paid employers a weekly grant towards the cost of employing a disabled person for the first six weeks of their employment. The scheme ended when Work Choice was introduced in October 2010.

However, a small number of providers reported still using incentives, and were enthusiastic about them. They reported that it was helpful to compensate employers for the lower productivity rate of some participants when they first started work and to take the pressure off while they got used to the job. Only a small minority of providers believed that a more permanent payment was sometimes necessary to make a position financially viable for employers in the longer term.

5.5.3 Paying for training and start-up costs

While financial support paid directly to employers was, in general, not popular, a number of multiple CPA providers reported that they would sometimes pay for training or necessary certification once a participant was in work, to ease the financial burden to the employer. This type of financial support had reportedly worked well in ensuring that participants were able to sustain their employment. One provider also reported using paid traineeships as part of their strategy to secure employment for participants. This involved paying the wages of the participant for the six months of the traineeship while they gained experience of the role on the understanding that the employer would provide a paid job for the individual at the end of the six months (also discussed in Section 5.6). Finally a specialist provider reported that they provided a £500 grant to participants at the point of entry to self employment to help ease the financial transition and start up costs. This could, if necessary, be used in advance for training or certification.

5.5.4 Work Choice wage incentive for young people

In July 2012, a Work Choice wage incentive was launched for employers recruiting young disabled people aged between 18 and 24 from the Work Choice programme. The aim of the Work Choice wage incentive is to encourage employers to recruit young disabled people.⁷³ It brought Work Choice in line with the Youth Contract offer⁷⁴ and avoided any potential disadvantage of young people on Work Choice. It does, however, appear to be somewhat at odds with the general move away from financial payments to employers within the programme overall. A number of specific telephone interviews were carried out with employers to ascertain their views on this wage incentive.

Most of the employers who had taken on a young disabled person through Work Choice since the wage incentive was launched had heard about the wage incentive through a Work Choice provider, with whom they already had links. A smaller number of employers had heard about it through other channels such as the press or the Internet. The most common suggestion for improvement of the scheme from employers interviewed was that the Work Choice wage incentive needed to be more widely publicised.

⁷³ The total value of the wage incentive is £1,137.50 for a part-time job (between 16 and 29 hours per week) and £2,275 for a full-time job (30 hours or more per week). In order to be eligible to claim, the job must be expected to last at least 26 weeks and the employer should not be in a position to employ the individual without the wage incentive payment.

⁷⁴ <http://www.dwp.gov.uk/youth-contract/key-initiatives/wage-incentives/>

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Many employers thought that the Work Choice wage incentive was, in principle, attractive. This view was most common among smaller employers and for some, it had been pivotal in their decision to recruit.

'An affordable way to offer somebody some employment ... to create something to help disadvantaged people.'

(Small private sector employer, has a wage incentive employee, Steady State Wave)

More often, however, the incentive had been a contributing factor which had helped but had not been essential to the decision to recruit a new employee. Most employers who had no experience of the Work Choice wage incentive said that it would be an incidental benefit, rather than a reason to take someone on. Larger employers in both public and private sectors generally reported that the Work Choice wage incentive had not made, or would not make, a great deal of difference to their recruitment decisions.

'We would always appoint someone and then we would apply for it, we wouldn't recruit someone just to get the money for them ... It's a bit like the Access to Work scheme ... we would look at this in a similar way really.'

(Larger public sector employer, no wage incentive employees)

There were a few cases where it was reported that vacancies had been created as a direct result of the wage incentive. However, most employers believed that a new position could not be created if there was not a business need for it. Many viewed the criteria that the organisation should not be in a position to employ the individual in the absence of the incentive as confusing and wondered how they would be able to prove this in practice.

At £2,275, the level of the wage incentive was thought to be fair and reasonable by most employers. The option for smaller employers to claim part of the payment after eight weeks was believed to be important to help with cash flow. Some providers thought that the level of the incentive was potentially attractive to employers, especially with regard to a part-time position, where it would amount to a few weeks' wages. However, there were also reports of providers having topped the wage incentive up as employers had not felt that it was sufficient.

Provider views on the attractiveness of the wage incentive were mixed. A fairly common provider view was that the administration involved to obtain the wage incentive was a barrier to employers wanting to take up the offer, particularly as they, rather than providers, were responsible for the paperwork involved.

'It's too complicated for employers, too much paperwork and bureaucracy and they just can't be bothered.'

(Provider, Steady State Wave)

A number of employers agreed with this view and felt the administration involved in making a claim was too complicated and time consuming. A number of employers also reported that help from a provider with paperwork involved had been very useful.

A number of providers suggested that their use of the wage incentive had been limited to date because the vast majority of their Work Choice participants were aged 25 and over, and not eligible for the wage incentive.

5.5.5 What works – financial support to employers

There did not appear to be clear evidence on the benefits of financial support for employers within Work Choice. In general there has been a move away from their use, in particular longer-term subsidies as these are felt to block progression into open employment. Some providers reported success using an approach which includes short-term incentives or payments to cover specific areas of training, although this was not universal. However, the recent introduction of the Work Choice wage incentive for employing young disabled people perhaps suggests that this form of support may be worthy of further consideration. A further review of evidence on financial incentives may, therefore, be useful to see if they should form part of future delivery models. It should be noted, however, that financial support to employers does not form part of best practice models of supported employment.

5.6 Supported businesses

As with other aspects of employment support for disabled people, there are issues of definition regarding supported businesses, which are sometimes referred to as sheltered employment, i.e. workplaces that have been set up specifically to offer employment to disabled people, that are to some degree separate from mainstream employment.⁷⁵ In Britain these businesses have often been established for a considerable period of time, some linking back to charitable provision of supported employment from the 19th century. This historical model was further extended through the development of workshops offering employment to disabled ex-service personnel and also via a former statutory duty for local authorities to provide supported employment for people with a visual impairment. At the point when providers were invited to tender for Work Choice contracts, DWP estimated that there were 14,000 participants employed on WORKSTEP, of which up to 3,000 places were within supported businesses (excluding Remploy).⁷⁶

In some EU and OECD countries there have been some moves away from supported business provision towards jobs in the open labour market (OECD, 2010). However, in other countries, such as Germany, Finland and Italy, there have been moves to expand this approach (Greve, 2009), suggesting that some support for this approach remains at an international level.

Previous research on the WORKSTEP programme (Purvis *et al.*, 2006) did note a number of positive attributes related to the supported business model, such as the high levels of satisfaction reported by these supported employees. Many of the disabled people employed in supported businesses indicated that they felt they would not be able to gain or sustain mainstream employment and also that they greatly valued the supported environment in which they work. Other positive aspects of supported businesses which were noted within the WORKSTEP research included provision of training and development opportunities and flexibility in working patterns. However, the research also noted a number of issues with the model.

⁷⁵ In Britain supported businesses are defined by Public Contract Regulations (2006) as '*a service where more than 50 per cent of the workers are disabled persons who by reason of the nature or severity of their disability are unable to take up work in the open labour market*'.

⁷⁶ Remploy supported businesses (Enterprise Businesses) were excluded from the scope of the Work Choice evaluation.

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These issues included the relatively high costs (in particular those associated with Remploy businesses) and low levels of progression to open employment. The supported business model has also been criticised on the grounds of creating a segregated environment for the employment of disabled people, a theme which was echoed in some responses to the public consultation on improving specialist disability employment services (DWP, 2007) prior to the implementation of Work Choice. This theme was revisited in the most recent DWP review (Sayce, 2011) which included a focus on Remploy Enterprise Businesses (which were not involved in the Work Choice evaluation). The review made a number of recommendations for reform on the basis of both the high cost of provision (to achieve best value for money) and a desire to move away from a segregated approach.

The WORKSTEP evaluation had, however, recommended an acknowledgement of the ongoing role for functions that supported businesses provide. It suggested opportunities to build on best practice, for example further development of training functions and links with education. It also suggested that existing supported businesses should continue to modernise and their provision should be clearly linked with opportunities for internal progression and external placement. In this way the supported environment could offer a stepping stone or intermediate labour market (ILM) for those furthest from the mainstream labour market. Therefore, a participant could gain employment on a short-term contract within a supported environment, then move to supported external employment, and potentially from there to unsupported employment.

When Work Choice was introduced DWP also recognised *'the unique historical position of supported businesses, the position of their disabled employees, and the particular difficulties they face in reforming in a short timeframe'* (DWP, 2007). It, therefore, introduced contractual protection for the full five years of the current Work Choice contracts, in the form of a guaranteed payment of £4,800 per filled full-time place, per year (known as protected places). The contractual relationship with DWP for programme delivery within a supported business lies with the prime provider for the CPA where the business is located. The prime provider is responsible for the supported business and is required to have a direct subcontract with them (unless the business is already part of the prime provider organisation).

DWP Work Choice Provider Guidance notes that, for participants who transferred to Work Choice in protected places⁷⁷, the supported business is the employer, as well as the agency offering in-work support. On this basis the prime provider is required to develop an interface with the business regarding issues such as financial payments and quality assurance, and also with the business as an employer. Guidance states that prime providers must work with supported businesses to ensure that the service delivery requirements, including quality of provision and service standards, meet the obligations within the main contract. Whilst the supported business should provide day-to-day support for participants, the prime provider is responsible for, and must monitor, the service delivered.

⁷⁷ Supported businesses have contractual protection for the period of current Work Choice contracts, in the form of a payment for an agreed number of filled places (known as protected places). The contractual relationship with DWP for programme delivery within a supported business lies with the prime provider for the CPA where the business is located.

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The provider guidance also notes that for those participants whose progression option is to leave the supported business and enter unsupported work, the prime provider must work closely with the business and make all necessary resources available to assist the business and the participant in this process. Guidance indicates that the prime provider is responsible for providing job search support in these circumstances.

5.6.1 Work Choice service delivery within supported businesses

Some supported businesses involved in the Early Implementation Wave had introduced the use of short-term contracts within their business as part of an ILM model. This model offers the experience of real work coupled with additional support to help participants move into external employment (usually a supported job with the longer-term goal of unsupported employment). In an independent report for DWP, Gregg (2008) noted that the ILM model can be particularly useful as a means of tackling barriers to employment faced by those furthest from the labour market. His report went on to recommend that providers should be encouraged to provide this model as an option for support.

One supported business reported the recent introduction of the ILM model, which was initiated and supported by their prime provider (which had supported businesses within its own organisation where it had developed and operated this model). The supported business, which was within⁷⁸ the supply chain, described how the prime provider had offered advice and support on the introduction and operation of the ILM model. They felt this was a positive development of the service they provided via their business, and this does illustrate the potential for service innovation and development to be led by prime providers.

Contrasting with this was a view shared by a number of supported businesses involved in the Early Implementation Wave (particular those outside supply chains) that provision was continuing in much the same way as it had under WORKSTEP. Some businesses also felt that the loss of external placements and support worker staff, alongside limitations to their relationship with the prime provider (as described in Section 4.2.3), had undermined their ability to continue with an ILM model established under WORKSTEP. In addition to this, their loss of support workers had an impact on the level of support they were able to offer to facilitate progression more generally.

'There is nobody coming in talking to staff, there is no personal development going on with the individuals, there is no discussion in and around any potential progression or personal development in that sense.'

(Supported business provider, Early Implementation Wave)

A further specific challenge noted by some local authority-supported businesses discussed during both waves of the evaluation was linked to a freeze on recruitment which has been implemented in many authorities because of budget cuts. This meant that a number of supported businesses were unable to fill their protected places when these become vacant. Businesses must fill vacant places within 26 weeks or these will be regarded as lost, so in these circumstances there may be a perverse incentive not to progress participants out of the business and lose the place.

⁷⁸ Section 4.2.3 describes how some supported businesses described themselves as *'within'* or *'outside'* the supply chain and reflected working and contractual relationships between prime providers and supported businesses.

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Some prime providers did appear to have acknowledged the need to address the challenges faced by some supported businesses, and had discussed with them the delivery of additional support via staff who would act as progression champions or capacity builders. During the Early Implementation Wave there was, however, only one example of a prime provider delivering this type of support (described above), although there were further examples of this during Steady State Wave. This was again linked to the introduction of the ILM model and was regarded as a positive development by the supported business involved.

Other supported businesses involved in the Steady State Wave, which primarily involved the best performing or improving providers, also reported the success of the ILM model within their business.

'We take them on on a six-month contract and during that six months the Work Choice team work very closely with us to try and find them employment outside [supported business] with employers. We'll give them work experience and within a month or two the Work Choice team starts placing them with other employers for work trials. This is working really well for us ... I normally manage to place 90 per cent into permanent employment.'

(Supported business provider, Steady State Wave)

One of these supported business managers also described how they had been working with their prime provider and DWP to share their positive experience of using the ILM model with other supported businesses.

'... that [ILM model] has proved very successful for ourselves and we've been asked, and have done, to promote that to other organisations and to other supply chains.'

(Supported business provider, Steady State Wave)

They did, however, note that their successful use of the model was dependent upon the fact that they also have a mainstream contract for Work Choice in addition to their supported business. They reported that successful operation of the ILM model required the close integration of both aspects of Work Choice delivery, and acknowledged that a number of supported businesses were not currently in a position to achieve this. They also suggested that this difficulty could be addressed if there was appropriate integration between supported businesses and provision within the Work Choice supply chain.

'We're in the lucky position ... that we have a mainstream contract so we have the skills to deliver both and to integrate them both and have that seamless transition for the client from one to the other. However, the problem is that most supported businesses don't have that mainstream contract. But it's not impossible to sort out ... the mainstream Work Choice provider needs to work with the supported business in their area and utilise that facility.'

(Supported business provider, Steady State Wave)

5.6.2 Participant views of support received within supported businesses

A number of participants within supported businesses were interviewed during the Early Implementation Wave. The support that they reported was generally very similar to that received by participants working for other employers. Participants interviewed suggested that Work Choice support workers met with them regularly, and participants felt that they could contact their support workers between appointments if they needed to.

A number of participants working in supported businesses also reported that they had substantial support from colleagues and managers at their place of work. However, the extent to which these support systems had been put in place by Work Choice, WORKSTEP, or by managers in the workplace, was unclear. A few participants who worked part time in supported businesses said they also attended job clubs to seek full-time employment, or employment elsewhere.

5.6.3 What works in supported business provision

Whilst it can be argued that there is no longer a place for the traditional model of separate supported businesses within current models of service delivery (particularly where these have been linked to very high costs and lower outcomes), there did appear to be good evidence of the benefits of **integrating existing supported businesses with wider programme delivery via an ILM approach**.

This includes the supported businesses involved in the Steady State Wave, which primarily focused on high performing or improving CPAs. These businesses reported that the ILM model worked well and made a positive contribution to good levels of performance. There were also examples of prime providers working with supported businesses in their supply chains to introduce this model to positive effect.

The key feature in the successful operation of the ILM model was **close integration with mainstream Work Choice provision** which offers appropriate support to participants within the supported business and facilitates successful transition to employment with mainstream employers (either supported or unsupported).

It is, therefore, recommended that supported business involved with Work Choice delivery should develop this approach, with appropriate support from prime providers and DWP.

5.7 Jobcentre Plus views on Work Choice delivery

The Work Choice participants interviewed during both waves of the evaluation were asked their views on the value and impact of the support they had received whilst on the programme. Participants interviewed were on the whole positive about this.

In contrast, Jobcentre Plus DEA reports of feedback they had received from participants on the quality of Work Choice delivery were more mixed. In both waves of the evaluation, a number of DEAs highlighted potential issues with delivery of the Work Choice programme by some providers. Issues raised included a perceived over-reliance on group sessions and insufficient availability of one-to-one support from some providers, a perceived lack of use

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of specialist providers where required in some areas, a perception that not enough work trials and work experience placements were available in some areas and a perceived over-reliance on the employment agency model by some providers which was felt to be unhelpful for participants for whom those jobs were unsuitable.

There are a number of factors which may contribute to these contrasting reports. Because of the voluntary nature of the Work Choice programme, individuals who felt they were having a negative experience on the programme or that they were receiving no value from the support being provided were unlikely to remain engaged and would have returned to Jobcentre Plus. The DEA reports of feedback received would, therefore, have included feedback from individuals who did not remain engaged with Work Choice or who did not achieve an employment outcome from participation. In contrast, the participant views gathered in the evaluation were from individuals who were currently supported by the programme at either the pre-work or in-work stage. Individuals that chose to engage with the Work Choice pre-work module or who had achieved an employment outcome from involvement in the programme and were being supported in-work were, on average, likely to view the programme more positively.

The participant views on delivery gathered as part of the evaluation were useful for showing the benefits the Work Choice programme brought. The DEA reports of feedback received from participants were useful for showing the variations in delivery that were experienced. The feedback received by DEAs was also likely to influence DEAs' views on the quality of local Work Choice provision, which in turn was found to influence their referral behaviour (see Section 2.1.3).

5.8 Chapter summary

Overall both participants and employers were positive about the support they received from the Work Choice programme. Participants and providers indicated that it had had a positive impact for participants in terms of their ability to secure and maintain employment. The Steady State case studies identified a number of examples of what works within Work Choice, many of which related to best practice models of supported employment.

Pre-work support – Regular one-to-one support was reported to build participants' confidence and motivation. Development planning which facilitated the delivery of personalised and flexible support was also seen as key. Adopting a 'place then train approach' which included work placements and work trials was reported to be very beneficial.

In-work support – Providing flexible tailored support to participants, often with input from their employer, was a cornerstone of Work Choice, and appeared to work well. Successfully engaging with and supporting employers was seen as important, and maintaining the continuity of existing relationships by having contact and support delivered by someone who was known to the participant and the employer was also seen as a key factor for effective delivery.

Employer engagement – Wider employer engagement was regarded as a key success factor by providers in terms of the ability to source and secure job opportunities for participants. There were clear benefits and limitations to approaches that were identified (individually-based and employment agency models) so a combined use of both approaches should be considered where possible.

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Supported businesses – There appeared to be good evidence of the benefits of integrating existing supported businesses with wider programme delivery via an ILM approach. It is recommended that supported businesses involved with Work Choice delivery should develop this approach, with appropriate support from prime providers and DWP.

There did not appear to be clear evidence on the benefits of **financial support for employers** within Work Choice, with a move away from their use, in particular longer-term subsidies, which were felt to block progression into open employment. Some providers reported success using short-term incentives, although this was not universal and findings from the review of the Work Choice wage incentive for young people were also mixed.

6 Work Programme as an alternative destination for disabled people

One of the additional research themes introduced at the Steady State Wave of the evaluation was a comparison of the support offered to disabled people through Work Choice with that offered via the Work Programme. The exploration of access to Work Choice in Chapter 2 of this report also identified a number of situations where disabled people with complex support needs, who might have been suitable for Work Choice support, were being referred to the Work Programme. This chapter, therefore, reviews the referral of disabled people to the Work Programme and considers if some of those who might have been suitable for Work Choice support were instead referred to the mainstream programme. It goes on to consider the nature of the support available through the Work Programme as compared with Work Choice and concludes with a discussion on the views of Work Choice, Work Programme providers and Jobcentre Plus staff about the need for a separate specialist disability employment programme, such as Work Choice.

The findings presented here are based on Steady State Wave qualitative interviews and focus groups with Jobcentre Plus staff, and qualitative interviews with Work Choice and Work Programme provider staff in autumn 2012. More information on the research waves can be found in Section 1.7, and a detailed breakdown of who was involved in the interviews can be found in Appendix D.

6.1 Work Programme

Referral to the Work Programme is mandatory for Jobseeker's Allowance (JSA) claimants, and Employment and Support Allowance (ESA) claimants within the Work Related Activity Group (WRAG) after a specified point in their claim. Table 6.1 summarises the mandatory Work Programme entry points for some key groups, including claimants of health and disability-related benefits.⁷⁹

⁷⁹ Fuller details of the Work Programme claimant groups and their corresponding entry points onto the programme (both mandatory and voluntary where also an option) can be found in: <http://www.dwp.gov.uk/docs/wp-pg-chapter-2.pdf>

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Table 6.1 Summary of mandatory Work Programme entry points for some key JSA and ESA WRAG claimant groups

Claimant type	Mandatory entry point
JSA claimants who were previously on Incapacity Benefit	After three months of Jobcentre Plus support
ESA WRAG claimants expected to be fit for work within 12 months or less	As soon as the Work Capability Assessment outcome is known
JSA claimants aged 25+	After 12 months of Jobcentre Plus support
JSA claimants aged 18-24	After nine months of Jobcentre Plus support

Voluntary early access to the Work Programme is also an option for some individuals.

As with Work Choice, the Work Programme is commissioned by DWP and delivered by supply chains of providers managed by prime providers. There are, however, key differences between the payment models for the two programmes.

Work Choice providers receive a monthly service fee equivalent to 70 per cent of their contract price. Only 30 per cent of programme funding is contingent on outcomes. A payment of 15 per cent is paid on achievement of a job outcome expected to last at least 13 weeks and a further payment of 15 per cent is paid after an unsupported job outcome has been sustained for 26 weeks.

In contrast, Work Programme provider funding is predominantly contingent on outcomes. Providers initially received a small 'attachment' fee when participants entered the programme, though this is due to reduce to zero as the contract progresses. While the amount and timing of payments to providers varies between different participant groups, the majority of funding is outcome-dependent with no payments made until after an individual has sustained work for at least 13 weeks (rising to at least 26 weeks for some groups).

Another notable difference between the two programmes relates to their length. Work Choice provides up to six months pre-work support as standard with an option to extend up to one year, whereas the Work Programme can provide up to two years of support, comprising pre-work and in-work support.

6.2 Disabled people entering the Work Programme

This section considers the referral of disabled people to the Work Programme, and the different journeys to and between Work Choice and the Work Programme that people with significant disability-related support needs could experience. It also offers some provider views about the support needs of some of the sick and disabled claimants who arrived on to the Work Programme.

6.2.1 Referrals of disabled people to the Work Programme

During the Steady State Wave research, Jobcentre Plus advisers reported that disabled claimants who did not require specialist support were referred to the Work Programme rather than Work Choice. This practice is in line with the policy intent of each programme and the Work Choice suitability criteria.

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However, this wave of the evaluation also found evidence that a proportion of disabled claimants who had significant disability-related employment support needs, and who might have been suitable for Work Choice, were being referred to the Work Programme. This finding supports early findings from the evaluation of the Work Programme (Newton *et al.*, 2012) that many Work Programme participants faced multiple and complex barriers to work, which included health conditions/disabilities.

Chapter 2 highlighted situations in which disabled people with complex work-related support needs that were unlikely to be met through mainstream provision did not gain access to Work Choice. In particular:

- Some disabled people were not being referred to Work Choice because Disability Employment Advisers (DEAs) assessed their support needs as too complex for them to likely be able to move into supported work in the time available under the Work Choice pre-work module (see Section 2.1.3) or they were referred but providers challenged the suitability of these referrals and returned the individuals to Jobcentre Plus (see Section 2.3.2).
- Some individuals with complex mental health conditions were being routed onto the Work Programme as soon as the outcome of their Work Capability Assessment was known, as a consequence of being placed into the ESA WRAG (see Section 2.1.2).
- Some disabled people remained with mainstream Jobcentre Plus advisers and so were not considered for referral to Work Choice (see Section 2.1.1).

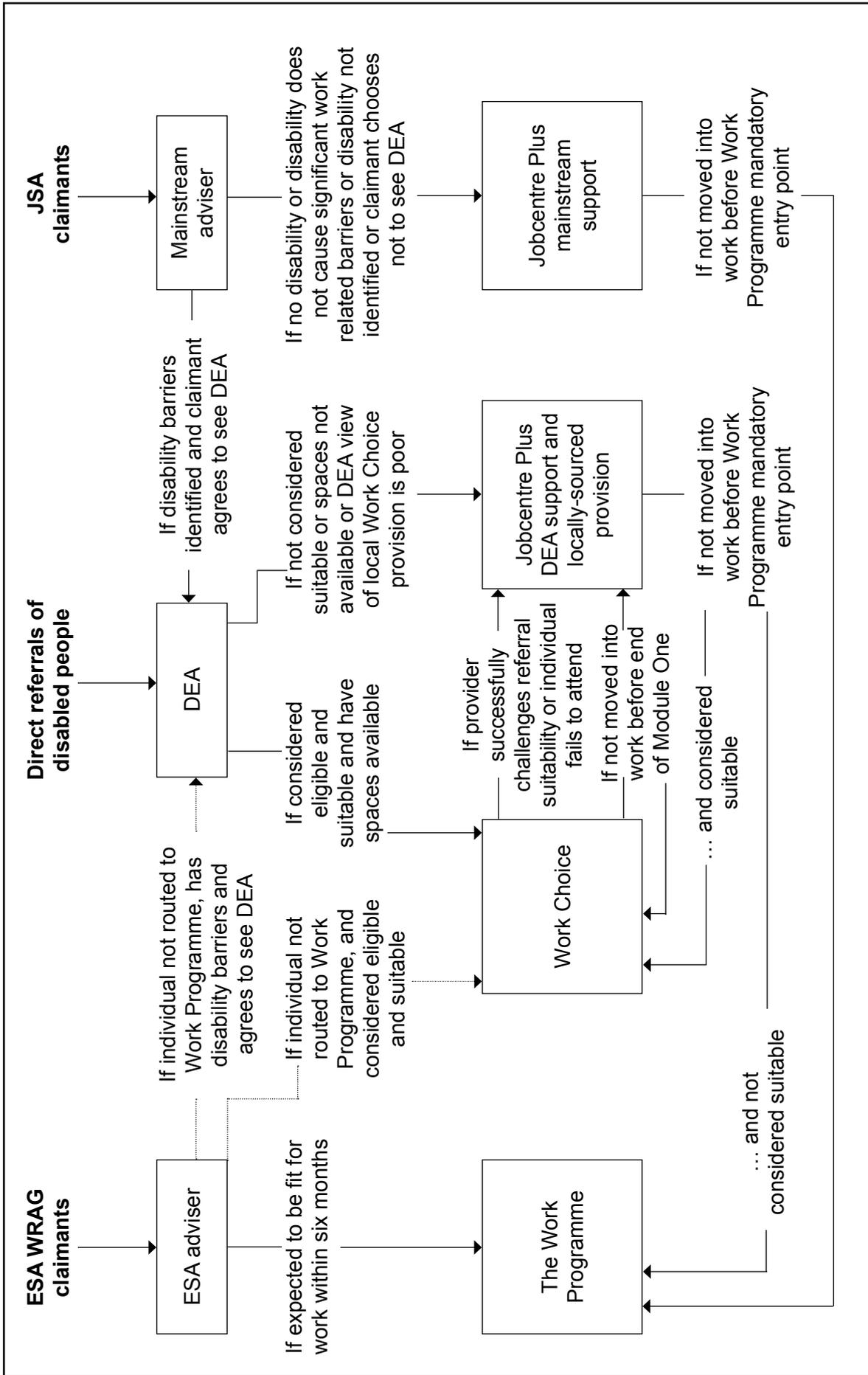
Where disabled people were unable to gain access to Work Choice but were not required to be referred straight onto the Work Programme, Jobcentre Plus DEAs reported that they would aim to support these claimants themselves and/or refer them to other local provision. Some DEAs noted that such local provision was limited, a view supported by research on the Jobcentre Plus offer (Coulter *et al.*, 2012). This research identified challenges in relation to sourcing suitable support for individuals with complex issues.

Disabled people claiming JSA whom DEAs could not successfully support to move into work were being referred onto the Work Programme only when mandated (see Table 6.1). None of the DEAs involved in the research were encouraging early entry to the Work Programme as they viewed the support available on the Work Programme for some disabled claimants as inadequate

There was also evidence that a number of the disabled people who participated in Work Choice but were not supported into work during their time on the programme were ultimately being referred to the Work Programme. Disabled people not achieving a job outcome on Work Choice return to Jobcentre Plus and, in such instances, there was evidence of some variation in DEA referral decisions. Some DEAs stated that they would consider a re-referral to Work Choice rather than a referral to the Work Programme where this was appropriate. In contrast, other DEAs reported that they would not consider re-referral to Work Choice. This appeared to be particularly common where DEAs had a limit on the numbers of referrals they could make to Work Choice (see Section 2.1.3). In these circumstances DEAs reported that they wanted to offer their Work Choice places to disabled people who had not previously had this opportunity.

Figure 6.1 shows the many different journeys to and between Jobcentre Plus and DWP-contracted employment provision that disabled people can experience.

Figure 6.1 Disabled people's journeys to and between Jobcentre Plus and DWP contracted employment provision⁸⁰



⁸⁰ Recent changes have meant ESA WRAG claimants expected to be fit for work within 12 months are also referred by ESA advisers to the Work Programme.

6.2.2 Provider comparisons of Work Choice and Work Programme disabled participants

In the Steady State Wave research, a group of providers who were involved in the delivery of both Work Choice and the Work Programme were asked for their views on what they felt were the key differences and similarities between the disabled people being referred to them on each programme.

Providers of both programmes suggested that some of the disabled people being referred to their Work Programme provision were as much in need of intensive support as some of the disabled people being referred to their Work Choice provision. In some cases, individuals were referred to the Work Programme who providers felt would be more suitable for Work Choice.

'I think there's quite a lot of people slipping through the net going onto the Work Programme that should be coming onto Work Choice.'

(Provider of both Work Choice and Work Programme, Steady State Wave)

Some providers reported that individuals with severe mental health conditions now typically appeared to be referred to their Work Programme provision rather than their Work Choice provision. This supports Jobcentre Plus reports of fast-track Work Programme referrals for some individuals placed into the ESA WRAG which Jobcentre Plus staff reported often included individuals with mental health conditions (see Section 2.1.2).

Some providers of both programmes also highlighted concerns that there might be cases where DEAs would refer a disabled person to the Work Programme rather than Work Choice if they felt they would not be able to be supported into work within the shorter time period available under Work Choice (six to 12 months) than under the Work Programme (up to two years).

'A regular adviser in the Jobcentre or even a DEA might meet a customer and think, there's no way this person is going to be work ready within six months or even a year but they've got two years on the Work Programme, and that's totally wrong because if someone is that far from the labour market then they certainly would need something more specialist than the Work Programme.'

(Provider of both Work Choice and Work Programme, Steady State Wave)

This supports DEA interview findings that distance from the labour market and the length of the pre-work module of the Work Choice programme were factors that many DEAs took into consideration when deciding whether to refer an individual to Work Choice (see Section 2.1.3).

Some providers of both Work Choice and the Work Programme also highlighted issues with referrals of disabled people to the Work Programme who had been on Work Choice but did not get a job outcome during their time on the programme and so returned to Jobcentre Plus following completion of Module One. Providers suggested that it was often difficult to provide support for these individuals within the constraints of the Work Programme (see Section 6.3 for a discussion of the similarities and differences between provision for disabled people under the two programmes).

6.2.3 Access to Work Choice from the Work Programme

The DWP Work Programme guidance⁸¹ provides an option for individuals to be disengaged from the Work Programme and referred to Work Choice if appropriate. The guidance states:

‘Where a Work Programme provider identified a participant who may be eligible and suitable for Work Choice, the Department requires them to contact Jobcentre Plus to discuss the individual’s case with a DEA. The outcome may be for the individual to be disengaged from the Work Programme for referral to Work Choice. A claimant cannot access the Work Programme and Work Choice at the same time.’

Despite reports that some disabled people being referred to the Work Programme might be more suitable for Work Choice, there was extremely limited evidence of providers trying to discuss the possibility of disengagement and referral to Work Choice with Jobcentre Plus. In some cases this appeared driven by a belief that this was not an option. Other providers reported that they had tried to speak to Jobcentre Plus about this but had been told that this was not possible.

‘When we did try to refer back we just hit a brick wall basically.’

(Provider of both Work Choice and Work Programme, Steady State Wave)

Other providers stated that they were aware that reassessment and transfer over to Work Choice was a possibility but use of this was limited. The reasons included a belief that the individuals would be unlikely to be reassessed appropriately by Jobcentre Plus because they had a less visible disability, such as a mental health condition. Other providers suggested that their under-use of the reassessment option was based on a desire to prevent their participants *‘feeling like they have been passed from pillar to post again’*.

Interviews with Jobcentre Plus staff supported these provider views. They found limited awareness among both specialist and mainstream advisers of the option for providers to discuss the possibility of Work Programme disengagement for referral to Work Choice. Most of the advisers interviewed reported that they had been told by their managers that Work Programme providers were not able to disengage individuals referred to them owing to the mandatory nature of the programme.

The adviser managers interviewed were either not aware of any Work Programme providers trying to disengage any referrals or stated that this was not possible.

‘Once they’re on Work Programme, they’re on Work Programme. You can’t get off.’

(Jobcentre Plus Manager, Steady State Wave)

6.3 Work Programme provision for disabled people

The previous section showed that some disabled claimants who have had significant disability-related employment support needs and appeared to be suitable for Work Choice were being referred to the Work Programme. This section considers the implications of this by exploring what provision is available for such individuals on the Work Programme, and how this compares to what is available on Work Choice.

⁸¹ <http://www.dwp.gov.uk/supplying-dwp/what-we-buy/welfare-to-work-services/provider-guidance/work-programme-provider.shtml>

6.3.1 Role of disability specialists in Work Programme supply chains

A number of larger pan-disability Work Choice providers were also delivering Work Programme subcontracts. However, many of these providers had been contracted to deliver a non-specialist service on the Work Programme and were being allocated referrals on a geographical rather than participant-type basis. As a result these disability specialists were not providing disability-focused provision on the Work Programme.

'They don't treat us any differently from any other subcontractor that they use. Although our speciality is helping people with disabilities, health barriers, [the prime provider] don't use us like that, they use us like any other provider. They don't differentiate. We just get a random mix of people across the board.'

(Provider of both Work Choice and Work Programme, Steady State Wave)

In addition, most providers of both programmes interviewed had different staff delivering each programme. Staff delivering Work Programme support were often reported to have lower levels of disability experience and awareness than staff delivering Work Choice within the same organisations. Such staff were, therefore, not felt to be equipped to work as effectively with disabled participants with significant support needs.

'I think they're more suited for people who don't have disabilities ... I think Work Programme people are better with the people that have been unemployed for a long period of time ... I think they struggle when people who should be on Work Choice are referred to Work Programme.'

(Provider of both Work Choice and Work Programme, Steady State Wave)

Therefore, even where Work Programme supply chains contained disability specialist subcontractors, disabled people with significant support needs might have only been seen by disability specialists if they were based within a particular geographical area, and the provider staff who supported them might have been less experienced than those supporting Work Choice participants.

Some organisations had been contracted to deliver specialist disability support on the Work Programme. However, the research found evidence that some such providers were not finding this financially viable and/or they were not receiving the numbers of referrals of disabled people that had been forecast. As a result, they had reduced their involvement in the Work Programme, or had limited their delivery to certain areas where they already had a strong presence delivering other programmes.

'One of the big problems for us in terms of Work Programme is that it doesn't actually make any money for us and making the business case to expand into new areas is impossible. So it's very much having to be delivered ... on top of premises and staff that we've already got there. So some of the areas where we'd originally got an end-to-end contract with the prime, we've actually not taken that forward.'

(Disability specialist Work Programme provider, Steady State Wave)

The extent to which providers were contracted to deliver a disability-focused service within Work Programme supply chains appeared, therefore, to be limited. Some providers with a disability specialism were not receiving referrals on this basis, and some that were receiving referrals reported that problems with the financial viability of their contracts had led to a reduction in their involvement.

6.3.2 Impact of Work Programme funding model on provision

There were many reports from providers of both programmes that the Work Programme outcome-based funding model led to delivery models that were not well-suited to those furthest from the labour market, including disabled participants with significant support needs.

The different payment models for Work Choice and Work Programme appeared to be driving substantially different levels of resourcing to the two programmes. Section 4.6.2 described how the significant service fee element of the Work Choice funding model was felt to lead to investment in staffing and provision. In comparison, the much greater weighting towards outcome payments in the Work Programme funding model was felt to lead to much higher caseloads (the number of participants being supported by an adviser). Interviewees reported that Work Choice advisers typically supported between 15 and 55 participants at any one time, whereas Work Programme advisers typically supported between 100 and 200 participants at any one time. The different caseload sizes on each programme were felt to affect the amount of support advisers were able to provide to each participant, and their ability to provide an individually tailored service.

'Work Programme, the caseloads are so great that those advisers could never, never in a million years, not even if they really wanted to, they could never give the degree of support that those people need.'

(Provider of both Work Choice and Work Programme, Steady State Wave)

There was also some evidence that the Work Programme funding model was producing greater levels of target-driven behaviour on the Work Programme, including some reports of 'creaming' participants who were judged to be closer to the labour market and 'parking' participants who were furthest from the labour market. A number of Work Programme providers reported that they had been instructed to concentrate on getting job outcomes for participants who were closest to work and most likely to be able to sustain their employment.

'What we've been told by management is don't waste time on those people, they're not going to get you a job outcome. So it's very much a numbers game.'

(Provider of both Work Choice and Work Programme, Steady State Wave)

This was at the expense of those with more complex support needs, including disabled participants who were considered to be unlikely to find or sustain work without significant levels of support, and who were offered less support as a result.

'I think it's a very bad experience for people with moderate to complex needs ... Because of the aggressive nature of hitting targets ... it's the clients that are close to the labour markets that get the attention and by default the ones who are in need of the service probably don't get the attention that they should do.'

(Provider of both Work Choice and Work Programme, Steady State Wave)

Initial research carried out as part of the evaluation of the Work Programme with both providers and participants has also indicated that many Work Programme providers may be prioritising more 'job-ready' participants for support ahead of those who are assessed as having more complex/substantial barriers to employment (Newton *et al.*, 2012). To date, the Work Programme evaluation does not appear to offer any evidence that the Work

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Programme differential payment system is driving provider behaviour to deliver specialist support to those facing the most significant barriers (including those which are health/disability related), though it is important to recognise that the Work Programme is still a relatively new programme and so this may change.

The lack of a service fee element within the Work Programme funding model appeared to be the key barrier to investing more in participants considered furthest from the labour market, rather than the total contract income available.

'I think if you sat down and worked the finances out over the life of the contract for the two programmes, I don't think you would see that much difference per head ... but the service fee on Work Choice gives you some upfront money to work intensively with the customers.'

(Provider of both Work Choice and Work Programme, Steady State Wave)

6.3.3 Pre-work support

There were both similarities and differences in the amounts, frequency and types of pre-work support available for disabled individuals on Work Programme and Work Choice. Provision on each appeared to be relatively similar for disabled participants who were closer to the labour market. However, for disabled participants with more significant support needs who entered the Work Programme there was typically far less contact with the provider, and far less tailoring of provision, than was the case on Work Choice.

The approaches to initial assessment and action planning were generally similar across the two programmes, although these were typically more detailed and intensive on Work Choice.

As discussed in Section 6.3.2, adviser caseloads were reportedly much higher on the Work Programme than on Work Choice, and this had an effect on one-to-one provision. The providers of both programmes interviewed reported that Work Choice participants would generally receive one-to-one support at least once per week. On the Work Programme, interviewees reported that one-to-one support was rarely provided more often than fortnightly, and sometimes was offered less frequently than this. There were also differences in the typical length of one-to-one appointments on the two programmes, for example 30 minutes or less on the Work Programme compared with one hour or more on Work Choice.

There were reports from some providers that the same staff delivered some aspects of both programmes (e.g. some group sessions). However, for individuals for whom group sessions would not be suitable, Work Choice providers described being able to further increase the one-to-one support provided, whereas on the Work Programme this did not usually appear to be offered.

The Work Programme was felt by some providers to be particularly unsuitable for participants with learning disabilities or mental health conditions, who often needed more intensive one-to-one support.

'I think physical disability – musculo-skeletal, cardiovascular, that kind of thing, Work Programme probably works quite well for them. Whereas learning disabilities and mental health conditions it's probably not geared up so much for that customer group.'

(Provider of both Work Choice and Work Programme, Steady State Wave)

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Some providers said that they tailored Work Programme support for disabled participants according to their needs, but it was acknowledged that there was greater flexibility to do this on Work Choice. Providers reported that they had a lot more scope to personalise support on Work Choice than on Work Programme. It was also reported that staffing and funding restrictions made it more difficult to provide a flexible range of support on the Work Programme, such as work placement opportunities, work trials, short-term wage incentives and training for certification, which were more commonly offered to Work Choice participants.

'We don't do so many placements with the Work Programme clients and basically because that is a lack of resources in staff monitoring them ... It does probably need more funding in to get specialist services for them because it is not funded enough to provide those.'

(Provider of both Work Choice and Work Programme, Steady State Wave)

Initial research carried out as part of the evaluation of the Work Programme also found limited evidence of Work Programme participants receiving services tailored to their needs and addressing their personal barriers to work (Newton *et al.*, 2012). Work Programme advisers reported considerable (frequently cost-driven) limits on additional support that could be offered to participants.

As discussed in Section 6.3.2, there were some reports that Work Programme participants who were further from the labour market were being 'parked' by providers, in favour of 'creaming' or working with the most job-ready participants to achieve outcomes and hit performance targets, and receive the associated payments. This had a negative impact on the amount and quality of support disabled participants with more significant needs received on Work Programme.

'We'll be making up our mind in the first meeting if this person is going to get a job and if they're not we'll be doing the bare minimum we can. Whereas on Work Choice we'd strive to help and improve people. But when we have the big targets we have on Work Programme we can't focus on that.'

(Provider of both Work Choice and Work Programme, Steady State Wave)

Some providers believed that not all of the staff delivering the Work Programme in their supply chain had the right background and skills to work effectively with disabled participants. One provider highlighted that as ESA referrals had been low in the first year of the Work Programme contract, it had been difficult for providers to build up knowledge and experience in how best to work with such individuals.⁸² Increasing ESA referral numbers were reportedly prompting some Work Programme providers to focus more on developing tools, support and specific structures (including specific staff) to work with individuals with a disability or health condition. With larger volumes of ESA participants now coming on to the Work Programme, there were some suggestions that Work Programme support for disabled participants was improving. However, many interviewees still felt that some disabled people would benefit from more support than could be offered on a mainstream programme (see Section 6.4.1).

⁸² Between June 2011 and July 2012, 877,880 claimants were referred to the Work Programme, nine per cent more than anticipated. However, referrals for claimants of health-related benefits (Employment and Support Allowance and Incapacity Benefit) accounted for just 34 per cent of the original volume forecast. www.cesi.org.uk/keypolicywork/work-programme-referrals-and-attachments-inclusion-analysis

6.3.4 In-work support

There were significant differences reported in the amount, frequency and nature of in-work support provided on Work Programme and Work Choice. Work Choice offered more frequent and more intensive in-work support, which often took place in the workplace, while Work Programme in-work support was reported to consist mainly of telephone support. Examples of support being provided face to face in the workplace through Work Programme were rare.

Initial research carried out as part of the evaluation of the Work Programme also found that in-work support from Work Programme providers appeared to be predominantly limited to telephone support (Newton *et al.*, 2012). The Work Programme research also found that, in some cases, Work Programme providers who had initially planned to carry out face-to-face, in-work support had changed their model to telephone support primarily at an early stage of delivery.

As detailed in Section 5.3, Work Choice generally offered a structured, tailored and personalised in-work support package appropriate to participants' needs, with regular workplace visits, action planning and reviews. Assessment and action planning were often done in conjunction with the employer, and employers were also given support to work effectively with participants and to understand their disabilities. In comparison, Work Programme in-work support was much less intensive and focused, and typically involved little or no contact with employers. Providers only considered greater contact with the participant or their employer if problems were reported by the participant.

Providers of both programmes suggested that some disabled participants on the Work Programme would benefit from the more structured and intensive in-work support that they delivered on Work Choice (including job coaching and support for employers) but that they were unable to offer this on Work Programme because of caseloads, volumes and the financial model.

'We might have people with similar disabilities, health problems etc. but we cannot – by the very nature of the way the Work Programme is set up – offer the same level of support that perhaps a Work Choice provider can offer.'

(Provider of both Work Choice and Work Programme, Steady State Wave)

Work Programme participants with a mental health condition or learning disability were highlighted as being particularly at risk of falling out of employment without more intensive in-work support.

6.4 Views on the need for a separate specialist disability employment programme

In some countries there has been a move to mainstream disability within employment support, for example European Union guidance in 2005 encouraged this (Greve, 2009). In some countries, such as Spain, support has been completely mainstreamed and specialist support programmes no longer exist, although take-up of mainstream employment support by disabled people has been low. In other countries, such as the Netherlands and Ireland, some partially specialised services exist alongside mainstream services. For example, in Ireland the Public Employment Service does not have specialist advisers, but disabled claimants can be referred to external companies providing specialist support. While

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mainstreaming has been promoted at a European level, it has also been criticised in practice for potentially reducing the support available to disabled people (Greve, 2009).

In contrast to this, Australia provides specialist employment support alongside mainstream programmes. In Australia, specialist disability support is provided through Disability Employment Services (DES), while mainstream support is provided through Job Services Australia. DES support includes up to two years of work preparation support and in-work support. In-work support typically lasts for six months, but can be extended, in some cases indefinitely. DES is delivered by around 220 providers which are a mix of generalist disability providers and those who specialise in a particular condition or disability type. While the DES model has ensured that specialist provision is available for disabled people, there are some issues, in particular eligibility criteria for different programmes. For example, providers have claimed that Centrelink (the Jobcentre Plus equivalent) staff appear to have experienced some difficulties making appropriate referrals when choosing between Stream 4 (hardest to help), Job Services Australia and DES Disability Management Service (DEEWR, 2012).

In Britain the most recent review of DWP specialist disability employment programmes, the Sayce Review (2011) reported that there is a clear role for specialist disability employment expertise which should be available to those who demonstrably have the greatest support needs and/or labour market disadvantage. The review recommended moving to a single specialist disability employment programme which would run alongside and complement the mainstream Work Programme.

Interviews as part of the Steady State Wave of the Work Choice evaluation found that the vast majority of providers of Work Choice and/or the Work Programme interviewed also believed that there was a definite need for a specialist disability programme. This was mirrored by DEAs interviewed, all of whom also thought that a specialist disability programme was needed alongside a mainstream programme.

The rest of this section presents more detail on provider and Jobcentre Plus views on the need for a specialist disability employment programme.

6.4.1 Provider views

Many Work Choice and Work Programme providers interviewed strongly believed that a mainstream programme would not be able to provide adequate pre-work and in-work support for disabled people facing more significant barriers to work. This appeared to be closely related to views on the impact of the current Work Programme funding model, and in particular the larger caseloads that have resulted (see Section 6.3.2). There were also reports that specialist providers were needed to work with this group effectively, and while some specialist providers were available within some Work Programme supply chains, referral processes meant that many disabled Work Programme participants were not being supported by them. As a result, many believed that specialist resources were best harnessed within a separate disability programme.

‘Absolutely 100 per cent [need for a separate specialist disability programme]. Work Programme is not suitable for supporting disabled people with significant needs.’

(Provider of both Work Choice and Work Programme, Steady State Wave)

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'It's the intensity of support, I think that's the main thing ... from an employability point of view. It's the intensity of support that people would require that you can't offer on Work Programme because of the amount of time that you have ... the caseloads.'

(Provider of both Work Choice and Work Programme, Steady State Wave)

Most providers thought that a separate programme like Work Choice was needed to provide both pre-work and in-work support for disabled participants with significant support needs. A number of providers highlighted that the in-work support was a particular strength of Work Choice compared to Work Programme.

'I think people with disabilities do need that extra level of help and support, not only towards but actually into work. So actual hands-on support once somebody's started work, I think that's a key difference.'

(Provider of both Work Choice and Work Programme, Steady State Wave)

6.4.2 Jobcentre Plus views

Some DEAs believed that the Work Choice programme could be improved, but all agreed that a separate specialist programme for disabled people should definitely continue. They thought that specialist services and specialist adviser skills would not be available or used effectively within a mainstream programme, and that their impact would be diluted. One DEA made the point that it was important that Jobcentre Plus was able to trust the providers to which they referred disabled participants to work with them effectively and appropriately.

'Yes I think there is [a need for a separate specialist disability employment programme]. I think disability in itself has been redefined over a lot of years and it is very difficult for people working with mainstream customers, that is people without any health problem whatsoever, to really understand and work with people who have health problems. Without that specialist service we all miss a trick.'

(DEA, Steady State Wave)

Another DEA thought that some Work Choice participants, especially some with mental health conditions or learning disabilities, needed intensive assistance, and that provision should be kept separate in order to work with them in the way that was most appropriate.

'They need more personal, hands on, you can't say to somebody with a learning disability or somebody that's got poor mental health to just go off and do something and they'll go off and do it. They need more support to enable them to do that.'

(DEA, Steady State Wave)

Whilst all DEAs believed that there needed to be a separate specialist disability programme, some also thought that there should be a strong disability strand within mainstream provision, in order to support disabled participants whose disability was not their main barrier to work, and who were, therefore, better suited to a programme such as the Work Programme.

Most adviser managers interviewed also believed there was a continued need for a separate specialist employment programme for disabled people. However, a few thought that specialist employment support does not necessarily need to be delivered via a separate programme. These managers speculated that having a single programme in place of separate specialist and mainstream programmes could simplify the referral process for

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Jobcentre Plus. However, they still believed that it would be important to have a well-defined disability strand within any such single programme in order to be able to support the needs of that participant group.

6.5 Chapter summary

In line with findings from the Work Programme evaluation, the Steady State Wave of the Work Choice evaluation found evidence that a proportion of disabled claimants who had significant disability-related employment support needs were being referred to the Work Programme. A number of factors were found to contribute to this. These included the requirement for some ESA claimants to be referred straight to the Work Programme once their Work Capability Assessment outcome was known, considerations related to the shorter length of the pre-work module of Work Choice, the decision by some DEAs not to consider re-referral to Work Choice for those who did not achieve a job outcome during their time on the programme and the lack of contact that some disabled claimants had with DEAs.

DWP guidance states that if a Work Programme provider identifies a participant who may be eligible and suitable for Work Choice, they can discuss this with a Jobcentre Plus DEA who can disengage the individual from the Work Programme for referral to Work Choice where appropriate. However, there was very limited evidence of this occurring in practice, with many Jobcentre Plus advisers, including DEAs, either being told not to do this or being altogether unaware of the option. As some disabled people appeared to be entering the Work Programme when Work Choice might be more appropriate, DWP should consider raising awareness of the option for advisers and providers to re-assess individuals and transfer them across to Work Choice if this were deemed more likely to provide more suitable support.

A number of larger pan-disability Work Choice providers were also delivering the Work Programme, but many had been contracted to deliver a non-specialist service on the Work Programme and were being allocated referrals on a geographical basis. Therefore, in some Work Programme supply chains containing disability specialist subcontractors, disabled people with significant support needs were only seen by a disability specialist if they were based within a particular geographical area. In addition, most providers of both programmes interviewed had different staff delivering each programme. Issues with contract viability also appeared to be leading to some providers contracted to provide support to disabled Work Programme participants to reduce their involvement in the Work Programme.

The different payment models for Work Choice and the Work Programme appeared to be driving different levels of resourcing for the two programmes. There were significant reported differences between adviser caseloads on each programme, with Work Programme caseloads reportedly several times larger than those on Work Choice, even within a single provider organisation. The larger Work Programme caseloads were reported to be as a direct result of the programme funding model. There was also some evidence suggesting greater levels of target-driven behaviour on the Work Programme, including some reports of 'parking' participants who were furthest from the labour market, and 'creaming' participants who were more job-ready.

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Provision on each programme appeared to be reasonably similar for participants who were close to the labour market. For those who entered the Work Programme further from the labour market, there was typically less contact with the provider than would have been the case on Work Choice, and the provision was less tailored to the needs of the individual.

Work Choice offered more frequent and more intensive in-work support, often face-to-face within the workplace, while Work Programme in-work support was reported to consist mainly of telephone support. Work Choice in-work support was also more structured and tailored to the individual, and provided a proactive support package. In comparison, Work Programme in-work support was reactive and much less intensive. It typically involved little or no contact with employers.

Many providers strongly believed that a mainstream programme is not able to provide adequate pre-work and in-work support for disabled people, particularly within the current funding model. Participants with a mental health condition or learning disability were most often highlighted as needing the more intensive and specialist support offered by a programme like Work Choice.

The vast majority of providers, whether they provided one or both programmes, believed that there was a definite need for a specialist disability programme alongside mainstream provision. Jobcentre Plus DEAs agreed with this, and these views were also in line with the recommendations of the Sayce Review (Sayce, 2011).

7 Conclusions and recommendations

The introduction of the Work Choice programme presented a number of challenges. It involved the replacement of existing programmes with one new programme model and the introduction of the new Department for Work and Pensions (DWP) commissioning approach to specialist disability employment provision. The latter resulted in a restructuring of the provider market, which brought with it the movement of many thousands of participants between providers, the transfer of staff between provider organisations, a new funding model and a new approach to managing delivery and contract performance. The complicated nature of the legacy from previous specialist provision, such as the position of supported businesses, also presented a number of additional issues which required consideration during the implementation and operation of the new programme and commissioning approach.

The evaluation of Work Choice was commissioned via two separate but complementary strands of research. The first strand, a Programme evaluation, was initially focused on exploring the success of Work Choice against the programme aim and Critical Success Factors. This was later adjusted to include a broader exploration of what works in specialist disability employment provision, a review of the Work Choice wage incentive for young people and a comparison of Work Choice and mainstream Work Programme delivery. The second strand formed part of the evaluation of the DWP commissioning approach, and aimed to examine the effect of this approach on specialist disability employment provision.

This report has offered a broadly thematic approach to the presentation of findings from the programme and commissioning strands of the evaluation. Some chapters are related more specifically to one or other of the stands, although overall the findings illustrate complex interrelationships between factors of programme design, the commissioning approach and the service that is delivered.

7.1 Access to the programme

The success criteria for the Work Choice programme, as defined by the DWP Work Choice Project Board, emphasised the intention to focus support on those with the most significant need. The criteria included '*ensuring a greater focus on disabled people with the highest support needs who cannot best be served by Jobcentre Plus mainstream provision*' and made particular mention of '*people with learning disabilities and mental health conditions*'. (DWP, 2009).

Chapter 2 explored access to Work Choice and showed that a combination of several factors influenced access to the programme. Many of these were found potentially to reduce access to the programme for those with the highest support needs, in particular the assessment of a disabled person's likelihood to be able to work 16 hours per week or more within six months (the standard length of the pre-work support module). The potential impact of this was to some extent reflected within data on referrals and participants, for example severe mental illness was the least common primary disability of people referred to the Work

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Choice programme. There also appeared to have been a reduction in the percentage of participants with a learning disability or a visual impairment compared with the WORKSTEP programme. Overall, therefore, there appeared to be a need for greater clarity on who the Work Choice programme aims to support, and some Disability Employment Advisers (DEAs) and providers suggested that policy intent and programme design did not appear to be fully aligned. DWP has made changes to DEA and provider guidance aiming to address this issue, although these changes did not appear to have significantly altered practice.

The Statutory Referral Organisation (SRO) route was designed with an expectation that it would be particularly useful in enabling access to the Work Choice programme for people who would not normally come into contact with Jobcentre Plus. It was anticipated that this would include people with a moderate to severe learning disability and/or a mental health condition. However, the limited use of the SRO referral route and provider control of the volumes and types of referrals being generated via this route appeared to be limiting access to the programme for these groups. Likewise, the decision to refer some Employment and Support Allowance claimants placed into the Work Related Activity Group straight to the Work Programme once the outcome of their Work Capability Assessment is known may effectively block access to Work Choice for those who would benefit from this specialist support. **It is, therefore, recommended that DWP review how best to facilitate access to Work Choice for all disabled people who would benefit from the specialist support it offers.**

As part of this there appears to be a **specific need to review the SRO referral route** and ensure that appropriate organisations are set up as SROs and are able to make referrals. Consideration could be given to moving the responsibility for authorising and developing SROs from providers to Jobcentre Plus or DWP.

In recognition that some disabled people who are initially referred to the Work Programme may be more suitable for Work Choice, DWP guidance states that such participants can be disengaged and referred on to Work Choice. There was, however, very little evidence of this occurring in practice. Many Jobcentre Plus advisers appeared unaware of this option or were being told not to use this. Given the limited nature of support for some disabled people on the Work Programme (reported in Chapter 6 and discussed in Section 7.4) the need for the option to re-assess and transfer individuals appears to be vital. **It is, therefore, recommended that guidance on the option to reassess and transfer participants is reiterated to relevant Jobcentre Plus staff and Work Programme providers.**

Determining which disabled people should be referred to specialist disability provision and which should be referred to mainstream provision is a complex issue that is not unique to Work Choice. Similar issues were reported during the WORKSTEP research (Purvis *et al.*, 2006) which found a lack of clarity concerning who was suitable for New Deal for Disabled People and who for WORKSTEP. Similar issues have also been reported within the Australian system (DEEWR, 2012). In Australia, under Disability Employment Services, participants are assessed and divided between those likely to need ongoing in-work support and those who are not. It was reported in their evaluation that providers have raised issues with the appropriateness of referrals made by Centrelink (the Jobcentre Plus equivalent) staff in choosing between the hardest-to-help stream of the mainstream programme or the specialist disability programme.

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However, in the case of Work Choice, tensions identified between policy intent, programme design and the commissioning approach (particularly the length of pre-work support module, guidance offered to providers and the outcome target levels) may be compounding issues in relation to referrals. DWP has already reviewed some aspects of guidance and programme design to address these concerns, although not all stakeholders appeared to be clear about the changes. In addition to this, the pressure of delivering outcome targets did, to some extent, appear to be driving provider behaviour to reject those further from the labour market (including those who lack the motivation to work), which in turn is driving the behaviour of some DEAs to not refer such people.

In summary, **there is a need for better clarity around who Work Choice is designed to support**. This could be done by ensuring that all DEAs are following the modified suitability guidance that states that the length of the pre-work module and distance from the labour market should not be taken into consideration when determining suitability. Provider guidance on participant suitability has also been modified, and in a similar way it is important to ensure providers follow this. **There may also be a need to formalise the process to ensure that the assessment of suitability made by DEAs, SROs and providers is appropriate**. Consideration could be given to formalising the responsibility for this into the role of Jobcentre Plus Third Party Provision Managers, who already act in this capacity in some areas.

7.2 Work Choice delivery

Chapter Five presented findings on the delivery of Work Choice, with a particular focus on what works within specialist disability employment provision. It noted that, overall, both participants and employers were positive about the support they received from the Work Choice programme. Participants and providers all reported that the programme had a positive impact in terms of participants' ability to secure and maintain employment.

Whilst some limitations to service delivery were noted during the Early Implementation Wave of research, these were potentially transitional issues linked to the simultaneous implementation of a new programme and commissioning approach. Evidence from the Steady State case studies, which involved some providers identified as the best or most improving performers, demonstrated the delivery of support which formed part of recognised models of best practice in supported employment. This included personalised pre- and in-work support for participants, the use of the 'place and train' model and appropriate support to employers. **It is recommended that all Work Choice providers consider the adoption of such best practice in their ongoing development of Work Choice provision, with appropriate support from prime providers and DWP.**

Wider employer engagement was also regarded as a key success factor by providers, in terms of their ability to source and secure job opportunities for participants. **It is, therefore, recommended that providers should continue to focus on the development of this area. There were clear benefits and limitations of the approaches to employer engagement that were identified (individually based and the employment agency model) so a combined use of both approaches should be considered where possible.**

Whilst it can be argued that there is no longer a place for the traditional model of supported business within current models of service delivery (particularly where this has been linked to high costs and low outcomes), there does appear to be good evidence of the benefits of integrating existing businesses with wider Work Choice programme delivery via an

intermediate labour market approach. **It is, therefore, recommended that supported business involved in Work Choice delivery should develop this approach, with appropriate support from prime providers and DWP.**

There did not appear to be clear evidence on the benefits of financial incentives for employers within Work Choice, with a move away from their use, in particular longer-term subsidies which were felt to block progression into open employment. Some providers reported success using short-term incentives, although this was not universal and findings from the review of the Work Choice wage incentive for young people introduced in July 2012 were also mixed. **A further review of evidence on financial incentives may, therefore, be useful to see if they should form part of future delivery models.** In addition to this it may also be helpful to note that where **more mainstream wage incentive schemes, such as the Youth Contract, are introduced, an equivalent scheme should be considered for participants on specialist programmes** to avoid any potential disadvantage.

7.3 Commissioning approach

One of the two main strands of the Work Choice evaluation was to examine the effect of the DWP commissioning approach on specialist disability employment provision. Previous research into the commissioning of employment programmes (Finn 2007, 2008) noted how differing approaches to commissioning can affect the profile of the provider market, which in turn has an effect on the delivery of services. Chapter 3 considered the provider market structure and how this was affected by the commissioning of Work Choice. It also explored views on the relationship between the provider market and programme delivery, although it is important to note that as well as the Work Choice provision that is delivered through contracted provision which is discussed in this section, a significant proportion of the programme is delivered by Remploy Employment Services.

Views on the effect that other features of the DWP commissioning approach have on service delivery were discussed within Chapter 4, which considered some specific features of the commissioning approach, including minimal service prescription, supply chain structures and performance management under the prime-provider model, and outcome-based funding.

7.3.1 Market structure

A challenge to exploring the changes in the provider market was the limitations in the data held by DWP. This presented difficulties in offering an accurate assessment of these changes, and was not unique to Work Choice. The Public Accounts Committee (2010) has previously noted this lack of data on providers. This may conflict with an objective of the commissioning approach, which is to ensure a healthy provider market exists. **Further consideration is, therefore, required of how DWP can accurately capture and maintain records on providers involved in its contracted employment programmes.**

Nonetheless, it did appear that the new commissioning approach had led to significant shifts in the provider market structure at the point at which the programme went live. A number of providers entered the market and whilst most of these had previously delivered other DWP contracts, a small number were new to DWP contracting and were typically small disability-focused charities, although the extent to which these organisations were actually involved in delivery did appear to be limited. The role of these smaller disability specialist organisations and specialist provision more generally is discussed further in Section 7.3.3.

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Subsequent to the start of the programme, supply chains appear to have been relatively stable. There have been some leavers, with exits related to issues of performance and finance, and replacements were typically restricted to providers already holding contracts. This appeared to be linked to a prime provider view that this was a lower risk option and overall the entry of providers not currently delivering the programme appeared to be very limited. **Some consideration of mechanisms to encourage more open competition during the lifetime of contracts may, therefore, be useful.**

7.3.2 Barriers to the market

One of the most notable changes to the market was the exit of a large number of local authority providers. In general they tended to have previously delivered small WORKSTEP or Work Preparation contracts, although this was not always the case. This shift was reported to be owing, in part, to geographical and organisational constraints to bidding, with some suggestion that DWP requirements effectively blocked local authorities from the prime provider role. Some public sector organisations that bid for prime contracts via consortia also speculated that DWP did not regard such consortium bids favourably. In addition, there was also a suggestion that some Local Authorities had taken the opportunity to reduce expenditure by not bidding for Work Choice and ending their involvement in this type of provision.

Barriers to market entry were also reported by other types of providers. Some suggested that the outcome-based element of the model was too financially risky. Others reported that contracts offered by prime providers were not financially viable and/or had unfavourable terms and conditions attached. Some organisations who tried unsuccessfully to enter supply chains as subcontractors suggested that prime providers limited the number of organisations in their supply chains.

Whilst the barriers that some providers raised, such as the outcome element of the funding model, are a fundamental part of the commissioning approach, the barriers identified by local authorities may potentially be an unintended consequence of the approach. **It may, therefore, be useful to consider if future development of the DWP commissioning approach could address any of the specific barriers that local authority providers have identified.** This will be of particular importance if local authorities are to play a fully integrated role in future specialist disability employment provision.

7.3.3 Effect on specialist provision

The position of specialist providers, and the role they play in Work Choice provision, was raised as a concern by a number of providers and DWP/Jobcentre Plus staff. The examination of market structure noted that some specialist providers had exited the market entirely. Supply chains were generally dominated by end-to-end providers of pan-disability services, although some of these providers also had a specific area of specialism. Referrals were, however, most commonly allocated within supply chains on the basis of geography, though disability type was also a consideration within some supply chains.

Specialist providers, such as those offering specific services for participants with a brain injury or a visual impairment, were generally being utilised on a call-on, call-off basis and many reported receiving few, if any, referrals. Some prime providers and pan-disability

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subcontractors indicated that they had made limited use of specialist subcontractors because very few of their participants required such support. Other providers suggested these participants were entering the Work Choice programme but being referred to pan-disability providers rather than specialists.

A range of providers (both pan-disability and specialist) raised a concern that pan-disability providers may not always be able to offer the specialist skills required to support some participants. They suggested that the limited use of specialists may, therefore, have a negative effect on service delivery and participant experience. This view was reflected by some Jobcentre Plus staff. Some providers also indicated that the limited use of specialists was related to the cost involved, rather than the needs of participants. This is similar to findings on the use of specialist providers within research carried out as part of the commissioning strand of the Work Programme evaluation (Lane *et al.*, 2013).

Related to this there was a specific concern that the limited use of specialist providers may lead to a longer-term loss of staff and organisations who can offer this type of support. There were instances where outgoing provider organisations had made specialist staff redundant or faced closure. Overall this indicates that the DWP commissioning approach might have had a negative impact on the delivery of specialist services, which also has implications for service diversity and future supply chain competition. Loss of these types of community assets and social capital, along with the associated negative impact this can have on disadvantaged communities, has also been discussed within other research on the effect of commissioning on the provision of welfare-to-work services (Abello and MacDonald, 2002).

Future development of the commissioning approach for specialist disability employment provision should, therefore, consider the position of smaller specialist organisations that support people with specific impairments. This is likely to be of particular importance for participants with a low incidence but high impact impairment, which may be costly to support.

7.3.4 Degree of service specification

Despite the general move within the commissioning approach towards minimal service specification, some features of the Work Choice model are quite prescriptive. This reflects the funding model which offers a high level of service fees. Where concerns were raised by providers that support-level requirements for the pre-work module of the programme were restricting their ability to deliver appropriately personalised support, DWP has been flexible and adapted its requirements. In practice, however, the changes made appeared to have had little impact on delivery, although some providers reported the benefit of a reduction in the administrative burden associated with demonstrating compliance.

In a similar way, where the prescription relating to the length of the pre-work module was reported to be influencing access to the programme and potentially reducing access for those with the highest support needs (discussed in Section 7.1) DWP has also adapted the programme design. An option to further extend the pre-work module has been added, although provider guidance on when to use this extension did not appear to encourage use of this with participants with the greatest support needs. **It may, therefore, be useful for DWP to review Work Choice provider guidance to ensure that this aligns with the aim to focus on participants with the highest support needs.**

7.3.5 Management of performance

Many providers reported that the achievement of job outcome targets has been challenging during the first two years of the Work Choice programme. There were a number of potential reasons given for this which included a suggestion by some providers and DWP Performance Managers that performance estimates submitted by providers as part of the tendering process had not been subject to sufficient critical review within the contract award process. Whilst it should be acknowledged that providers are accountable for achieving the projected performance levels set out in their bids **the issue of awarding contracts which include unrealistic performance estimates has been identified by the National Audit Office as a concern within previous DWP programmes and may, therefore, require further consideration in future.**

It is also important to consider performance in the context of the significant upheaval in provision owing to the simultaneous implementation of a new programme and commissioning approach with Work Choice, which presented a number of challenges. The election in May 2010 delayed the award of contracts, but not the start of the programme, which reduced the timescale in which these changes could be managed, and added to their complexity. Many of the issues relating to the transition process were still very prevalent at the time of Early Implementation Wave, suggesting that the scale of the change had required a significant bedding-in period.

There was some indication that incoming prime providers had limited experience of this area of specialist provision and of the needs of the participant group. This, along with the restricted use of specialist support discussed in Section 7.3.3, may also potentially have contributed to many providers feeling that the achievement of job outcome targets has been challenging.

In general, the mechanisms used by DWP and prime providers to manage performance appeared to focus primarily on monitoring and managing outcomes rather than service quality. Whilst many prime providers focused on a collaborative approach to service improvement, encouraging the sharing of best practice, some providers noted the tension between this and the increasingly competitive nature of some supply chains. There were also indications that some prime providers were introducing more prescription within delivery in an attempt to address underperformance within supply chains. **It may, therefore, be helpful to review and develop the mechanisms for sharing best practice and service development within Work Choice.**

DWP and Jobcentre Plus staff described a move away from a role that included oversight of service delivery and participant experience, as might be expected with the introduction of the prime provider model. The lack of external quality inspection was also felt to have compounded a limited focus on service quality, and there was little evidence that prime providers were taking on the role of assuring and developing this area.

There is evidence from the evaluation of WORKSTEP (Purvis *et al.*, 2006) of the positive influence that an external inspection process had in developing the quality of this provision, and it forms a core element of contracted employment services in some other countries. **It is, therefore, recommended that consideration is given to the development of a quality framework for specialist disability employment services, along with the reintroduction of external inspection for contracted and non-contracted provision.**

7.3.6 Financial model

The balance between a 70 per cent service fee and 30 per cent outcome-based funding for Work Choice was welcomed by providers. The service fee element was felt to allow for investment and to facilitate the participation of some smaller specialist providers in the programme. The service fee was also felt to be an important element for a specialist programme because of the support requirements of the participant group. It appeared to reduce any perverse incentive to 'park' participants unlikely to achieve an employment outcome. This should ensure that all programme participants have an opportunity to develop and move closer to the labour market even if a job outcome is not achieved. The inclusion of an element of outcome-based funding also supported a focus on achieving job outcomes for participants, which a service-fee-only model would lack.

A comparison of Work Choice and Work Programme delivery noted that the different payment models appeared to be driving different levels of resourcing on the two programmes. There were significant reported differences between adviser caseloads on each programme, with Work Programme caseloads several times larger than those on Work Choice, even within a single provider organisation. There was also some evidence of greater levels of target-driven behaviour on Work Programme, including some reports of 'parking' and 'creaming' of participants. **It is, therefore, recommended that any future funding model for specialist disability employment services should recognise the importance of services fees for provision aimed at this participant group.**

Provider views on the viability of contract incomes were more mixed. The selection of prime providers who offered lower contact prices in the tendering process and lower than anticipated outcome payments owing to performance challenges both appeared to have had a negative affect on contract incomes. Whilst management fees of up to 35 per cent taken by prime providers increased the financial viability of Work Choice contracts for them, it reduced financial viability for subcontractors. As already noted, the area of provision most likely to be negatively affected by low contract incomes appeared to be the purchase of specialist services. **Consideration of the levels of prime provider management fees, and the impact these may have on the resource available for direct service delivery, may therefore be useful in any future development of the commissioning approach.**

7.3.7 Non-contracted provision

Remploy delivers a significant proportion of Work Choice and, although its employment services were involved in the evaluation case studies, data on their programme activity was limited, e.g. Work Choice Official Statistics only cover contracted services. Remploy is directly funded by DWP under Grant in Aid arrangements and is not subject to the competitive tendering of contracted provision. This disparity of arrangements was noted within the evaluation of the predecessor programme, WORKSTEP (Purvis *et al.*, 2006), which recommended that consideration be given to the harmonisation of programme arrangements between contracted and Remploy provision. The Sayce Review (Sayce, 2011) also recommended that Remploy Employment Services should move from Government control and bid for all DWP funding through commercial contracts. As a minimum, therefore, **it is recommended that Remploy data is included within Work Choice statistics, to offer a more comprehensive view on the performance of the programme overall. It is also recommended that further consideration is given to moving to a single model of procurement, funding and management arrangements within the programme.**

7.4 Future specialist disability employment support

One of the additional research themes introduced at the Steady State Wave of the evaluation was a comparison of the support offered to disabled people through Work Choice with that offered via the Work Programme. Findings from this comparative work are discussed within Chapter 6 of this report.

Providers reported that there was less participant contact with the Work Programme than on Work Choice, and Work Programme provision was reported to be less personalised to meet individual needs. Work Choice offered more frequent, proactive and more intensive in-work support that was structured and tailored to the individual and their employer. Work Programme in-work support was reported to consist of mainly telephone support.

When discussing the nature of support for disabled people within a mainstream programme, providers articulated a strong view that this area of provision was not able to provide adequate support for some disabled people, particularly within the current outcome-based funding model. Participants with a mental health condition or learning disability were most often highlighted as needing the more intensive and specialist support offered by a programme like Work Choice.

The vast majority of providers, whether they provided one or both programmes, and all of the Jobcentre Plus DEAs interviewed, also believed that there was a definite need for a specialist disability programme alongside mainstream provision.

The Sayce Review (Sayce, 2011) also identified a clear role for specialist disability employment support, suggesting it be made available to those who demonstrably have the greatest support needs and/or a labour market disadvantage, and those who support or employ them. It went on to recommend a single specialist disability employment programme to run alongside and complement the generalist Work Programme. The findings from the Work Choice evaluation also strongly support the continued need for specialist disability employment provision, in addition to a mainstream employment programme. **It is, therefore, recommended that DWP continue to fund and develop specialist disability employment support as a separate specialist area of provision.**

As discussed in Chapter 5 there is a growing body of evidence on the nature of what works in specialist disability employment provision. The findings from the Steady State Wave case studies, which involved some of the most improving or best performing Work Choice providers, adds to this evidence base. Providers identified the aspects to their delivery models which contributed to good performance, and these were found to align with recognised models of best practice in supported employment. As previously noted within Section 7.2, providers should therefore consider the adoption of such best practice in current Work Choice provision, with support from prime providers and DWP. **It is, therefore, recommended that future development of specialist disability employment provision be based on the best practice model of supported employment.**

7.5 Future commissioning of specialist disability employment support

There appeared to be some significant tensions between elements of the DWP commissioning approach and its use within a specialist disability employment programme, which were discussed in Section 7.3. These include the use of outcome-based funding, which may drive undesirable provider behaviour, such as the rejection of referrals of those considered too distant from the labour market in order to maximise outcome payments, and the limited use of specialist services to minimise expenditure.

DWP does appear to have considered some of these factors within the approach it used to commission Work Choice, for example a significant element of service fees was included within the funding model. As might be expected, this led to the inclusion of some degree of service prescription in terms of prescribed support levels, although providers described this as a constraint on the appropriate personalisation of support. DWP has, however, remained flexible and been willing to adapt its requirements where such concerns have been raised.

Despite this, some of the issues identified continue to be a potential cause for concern. This suggests the need to review the commissioning approach further, although some of the issues relating to the rejection of referrals could be addressed by **improving clarity on programme aims and the target participant group, and improving systems to ensure appropriate programme access**. The apparent limitations to the management of provision, with a focus on outcomes and limited attention on service quality, could also be addressed by **developing a robust quality framework**, which links to evidence on models of best practice in service delivery. This should be supported with a **system of external inspection**. Other specific recommendations on the commissioning approach are given in Section 7.3.

The Sayce Review (Sayce, 2011) proposed that a future specialist disability employment programme is commissioned via the use of individual (personal) budgets. Specifically it recommended that when existing Work Choice contracts expire in 2015, the Department should consider rolling Work Choice funding into individual budgets with Access to Work to offer '*one general Work Programme and one individual budget-based programme*'.

The use of individual or personal budgets to commission specialist disability employment support has been subject to some evaluation and, to date, evidence to support their use is not clear. The interim report on the evaluation of Jobs First sites in England (Stevens and Harris, 2011) noted a number of difficulties related to implementation, so little progress on delivery or the assessment of outcomes has been possible. This mirrors what was found during a pilot on provision of employment support and Access to Work alongside Individual Budgets (Aston, 2009), which reported implementation difficulties and very low uptake.

The early evaluation of the Right to Control Trailblazers, which include Work Choice and Access to Work budgets, has described similar difficulties. Tu *et al.*, (2012) found that the Trailblazers reported a number of teething issues, which meant that in some areas or funding streams, the Right to Control was not being delivered, or not being delivered as originally intended. Despite the significant progress made in delivering the Right to Control, the recently published Right to Control evaluation report⁸³ found no evidence of the Right to Control having a measurable impact on the lives of customers either in terms of

⁸³ Tu *et al.* (2013) *Evaluation of the Right to Control Trailblazers: Synthesis Report*, Office for Disability Issues.

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their experiences of accessing services or in terms of their day-to-day lives. Work Choice evaluation DEA interviews in case study areas covered by Right to Control Trailblazers also reported low uptake of personal budgets for employment support. DEAs suggested that the concept was too abstract and lacked a clear structure, which meant that many of the people they dealt with did not choose this option. DEAs also reported very little or slow uptake of providers willing to be involved in Right to Control-commissioned services, potentially because of the design of funding.

Fulfilling Potential (DWP, 2013b) noted that many disabled people experience difficulties managing a personal budget, and a British Association for Supported Employment (BASE) discussion paper *Disability Employment Strategy* (BASE, 2013) also points to evidence of a low desire for personal budgets for employment support among disabled people. BASE described supported employment as a niche activity and suggested that it is, therefore, unlikely that most localities would have a range of providers for individuals to choose from. It also suggests that disabled people are less interested in choice than they are in having access to high quality, locally-based support to access employment.

Overall, therefore, whilst there is considerable evidence to support the need for the delivery of personalised services as a key element of successful specialist disability employment provision, the evidence on the use of personal budgets as an effective route for the commissioning of such support is much less clear. **It is, therefore, recommended that any use of a personal budget approach to commissioning specialist disability employment support is carefully considered in the light of existing evidence and that emerging from other personalisation programmes.**

Appendix A

The Work Choice participant journey

The participant journey which makes up the Work Choice model is set out below.

A.1 Joining the Work Choice programme

The principle route through which participants are referred to the Work Choice programme is via Jobcentre Plus Disability Employment Advisers (DEAs). Participants can also be referred by specialist Statutory Referral Organisations (SROs), such as social services and secondary mental health services. The DEA will check eligibility and suitability. To join Work Choice, people must have severe and complex disability related barriers to work that require specialist support to resolve. They must be out of work or at risk of losing their job. They do not have to be on benefits, although many are.

A.2 Referral to a provider

The participant meets with the provider in the area within ten working days. The provider will assess the participant's needs and will produce a development plan.

A.3 Pre-employment support (module 1)

If the participant does not have a job, they will get help to find one. In most instances this period is expected to last for no more than six months, although it can be extended in exceptional circumstances to a maximum of nine (now 12) months. If the participant is also on Jobseeker's Allowance or Employment and Support Allowance, they must meet the conditions of these benefits – for example, participating in Work Choice will count as evidence that they are actively seeking work.

A.4 In-work support (module 2)

When they find a job, the participant will receive ongoing flexible specialist support relevant to their own personal circumstances. This provides a holistic, managed service based on coaching, training, establishing relationships in the workplace, and regular engagement with the employer. Providers have the freedom to tailor the package to suit the participant. This initial period of supported employment is expected to last no more than two years, with regular reviews built in.

A.5 Long-term in-work support (module 3)

Some very disabled participants will need longer-term support. A review after two years will identify these participants and set further appropriate review points. Where unsupported employment is a more distant prospect, the emphasis is on distance travelled and progression within the supported workplace.

A.6 Unsupported employment

The emphasis of the programme is on moving people into working environments where the support they need is, over time, provided by the employer and colleagues. Even though they are no longer on the programme, participants can call on providers for ad-hoc help, although if their circumstances change and they need more intensive support again, they can re-join the programme again via a DEA or SRO referral.

Appendix B

Work Choice participants involved in the evaluation

This appendix offers profile information on the Work Choice participants interviewed as part of the Work Choice evaluation along with a summary of their knowledge of Work Choice, their views on differences between Work Choice and previous programmes, and on progression from Work Choice.

B.1 Participant profile

119 participants were interviewed, 70 in the Early Implementation Wave and 49 in the Steady State Wave. The participant profiles at both waves were comparable in most respects, although some differences are noted below:

- Participants interviewed in the Steady State Wave were younger – 44.9 per cent were under the age of 30 whereas in the Early Implementation Wave 24.3 per cent were under 30.
- The in-work participants interviewed in the Steady State Wave tended to have been in employment for a shorter period of time – 56.5 per cent of the in-work participants in the Steady State Wave had worked less than six months. In the Early Implementation Wave this was 27.6 per cent.
- More of the participants interviewed in the Steady State Wave worked in the private sector – 69.6 per cent of participants interviewed in the Steady State Wave as compared with 48.3 per cent of participants interviewed in the Early Implementation Wave.

Table B.1 Employment status

	N	%
Pre-work	67	56.3
In supported work	50	42.0
In unsupported work	2	1.7
Total	119	100.0

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Table B.2 Disabilities

	Primary disability		Secondary disability	
	N	%	N	%*
Condition restricting mobility or dexterity	17	14.3	6	5.0
Visual impairment	11	9.2	0	0.0
Hearing/speech impairment	4	3.4	4	3.4
Long-term medical condition	9	7.6	1	0.8
Learning disability	48	40.3	7	5.9
Mental health condition	18	15.1	9	7.6
Neurological condition	9	7.6	3	2.5
Other	3	2.5	8	6.7
Total	119	100.0		

*Percentage of all 119 participants.

Table B.3 Gender, age and ethnicity

	N	%
Gender		
Female	45	37.8
Male	73	61.3
Not stated	1	0.8
Total	119	100.0*
Age		
Under 20	3	2.5
20-29	36	30.3
30-39	29	24.4
40-49	31	26.1
50-59	16	13.4
60 and over	2	1.7
Not stated	2	1.7
Total	119	100.0
Ethnicity		
White	100	84.0
Asian	4	3.4
Black	4	3.4
Mixed	1	0.8
Not specified	10	8.4
Total	119	100.0

*The percentages in this column appear to only sum to 99.9 due to rounding.

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Table B.4 Benefits received*

	N	%
Disability Living Allowance	55	46.2
Jobseeker's Allowance	51	42.9
Employment and Support Allowance	5	4.2
Income Support	1	0.8
Working or Child Tax Credits	17	14.3
Industrial Injury Benefit	1	0.8
Carers Allowance	2	1.7
State pension	1	0.8
Not specified	20	16.8

*Some participants received more than one benefit and so columns do not sum to the total number of participants and 100 per cent.

Table B.5 Participants in work – type of employment

	N	%
Placement	40	76.9
Supported business	8	15.4
Self employed	1	1.9
Not specified	3	5.8
Total	52	100.0

Table B.6 Participants in work – time in current post and hours currently worked

Time in post	N	%
Up to 6 months	21	40.4
6-12 months	6	11.5
1-2 years	4	7.7
2-5 years	5	9.6
5-10 years	5	9.6
More than 10 years	9	17.3
Not specified	2	3.8
Total	52	100.0*
Hours worked (per week)		
Less than 16	2	3.8
16-20	16	30.8
21-25	7	13.5
26-30	5	9.6
Over 30	20	38.5
Not specified	2	3.8
Total	52	100.0

*The percentages in this column appear to only sum to 99.9 due to rounding.

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Table B.7 Participants in work – employment sector

	N	%
Public	12	23.1
Private	30	57.7
Voluntary	8	15.4
Not specified	2	3.8
Total	52	100.0
Agriculture and fishing	3	5.8
Energy and water	1	1.9
Manufacturing	11	21.2
Construction	0	0.0
Distribution, hotels and restaurants	13	25.0
Transport and communications	2	3.8
Banking, finance and insurance	2	3.8
Public administration, education and health	7	13.5
Other service activities	13	25.0
Total	52	100.0

B.2 Qualifications

A number of participants had vocational qualifications, for example NVQs or GNVQs at entry level and above, in subjects including hospitality, catering, manual handling, health and safety, administration, animal care, mechanics, dental nursing, first aid, retail, gardening and horticulture. Several participants held BTECs in, for example, business studies, pharmaceutical science, games development, media or IT. There were also examples of participants with an HND in aeronautical engineering and HNCs in computer science and business studies. Some of these participants were in work related to their qualifications, others had worked in related areas in the past but needed to change direction due to their disability or health condition. Others hoped that as a result of their qualifications they might be able to get relevant work in the future.

Some participants held degrees in public administration, social sciences, politics, maths, music and technology, history or geography, while others had done access or foundation courses. Some had obtained GCSEs (or equivalent) when they were at school, but had not studied since then. Others had not obtained any qualifications at school but had taken basic skills courses at college since then and had obtained certification for this.

Some of the participants said that they had no formal qualifications. Participants with learning disabilities commonly reported this, as did some participants with mental health conditions, and a few participants with other disabilities and health conditions.

B.3 Effect of disability on work

The participants had a wide range of disabilities, and these in turn had a variety of impacts on the kinds of work they were able to do.

Some participants with learning disabilities said that they were not able to articulate clearly which made it difficult for them to communicate effectively with colleagues. Many reported that they had problems learning new skills, had difficulties with comprehension, and had problems retaining information. As a result, they needed support at work to help them learn new tasks and skills at work, and to help them to understand instructions. Some, including participants with dyslexia, were not able to read and write, or found it very difficult, and said that they would struggle to do any work which involved a lot of paperwork. One of the participants with a learning disability reported that they found it difficult to apply for jobs and another said it was difficult to find a sympathetic employer. Several participants reported feeling stressed and anxious in work situations.

Participants with autistic spectrum disorders, including Asperger's syndrome, found interacting with other people particularly difficult, including communicating with their colleagues, and some had trouble remembering certain aspects of their work. Some participants said they could become confused. Participants also cited anxiety in groups and difficulty fitting into workplace culture. Participants with dyspraxia reported that it affected their coordination and their ability to learn new things.

Most participants with mental health conditions said that they had a tendency to get very stressed and anxious in certain work situations. Some had difficulty in concentrating on their work when they felt unwell, and some found it difficult to cope with colleagues who did not understand their condition. Some had, in the past, been through depression which at the time had made it difficult to function at the most basic level, although their condition had improved during their time on Work Choice and/or at work. Some reported that they lacked confidence as a result of their mental health condition, and the time they had spent isolated from others when they were ill.

Some participants with visual impairments were partially sighted, and some were blind. One of these participants had become blind in adulthood, and was still readjusting to this 'massive change'. These participants usually needed adjustments to equipment and practices at work and could not take on certain types of work.

Participants with long-term medical conditions reported a range of impacts on their ability to work, but a factor common to many of them was that they tended to get very tired, and had a lower resistance to other illnesses and infections. It was important that they did work that would not worsen their health, for example, work which was part time, not too stressful and which was flexible enough for them to take time away to attend hospital appointments. One participant who was recovering from a quadruple heart bypass was still discovering his physical limits and others reported limited ability to do manual work.

Participants with conditions restricting their mobility said that this affected their work in ways including needing adaptations to the working environment, not being able to stand or walk for long, or not being able to do manual work. For example, a participant with a back problem was unable to stand for long periods of time and would need to work in a job where she could sit down. Several participants, who had arthritis or other mobility difficulties, were unable to do heavy lifting and carrying. One participant used a wheelchair and needed to work in a fully accessible environment.

B.4 Previous employment programmes

Some participants reported that Work Choice was the first time they had received support from a specialist programme, but many had been on similar programmes in the past. Participants joined Work Choice either by being transitioned across from WORKSTEP or Work Preparation, or after having been referred by Jobcentre Plus. A few had heard about the programme elsewhere, for example, from their doctor or from a disability charity and had then asked Jobcentre Plus to refer them. Others had been told about WORKSTEP by their employers, and had joined while already in work, in order to receive additional support. Some participants may have been referred to WORKSTEP by Jobcentre Plus, but not all remembered how they had joined the programme.

A few participants had been on the Work Preparation programme. Some pre-work participants had been on programmes in the past to help them find work. Some knew that they had been on WORKSTEP or Work Preparation but most did not know the name of the programme they had attended. Similarly, not all participants in work knew which programme they had previously been on, although it was clear that they had been receiving in-work support prior to Work Choice. It seemed likely that they had been receiving support from WORKSTEP.

There were a few examples of participants having received support from Access to Work for specialist equipment, or to fund 'travel to work' costs. Some participants mentioned that they had been supported by particular providers in the past and some said that they had been supported by their Disability Employment Adviser (DEA). Others mentioned New Deals, Pathways to Work and local support programmes available in their area. Several participants, in particular those with learning disabilities, reported that they had done work placements or work experience while at college.

B.5 Participant views on differences between Work Choice and previous programmes

Few of the pre-work participants interviewed in either wave of research had previously received support through the WORKSTEP programme which made direct comparisons difficult. Of those who had, some were not aware of the details of differences between the two programmes. This was particularly the case where the participant had been supported by the same provider throughout both programmes (in some cases by the same support worker). Where the providers had changed between programmes, some participants were able to identify different types of support.

Differences between the in-work support that participants had received on Work Choice compared to other programmes were similarly difficult to identify. Again, where participants had been supported into work through WORKSTEP and then transitioned onto Work Choice they found it difficult to distinguish between programmes. The relationship with their support worker seemed to be the defining factor in participants' views about the quality of the support they received, rather than the specific programme that they were on.

'I think basically it was the same. It was just the change of the name. I was a bit wary when Work Choice come in but then when I had a couple of meetings and they said its only a change of name and nothing else. In three years time it will be called something else.'

(Participant with a condition restricting mobility, Steady State Wave)

Where participants had noticed a difference in the pre-work and/or in-work support they received, they tended to perceive Work Choice as providing a more structured form of support. Some participants who were supported in work identified Work Choice as offering more frequent support and support that was wider in nature than previous programmes.

B.6 Participants' knowledge and understanding of Work Choice

In both waves of research, participants' knowledge and understanding of Work Choice varied widely. Most participants knew that the programme was voluntary and some were aware that the eventual aim of Work Choice was to help them progress to unsupported employment. Not all participants knew for how long they would be supported, either pre work or in work. Understanding of Work Choice was better among participants who had been referred to the programme prior to work, by a DEA at Jobcentre Plus.

In contrast, low levels of understanding of Work Choice support were found to be more common among transition participants who were transferred onto Work Choice from WORKSTEP or Work Preparation. These groups often found it difficult to distinguish between Work Choice and previous programmes. Participants with learning disabilities often knew the name of the Work Choice provider but had very limited understanding of the Work Choice programme itself. Some participants with mental health conditions reported that as a result of their condition, they had not been able to retain information about Work Choice.

Overall, participants were happy with the information that they had been given, even where their knowledge appeared to be limited. The key for many was that they knew they could ask their Work Choice support worker for more information if they needed it.

B.7 Type of work sought

Some participants simply wanted to find work which they would be happy in, and that they would be able to sustain, given their disabilities. Some specifically wanted part-time work in order to be able to manage their health condition while working, while others hoped to find full-time work. Some had a specific job or career in mind, while others had a range of options, and would in the first instance be happy to move into work and progress from there.

Some participants hoped to return to the kind of work they already had experience in, for example IT, accounts work, or administration. Others were exploring new areas of work as they were unable to do the jobs they had done in the past due to a change in their health. Others had not worked before or for many years. Particular aspirations included care work with adults, working with children with learning disabilities, office work such as administration and reception work, retail or distribution.

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Some participants said they were looking to begin self employment and one participant with Asperger's syndrome cited bad experiences of bullying in previous employment being a driver for this.

B.8 Employment history

Of the 119 participants, 52 were in work at the time of the interview. They worked for employers across most sectors and in a variety of roles and levels, for example, as a printer in a manufacturing firm, as an aeronautical engineer, and as a careers adviser. Several participants worked as catering assistants or worked in kitchens, several more worked as retail assistants, gardeners, and in factories. A number of participants worked in offices doing administration, clerical and reception work.

Some participants had not worked for many years, and others had not worked for a few months or one to two years, but aside that, they said that they had always worked. Some had done a variety of different jobs in the past. A few participants had never worked. In particular, several participants with learning disabilities had not done any paid employment but some had done work placements while at college.

B.9 Participants' views on why they want to work

Participants cited a variety of reasons for wanting to work. Many participants highlighted financial reasons for wanting to work. They wanted to earn their own money, have more money, be financially independent and did not want to be on benefits. However, money was not a primary motivation for all participants.

Many people said that they wanted to work with people and to be part of a team. This was mentioned by participants in all disabilities and health condition categories, but it seemed to be particularly important for participants with learning disabilities (other than autistic spectrum disorders) and for some participants with mental health conditions. Some participants with mental health conditions thought that being in work and doing something for themselves would help to give them a purpose and would help them to stay well. Improved confidence, self esteem and self respect were also mentioned by participants as potential benefits of working. Several participants also spoke about boredom caused by having nothing to do and a desire to work in order to get out of the house.

Some participants said that they had always worked until their health prevented them from doing so, and that now they were fit enough they hoped to find work again very soon.

B.10 Participants' views on progression from Work Choice

There was mixed awareness and views on progression from participants. For pre-work participants finding work was their goal, but some thought that they would first need to undertake training or work placements. Many thought that they would be able to work without support in the future, once they had settled into employment. Views on the length of time this would take varied with some mentioning a couple of weeks and others one to two years. Having someone there in the event of any problems arising was important to many. Some believed that this kind of support would always be there should they need it.

'If I've been in a job a couple of months and things are going good then I wouldn't say I needed it. If things are going bad then you need support when something goes wrong.'

(Participant with a neurological condition, Early Implementation Wave)

Many of the in-work participants were happy in their employment, and had no plans to make changes. A few hoped to extend their hours of work or find additional employment elsewhere. The possibility of moving into unsupported employment had been discussed with some of the participants, although some did not appear to be aware of this programme aim. Some thought that unsupported work was a realistic goal for them in the future but others were apprehensive. Some participants, in particular those with learning disabilities, said that they would always want to be supported at work.

'I hope eventually I'll be able to work independently but I think [I will need support for] at least the first six months, just to have somebody on the phone or come and visit me and make sure everything's ok and if it's not going ok sit down and work out why it's not going ok and see what we can do about it. I know that's in place anyway at work.'

(Participant with a long-term medical condition, Steady State Wave)

Appendix C

Work Choice referrals

This appendix provides detail on findings relating to the Work Choice referral process, referral volumes and the post-referral process.

C.1 Referral process

Referrals to Work Choice are generated using the Provider Referrals and Payments (PRaP) system. In the Early Implementation Wave research, the system was generally described by Disability Employment Advisers (DEAs) as being simpler and involving a lot less paperwork than previous systems. However, DEAs also reported that PRaP reduced the level of information able to be inputted and transferred to providers, including some relevant referral information such as GP and psychologists' reports.

Providers also reported in the Early Implementation Wave that the lack of information had in some cases affected their ability to communicate effectively with participants. For example, contacting participants via telephone as they were unaware that they were deaf or hearing impaired. However, both providers and Jobcentre Plus staff cited examples of joint working to improve communications about participants. There was some evidence of the use of case conferencing and also of DEAs contacting providers by phone, to provide more information about referred participants.

[The DEAs] put the referrals through and they would also call us and have a chat about the participant. That works really well.'

(Subcontracting provider, Early Implementation Wave)

In both waves of the research, both DEAs and Jobcentre Plus Third Party Provision Managers (TPPMs) reported limited contact with Statutory Referral Organisations (SROs). Where DEAs had received referrals from SROs, there appeared to be inconsistencies in Jobcentre Plus processes for handling SRO referrals. Some were simply entering SRO referrals onto the PRaP system, whilst in other cases DEAs were assessing suitability and referring back those they considered unsuitable.

C.2 Participant choice

At the time of the research, in all but two Contract Package Areas (CPAs) nationwide (where the non-contracted provider Remploy did not deliver) there was a choice between the contracted supply chain and Remploy for Work Choice programme provision. The decision on which provider to be referred to should be made by the participant. However, the research found that in practice participants would often ask for advice from their DEA.

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'I always say there's two organisations and give them leaflets before we even consider referring to Work Choice ... I've always given them leaflets to take home and read but they're quite generic both leaflets we have. They always ask for advice ... they tend to want you to choose for them. At the end of the day that's what they usually say. If somebody said "I prefer [one provider over the other] then obviously they can go there.'

(DEA, Steady State Wave)

When providing advice, DEAs would consider geographical location, particular support needs, type of work sought and previous knowledge of provider performance.

'I have to work to people's strengths and if I get to know the providers and I know what their strengths are then hopefully we can match up the personality and the support that the individual might need. I can think yes, you are going to get on well with him or her.'

(DEA, Steady State Wave)

Most DEAs felt they had a good level of knowledge about the providers in their area. During the Early Implementation Wave it was found that DEAs' knowledge of providers often pre-dated Work Choice, as a number of providers had also delivered previous programmes, and DEAs knew less about new Work Choice providers. However, by the Steady State Wave, DEAs reported feeling confident in their knowledge about all providers. Some reported that where they had knowledge of poor provider performance they would steer participants towards another provider (see also Section 2.1.3).

For some DEAs, their decision of which provider to refer participants to was influenced by referral capacities rather than actual or perceived performance. In such instances, DEAs felt that there was no choice in terms of where to refer participants after the contracted supply chain referrals limit had been reached, unless the person being referred was prepared to wait until the following month. The following section discusses referral capacities in more detail.

C.3 Referral volumes

DWP management information (MI) indicated that the number of people starting on the Work Choice programme following referral was significantly higher than profiled during the early months of the programme. From April 2011 onwards, a decision was therefore taken to actively manage starts against the profile (referred to by most providers and Jobcentre Plus staff as 'capping' referrals) and starts then fell back below profile.

C.3.1 Referral volumes management role of the TPPM

Following introduction of the referral volume management process, the TPPMs were responsible for the management of referrals, both the number that were made and their distribution across their CPA.

The majority of CPAs appeared to have a system whereby each Jobcentre Plus district within the CPA had an allocated number of referral places. Numbers allocated to each district appeared to be estimations based on the likely number of participants in the locality (based on urban/rural, surrounding areas etc.). Once the referral limit was reached in a particular district, additional referrals could be made to non-contracted provision only. However, the non-contracted provider did not cover all regions and, in one large rural CPA, had removed their service altogether.

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At the time of the Early Implementation Wave research there also appeared to be a lack of knowledge from some of the Jobcentre Plus staff interviewed about the rationale behind managing referral numbers. These staff also noted that referral volume management was causing delays to participant referrals.

'When the DEA has a customer motivated and ready to take the next step it can be quite demotivating [to have to wait until the next month's referral quota is released]. I would have hoped if the uptake was high in an area we would have been given more places. Apparently that's not the case.'

(DEA Manager, Early Implementation Wave)

In the Steady State Wave research the majority of the TPPMs interviewed described having a role in monitoring and managing referral volumes. Some TPPMs suggested that demand still exceeded places available on the programme in their Jobcentre district. In some areas however, TPPMs suggested that referral volumes and places were at a similar level and so their role was to monitor and maintain this. In other areas, TPPMs suggested that referral volumes from DEAs had fallen below the level of the places available and so their role in managing referral volumes was focused on trying to increase DEA referrals. The management of referral volumes by TPPMs appeared focused on DEA referrals only rather than DEA and SRO referrals.

C.3.2 Early Implementation Wave provider experience of referral volumes

The experience of referral volumes reported by contracted providers involved in the research was broadly in line with the DWP MI. The majority of the prime providers interviewed reported receiving a greater number of referrals than anticipated in the early stages of the programme. This included examples of areas where the CPA as a whole had received referral numbers in excess of their first year planned allocation in the first six months of the programme.

Providers suggested a number of possible reasons for the high referral volumes. A number of these possible reasons were specific to the early stages of the programme and were also reported within the Transition Wave of the evaluation (Thompson *et al.*, 2011). These included:

- suggestions that DEAs may have had no other provision to refer to (as the Work Programme had not yet begun at the point of fieldwork but much of the other relevant provision had already come to an end);
- suggestions that referral numbers were not being managed and some DEAs were unaware of the specific referral numbers allocated to individual provider organisations;
- a suggestion that some DEAs may have stockpiled participants during the final months of WORKSTEP to reduce transitions;
- a suggestion that there may have been a backlog of suitable participants in areas where there had been limited WORKSTEP provision.

Other issues that providers suggested may explain the high referral volumes included:

- suggestions that some DEAs were making inappropriate referrals (see Chapter 2 for a more detailed discussion of differing DEA and provider views on who was suitable for the programme);

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- a suggestion that DEAs might not have the time to look for alternative local provision or that such provision might be lacking or limited; and
- a suggestion that there may be more demand and need for the programme than places funded.

In relation to the point that there may be more demand for Work Choice than funded places, some provider staff suggested that this may mean that people who would benefit from the programme will not always be able to access it.

'My concern is that the Work Choice contract is not big enough to support the demand. I know there are customers out there that DEAs have not referred across that should have been referred, because there's not enough profile, and I think that is scandalous. If we end up putting those customers on Work Programme, those customers will suffer because Work Programme is not designed to meet their needs. The disability group is a very discreet group and needs specialist support.'

(Provider, Early Implementation Wave)

Not all providers reported receiving higher referral volumes than expected. A smaller number of prime providers and end-to-end subcontractors reported that their referral numbers levels were as expected. This appeared to be as a result of prime provider staff working closely with DEAs to actively manage incoming referral volumes since programme go-live. There was a feeling from some of these providers that all prime providers should have been taking responsibility for managing referral volumes since the start of the programme:

'There are some primes in the country who actively encouraged referrals over and above the contract profile rate and DWP have rewarded them by putting a mark in the sand and saying "we've decided we've got a problem but anything that's happened to date stands: you've still got your profiles going forwards". There are providers that have used a whole year's profiles in five months and they're still going to get their last seven months' profiles. They've been rewarded for managing their contracts badly whereas we've managed our contract exactly as we were asked to, and it's spot on profile, and we've been disadvantaged by doing that.'

(Provider, Early Implementation Wave)

In addition, a smaller number of end-to-end subcontractors reported that they had been receiving lower referral volumes against their profile than expected. In one case the lower referral levels were felt to be a result of the prime provider's allocation model, with the geographical area the subcontractor had been assigned not generating enough referrals. In another case, the lower referral levels were felt to be a result of DEAs uncertainty about the subcontractor's peripatetic delivery model:

'The DEAs seem to get very funny about the fact that our advisers are home based, although we can outreach, so therefore some haven't referred as much as they should do because they're not comfortable with it.'

(Provider, Early Implementation Wave)

This was an example of where DEA views on the quality of provision may have been influencing the level of referrals (see also Section 2.1.3).

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Alongside higher than anticipated referral volumes or, in a much smaller number of cases, lower than anticipated volumes, there were also reports that referral levels varied significantly between different Jobcentre Plus offices.

'There are 29 Jobcentres in [the provider's CPA] and 50 per cent of the referrals have come from a single Jobcentre [which] puts the balance of the whole supply chain out.'

(Provider, Early Implementation Wave)

C.3.3 Provider views on the impact of high referral volumes

In the Early Implementation Wave research high referral volumes were also reported to have had an impact of the level and quality of service providers felt they could deliver. A number described *'juggling unrealistic caseloads'* and suggested that they had not always been able to meet the ten-day initial interview timeframe and the eight hours per week support requirement in Module One as a result of the high initial influx of new participants. Others suggested that the high participant volumes made it difficult to spend sufficient time working with participants with the greatest barriers.

Some providers reported taking on additional front-line staff to help deal with the volumes or trying to *'sharpen their delivery model'*. One subcontracting provider had informed their prime provider that they could not take any more referrals as they were already over their annual referral profile six months into the programme. Another subcontracting provider was positive about the higher levels of referrals and suggested that they were hoping to grow their share of the contract over time as they demonstrated their ability to successfully work with the higher than anticipated volumes. Another impact of the high referral volumes was the disincentive to proactively set up and work with SROs to generate referrals (see also Section 2.2.1).

Referral-level inconsistencies were felt to create challenges for service planning and the management and allocation of staffing resource. For prime providers it was also reported to create challenges for the management of referral allocation to supply chain providers.

C.3.4 Referral volumes update from the Steady State Wave

In general, case study providers interviewed in the Steady State Wave research reported that referral volumes from Jobcentre Plus had been more as expected and less variable in Year 2 of the contract as compared to Year 1. Although in most case study areas there had still been some fluctuation during Year 2, with referrals being lower than expected in some months and higher in others.

In the Steady State Wave commissioning survey, opinion was divided among subcontractors on how referrals during Year 2 of Work Choice compared to their expectations. Forty per cent of subcontractors with referrals reported that they had been roughly at the level expected, with about the same proportion (38 per cent) reporting that referrals had been slightly or significantly less than expected⁸⁴, and the remainder reporting referrals above expectations.

⁸⁴ The survey included views from specialist non end-to-end subcontractors and so this figure in part reflects the limited use of such specialists by other supply chain providers (see Section 4.2.2).

Providers suggested there was variation in referral practices within some CPAs, with some DEAs consistently referring higher volumes of participants than others.

Some prime providers reported that they had developed, or were in the process of strengthening, relationships with Jobcentre Plus TPPMs and DEAs in order to better manage referral volumes. In one case study, a close working relationship was felt to have ensured that referral volumes across the CPA were in line with the volumes expected by the prime provider and its supply chain of subcontractors.

'The TPPM and I have worked together from day one ... she and I have managed the referrals so we've never had the dips and drops that other providers will talk to you about ... because we've managed the expectations and the volumes all the way through.'

(Provider, Steady State Wave)

C.4 Post referral

C.4.1 Initial provider contact with participants

Once a referred participant is allocated to a provider's delivery staff, the expectation is that the participant will be seen for their initial assessment within ten days of the referral being made on PRaP. The Early Implementation Wave research found that, in the CPAs managed by two of the prime providers with multiple CPA contracts, a decision had been made that the central national referral teams would make the initial contact with newly-referred participants and book them an appointment with an adviser from the appropriate provider. However, some subcontracting providers felt that managing their own diaries and resourcing was more efficient. In addition, it was reported that some participants (and particularly those with learning disabilities) could become confused when they were referred to and initially contacted by the prime provider and then supported by a subcontractor.

All providers were aware of the ten-day timeframe for initial participant interviews and the subsequent ten-day timeframe for starting a participant on the programme. However, in the Early Implementation Wave research, providers reported that meeting this target was not always possible. The most common reasons for delays in initial participant interviews were participants being uncontactable and participants failing to attend interviews. Where participants could not be contacted or failed to attend, most providers indicated that three attempts would be made at contact before the participant would be referred back to the DEA.

C.4.2 Ongoing contact with Jobcentre Plus post referral

Officially, DEAs are not expected to have a continued role with participants they refer to Work Choice whilst they are on the programme. However, many DEAs said that they maintained regular face-to-face and/or telephone contact with participants following referral. Ongoing activities DEAs described undertaking included performing job search support, monitoring progress, and dealing with complaints and ongoing issues with Work Choice providers. These DEAs continued to see referred participants despite being aware that they were not meant to. They appeared to be driven by a sense of obligation to the participant and, in some cases, an underlying concern about whether participants were receiving appropriate support from the programme.

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'I want to make sure they're getting support and if they're not I'm going to be there to pick up the pieces and try and help them in other ways. They still have to sign on every two weeks even if they're on Work Choice. I see them to get feedback on their progress.'

(DEA, Early Implementation Wave)

This was not purely an implementation issue, as DEAs interviewed during the Steady State Wave also reported remaining in contact with participants.

'So yes I have regular appointments with them even if it is only 15 minutes, I'd say I probably see them once a fortnight while they are on the programme regardless of what our guidance says.'

(DEA, Steady State Wave)

Ongoing contact has resource implications for Jobcentre Plus as this time is not costed and will have to take place in addition to DEAs other responsibilities. Some Jobcentre Plus staff involved in DEA management suggested that a staged handover of participants from the DEA to a provider might help to resolve this issue.

'To suddenly have a line drawn in the sand and the DEA is no longer in the picture is no good for the customer because they've built up a rapport with the DEA. They're working with somebody they don't know. It's very difficult.'

(Mental Health Co-ordinator, Early Implementation Wave)

C.4.3 Post programme feedback

If a disabled person is not successfully supported into a job before the end of Module One they are referred back to the Jobcentre Plus DEA. Some, but not all, providers reported that when participants are referred back to the DEA they would provide an exit report to the DEA. Correspondingly, DEA reports on the receipt of exit reports varied. Some DEAs in both waves of the evaluation reported that they did not receive exit reports from the providers in their area. These DEAs all suggested these would be helpful.

'I'd definitely like an exit report at the end outlining what they have done, how that person has progressed and the next steps that they feel this individual needs.'

(DEA, Steady State Wave)

Other DEAs reported that exit reports were provided by the providers in their area. These were felt to be helpful, though these DEAs typically described regular communication with local provider staff and were, therefore, often aware of the progress of the individuals they had referred to the programme prior to their return and receipt of the exit report.

Appendix D

Additional Methodological information

D.1 Research considerations

D.1.1 Developing appropriate research tools and processes

There was a need to ensure that the research methods were carefully tailored to the needs of individuals and specific groups of people. This included the need to ensure that research processes were appropriate and accessible to disabled people. Within the Work Choice evaluation this included adapting the design, presentation and language of materials to suit the needs of particular respondent groups (such as people with learning difficulties).

D.1.2 Engaging disabled people in research

In previous research, including the WORKSTEP Evaluation (Purvis *et al.*, 2006) and Customer Survey (Purvis *et al.*, 2010), the researchers have utilised providers to facilitate participant access and a similar approach was adopted for Work Choice participant interviews in the case studies. A number of factors were considered before it was decided to seek access to Work Choice participants in this way. These included the possibility that Work Choice providers might be selective about the participants who were involved. However, this approach allowed the research team to ensure that any particular participant needs, such as sign language interpretation or easy read information sheets, could be prepared for in advance. This approach also ensured that the initial participant contact regarding potential involvement in the evaluation was facilitated by a support worker known to the Work Choice participant. This can be important when engaging disabled people in research, in particular those with a mental health condition and/or a learning disability. In order to minimise any potential bias in provider selection of Work Choice participants for participation in the research, providers were asked to approach participants with a range of impairments and programme backgrounds (including length of time on supported employment programmes).

Previous experience of research with supported employment programme participants who have a learning disability suggests that their awareness of the programme and the support provided can be limited. Some participants can demonstrate little or no knowledge of the programme and very limited understanding of the support they receive or who provides this support. They often view their experience of supported employment simply as having a job rather than participating in an employment programme. Therefore, in addition to carrying out Work Choice participant interviews face to face (in order to address any potential communication difficulties that would be encountered by telephone), a short support worker interview was also carried out alongside each interview with a Work Choice participant with a severe learning difficulty with permission from the participant. These support worker interviews clarified support provided and views on the impact of the support, and were conducted either face to face at the time of the participant interview or by telephone.

D.2 Technical annex on commissioning survey

An on-line survey of the specialist disability provider market in relation to the Work Choice programme was conducted between mid-September and mid-October 2012. The survey was targeted at current Work Choice prime providers and subcontractors; organisations that previously delivered Work Choice but have left all supply chain(s); organisations that bid to deliver Work Choice unsuccessfully; and organisations that did not bid to deliver Work Choice but had previously delivered WORKSTEP or the Work Preparation programmes.

The survey was distributed using SNAP software, and was designed to take between 10 and 15 minutes to complete. The survey sample was based on contact details previously drawn from the Department for Work and Pensions' (DWP's) records of Work Choice providers, Work Choice bidders and providers of other DWP programmes. This information was supplemented with contact details obtained during previous waves of the evaluation, recent stocktakes of Work Choice supply chains by DWP, and internet searches. In addition to initial and reminder emails, all non-respondents with valid telephone numbers were reminded about the opportunity to complete the survey by phone, or asked to suggest an alternate contact from their organisation to whom the survey could be sent.

The total sample was made up of 344 different organisations. Ninety of these did not have a valid email address or telephone number attached to them, and therefore never received the survey or any contact related to it. This left an effective sample of 254 organisations, of which 103 completed the survey (a response rate of 41 per cent). However, five organisations responded to the first question saying they had no involvement in Work Choice or previous DWP disability employment programmes and were, therefore, ineligible to complete the survey, leaving 98 usable responses, at a usable response rate of 39 per cent.

Sixty-three respondents stated that they were currently prime providers or subcontractors on Work Choice. It is difficult to assess exactly what proportion of current Work Choice providers responded to the survey as the composition of the total Work Choice provider market will change over time as organisations move into and out of supply chains. As a guide, DWP's May 2012 stocktake of providers found 79 organisations that were delivering the programme at that time, which would suggest a deliverers' response rate of 80 per cent.

D.3 Research interview numbers and breakdowns

Across both waves of the evaluation, a total of 633 interviews and three focus groups were conducted and a total of 98 usable survey responses were collected. The tables below provide a detailed breakdown of who was involved in each element of the evaluation.

D.3.1 Early Implementation Wave case study research

This element of the evaluation comprised 213 qualitative face-to-face and telephone interviews. The interviews were conducted from May 2011 to July 2011 (with the majority of the interviews conducted in May and June 2011).

Table D.1 Early Implementation Wave case studies – interviews

Interview type	Case study area									SRO/ Jobcentre Plus/DWP	Totals
	a	b	c	d	e	f	g	h	i		
Work Choice participants	7	9	8	8	8	8	8	8	6	-	70
Provider staff (including prime providers, subcontractors and supported businesses)	8	7	9	7	8	7	9	8	6	-	69
Employers	2	2	4	1	2	4	2	4	2	-	23
Statutory Referral Organisations	-	-	-	-	-	-	-	-	-	7	7
Jobcentre Plus DEAs	-	-	-	-	-	-	-	-	-	15	15
Jobcentre Plus TPPMs	-	-	-	-	-	-	-	-	-	8	8
Jobcentre Plus Mental Health Coordinators	-	-	-	-	-	-	-	-	-	7	7
DWP Performance Managers	-	-	-	-	-	-	-	-	-	6	6
DWP Account Managers	-	-	-	-	-	-	-	-	-	3	3
DWP Other	-	-	-	-	-	-	-	-	-	5	5
Totals	17	18	21	16	18	19	19	20	14	51	213

D.3.2 Early Implementation Wave commissioning research

This element of the evaluation comprised 130 qualitative telephone interviews. The interviews with organisations outside Work Choice supply chains were conducted during June 2011 and July 2011. The interviews with organisations within Work Choice supply chains were conducted during September 2011 and October 2011.

Table D.2 Early Implementation Wave commissioning research – interviews

Interview type	Inside supply chain totals	Outside supply chain totals
Organisations that hold one or more Work Choice prime contracts	8	-
Organisations that hold one or more Work Choice sub contracts	75	-
Organisations within the sector that did not bid for Work Choice	-	20
Organisations that bid for Work Choice but were unsuccessful	-	20
Organisations that have left Work Choice supply chains	-	7
Totals	83	47

D.3.3 Steady State Wave case study research

This element of the evaluation comprised 182 qualitative face-to-face and telephone interviews. These interviews were conducted from late July 2012 to early October 2012 (with the majority of the interviews with stakeholders other than Jobcentre Plus conducted in August 2012 and the majority of the Jobcentre Plus interviews conducted in September 2012).

Table D.3 Steady State Wave case studies – interviews

Interview type	Case study area									SRO/ Jobcentre Plus/DWP	Total
	a	b	c	d	e	f	g	h	i		
Work Choice participants	7	4	6	8	7	5	4	6	2	-	49
Provider staff (including prime providers, subcontractors and supported businesses)	10	4	7	6	6	6	5	7	2	-	53
Employers	2	2	2	2	1	2	2	2	0	-	15
Statutory Referral Organisations	-	-	-	-	-	-	-	-	-	15	15
Jobcentre Plus DEAs	-	-	-	-	-	-	-	-	-	15	15
Jobcentre Plus Right to Control Area DEAs	-	-	-	-	-	-	-	-	-	8	8
Jobcentre Plus TPPMs	-	-	-	-	-	-	-	-	-	13	13
DWP Performance Managers	-	-	-	-	-	-	-	-	-	7	7
DWP Account Managers	-	-	-	-	-	-	-	-	-	4	4
DWP Other	-	-	-	-	-	-	-	-	-	3	3
Totals	19	10	15	16	14	13	11	15	4	65	182

D.3.4 Steady State Wave commissioning research

This element of the evaluation began with a quantitative survey which obtained 98 usable responses. Survey responses were collected from mid September 2012 to mid October 2012.

Table D.4 Steady State Wave commissioning research – survey responses

Survey respondent type	Inside supply chain totals	Outside supply chain totals
Organisations that hold one or more Work Choice prime contracts	4	-
Organisations that hold one or more Work Choice sub contracts	59	-
Organisations within the sector that did not bid for Work Choice	-	18
Organisations that bid for Work Choice but were unsuccessful	-	12
Organisations that have left Work Choice supply chains	-	5
Totals	63	35

This element of the evaluation also involved 41 qualitative telephone interviews. The interviews were conducted from October 2012 to early November 2012.

Table D.5 Steady State Wave commissioning research – interviews

Interview type	Inside supply chain totals	Outside supply chain totals
Organisations that hold one or more Work Choice prime contracts	8	-
Organisations that hold one or more Work Choice sub contracts	17	-
Organisations within the sector that did not bid for Work Choice	-	6
Organisations that bid for Work Choice but were unsuccessful	-	8
Organisations that have left Work Choice supply chains	-	2
Totals	25	16

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D.3.5 Steady State Wave comparison research

This element of the evaluation comprised 32 qualitative face-to-face and telephone interviews and three focus groups. These were conducted from November 2012 to early December 2012.

Table D.6 Steady State Wave comparisons – interviews and focus groups

Participant type	Research Type		
	Jobcentre Plus face-to-face interviews	Jobcentre Plus focus groups	Provider organisation telephone interviews
Jobcentre Plus Adviser Managers	8	-	-
Jobcentre Plus Advisers	-	3 (comprising 17 advisers in total)	-
Prime for both Work Choice and Work Programme	-	-	4
Deliverer of both Work Choice and Work Programme	-	-	15
Organisations with a disability focus that are delivering Work Programme but not Work Choice	-	-	5
Total participants	8	17	24

D.3.6 Steady State Wave Work Choice wage incentive research

This element of the evaluation comprised 35 qualitative telephone interviews with employers. The interviews were conducted in January 2013.

Table D.7 Steady State Wave wage incentive research – interviews

	Totals
Employers who have employed a young disabled person from Work Choice since the wage incentive was introduced	15
Employers who have not employed a young disabled person from Work Choice since the wage incentive was introduced	20
Totals	35

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