

The [draft] Social Security  
(Jobseeker's Allowance Skills Training  
Conditionality Pilot)  
Regulations 2010  
(S.I.2010 No.xxx)

Report by the Social Security Advisory Committee under Section 174(1) of the Social Security Administration Act 1992 and the statement by the Secretary of State for Work and Pensions in accordance with Sections 174(2) of that Act.

*Presented to Parliament by the Secretary of State for Work and Pensions  
pursuant to Sections 174(2) of the Social Security Administration Act 1992*

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# **Statement by the Secretary of State for Work and Pensions in accordance with Section 174 (2) of the Social Security Administration Act 1992**

## **Introduction**

The Government referred proposals concerning the draft Social Security (JSA Skills Training Conditionality Pilot) Regulations 2010 to the Social Security Advisory Committee (SSAC or the Committee) on 1 July 2009, in accordance with Section 172 (1) of the Social Security Administration Act 1992.

This Pilot Regulation will implement the Government's proposal to introduce increased Jobseeker's Allowance obligations to train from 26 April 2010. This will include referring customers who have been identified as requiring training under threat of possible sanctions if they do not engage, thus increasing their conditionality requirements.

These proposals were first announced in 'Opportunity, Employment and Progression: making skills work' and were subsequently included in the Welfare Reform Green paper 'No one written off: reforming welfare to reward responsibility.' and following public consultation in the Command Paper 'Ready for Work' published December 2007.

The Government first set out the design for an integrated employment and skills service (IES) in 2007 and has continued to develop the proposals, bringing together adult advancement and careers services, creating a 'no wrong door' approach.

We know that most people with low skills or no qualifications face other disadvantages or multiple barriers to work. That is why, through an integrated employment and skills service, early contact with Jobcentre Plus, and a learning providers or adult careers services will provide the range of services to address the specific skills needs of customers. Identification of skills needs will help to overcome specific employment related barriers to work.

In return for this support, the Government expects individuals to take increased responsibility and has committed to take the legislative powers necessary to pilot requiring Jobseeker's Allowance customers to address their skills needs as a condition for receipt of benefits.

The Government had proposed that from January 2010, in 11 pilot areas in England only, we will test whether requiring Jobseeker's Allowance customers within the Jobseeker's Regime and flexible New Deal (JRfND) stage 3 to take part in training, with the potential

application of sanctions, has an impact on sustained employment outcomes. Following SSAC's advice the pilots will now commence on 26 April 2010 to allow stakeholders to develop pilot design and delivery.

The Government has carefully considered the views and recommendations of the Committee and of those who responded to the consultation. The Government has decided to proceed with the proposals laid out in the Regulations referred to the Committee on 1 July 2009.

### **The Committee's report**

In its report following public consultation, the Committee advised Ministers not to proceed with the pilot.

In summary the Committee's report raised concerns on the following aspects of the proposals:

- The rationale for introducing mandatory training before the IES trials are fully up and running;
- The relationships with previous mandatory training pilots and impacts on outcomes;
- The robustness of the pilot design, in particular, the causal links between sanctions, training and employment;
- The need to train advisers in the use of random assignment;
- The pilot participants ability to fully understand their role and issues around informed consent;
- Pilot timing and resources, including impacts on Jobcentre Plus business and evaluation costs;
- The impact of sanctions on more vulnerable customers; and,
- The scope for adviser discretion in assigning customers to the treatment and control groups.

The Committee advised that should the pilot go ahead, it should only do so provided all of the following conditions were met:

- That the pilot does not begin until the quality of the IES interventions has been fully evaluated;
- Stakeholders are given the necessary assurances that sufficient resources are in place, preparations made and training undertaken, to ensure it operates effectively in the field;
- Systems should be put in place to monitor and manage the level of Personal Adviser (PA) discretion within the pilot;
- Departmental analysts should reconsider the design of the randomisation element of the pilot; and,

- A customer information strategy should be in place offering complete and clear information for customers and staff about the design of the pilot, including the role of sanctions.

## **The Government response**

The Government is grateful to the Committee for considering the implications of these proposals and for the broad support it has extended around the aims and design of IES and the pilot intention of improving skills and qualifications of jobseekers. This section sets out the Government response to the concerns outlined in the Committee report as well as the 5 recommendations.

## **The rationale for mandatory training**

SSAC questions whether a complex mandatory pilot should be introduced before IES is fully established (paragraphs 4.4, 4.9, 4.20, 6.1).

Jobcentre Plus has confirmed that IES has reached a “steady state” status in the trial areas, is already being embedded in the processes and is working relatively smoothly. Therefore, we expect that conditionality will have a greater chance of success in those areas, as it will benefit from the integration of services: each mandated customer will be supported by an integrated employment and skills service that is already embedded in Jobcentre Plus processes.

Phase 1 of the IES evaluation has been completed and the report is due to be published in December. The Phase 1 evaluation was a process study which focussed on the delivery of the IES trials.

The Committee is concerned that there is insufficient information about the types of training available (paragraph 4.6) and that customers may not have a choice about the type of training they are referred to.

In the pilot design, four types of training, both full-time and part-time, will be available to participants:

- literacy, English language for speakers of other languages and numeracy - “basic” skills;
- employability skills;
- short job focused training of up to 8 weeks; and
- other job related provision available through Further Education and other LSC providers, and DWP support contract provision which is longer-term in nature.

Jobcentre Plus PAs will explore any training needs with the customer and, as part of that process, will seek to resolve any potential needs and concerns prior to making a referral. This will be detailed in the guidance for Jobcentre Plus advisers. Where the customer is referred to nextstep for advice, any recommendations made as part of that assessment will contribute to decisions on the type of training chosen. Any decisions about training will be recorded on the Action Plan following discussions with the customer. This could be as part of a nextsteps interview, or a decision by the Jobcentre Plus Adviser working with the training provider based on identified skills gaps that meet local employer needs.

In relation to the availability of training, SSAC points out that there is no guarantee that all training providers will accept mandated customers on their courses (paragraph 4.6).

Many of the LSC training providers have not previously accepted mandatory referrals to their courses, although many will be used to working with Jobcentre Plus customers. We expect that the majority of customers requiring skills training will want to access courses being delivered by their local college or contracted private providers located close to where they live.

To ensure that we get maximum coverage and can deliver appropriate training across the whole pilot area, LSC will be working with local training providers to ensure they will accept mandatory referrals and that the necessary processes are put in place. This will include engagement through provider briefings, workshops and guidance. The LSC will put an engagement plan in place, starting with regional level briefings to raise awareness of the pilots, followed by more detailed follow up workshops to look at administrative requirements of Jobcentre Plus. The LSC and Jobcentre Plus will jointly produce guidance that will support the rollout of the pilot.

### **Relationships with previous mandatory pilots**

SSAC considers that DWP has failed to present a convincing enough argument to justify further testing of mandatory training (paragraphs 4.1, 6.1). They refer to evidence showing that mandatory basic skills training had a long-term negative impact on employment outcomes (paragraphs 4.2, 4.5, 6.1).

Although SSAC acknowledges the differences between this and previous pilots, it does not see these as being sufficient to outweigh the previously found negative effects of mandation on employment (paragraph 4.9)

As the previous pilots were only concerned with basic skills, they did not necessarily address other skills needs that customers may have had. The design of the Skills Conditionality pilot means that a whole range of provision will be on offer to enhance employability skills. This will include training available through LSC or other locally available training deemed appropriate by the adviser, to meet the needs of local employers.

In addition, the provision that customers were referred to in the previous mandatory basic skills pilot tended to be full-time, whereas we expect this pilot to offer a mix of both full and part time, offering greater flexibility in order to meet individual needs.

Crucially, this pilot will be implemented in existing IES areas; this service did not exist at the time of previous pilots. We believe that the synergies between IES and the conditionality pilot will result in improvements in overall services to our customers. As mentioned above, Jobcentre Plus has confirmed that IES has reached a “steady state” status, is already being embedded in the processes and is working relatively smoothly. Therefore, we expect that conditionality will have a greater chance of success and that is why we have chosen to test conditionality in these areas.

### **Robustness of the pilot design**

The Committee considers that the design of the pilot will not generate sufficiently robust results to answer the key research question (paragraphs 4.1, 4.3, 4.16, 6.2). Among the factors that will prevent the acquisition of informative conclusions from the pilot, SSAC mentions the quality and usefulness of training, Personal Advisers’ knowledge and understanding of the local labour market, and the effects of the recession. Also, SSAC deem that the evaluation will be able to establish correlations between sanctions, training and job outcomes, but not causalities (paragraph 4.12).

In terms of the quality of training on offer, the Learning and Skills Council (LSC) is responsible for managing performance in the Further Education (FE) sector.

LSC also works closely with Ofsted who are responsible for inspecting and reporting on the quality of all adult education and training services. The training on offer will consist of a flexible menu that addresses individual customers’ needs and also responds to the specific needs of employers. The training will be agreed with the Jobcentre Plus adviser in order to put arrangements in place such as training allowances for customers attending full-time provision.

Regarding knowledge of the local labour market, Jobcentre Plus PAs have access to a comprehensive database of local and national job vacancies. In addition, Labour Market Recruitment Advisors in each area cascade relevant local recruitment information to staff so that as many jobs are filled by our customers as possible.

Additionally, to make sure that we have a robust pilot design given the existing constraints, we are sharing best practice with teams responsible for previous pilots that included Randomised Control Trials (RCT) within DWP and some of the world leaders of this technique (who are also involved in its application within the Employment Retention and Advancement (ERA) demonstration).

In relation to the ability to identify causalities, RCT is the most appropriate tool to deliver results. RCT is one of the most robust evaluation tools to effectively assess the policy being piloted. This is because RCT allows us to isolate the impacts of other factors that might also have an effect on employment outcomes.

This approach has been acknowledged by previous DWP research: reports, including report 330, that discusses the application of random assignment to the evaluation of social policy within DWP in general, and specifically to the Employment Retention and Advancement (ERA) demonstration.

Regarding the methodology of random assignment, the research report states that “random assignment is one of the most powerful tools available to researchers to determine whether a social policy works”.<sup>1</sup> The report has an encouraging message in terms of the use of random assignment for future policy evaluations: “[The findings establish] that random assignment is practical in a UK context, and thus, has encouraging implications beyond ERA” (page 2).

Also, the report makes several practical recommendations that we are considering for the design of our pilot.

## **Informed consent**

SSAC suggest that we seek assurance that the researchers involved in the evaluation will make strenuous efforts to enable customers to understand their role in the pilot and their right to opt out of the evaluation process.

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<sup>1</sup> DWP Research Report 330, page 1 (“Making random assignment happen: evidence from the UK Employment Retention and Advancement (ERA) demonstration”, Walker, Hoggart, Hamilton, Blank).

Customers will not have the option to refuse to participate in the pilot and we do not require their permission in order to use their admin data for evaluation purposes. Amendments are being made to the Social Security (Claims and Information) Regulations 1999 to provide for the lawful processing of information in relation to employability skills enhancement schemes. However, we accept the point made by SSAC in relation to customer choice regarding decisions to opt out of later stages that require gathering additional data from them (for example, participation in surveys, focus groups, etc). We will ensure that our researchers are made aware of that.

In addition, the Data Sharing provisions will enable relevant organisations to deliver a seamless customer experience for anyone obtaining skills support through all elements of an integrated employment and skills service. By removing the requirement for customers to give informed consent for their information to be shared, proportionate customer information can be shared more securely and efficiently without asking customers to provide the same information more than once.

### **Pilot Timing and Resources**

SSAC is concerned that January 2010 is not a feasible date to start the pilot (paragraphs 4.16, 4.20, 6.3). In addition, the Committee highlights the economic state and current pressures on Jobcentre Plus, suggesting that the timing of the pilot is not appropriate (paragraphs 4.17, 4.18, 6.3). Also, January is traditionally a time of greater pressure due to an increase in new claims activity as a result of seasonal jobs coming to an end. This means the proposed start date is inappropriate (paragraph 4.19).

Having taken into consideration delivery factors and the legislative requirements, we accept the Committee's recommendations to consider implementing the pilot at a later date. We intend to make the Regulations effective from 26 April 2010 as that will give all parties sufficient further planning time to put arrangements in place.

When considering the issue of impacts and resources, we have reviewed the proposal to introduce a premium for some of those who attend part-time training. Following consultation with stakeholders it is considered that the administrative burden would be too great and we have removed this option from the design of the pilot.

To address the Committee's concerns about growing customer volumes in the economic downturn and Jobcentre Plus' ability to cope, we are aware that there has been a large recruitment exercise. Some 3000

more Personal Advisors (PAs) will have been recruited since the beginning of the economic downturn, allowing Jobcentre Plus to maintain the amount of time that advisers can spend with individual customers and on skills issues.

Furthermore, the Skills Conditionality model will not place a greater operational burden on Jobcentre Plus as it builds on existing processes. It fits very well with the existing IES trial areas and the refreshed Jobseeker's Regime and flexible New Deal (JRfND). We want to ensure we are testing in consistent conditions, so all the areas selected for the pilot are already operating JRfND and IES. Furthermore, Skills Conditionality mirrors the increased levels of conditionality and support that JRfND brings at stage 3.

In terms of the providers, we do not expect the levels of administrative burden to increase significantly, although we do recognise the fact that there will be some additional requirements. DWP will work with BIS to agree the volume of expected referrals, costs and funding associated with any increased pressure on training places in pilot districts arising from the introduction of mandation. Providers will also need to understand their role in terms of reporting back to Jobcentre Plus on those customers who have failed to attend the training as this may affect entitlement to benefit.

SSAC raises the point that the cost benefit analysis does not deduct the costs of evaluation, which SSAC expects will outweigh the expected benefits as presented in the Explanatory Memorandum (EM) (paragraph 4.21).

The cost of evaluation is indeed excluded from the cost-benefit analysis. However, we consider that the total cost of the evaluation is unlikely to outweigh the expected wider economic benefits of the pilot. EM paragraphs 96 to 103

### **The Impact of Sanctions**

SSAC has concerns about whether pilot participants will fully understand the pilot, their rights and responsibilities, the impact of mandation and the reasons for applying sanctions (paragraphs 4.15, 4.22, 6.1). In particular, the Committee is concerned that sanctions tend to be imposed on the most vulnerable customers (6.1). For this reason, SSAC seeks assurance that every effort will be made to enable customers understand these factors (paragraphs 4.15, 4.24).

Customers in the treatment group may be sanctioned for non-participation in training, and SSAC considers that this puts them at risk

of harm (material hardship and emotional problems) (paragraphs 4.1, 4.11, 4.16, 4.22, 6.2). The Committee's view is that this risk of harm is only justified if the pilot design is appropriate and will produce robust results (paragraph 4.11).

We are looking to minimise potential harm and sanctions will be used as a last resort. It is important to note that more than 95% of the people expected to attend provision in the pilot would have attended training anyway. Of those who are randomised and fall into the mandation group, we expect that sanctions could potentially apply to no more than 5%, as the majority of people will attend on a voluntary basis, recognising the importance of new skills in helping them find employment.

Benefit sanctions will only apply in very specific circumstances i.e. when the customer refuses to take up appropriate training that is included in their individual Action Plan.

Jobcentre Plus already has a well established sanctions process with very experienced Decision Makers and sufficient safeguards to protect vulnerable customers. The independent Decision Maker in the sanctioning process will always ensure that the customer has had adequate chance to comment in respect of their referral for sanctioning and will consider whether there is good cause that would prevent a sanction being applied

Jobcentre Plus advisers will inform customers, as part of the referral process, what is expected of them whilst they are participating in the pilot. In particular, they will explain the consequences of being in the treatment or in the control group before randomisation takes place.

For those who have taken up relevant training, the induction process with the training provider should make it clear what will be expected of the jobseeker, including the absence procedures. Ultimately it is the role of Jobcentre Plus to explain conditionality and apply the sanction regime. However, providers will need to understand the potential impact that this will have on the customer's benefit entitlement should they fail to complete the training. This will be included as part of the provider guidance using material developed by Jobcentre Plus for use by the providers, working closely in conjunction with the LSC.

If a customer does not participate, the personal adviser role is to explain what is happening at every stage of the sanction process. At the stage of the referral to a Decision Maker, a letter is issued to the customer detailing why a doubt has been raised about their entitlement to benefit.

Once a decision has been made as to whether or not a sanction will apply, a letter will be sent to the customer informing them of the outcome. If a customer does not understand what is happening they can approach Jobcentre Plus for an explanation of the decision.

We will ensure that advisers in the pilot areas understand the need to follow the guidance, in particular when identifying possible doubts around entitlement to benefit, by including the information as part of the products to support implementation.

To ensure adviser understanding, part of the evaluation strategy includes a process/implementation review, to assess whether the pilot is being implemented properly. This will give us an early indication of potential problems that may result in unnecessary harm to customers, and allow us to take early action. We also plan to include a qualitative component aimed at spotting the effect of the pilot on the psychological well-being of our customers, and thereby avoid putting vulnerable individuals at harm.

### **Personal Adviser discretion and Random Assignment**

SSAC has concerns that random assignment, based on the last digit of the National Insurance number, will give too much discretion to the PA, meaning that they may choose not to mandate some customers. It is considered that because the PA will know beforehand that an individual falls into the treatment group, and based on their personal view of the claimant's circumstances, they can choose not to assign the customer to the treatment group and mandate them to training.

This could bias the results, which is precisely what the Randomised Control Trials (RCT) intend to avoid. SSAC proposes some alternatives for the randomisation (paragraphs 4.13, 4.16, 4.25).

Additionally, SSAC raises doubts about the skills and abilities of some PAs to apply discretion effectively. It is suggested that PAs will need a thorough grounding in how the pilot works as part of the training and preparation process (paragraph 4.25).

The pilot will take place in Phase 1 Jobcentre Plus districts, so the training and expertise required by personal advisors will not differ much from what is already required for the referrals (and subsequent actions) through IES and the JRfND processes.

If skills needs are identified and relevant training is available, the PA will have no choice but to include the customer in the pilot and proceed to randomisation. We are strengthening the PAs' guidance and tools to

help them fully understand the customer journey. Regarding possible discretion when applying random assignment, any errors or problems can be identified early on in the process and amendments (re-training the advisor if need be) will be made. We have considered the following approaches to identify issues:

1. We will regularly check whether the individuals who have been assigned to the treatment/control groups have NINOs that match the randomisation criteria;
2. We can check whether the individuals in the treatment and control groups are similar in terms of their demographics. If randomisation is conducted properly, both groups should be indistinguishable. If not, we'll have an indication that randomisation is not being done correctly and we can take appropriate action.

It should also be noted that full and adequate training and guidance on how to apply random assignment will be included in the learning and development for advisors. Jobcentre Plus has experience of using a random assignment approach effectively in the past, for example in the Employment, Retention and Advancement (ERA) project, and we can draw on those experiences.

Regarding the Committee's proposed alternative of setting up a call centre or putting centralised randomisation arrangements in place, there are at least two difficulties with those approaches:

- (i) resources: it will take time and money to establish and there are limited resources for the pilot evaluation; and,
- (ii) we are not convinced that PAs' discretion on randomisation can be eliminated with an alternative approach.

We are aware of the randomisation exercises carried out for ERA as well as the 'difference in differences' approach used for the evaluation of the basic skills mandatory training pilot (DWP research report 385). Those previous experiences have informed our decision to pursue a NINO-based randomisation on the basis of its cost effectiveness. Our rationale for this approach is that we consider that we can put a mechanism in place to monitor that randomisation is being done effectively and accurately. We are very aware of the relevance of this issue, and this is something that we expect to discuss extensively with the contracted evaluator.

## **Responses to the SSAC consultation**

The responses to the SSAC consultation focused on four key areas: the efficacy of mandatory training, the impact of sanctions on customers,

the role of the PA within the pilot and the impact of the pilot on child poverty.

#### The efficacy of mandatory training

SSAC indicates that a number of respondents were positive about the skills health check and additional training to support customers move into employment. However, they were not supportive of linking training to benefit sanctions. One respondent mentioned that mandatory activity can be seen as intimidating by people with mental distress, a punishment for being ill or further stigmatisation of their condition.

Individuals with serious mental distress or serious conditions will, in most cases, be receiving ESA rather than JSA.

During the advisory process, the PA will discuss potential training needs, and at the same time, will seek to address the individual's needs and concerns. Prior to making a referral the customer may be seen by a nextstep adviser, who will contribute to decisions about appropriate support.

#### The impact of sanctions

SSAC notes that some respondents to the consultation referred to previous DWP research which showed that sanctions may lead to negative impacts on customers, such as increased stress and mental health problems.

Our evaluation contains a qualitative component aimed precisely at identifying the effect of the pilot on the psychological well being of our customers, to avoid putting vulnerable individuals at harm. We expect that these effects will be reduced in this pilot due to better tailoring compared to previous pilots. For example, there is a wider range of training options as well as the support offered through IES. This means that overall, we expect individuals will feel that the training is more appropriate and useful, and as a result, will reduce the risk of harm.

#### The role of the PA within the pilot

Respondents raised the issue of how PAs would ultimately make decisions about what constitutes 'suitable' training and which customers should attend full or part-time training. They questioned how a dispute between a customer and a PA over whether the training was 'suitable' would be handled.

The PAs will discuss training needs with the customer, and will seek to address any particular concerns when making a decision on the type of training provision that meets the individual's circumstances. This will be incorporated into PA training. The advice provided by nextstep advisers will also contribute to decisions on the type of training chosen.

## Child Poverty

A respondent noted that nearly 60% of children in poverty have at least one parent in work, and questioned the link made in the EM between work and improvements in adult wellbeing and children's life chances.

The purpose of the pilot is to help adults secure sustainable employment. We do not consider that job instability and low productive jobs can help parents escape poverty as much as sustainable and more productive jobs can. In that sense, it is not just about how many parents are in work, but also how sustainable and productive their jobs are. We understand that conditionality can have an effect on child poverty through its effects on parent's job sustainability and productivity.

## **SSAC's recommendations**

SSAC recommends that the pilot does not proceed and that the training within the IES pilot remains voluntary for all customers.

If the pilot is to proceed, SSAC recommend that all of the following conditions are met:

- (i) That the pilot does not begin until the quality of the IES interventions has been fully evaluated.

### **REJECTED**

Jobcentre Plus has confirmed that IES has reached a "steady state" status in the trial areas, is already being embedded in the processes and is working relatively smoothly. Therefore, we expect that conditionality will have a greater chance of success in those areas, as it will benefit from the integration of services of IES.

- (ii) That stakeholders have been given the necessary assurances that sufficient resources are in place, preparations made and training undertaken, to ensure it operates effectively in the field.

## **ACCEPTED**

We are continuously working with all the relevant stakeholders to make sure that all the assurances are in place. As a result of moving the start date to April 2010, we will be able to ensure that this happens extensively; including identifying the extra funding required to deliver training programmes.

- (iii) Systems should be put in place to monitor and manage the level of PA discretion within the pilot.

## **ACCEPTED**

We agree that this is a central issue, which we are addressing in two ways: first, ensuring that we put clear guidance and tools in place for the PAs to refer to; second, by frequently monitoring randomisation, so that we can identify potential biases that emerge as a consequence of PA discretion.

- (iv) Departmental analysts should reconsider the design of the randomisation element of the pilot to ensure that the element of PA discretion is removed.

## **REJECTED**

The randomisation element is one of the strengths of the evaluation strategy. When we randomise individuals, we make sure that any differences between the 'treatment' (mandated) and 'control' (non-mandated) groups of individuals, are not due to specific characteristics of the customers (like motivation, preferences, background, etc) but just due to the effects of mandation.

For randomisation to be effective, we need to ensure that biases that can arise from PAs' discretion are removed. To this end, we are working with experts to ensure that we get the best possible advice based on previous experiences of RCT within a DWP pilot.

- (v) A customer information strategy is in place offering complete and clear information for customers and staff about the design of the pilot, including the role of sanctions.

## **ACCEPTED**

Advisers will inform customers of the referral procedures and their responsibilities, including what is expected of them, whilst on training in the pilot. In particular, they will explain the

consequences of being in the treatment and in the control group after random assignment has taken place.

At each stage of the process, where a doubt arises around entitlement to benefit, customers are told about the sanction process.

Once on provision, the induction with the provider should also make it clear what will be expected of them while they are training, including what the absence procedures are and what will happen should the customers choose not complete the course.

Should a referral to a Decision Maker be required, the customer is given a letter detailing why there is a doubt on their claim and what the process involves. Once a decision has been made, the customer will receive a letter informing them of the outcome decision. If a customer does not understand what is happening they can ask Jobcentre Plus for information and advice, as well as an explanation.

We will reaffirm to advisers the importance of following specific instructions relating to procedures in connection with the pilot, in particular where a doubt arises around entitlement.

## **Conclusion**

The Government is grateful to the Committee and those interested parties who considered the proposals and responded to the consultation. These pilot regulations are now laid before Parliament.

From the Chairman

The Rt Hon Yvette Cooper MP  
Secretary of State for Work and Pensions  
Caxton House  
London SW1H 9DA

28 September 2009

Dear Secretary of State,

**REPORT OF THE SOCIAL SECURITY ADVISORY COMMITTEE MADE  
UNDER SECTION 174(2) OF THE SOCIAL SECURITY ADMINISTRATION  
ACT 1992 ON THE JOBSEEKER'S ALLOWANCE (SKILLS  
CONDITIONALITY PILOT) REGULATIONS 2010**

**1. Background**

1.1 At the Committee's meeting on 1 July 2009, officials from the Department for Work and Pensions presented proposals for the Jobseeker's Allowance (JSA) Skills Training Conditionality Pilot Regulations (2010) for our consideration. A detailed Explanatory Memorandum (EM) of the Department's position accompanied these proposed draft regulations (Appendix 2).

1.2 Following discussions with officials, we decided to take these regulations on 'formal referral' for the preparation of this report. On 6 July we published a press release inviting comments on the proposals to reach us by 3 August 2009.

1.3 We received twelve responses. Details of the organisations and individuals who responded are at Appendix 1. We are grateful to those who responded and to officials of the Department for Work and Pensions for their assistance.

## **2. The proposals**

2.1 The Secretary of State for Work and Pensions proposes that from January 2010, in pilot areas in England only, the Department will test whether requiring Jobseeker's Allowance customers within the Jobseeker's Regime and flexible New Deal (JRfND) Stage 3 to take part in training, with the potential application of sanctions, has an impact on sustained employment outcomes. Attendance at appropriate and available skills training will be required as a condition of receiving benefit for JSA customers in a randomly assigned group. Referral would be from Jobcentre Plus to appropriate provision.

2.2 The pilot will be conducted in 11 of the initial 12 Jobcentre Plus Integrated Employment Skills (IES) trial districts, which will also be operating the new JRfND. JSA recipients in the pilot areas will be included in the pilot if a training course is available that meets their needs and they are:

- in Stage 3 JRfND; and
- are aged 18 and over; and
- have a lack of job related skills (that are assessed as a serious barrier to obtaining sustainable work).

The treatment group will be referred to full-time or part-time training under prospect of a sanction for non-participation and the control group will be referred to training without prospect of sanction.

## **3. Summary of the Department's Position**

3.1 The Department notes that skills and qualifications play an important role in improving labour market outcomes, both for individuals and society. People with higher qualifications are more likely to be employed (and earn more) than people with lower level or no qualifications. However, even where customers have a training need they do not always take up or complete provision to address that need. The introduction of IES ensures better assessment of the needs of customers, and provides a broader range of information to assist appropriate learning choices. These measures should encourage higher attendance.

3.2 Evidence suggests that the threat of sanctions is effective in changing customers' behaviour so the Department expects skills training conditionality to increase the likelihood that customers will undertake the training to which they have been referred. The Department will not be making changes to the JSA sanctions regime for the purposes of this pilot, and will apply the standard sanctions for non-compliance with mandatory activity.

3.3 JSA skills training conditionality is targeted at customers in JRfND Stage 3, in line with the increasing conditionality of this regime. There is evidence to suggest that targeting the requirement for training at the longer-term unemployed makes sense, as customers who have spent longer on JSA

are less likely already to have qualifications. Four types of training will be on offer:

1. Literacy, English language for speakers of other languages and numeracy (basic skills);
2. employability skills;
3. short job focussed training of up to 8 weeks; and
4. other job related provision available through Further Education and other LSC providers, learndirect and DWP support contract provision which is longer-term in nature.

3.4 The Department's position is summarised in more detail in the Explanatory Memorandum attached at Appendix 1.

#### **4. The Committee's View**

##### **Introduction**

4.1 We considered the Department's proposals at our regular business meeting on 1 July 2009 and identified two overarching concerns with the proposals. First, that the Department has failed to present a convincing argument to justify the further testing of mandatory training. Second, that the pilot design will not generate robust results to answer the key research question.

4.2 We strongly believe that there is no rationale for introducing a pilot that tests sustainable employment outcomes resulting from mandatory training. Coercion is not a good way to motivate people to engage positively and effectively in training and the Department's own evidence shows that mandatory basic skills training had a long-term negative impact on employment outcomes. The majority of the respondents to our consultation noted that mandating claimants to training courses frequently leads to poor motivation and poor outcomes. Positive employment outcomes from training are associated with well designed courses and well motivated attendees who have made a conscious decision to attend.

4.3 The Department proposes to deploy a Random Control Trial (RCT) to explore the relationship between the threat of benefit sanctions, training and sustained employment outcomes. We do not believe that the design of this pilot can support an effective evaluation, and that it is pointless to expend valuable resources on an experiment that cannot generate meaningful results. At the same time, the design provides that claimants in the action group may be sanctioned for non-participation in mandatory training, and will thus be put at risk of harm - harm that has been well documented in numerous DWP research reports. We set out these concerns in more detail below.

##### **The Rationale for Mandatory Training**

4.4 We have been generally supportive of the direction of welfare reform, especially when new policies have offered benefit recipients additional

opportunities for improving their skills and qualifications. We are supportive of the aims and objectives of the Integrated Employment and Skills (IES) strategy. If it can offer expert advice and support to customers in identifying skills gaps, career opportunities and suitable training, it should add value to the services of Jobcentre Plus. However, it is still at a relatively early stage of development (a trial commenced just over a year ago), and it is not scheduled to come fully on line and to roll-out nationally until 2010/11. It has therefore not yet been in place long enough for us to determine whether and how it is working, particularly taking account of the current poor state of the labour market and the wider economy. The proposed Mandatory Training pilot is scheduled to start before the new services are fully up and running and we would question whether it is sensible to commence a complex, mandatory pilot before key services are in place and established.

4.5 The EM asserts that the improved service and training opportunities should appeal to customers and so there is only a low risk that they will refuse to participate and face benefit sanctions as a consequence. This appears to be a sweeping and unsubstantiated claim, and one that is odds with a sanctions-driven regime. If the training and support on offer are genuinely attractive and effective there would appear to be no need for a mandatory programme. The Department could instead test whether the IES offer generates better outcomes for customers with purely voluntary training. The Department's own evaluations of mandation in respect of Basic Skills training did not suggest that outcomes were improved by making the training compulsory.<sup>2</sup> Mandatory interventions are often viewed by claimants as presenting fewer positive opportunities and it may well be that courses become less effective when they are populated by unwilling attendees who may perceive the training as 'punishment' for their perceived lack of skills.

4.6 We have been given very little information about the type of training provision that is currently available or in development and that will be made available. It would appear that much of the provision will be of the 'soft skills' and 'work orientation' variety. Also, it has not been confirmed that there will be a guarantee that all training providers will have to accept mandated customers on their courses. We are concerned that plans for this pilot have been advanced without basic operational details having been resolved. Without guaranteed access, the situation could arise whereby a suitable course is identified for a customer who is mandated to attend, only to be turned away by the training provider. It is not clear whether, in this instance, a second best course would then be identified for the customer. Whatever the intention, there is no indication that customers assigned to the pilot will have any say in the choice of training to which they will be directed and nothing to suggest that they will play an active and equal role alongside the PA in the process of finding the best route into sustained employment.

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<sup>2</sup> Joyce L., Kasparova, D. and Wilkinson, D. (2006) *Evaluation of basic skills mandatory training pilot: synthesis report* DWP Research Report No. 385

## **Relationship with previous mandatory training pilots**

4.7 As we have noted above, the Department has tested the effectiveness of mandatory training on two previous occasions. In 2001 the Department introduced regulations for a Basic Skills pilot to run for one year. The aim of the pilot was to increase the basic skills levels of JSA customers through the use of a mixture of sanctions and incentives. The Committee had a number of concerns about the pilot and reported on the proposals. As we had suspected, the weaknesses in the evaluation design led to a failure of this first pilot to generate robust results. Subsequently, in 2004, the Department introduced a more robust pilot design that aimed to explore the same questions as the previous pilot. Although we recognised that some of the original deficiencies in the 2001 pilot design had been addressed and that it was more likely to generate meaningful results, we still had considerable reservations about the design of the second pilot and its potential impact on vulnerable claimants.

4.8 The EM for the current pilot proposals sets out the results from the 2004 pilot. The pilot increased the probability that customers (who were referred) started the provision. It also showed that the threat of a sanction increased the percentage of claimants who completed the provision once they had started it. However, results from the pilot showed that the threat of a sanction had a negative impact on the probability that participants would start a job. The employment impact was followed over the longer term and in 2008 DWP analysts found that, although reduced slightly, the negative impact on employment outcomes had continued for three years after the end of the pilot.

4.9 We have noted that there are some differences between the current proposals and the previous pilots (e.g. the types of training likely to be on offer) but we do not see these as being sufficient to outweigh our concerns that the previous pilot demonstrated that mandation to training had a sustained, negative impact on employment. Furthermore, the justification for the proposed pilot is that the Department wishes to test skills training conditionality in the context of the IES service. Yet, as we highlight in paragraph 4.4 above, the IES service will not be fully operational until 2011.

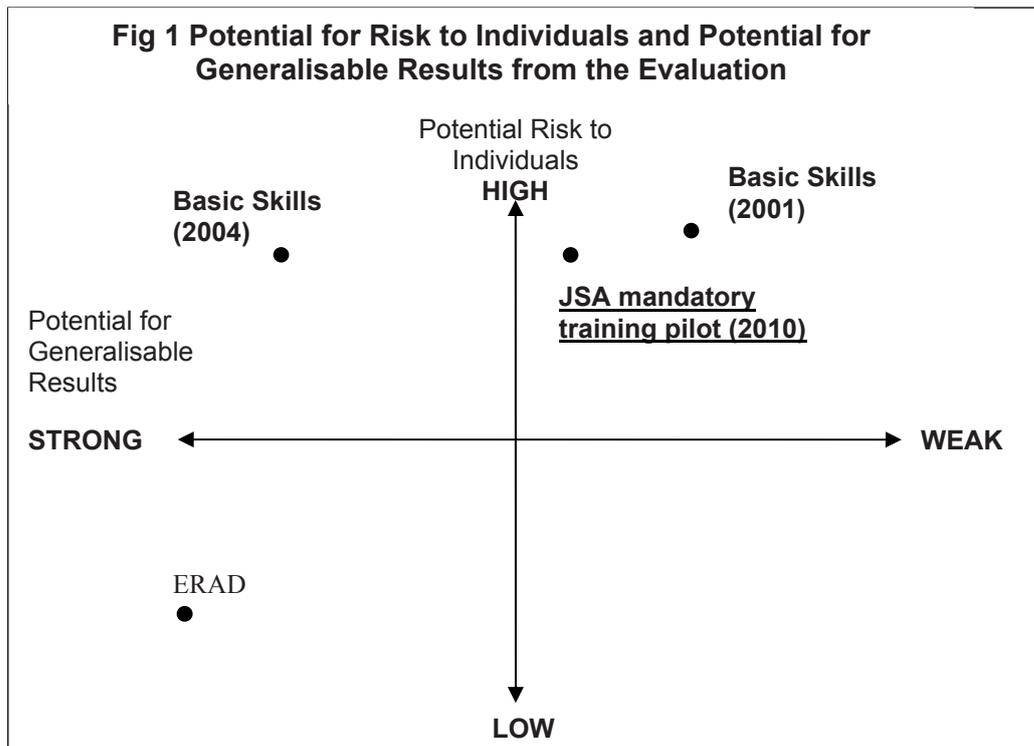
## **Robustness of the pilot design**

4.10 We set out our general concerns about the design of pilots in a report in our Occasional Paper series in 2007.<sup>3</sup> The paper considered the ethical and legal issues of 'piloting' in DWP through the use of specific case studies. We concluded that vulnerable individuals should not be placed at risk (e.g. loss of benefit) that cannot be justified by the potential benefits to society generated by the pilot (e.g. learning about what works in helping people into work). Assessing the level of risk that is justified is difficult, but at the very least, the outcomes from the pilot evaluation should be measurable.

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<sup>3</sup>Social Security Advisory Committee (2007) *An examination of the ethical and legal issues of 'piloting' in its widest sense in the Department for Work and Pensions*, Occasional Paper No. 2 [http://www.ssac.org.uk/pdf/occasional/piloting\\_paper.pdf](http://www.ssac.org.uk/pdf/occasional/piloting_paper.pdf)

4.11 In our 2007 paper we developed a tool for classifying pilots in terms of potential risk to participants compared with the potential of the evaluation to produce generalisable results (see figure 1 below). Clearly, the proposed pilot will be putting people at the risk of harm because sanctions may be employed in cases of non-compliance. Such harm can only be justified if the pilot design is appropriate and will produce robust results. One of the key issues in the design of the evaluation relates to the outcomes to be measured and the relationship with the pilot design.



4.12 The EM states that;

‘the primary aim of the evaluation is to assess whether requiring Jobcentre Plus customers to take part in training with the potential application of sanctions has an impact on sustained job outcomes (defined as in continuous employment for 6 months or more)’.

We believe that there are a number of variables that will mean that the evaluation may well not be able to answer the main question set out above. These include the quality and all round usefulness of the training to which customers will be mandated, and PAs’ knowledge and understanding of the local labour market (including how customers might be directed to vacancies for which they require specific training). Customers will not be attending a standard course (e.g. basic skills) and it is highly likely that course quality and outcomes will vary significantly. This variation will have an impact on employment outcomes that is not captured in the question above. Although questions around the type and quality of training are to be included in the evaluation, they may not be sufficient to allow a full understanding of the causal links between sanctions, training and employment. Although the evaluation may be able to establish some correlations between sanctions,

training and job outcomes, it will be virtually impossible to show that the threat of sanctions has caused the sustainability of job outcomes. There is a distinct difference between correlation and causality. In terms of matching customers to available training for real vacancies in the local labour market, we can see a number of behavioural factors coming into play that cannot be factored into the evaluation. For example, it seems unlikely that a highly qualified individual who has become unemployed during the current recession will be mandated by the PA to attend training to prepare for unskilled/low-skilled work that is available locally.

### ***Random Assignment***

4.13 We have concerns about the design of the random assignment process. The EM states that randomisation will occur at Stage 3 of the Jobseekers Regime flexible New Deal (JRfND) once a skills need has been identified and relevant training has been identified and recorded on the customer's action plan. The PA will undertake the randomisation process based on the last digit of a customer's National Insurance Number (NINO). This means that PAs will know beforehand whether a customer will be assigned to the action or control group and may well use their discretion, based on their personal view of the claimant's circumstances, to determine whether a customer is to be included in the pilot. This risks distorting outcomes.

4.14 There are a number of options for improving the randomisation process. For example, the PA could contact a central office, where the randomisation is done at a distance from the customer. The PA then tells the customer whether they are in the pilot or control group. The alternative options for randomisation require significantly more resources than the one set out in the EM. If the PAs do have prior knowledge of which group a customer would be assigned to, we would be very concerned that the pilot could be biased from the outset. The randomisation process should be truly 'random' and therefore taken out the control of the PA. Even if the random assignment process is improved, we still have very strong concerns that PAs will need considerably more training in how to manage the process than has been built into the current timetable. A DWP report on random assignment suggested that whenever feasible, a pilot test of random assignment procedures should be undertaken well before the full-scale random assignment begins (we understand that up to six months before would be reasonable).<sup>4</sup>

### ***Informed Consent***

4.15 We have concerns about whether pilot participants will fully understand their role within the pilot, and the extent to which some elements are mandatory and some elements are voluntary. Participants, especially those allocated to the action group, might not understand that they can opt out of

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<sup>4</sup> Walker R., Hoggart L., Hamilton G. and Blank, S (2006) Making random assignment happen: Evidence from the UK Employment Retention and Advancement (ERA) demonstration, Department for Work and Pensions Research Report No 330 <http://research.dwp.gov.uk/asd/asd5/rports2005-2006/rrep330.pdf>

research associated with the pilot evaluation. We would seek assurance that the researchers involved in the evaluation will make strenuous efforts to enable claimants to understand their role within the pilot and their right to opt out of the evaluation process.

4.16 In summary, the pilot, as presented in the EM, is complex. It contains significant Personal Adviser (PA) discretion and lacks the fully formed and straightforward process design that is needed to underpin an effective RCT. We have also identified a number of variables, such as the quality of training provision, and the evolution of local labour markets during a recession, which will influence outcomes and reduce the likelihood that the pilot will answer the key research question. It will be expensive, resource intensive and is likely to require greater preparation time (e.g. in terms of training PAs to carry out random assignment) than is currently available before the pilot is due to start in January 2010. It is our assertion that the proposed pilot presents significant potential harm to participants, coupled with a limited likelihood that the evaluation will be able to produce meaningful results that have a genuine impact on policy development.

### **Pilot Timing and Resources**

4.17 We understand why the Government believes that benefit recipients should receive active support during a recession, but believe that the timing of the pilot has neither been fully thought through nor properly considered in the light of the poor state of the labour market and the pressures on Jobcentre Plus. The current economic climate has stretched Jobcentre Plus resources, especially in terms of the time staff have to spend with their customers. This has become apparent from our visits and senior Jobcentre Plus officials have spoken to us about the pressures facing both their experienced staff and the many new recruits who have to be trained to meet increased demand.

4.18 We have been impressed with the way that Jobcentre Plus has coped with the demands on its resources from this increasing work load, while simultaneously introducing quite fundamental changes to benefits and services flowing from various welfare reform initiatives (the introduction of ESA, the move of lone parents from IS, and preparing for the roll out of the Flexible New Deal, for example). Inevitably, however, signs of strain have been very evident and it may be some time before both the new resources now available in local offices become fully effective and the wider economic and labour market conditions improve. The authors of a DWP report on making random assignment happen noted that 'one of the central challenges of implementing a random assignment study is to balance research ambitions with operational realities'.<sup>5</sup> We seriously question the rationale for introducing such a complex and resource intensive pilot at a time of high unemployment and pressure on staff time.

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<sup>5</sup> Walker R., Hoggart L., Hamilton G. and Blank, S (2006) Making random assignment happen: Evidence from the UK Employment Retention and Advancement (ERA) demonstration, Department for Work and Pensions Research Report No 330 <http://research.dwp.gov.uk/asd/asd5/rports2005-2006/rrep330.pdf>

4.19 We have additional concerns about the January 2010 start date. January is traditionally a time of increased pressure on Jobcentre Plus with an increase in the claimant count as seasonal jobs come to an end. Coupled with this traditional seasonal pressure will be the fact that claimants who started to claim JSA during the summer of 2009 will become eligible for the pilot (at Stage 3 of flexible New Deal). PAs will be dealing with additional customers while also being expected to implement a complex pilot that requires them to use a random assignment tool (one for which full training would normally be required). Our current understanding is that this will involve additional clerical work for staff who are already under pressure to meet demanding targets. We have yet to receive acceptable assurances that Jobcentre Plus will have the capacity to train staff, prepare for the pilot and implement it effectively without adverse impacts on other key activities.

4.20 Our concerns about the timing of the proposed pilot also lead us to question how well prepared Jobcentre Plus will be at the point they are due to start, and whether the necessary training and operational infrastructure can be made ready in the few months between receipt of this report and the proposed January commencement date. We have been unable to discover what plans are being made in Jobcentre Plus, but we do know that by January 2010 the IES service will have had only a few months of operation in all the pilot sites and that some aspects (e.g. the adult advancement and careers service) will still not have been rolled out. In the circumstances, it seems to us unlikely that officials will have had the opportunity to develop a clear understanding of how the IES service is operating and to assess the quality of its interventions (e.g. the improved training offer), and establish the necessary liaison arrangements. Good quality, proven services provided by the IES are vital to the operation of any mandatory training pilot, as is thorough training and orientation for Jobcentre Plus staff. Without these basic building blocks in place, it will not be possible to properly test the pilot's propositions and generate the anticipated improved employment outcomes.

4.21 The cost benefit analysis set out in the EM suggests that the pilot should generate costs savings to the Exchequer in the region of £2 million. This is based on an estimated cost of about £1.6 million. However, these costs do not include the actual cost of the evaluation. The evaluation strategy will necessarily be comprehensive and the Department currently assumes that there will be quantitative surveys, qualitative studies and evaluation support in designing the random assignment process. We estimate that the evaluation costs will therefore be substantial and may well cancel out much of the estimated cost savings. If we could be confident that the evaluation would generate robust results, this would not in itself be a problem. However, given our concerns with the robustness of the pilot, it would appear to us to be a poor use of public money.

### **The Impact of Sanctions**

4.22 We have long taken an interest in the use of sanctions within the benefit regime and in 2006 we published a paper that reviewed DWP and

wider evidence on the use and impact of sanctions.<sup>6</sup> In our paper, we noted that the evidence on JSA had consistently highlighted the fact that the sanctions system is complex and difficult to understand, both for customers and PAs. Customers, especially the more vulnerable, often do not understand the processes and this leads to the system not functioning as it should. A consistent message emerged from the research about the negative impacts of JSA sanctions on individuals, impacts such as material hardship and emotional problems.

4.23 The EM cites a DWP research report (number 313) in putting forward the argument that sanctions change peoples' behaviour. However, the report also lists a number of negative impacts on claimants resulting from sanctions, including depression and the worsening of existing health conditions. In addition, a more recent DWP report on lone parents concluded that for the lone parents in the study, the sanction regime had negligible effects upon labour market behaviour.<sup>7</sup>

4.24 We have argued in the past that the sanction regime should be transparent, consistent and fully understood by both staff and customers. Yet, the research consistently shows that for many customers these are not the characteristics that they encounter. Claimants may not know why they have been sanctioned or even that they have been sanctioned. People with learning disabilities and English as a second language are disproportionately sanctioned. In this pilot, the sanctions regime will underpin a complex process of skills assessment and random assignment, and we are therefore concerned that customers will not understand how to avoid a sanction. The pilot will only be able to test its main hypothesis about the impact of the threat of sanctions on employment outcomes if all customers fully understand the sanctioning regime. If the pilot goes ahead, it must be accompanied by a bespoke and fully tested customer information strategy that provides participants in the pilot with all the necessary information about compliance and the role of sanctions.

### **Personal Adviser Discretion**

4.25 There is considerable scope for PAs to use their discretion within the proposed pilot. However, not all PAs will have the necessary skills and experience (or time) to apply discretion effectively and an informed, sensitive and consistent exercise of judgement and discretion is key to the operation of the pilot procedures. The pilot is complex and involves the PA making decisions about how the customer will be navigated through the many different stages of the pilot process. PAs will therefore need a very thorough grounding in how the pilot works, as well as established and reliable contacts and liaison arrangements with their counterparts in the careers services, colleges and among other providers that are delivering the IES. Even at a time

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<sup>6</sup> Social Security Advisory Committee (2006) 'Sanctions in the benefit system: Evidence review of JSA, IS and IB sanctions', Occasional Paper No. 1

[http://www.ssac.org.uk/pdf/occasional/Sanctions\\_Occasional\\_Paper\\_1.pdf](http://www.ssac.org.uk/pdf/occasional/Sanctions_Occasional_Paper_1.pdf)

<sup>7</sup> Goodwin, V. (2008) *The effects of benefit sanctions on lone parents' employment decisions and moves into employment*, DWP Research Report No 511

<http://research.dwp.gov.uk/asd/asd5/rports2007-2008/rrep511.pdf>

when resources are plentiful, training and preparing everyone involved – whether in Jobcentre Plus or the IES services – and establishing this infrastructure will take time. We doubt whether this can be achieved within the proposed timetable.

## **5. Summary of Responses to the Consultation**

5.1 In response to our consultation, respondents focused upon four main areas of the proposed pilot regulations: the efficacy of mandatory training, the impact of sanctions on customers, the role of the PA within the pilot and the likely impact of the pilot on child poverty.

5.2 Several of the respondents were positive about the aims and design of the IES and the pilot's intention of improving the skills and qualifications of jobseekers. One respondent noted that there are clear benefits in enhancing the skills of people with mental health conditions and other claimants for whom a lack of specific skills are a significant barrier to entering the labour market. Another respondent noted their support for skills acquisition, where it effectively increases the chances of people achieving sustained employment. They welcomed the pilot in terms of it providing an opportunity to better understand the interaction between conditionality and skills acquisition. Another respondent welcomed the intention to pull together careers services and adult advancement into a single service offer and highlighted the need for the new service to have strong links with providers, so that those offering advice and guidance have a full understanding of what is on offer.

### **The Efficacy of Mandatory Training**

5.3 A number of respondents were positive about the introduction of the skills health check and additional training to help support customers in moving towards paid employment. However they felt that training should not be coupled with benefit sanctions. One respondent noted that they were opposed to the mandatory nature of the skills training in the pilot, as mandatory activity can be seen by people with mental distress as intimidating, a punishment for being ill, or further stigmatisation of their condition. In noting that Wales would not be taking part in the pilot, the Welsh Assembly Government noted that, although they support the general principles and direction of welfare reform, they remain concerned about the effectiveness of policies underpinned with a sanctioning regime.

### **The Impact of Sanctions**

5.4 The majority of the respondents questioned the need for further benefit sanctions and highlighted the negative impacts associated with the imposition of sanctions. Some respondents noted that DWP research itself had shown that sanctions may lead to negative impacts on claimants, such as increased stress and mental health problems. One respondent highlighted the finding from DWP research that imposing sanctions only had a negligible effect on lone parents' labour market decisions. The study also showed that lone

parents who lived with a sanction demonstrated higher levels of ill health, both of themselves and their children.<sup>8</sup>

5.5 Another respondent observed that the reliance on sanctions within the pilot demonstrated an adversarial attitude towards claimants that would predictably frustrate the intended effect of the pilot, as few people perceive services that they are offered under threat of sanction as potentially helpful. The Citizens Advice Bureaux provided a number of examples of situations where claimants felt that a sanction had either been applied inappropriately or claimants had not understood that they had been sanctioned nor how to avoid a potential sanction. While the examples did not relate directly to the proposed pilot, the respondent noted that there are general issues with the administration of the sanctions regime that mean it may not always work in the way that officials anticipate.

### **The PA role within the Pilot**

5.6 Respondents raised the issue of how PAs would make decisions about what constitutes 'suitable' training and which customers should attend full-time or part-time training. They also questioned how a dispute between a customer and a PA over whether the training was 'suitable' would be handled.

5.7 One respondent noted that the pilot might be expecting too much from PAs in terms of identifying and assessing skills needs. They also questioned whether the proposed database of training options would be effective and suggested that an approach that draws on expert advice, rather than attempting to make PAs experts in everything, would be preferable.

5.8 One respondent raised the issue of the relationship between outcomes from the pilot and targets for PAs in terms of customers entering sustained employment. While the EM states that the primary aim of the pilot is to improve 'sustained employment outcomes', there is no indication that PAs will be measured on their effectiveness in helping people into longer-term jobs. Given that earlier mandatory training pilots have demonstrated a negative impact on employment outcomes (see para 4.8 above and Annex 6 of the EM), PAs may lack a clear incentive to refer people to the training available within the pilot.

### **Child Poverty**

5.9 A respondent noted that the evaluation of the pilot (as set out in the EM) did not intend to explore the impact of the sanctions on claimants and their families and suggested that the pilot may ultimately have a negative effect on child poverty. Another respondent noted that nearly 60 per cent of children in poverty have at least one parent in work. They therefore

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<sup>8</sup> Goodwin, V. (2008) The effects of benefit sanctions on lone parents' employment decisions and moves into employment, DWP Research Report No 511  
<http://research.dwp.gov.uk/asd/asd5/rports2007-2008/rrep511.pdf>

questioned the link made in the EM between work and improvements in adult wellbeing and children's life chances.

## **6. The Committee's Conclusions**

6.1 We believe that the Department has provided insufficient justification for the use of sanctions to mandate customers to training. Previous pilots have clearly demonstrated that mandatory training (underpinned by a sanctions regime) had a long-term, negative impact on employment outcomes. The training provided through the IES service should remain voluntary for claimants, at least until the service is fully operational and its impacts are understood. We also do not believe that the existing research on sanctions shows strong evidence that they change customer behaviour in the way that the Department anticipates. Sanctions are often poorly understood and tend to be imposed on more vulnerable claimants.

6.2 We appreciate that the Department intends to use a random assignment pilot in an attempt to more fully understand the relationship between sanctions, mandatory training and employment outcomes. However, we are very concerned that the weaknesses in the current pilot design mean that it cannot achieve its stated aims. Customers will therefore be put at risk of harm with little prospect that the pilot will generate further, useful understanding of the impact of the threat of sanctions on employment outcomes.

6.3 We are also concerned that the Department is planning to run this expensive, complex pilot at a time when Jobcentre Plus is under pressure from the consequences of the recession, and heavily committed to the roll-out of a number of key changes to benefits and programmes. We were first informed of the Department's plans in the summer of 2008, and the proposals that have finally come forward in July 2009 seem to us to be designed for a very different operational context to the one the Department finds itself in today. At the same time, despite the long period of development, we have seen nothing that reassures us that the necessary preparations will be completed and the operational infrastructure in place in time for a January 2010 start. Meanwhile, the Department has many other ambitious projects and programmes in the pipeline that will make further calls upon Jobcentre Plus resources. In these circumstances, we can see no justification for proceeding with the proposed pilot.

## **7. Recommendations**

**7.1 We recommend that the pilot does not proceed and that the training within the IES pilots remains voluntary for all customers.**

**7.2 If the pilot does proceed we recommend that all of the following conditions are met:**

**(i) That the pilot does not begin until the quality of the IES interventions has been fully evaluated.** This would allow the mandatory training pilot to

focus on the impact of sanctions, rather than being muddled with other issues, such as the quality of skills assessment and outcomes from different types of training; and

(ii) that stakeholders have first been given the necessary assurances **that sufficient resources are in place, preparations made and training undertaken, to ensure it operates effectively in the field;** and

(iii) **systems should be put in place to monitor and manage the level of PA discretion within the pilot** around issues such as, identifying skills gaps, knowledge of local training opportunities and referral to courses; and

(iv) **Departmental analysts should reconsider the design of the randomisation element of the pilot**, to ensure that the element of PA discretion is removed since the pilot will be biased if the process is not truly random; and

(v) **a customer information strategy is in place offering complete and clear information for customers and staff about the design of the pilot, including the role of sanctions.**

Richard Tux

## **APPENDIX 1**

### **LIST OF RESPONDENTS TO THE CONSULTATION EXERCISE**

1. Roy Laker
2. Hove YMCA (Ruth Robertson)
3. Tomorrow's People (Sue Mutimear)
4. Mind (Emma Mamo)
5. Association of Colleges (Teresa Frith)
6. Mind Croydon (Rory O'Kelly)
7. Gingerbread (Kate Bell)
8. Welsh Assembly Government (Nick McNeil)
9. WorkDirections (Jane Mansour)
10. TUC (Richard Exell)
11. Child Poverty Action Group (Beth Lakhani)
12. Citizens Advice (Katie Lane)

## APPENDIX 2

### **Social Security Advisory Committee Members**

#### **Chairman**

Sir Richard Tilt

#### **Members**

Kwambe Akuffo

Les Allamby

Simon Bartley

Brigid Campbell

Dr Angus Erskine

Richard Exell OBE

Alison Garnham

Professor Helen (Elaine) Kempson

Pat Smail

Professor Janet Walker

Professor Robert Walker

Carolyn George

John Andrews

#### **Secretariat**

Gill Saunders

## APPENDIX 3

**Gill Saunders  
SSAC Secretariat  
New Court  
London  
WC2A 2LS**

**Anne Donkin  
DWP Skills Division  
Level 10 Moorfoot  
Sheffield  
S1 2GC**

**19 June 2009**

**Dear Gill**

### **The Jobseeker's Allowance (Skills Training Conditionality Pilot) Regulations 2010**

Attached is the Explanatory Memorandum for the above draft regulations, to be discussed by the Committee on 1 July. I would like to draw your attention to the following issues contained in the document:

A statement of our intention to test skills conditionality in a random assignment pilot for JSA recipients for whom skills are a key barrier to being able to compete in the labour market is at *paragraph 5*.

Our rationale for testing the proposed model of skills conditionality is given from *paragraph 7*.

Details of why this pilot is different from previous mandation pilots are given from *paragraph 27*.

A summary of the design of the pilot can be read from *paragraph 33*.

A description and rationale for the type of training we expect customers to be referred to in the pilot is given from *paragraph 41*.

The pilot locations are at *paragraph 51*.

Details of the sanctions regime that could be applied for non-participation in training, including pre-entry interviews, without good cause are given from *paragraph 56*.

Information concerning payments to be made to trainees in the pilot is at *paragraph 69*.

A description of the ways in which the skills needs of participants in the pilot will have been assessed is given from *paragraph 71*.

Our estimations of the numbers of people to be involved in the pilot is given at *paragraph 94*.

The full evaluation design is given from *paragraph 111*.

A detailed explanation of the random assignment process is included from *paragraph 115*.

Yours sincerely

**Anne Donkin**  
**DWP Skills Division**

**Explanatory Memorandum for the Social Security Advisory Committee  
from the Department for Work and Pensions**

**The Jobseeker's Allowance (Skills Training Conditionality Pilot)  
Regulations 2010**

**Regulations to support the proposals to introduce increased  
Jobseeker's Allowance obligations to train from 25 January 2010**

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## INTRODUCTION

### Policy Background

1. The Leitch Review of Skills<sup>9</sup> recommended that adult skills should be increased at all levels and that there should be strong integration of the employment and skills systems. In taking forward the Review the Government has set ambitious targets to ensure that the workforce in England has world class skills by 2020 – benchmarked against the top 25 per cent of the Organisation for Economic Co-operation and Development (OECD). For England this means a number of stretching objectives:
  - increasing the number of adults with the basic skills of functional literacy and numeracy;
  - increasing the number of adults qualified to at least level 2<sup>10</sup>;
  - shifting the balance of intermediate skills from level 2 to level 3<sup>11</sup>;
  - increasing the number of people in Apprenticeships; and
  - exceeding 40 per cent of adults to be qualified to level 4<sup>12</sup>.
2. The Government first set out the design for integrated employment and skills (IES) services in 'World Class Skills: Implementing the Leitch Review of Skills in England' (July 2007) and has continued to develop the proposals over the course of a series of subsequent publications<sup>13</sup>. These publications lay the foundations for an adult advancement and careers service which will bring together the existing learndirect, advice and nextstep services under a single service offer, working closely in partnership with Jobcentre Plus and a range of statutory and voluntary advice services. This will deliver a seamless customer journey, with a 'no wrong door' approach from 2010. Prior to 2010, nextstep, the adult learning and careers advice service, will offer an enhanced service.
3. We know that most people with low skills or no qualifications face other disadvantages or multiple barriers to work. Of the 4.6 million people with no qualifications, 3.5 million fall into at least one other DWP PSA target group (i.e. they are disabled, aged 50 or over, a lone parent, or from an ethnic minority)<sup>14</sup>. That is why, through an integrated employment and skills service, early contact with Jobcentre Plus, a learning provider or adult careers services will quickly lead to access to the full range of

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<sup>9</sup> Leitch Review (2006) *Prosperity for all in the global economy – world class skills, Final Report*. [http://www.hm-treasury.gov.uk/d/leitch\\_finalreport051206.pdf](http://www.hm-treasury.gov.uk/d/leitch_finalreport051206.pdf)

<sup>10</sup> Equivalent to 5 GCSE's at A\*-C grade.

<sup>11</sup> Level 3 equates to 2 'A' Levels

<sup>12</sup> Equivalent to a certificate in higher education, foundation degree or honours degree.

<sup>13</sup> In work, better off: next steps to full employment (July 2007)

Opportunity, Employment and Progression: making skills work (November 2008)

Ready for Work: Full Employment in our Generation (November 2008)

Ready for Work, Skills for Work: Unlocking Britain's Talent (January 2008)

Life Chances Supporting People to Get On in the Labour Market (March 2008)

Work Skills (June 2008)

<sup>14</sup> This analysis doesn't take into account of the other types of disadvantage that are not measured by the LFS e.g. homelessness, drug or alcohol abuse, ex-offenders. Estimates are that 50% of ex-offenders have no qualifications and 40% of those are living in temporary accommodation. No figures are available on the qualification levels of benefit recipients with drug or alcohol problems.

services and support on jobs, skills, financial issues, childcare, housing and personal issues to address the broad needs of customers.

4. In return for this support, the Government expects individuals to take increased responsibility. The Government has committed to take the legislative powers necessary to pilot requiring Jobseeker's Allowance (JSA) customers to address those skills needs that could be preventing them from competing effectively for work as one of the conditions of receiving benefits.
5. The Government proposes that from January 2010, in pilot areas in England only, we will test whether requiring Jobseeker's Allowance customers within the Jobseeker's Regime and flexible New Deal (JRfND) Stage 3 to take part in training, with the potential application of sanctions, has an impact on sustained employment outcomes.
6. Where a lack of specific skills as a key barrier to being able to compete in the labour market is identified by either:
  - a skills screening by a Jobcentre Plus adviser, or
  - a skills health check by an independent nextstep adviser; or
  - a basic skills assessment by an Employability Skills Programme (ESP) provider

attendance at appropriate and available skills training will be required as a condition of receiving benefit for JSA customers in a randomly assigned group. Referral would be from Jobcentre Plus to appropriate provision.

### **Policy Rationale**

7. We know that skills and qualifications play an important role in improving labour market outcomes, both for individuals and society. People with higher qualifications are more likely to be employed (and earn more) than people with lower level or no qualifications<sup>15</sup>. In addition, the impact of labour market disadvantages on employment chances (e.g. for ethnic minority groups and individuals with disabilities) is less for those who are better qualified, so improving an individual's qualification level may be a useful step in the process of entering or re-entering the labour market<sup>16</sup>.
8. However, we know that even where customers have a training need they do not always take up or complete provision to address that need. Recent results from the review of the Employability Skills Programme (ESP) show that nearly 20% of individuals starting the course did not complete it, only a third of them withdrawing because they had found a job. The remainder lost interest, found the course was not what they expected or withdrew for personal reasons<sup>17</sup>.

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<sup>15</sup> Analysis of the Labour Force Survey shows that the employment rate is higher for men and women with Level 2 qualifications than for men and women with no qualifications.

<sup>16</sup> Berthoud R 'Multiple disadvantage in employment: A quantitative analysis', Joseph Rowntree Foundation 2003

<sup>17</sup> This review is due for publication July 2009.

9. The review of ESP will, as part of a process of continuous improvement, ensure that courses best meet the needs of customers. The introduction of IES ensures better assessment of the needs of customers, and provides a broader range of information to assist appropriate learning choices. These measures should encourage higher attendance.
10. Evidence suggests that the threat of sanctions is effective in changing customers' behaviour so we would expect skills training conditionality to increase the likelihood that customers will undertake the training to which they have been referred<sup>18</sup>. We are making no changes to the JSA sanctions regime for the purposes of this pilot, and are applying the standard sanctions for non-compliance with mandatory activity. The DWP review of sanctions undertaken in 2006 found that there were no significant differences between sanctioned and non-sanctioned jobseekers in terms of gender, ethnicity and disability<sup>19</sup>.
11. A majority of the public and of Jobcentre Plus customers themselves believe that it is right that the support which customers receive to address their barriers to work should be balanced by an obligation to address those barriers when they are identified. In a recent DWP survey respondents were asked whether:
 

“a JSA claimant should attend relevant skills training that addresses a skills gap that has been identified as a barrier to work, or face a stronger sanctions regime”.
12. This proposition had high levels of general public support with almost two thirds of the respondents (63 per cent) agreeing strongly and a further quarter agreeing slightly (25 per cent). Levels of disagreement were very low with only 8 per cent of the respondents disagreeing overall.<sup>20</sup>
13. JSA skills training conditionality is targeted at customers in JRfND Stage 3, in line with the increasing conditionality of this regime. There is evidence to suggest that targeting the requirement for training at the longer-term unemployed makes sense, as customers who have spent longer on JSA are less likely already to have qualifications<sup>21</sup>. We also know that the proportion of jobseekers finding work and leaving JSA is high during the first 26 weeks (Stage 3 of JRfND starts for the majority of customers at 26 weeks) and that after this point the proportion of jobseekers finding work falls<sup>22</sup>.
14. This rationale identifies the role of qualifications in improving labour market outcomes but this does not mean that the pilot will focus upon

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<sup>18</sup> Peters, M. Joyce, L. (2006) “A review of the JSA sanctions regime: Summary research findings,” DWP Research Report No 313, [http://www.dwp.gov.uk/asd/asd5/report\\_abstracts/rr\\_abstracts/rra\\_313.asp](http://www.dwp.gov.uk/asd/asd5/report_abstracts/rr_abstracts/rra_313.asp)

<sup>19</sup> Peters, M. Joyce, L. (2006) *ibid*

<sup>20</sup> Green Paper Quantitative Research, “No one written off: reforming welfare to reward responsibility”.

<sup>21</sup> Carpenter, H. (2006), *Repeat Jobseeker's Allowance spells*, DWP Research report No 394. <http://www.dwp.gov.uk/asd/asd5/rports2005-2006/rrep394.pdf>

<sup>22</sup> *Flexible New Deal Evidence Paper*, 2007 DWP

the achievement of qualifications. Qualifications are often used as a proxy for skills for analysis purposes as they are more easily measured and therefore help to demonstrate the impact of training. However we recognise that the skills people acquire and use in their jobs, many of which are not certified, may be a better indication of an individual's ability at a point in time than qualifications might be. Therefore this pilot will concentrate on providing individuals with the skills they need to obtain, sustain and progress in work, which may or may not lead to a qualification.

### **The Economic Downturn**

15. The economic downturn makes it even more important to ensure that people have the right skills to help them move into a new job and effectively compete in the labour market as quickly as possible. We need to help those looking for work to retrain or develop their skills so that they can quickly move back into sustainable employment, either in their existing sector or a brand new one. Government needs to ensure that people are equipped to compete for existing vacancies<sup>23</sup>. It is also imperative that people are prepared for the opportunities which will arise when the downturn ends.
16. The current economic downturn means that much of what we know about which customers we expect to remain on JSA for six months and who therefore will come within the scope of the pilot could change. However, the most recent data suggests that the proportion of customers flowing off by six months remains high at around three-quarters<sup>24</sup>. The analysis of the occupations of customers who had been unemployed for over 6 to 12 months in January-March 2009 does not suggest any major change from the same period in 2008. Elementary occupations were consistently the most common by far. There were increases in the proportion of Skilled Trade and Administrative and Secretarial occupations but also slight decreases in Managerial and Senior officials, as well as Professional and Associate Professional and Technical Occupations.
17. The Government has announced a number of measures designed to help people affected by the economic downturn – which will be available as appropriate to customers participating in the pilot. More details of these are given at Annex 8.

### **Devolved Administrations**

18. JSA skills training conditionality is being piloted in certain Jobcentre Plus districts in England only. The Devolved Administrations have expressed concerns about the effectiveness of skills training conditionality.
19. It should also be noted that IES service has been developed initially in England, integrating Jobcentre Plus employment services with skills

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<sup>23</sup> Jobcentre Plus Labour Market System

<sup>24</sup> 10,000 vacancies per day continue to be notified to Jobcentre Plus - latest data published on Nomis: [www.nomisweb.co.uk](http://www.nomisweb.co.uk)

services funded by the Department for Business Innovation and Skills (BIS, formally the Department for Innovation, Universities and Skills (DIUS)) and delivered by the Learning and Skills Council (LSC).

20. The Devolved Administrations are positive about the IES system being developed in England and have started to test similar integrated services in their administrations. However, both Scotland and Wales have stated that any plans to implement skills training conditionality are dependent on the outcome of pilots in England.

### **Pilot Summary**

21. The objective of the pilot is to assess whether requiring JSA customers to take part in training with the potential application of sanctions for non-participation has an impact on sustained employment outcomes.
22. The pilot will be conducted in 11 of the initial 12 Jobcentre Plus IES trial districts<sup>25</sup>, which will also be operating the new JRfND (see also paragraph 51). This regime is one that offers more support to customers, along with higher expectations, the longer they claim benefit. More details of the regime are at paragraph 40.
23. JSA recipients in the pilot areas who are:
  - in Stage 3 JRfND; and
  - are aged 18 and over; and
  - who have a lack of job related skills; and
  - are assessed as a serious barrier to obtaining sustainable work

will be included in the pilot if a training course is available that meets the needs of the individual. Individuals will be randomly assigned by use of their National Insurance Number to a treatment or control group. The treatment group will be referred to full-time or part-time training under prospect of a sanction for non-participation and the control group will be referred to training without prospect of sanction.

24. Individuals in full-time training will be transferred to a Jobcentre Plus training allowance and will not be required to be available for, or actively seeking employment whilst training. Part-time trainees will still be subject to benefit conditionality, that is, they will need to be available for, and actively seeking work.
25. In the case of a claimant to whom the sanctions provisions in section 19 of the Jobseeker's Act 1995 apply, the draft Regulations make provision for the person's Jobseeker's Allowance to be stopped for 2 weeks. It will be stopped for 4 weeks where the person has already had a fixed period sanction within the past 12 months. If both members of a joint claim couple are sanctioned, JSA is not payable for the period for which they are both sanctioned. Where only one member of a joint claim couple is

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<sup>25</sup> see paragraph 51 for a list of these

sanctioned, a reduced amount of JSA will be payable to the member of the couple.

26. Subject to the satisfaction of certain established criteria, jobseekers in vulnerable groups will be entitled to hardship payments during the period of a sanction – see Annex 3 for list. Further information on hardship payments is given from paragraph 64.

### **Changes from previous pilots**

27. There have been previous pilots, which required individuals to attend skills training in order to receive benefit (Annex 6 refers). The conditions under which this skills training conditionality pilot will operate will be different to those which applied to previous pilots.
28. We now want to test skills training conditionality in the new context of the IES service, which is designed to provide enhanced, joined-up and more individualised support to customers. Further details of the IES service are at Annex 4. Changes conceived and implemented since the previous pilots means that the skills support available to benefits claimants has been improved. For example Jobcentre Plus customers now have access to enhanced careers and training advice – with this strengthened nextstep service, in many cases, being co-located in Jobcentres.
29. We are also testing skills training conditionality within the context of the additional requirements placed on Jobseekers in the JRfND. Ministers have agreed that a core element of the JSA regime, prior to Stage 4 of JRfND<sup>26</sup>, is the requirement for clients to participate in mandatory activities to improve employability. For example:
  - the introduction of a jobseeker’s mandatory attendance at a Back to Work Session in Stage 1; and
  - the use of Jobseeker’s Directions to undertake mandatory activity to improve employability in Stage 3.
30. Although customers will be encouraged to participate in the above activities on a voluntary basis, Personal Advisers will be able to use Jobseeker’s Directions to require customers to participate.
31. Previous pilots were focused on referring individuals to basic skills courses only. These courses were academic basic skills courses. Now new training is available. ESP, delivered via the LSC in England, has been designed specifically to offer Jobcentre Plus customers an employment-focused mix of employability skills with basic and English language skills as appropriate. BIS (formerly DIUS) is committed to ensuring continuous improvement of this programme and also the wider

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<sup>26</sup> Stage 4 (the flexible New Deal) – mandatory referral to external provider with flexibility to do what works to get the customer into employment. Includes initial in depth assessment of employment related needs; and the production of a challenging personal action plan. A mandatory period of continuous activity is included for those who fail to find work; this will last for a minimum of 4 weeks.

Skills for Life Strategy<sup>27</sup>, to ensure that delivery is designed in an accessible, demand-led and flexible fashion.

32. In addition to this, Jobcentre Plus and the LSC are also working closely together across the country to design flexible, short, employment-focused training provision intended to help customers move into work. The offer to customers reaching the 6 month point of their claim includes 75,000 training places over a 2 year period from BIS/LSC in England, with the intention that the training provided will help Jobseekers move back into work. This gives Jobseekers additional access to full-time training. A broader range of provision will be in place by January 2010, when the pilot starts.

## **DESIGN AND TIMING OF THE PROPOSED PILOT**

### **Design of the Pilot**

33. All customers, from the start of their claim, are offered the enhanced skills support through the IES trials, including skills health checks, as set out in Annex 5.
34. Customers aged 16 and 17 are excluded from the pilot. This is because they access skills support through Connexions, which is not part of the IES trials, and therefore the rationale of testing skills training conditionality in IES trial areas does not apply to them.
35. Customers will be randomised into groups (“treatment” and “control”) at JRfND Stage 3, when a skills need and suitable training provision has been identified. Customers will be made aware that skills requirements could form part of the conditionality of their benefit following randomisation into the treatment group in Stage 3 of JRfND. These messages will be reinforced throughout contacts between the Personal Adviser and the customer for the duration of Stage 3, and skills training conditionality will be applied as appropriate. Customers in the control group will be told about the pilot to ensure that they understand that their participation in training will be voluntary but that some customers in the same area may be required to participate and may face sanctions for non-participation. Customers in both treatment and control groups will receive a written explanation of the pilot and what it means for them. The Personal Adviser will then proceed with the referral process in the same way as for any training referral. Failure to attend will be reported and sanctions applied if appropriate (further detail on sanctions follows at paragraphs 56-63).

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<sup>27</sup> Skills for Life is the Government’s strategy for literacy, numeracy and English language skills. In 2009-10 the total government funding for the literacy, language and numeracy provision will exceed £1 billion. Further details of the strategy can be found here: <http://www.dius.gov.uk/~media/publications/S/SkillsforLifeChangingLives>

36. Skills training conditionality will only apply in cases where:
- the customer has been assessed as having a skills barrier preventing them from competing effectively for sustainable employment; and
  - the need to train appears on the individual's personalised Jobcentre Plus Action Plan; and
  - the customer has been randomly assigned to the treatment group; and
  - the adviser considers the training suitable.
37. Suitability of training is established by determining that:
- the training is appropriate to meet the individual's and employer skills needs ( i.e. is demand-led);
  - the training is flexible enough to meet their personal circumstances. This could mean part-time or full-time training, the latter supported by moving the individual from JSA to a training allowance. However, customers will not be required to attend training for more hours than they are available for employment, and for the total number of hours for which they are available as recorded in their Jobseeker's Agreement; and
  - the training is available in a reasonable time period. That is, generally that part-time training can be completed before the customer is due to enter Stage 4 of JRfND, if still unemployed at the 12 month point in their claim. (Full-time trainees are transferred to a training allowance which "stops the clock" in the JSA regime in Stage 3 and returns them to the same point if they make another claim to JSA in the first 4 weeks following the end of training.)
38. Customers in the treatment group who participate in full-time training will be transferred to a Jobcentre Plus training allowance and will not be required to be available or actively seeking employment. They will revert to JSA if they do not fulfil the terms of the referral to training and at that stage JSA will be sanctioned. Customers in the treatment group taking up part-time training will remain on JSA and will retain their benefit conditionality.

### **The customer journey**

39. A high level map is given at Annex 10.

## The overall timeline for the customer journey

40. The structure of increased support – and increased expectations – for customers in the skills training conditionality pilots is streamlined from the overall process map and will mirror that of the JRfND. Skills needs can be identified from Stage 1 of JRfND:

<b>Jobseekers Regime</b>	<b>When</b>	<b>How are skills needs identified and assessed?</b>
<b>Stage 1</b> The modified JSA regime over the period 0-3 months also called “Self managed job search”.	Start of claim.	Skills screen at start of claim. If potential skills needs are identified, an individual is voluntarily referred to nextstep to receive a skills health check or voluntarily referred to ESP, where a basic skills assessment may be undertaken with training to follow for those who require it.
<b>Stage 2</b> The modified JSA regime over the period 3-6 months, also called “Directed job search”	3 months.	
<b>Stage 3</b> The modified JSA regime over the period 6-12 months, also called “Supported job search”	6 months or those fast tracked to this point.	<p>i) Mandatory referral to ESP where a potential basic skills requirement is identified following the application of the fast track assessment tool (known as the In Depth Skills Screening in the IES Trials) by a Jobcentre Plus adviser via a Jobseeker’s Direction.</p> <p>ii) A referral to nextstep to receive the skills health check service</p> <p>iii) Referral where appropriate to skills training. Those randomly assigned to the pilot treatment group will be subject to sanctions for non-participation.</p> <p>iv) Jobcentre Plus 6 month assessment tool.</p>

## The training offer

41. Four types of training will be on offer:

- i literacy, English language for speakers of other languages and numeracy - “basic” skills;
- ii employability skills;
- iii short job focussed training of up to 8 weeks; and
- iv other job related provision available through Further Education and other LSC providers, learndirect and DWP support contract provision which is longer-term in nature.

42. The evidence for offering these types of training is:

- **basic skills** – Evidence suggests that people with better basic skills (literacy, language and numeracy) are also more likely to be employed than those with poor basic skills<sup>28</sup>.
  - **employability skills** – survey evidence suggests that, when recruiting unemployed and inactive workers in particular, employers value “soft” skills (such as motivation, punctuality and communication skills)<sup>29</sup>. That is, the skills needed to get and keep a job. This is regardless of the other skills the employee may have – for instance, a recent CBI survey<sup>30</sup> showed that employers want graduates with better generic employability skills. This pilot will include basic skills training for those that need it through ESP which not only provides training in literacy, language and numeracy, but also employability skills such as motivation, punctuality and communication skills.
  - **job related skills** – Jobcentre Plus customers are generally positive about training which has a clear relevance to work<sup>31</sup>.
43. Provision in the pilot will be limited to any Jobcentre Plus contracted provision open to the customer group, job related LSC funded provision, and learndirect provision. Only longer training in the Jobcentre Plus Support Contract will be included in the pilot, if all other criteria are met, as most of the training is very short and attendance can already be enforced through use of Jobseeker’s Directions.
44. Training will be made available to participants both on a full-time and part-time basis. Intensive training is associated with earnings losses initially but greater earnings gain in the long run. For example, as indicated, in the Work Based Learning for Adults evaluation<sup>32</sup> of Short Job-Focused Training (SJFT), where the programme was successful in increasing the labour market outcome of the participants. However, we recognise that full-time training will not meet the needs of all customers. Customers will therefore also be able to undertake part-time training in the pilot where that best meets their needs.

### **The developing provision landscape**

45. The LSC will close in April 2010 and its work will transfer to the new Skills Funding Agency and Young People’s Learning Agency. Responsibility for the education of young people will transfer to local authorities. The changes to the Post 19 landscape will have a positive impact on the integration of employment and skills. The Skills Funding Agency, which will be fully operational from next April, is

<sup>28</sup> De Coulon, A., Marcenaro-Gutierrez, O., and Vignoles, A (2007), “ The value of basic skills in the British labour market”, CEE Research Report

<sup>29</sup> Newton B, Hursfield J, Miller L, Page R, Akroyd K (2005), “What employers look for when recruiting the unemployed and inactive: characteristics, skills and qualifications”.

<sup>30</sup> Emerging stronger: the value of education and skills in the turbulent times Education and Skills Survey 2009 CBI 2009

<sup>31</sup> Goldstone, C (2008) A “User Voice” study: Jobcentre Plus customers’ perspective on DWP/DIUS strategy for skill, DWP Research Report

<sup>32</sup> Speckesser, S and Bewley, H (2006), ‘*The longer term outcomes for Work-Based Learning for Adults: Evidence from administrative data*’, DWP

being specifically designed to support integrated services, with a much stronger focus on meeting the needs of employers and adults. Work is currently underway to develop a protocol between the Skills Funding Agency and Jobcentre Plus to ensure that when the Skills Funding Agency begins operating there is clarity about respective roles and ways of working.

46. The Skills Funding Agency will be responsible for an efficient funding and contracting process that stimulates the development of a highly responsive offer from colleges and other FE providers. It will ensure public money flows in response to customer choice; ensuring effective use of public money for example through robust eligibility criteria around provision and learners, and delivering the priorities set by government, the UK Commission for Employment and Skills (UKCES) and the emerging Employment and Skills Boards.
47. In *New Industry, New Jobs*<sup>33</sup>, the Government confirmed that creating a Skills Funding Agency would ensure that the skills system has the capacity and funding available rapidly to support development in areas of strategic importance to the economy.

#### **The proposed changes to legislation to introduce the piloting arrangements**

48. A change to legislation is required to introduce the Government's proposals.
49. It is proposed that the draft Jobseeker's Allowance (Skills Training Conditionality Pilot) Regulations 2010, at Annex 1 to the Memorandum, are made under the pilot making power in section 29 of the Jobseeker's Act 1995 and will make changes to the JSA Regulations 1996 (SI reference 1996/207) from 25 January 2010.
50. The proposed pilot will last for 18 months. Current legislation allows a maximum of 12 months for pilot regulations made under section 29 of the Jobseeker's Act 1995, although this period may be extended by regulations. However, if enacted, the Government proposes to rely on the amended powers in clause 27 of the current Welfare Reform Bill (at Lords introduction) to make pilot regulations which take effect for 18 months.
51. This pilot will take place in 11 of the original 12 IES service trial districts (the exception being Hampshire & the Isle of Wight which, as the only IES district where JRfND will not be in operation, would not provide conditions consistent with the rest of the pilot). The pilot will be integrated into the JRfND and IES processes, and take advantage of services available. The included districts are:
  - Black Country;
  - Staffordshire;

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<sup>33</sup> [http://www.dius.gov.uk/~media/publications/N/new\\_industry\\_new\\_jobs](http://www.dius.gov.uk/~media/publications/N/new_industry_new_jobs)

- The Marches;
- Coventry and Warwickshire;
- Birmingham and Solihull;
- Cambridgeshire & Suffolk;
- Greater Manchester Central;
- Greater Manchester East & West;
- Central London;
- Lambeth, Southwark & Wandsworth; and
- Norfolk.

52. The Regulations affect those recipients of JSA in the pilot areas who are in Stage 3 (the Supported Job Search stage) of the new JRfND on or after the first day of the pilot and on or before the last day of the pilot.

### **Who will take part in the pilot?**

53. The main customer group for the pilot will be those people aged 18 and over who have claimed JSA continuously for 6 months. In addition, the following groups will be fast-tracked to Stage 3 as soon as they make a claim:

- customers who have claimed JSA for 22 of the previous 24 months;
- 18 year olds who have been out of education, employment or training (NEET) for 6 months prior to claiming, or whose 'NEET' period and JSA claim together total 6 months; and
- customers in disadvantaged groups (listed in Annex 2) may volunteer for early access to Stage 3. This group will be subject to the same regime of obligations and sanctions that apply to jobseekers that have been mandated to early entry. Customers will receive this information before taking a decision on early entry.

54. Customers in receipt of National Insurance (NI) Credits only and who are not entitled to a Jobseeker's Allowance will not be included in the pilot. They will still get their NI credits because the sanction is against payment of benefit, not credits. These individuals will be referred to any necessary training on a voluntary basis.

55. Paragraph 35 above explains how customers will be assigned to the pilot "treatment" and "control" groups.

### **Sanctions**

56. A JSA customer may lose their JSA, or in the case of a joint claim, have their JSA payments reduced<sup>34</sup>, if they are in the treatment group and, without good cause:

- do not attend a pre-entry interview;
- give up a training place;
- fail to attend a training place;
- refuse or fail to apply for or accept a place on training;

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<sup>34</sup> In a joint claim couple, the sanction will be a reduction in benefit. This will be 20% (where the joint-claim couple are in a vulnerable group, or are a couple in hardship) or 40% (where the joint claim couple are not in a vulnerable group) of the single person's applicable amount.

- neglect to avail themselves of a reasonable opportunity of a training place; or
  - lose a training place due to misconduct.
57. The training must have been included in the customer's Jobcentre Plus Action Plan, which is a record developed in JRfND Stage 3, showing the work focused activities the individual and Jobcentre Plus adviser agree should be undertaken in order to move the customer into employment.
58. Once the adviser has identified a suitable training course, an individual who has been randomly assigned to the treatment group will be told verbally at the time of referral that non-participation can lead to a loss or reduction of benefit. The customer will then be handed a printed form which tells them about their referral and includes the fact that if they do not participate in the mandatory activities of the pilot their Jobseeker's Allowance could cease to be payable or be payable at a lower rate.
59. Where the claimant is 18 or over and subject to sanctions under section 19 or 20A of the Jobseeker's Act 1995, the draft Regulations provide for the person's Jobseeker's Allowance to be stopped or (where the claimant is a member of a joint claim couple, one of whom is sanctioned, it will be reduced) for 2 weeks. The person's Jobseeker's Allowance will be stopped or reduced for 4 weeks where the person has already had a fixed period sanction within the past 12 months. This replicates the current sanctions regime that applies to training schemes under section 19 of the Jobseeker's Act 1995 and regulation 69 of the Jobseeker's Allowance Regulations 1996.
60. Regulation 4 of the draft Pilot Regulations also provides that customers who move from a pilot area should no longer be a participant in the pilot. Moving from a pilot area, however, will not affect a sanction imposed before the change of address.

### **Criteria for applying a sanction**

61. The amended JSA Regulations 1996 will allow Jobcentre Plus to apply skills training conditionality to all individuals in the treatment group in Stage 3 with training in their Jobcentre Plus Action Plan. Jobcentre Plus Advisers will suspend benefit or the training allowance and make a referral to an independent decision maker in the circumstances set out in paragraph 56.
62. The same notice periods will apply to attending pre-training interviews and to starting training that apply in other parts of the JSA regime, e.g. the periods allowed to take up training or to attend interviews associated with training will mirror those allowed to take up work or to attend job interviews. For instance, a basic requirement of JSA is that a jobseeker must be willing and able to take up employment immediately. Currently, the JSA Regulations make special provision for those with caring responsibilities or those who undertake voluntary work. They must be willing and able to:

- take up a job within 7 consecutive days of being notified of it; and
  - attend a job interview within 48 hours notice of that interview.
63. If the jobseeker cannot demonstrate that they can comply with these requirements the JSA claim will be disallowed. For parents the regulations were changed in November 2008 so that:
- the period for taking up a job is extended to 28 days in circumstances where the parent can show that 7 days is not reasonable because of their caring responsibilities; and
  - the period to attend a job interview is extended to 7 days in circumstances where the parent can show that 48 hours is not reasonable because of their parental responsibilities.

### **Hardship**

64. Jobcentre Plus is committed to ensuring that sanctions will only apply where absolutely necessary. Where a jobseeker has good or just cause for not attending the training to which they have been referred, they will not be penalised. Good cause for non-attendance at training is explained in Regulation 73 of the JSA regulations 1996, including:
- putting at risk the health and safety of the individual or others;
  - attending the funeral of a close relative; or
  - dealing with a domestic emergency.
65. The existing hardship regime for JSA will apply. If a Decision Maker agrees that the individual should be sanctioned for one of the reasons given in paragraph 56 above, the individual will be notified that payment of JSA will be stopped or reduced for 2 or 4 weeks from their next pay date.
66. Subject to the satisfaction of certain established criteria, jobseekers may be entitled to hardship payments during the period of a sanction. The jobseeker is responsible for applying for a hardship payment; these will not be awarded automatically. A JSA hardship payment is an award of JSA made at a reduced rate (60% of their personal benefit or 80% if they, or a member of their household, are pregnant or seriously ill) to give a minimum level of financial support.
67. Customers in vulnerable groups (see Annex 3 for details) are people who are more likely to suffer hardship if JSA is not paid and are eligible for hardship payments without any waiting period<sup>35</sup>.
68. If a hardship payment is paid to a customer who is not in a vulnerable group, payments can only start after a certain time has elapsed<sup>36</sup>. In this pilot, this will be from the third week of the sanction period.

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<sup>35</sup> JSA Reg 141

<sup>36</sup> JSA Reg 142: the time period is either (i) if a sanction or suspension has been imposed, a hardship award is paid from the third week of the sanction or suspension period, or (ii) if a doubt has arisen at the New Jobseeker Interview about whether the customer satisfies the labour market entitlement conditions (and a decision is still outstanding), a hardship award is paid from the third week of the claim.

### **Payments to trainees**

69. Trainees referred to full-time provision will be transferred to a Jobcentre Plus training allowance for the period of training. This will remove them from JSA conditionality and comply with JSA full-time study rules. To ensure that those who undertake part-time training are not financially disadvantaged compared to those who undertake full-time training, and also to help ensure a robust evaluation, all customers in the pilot referred by a Personal Adviser to training provision will be eligible to receive travel and childcare payments, and where a training premium would normally be paid to a full-time trainee on a particular type of provision, this will also be available to those training part-time. Customers eligible for the New Deal for Lone Parents (NDLP) programme will be told about that programme as they would receive additional support and payments if they participated in it. The NDLP budget will fund their payments.

### **Payment of other benefits**

70. The Government does not intend that customers' Housing Benefit and Council Tax Benefit entitlement and Housing Renewal Grants are affected by payments made to them or on their behalf<sup>37</sup> for activities made solely due to participation in the pilot scheme.

## **ASSESSMENT OF SKILLS NEEDS**

### **New benefit claims skills screen**

71. Jobcentre Plus customers must normally attend a new jobseeker interview in order to make a claim. This interview, which lasts for an average of 40 minutes, is a discussion on what steps the customer needs to take to return to work – including identifying potential skills needs. Jobcentre Plus Personal Advisers have a degree of flexibility in deciding how this time is spent. As part of the interview the Adviser will undertake an initial skills screen which will give an indication as to whether a skills barrier to that person entering sustainable employment could potentially exist. This could be lack of basic skills, English language skills, or broader employability, personal or life skills. To identify potential skills needs the screen will:

- record highest qualification level attained by the customer;
- identify those customers with basic skills needs who can be offered voluntary early access to Stage 3, including a more in-depth screen of basic skills needs or entry to ESP (from day 1);
- identify those customers with a potential language, literacy and numeracy need: job specific or generic employability need;
- consider the customer's previous claims history;
- take into account the customer's previous employment history; and
- take into account the customer's personal circumstances including social barriers (e.g. does the customer have or require a translator, is unable to complete forms or have health issues).

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<sup>37</sup> for example, childcare payments are usually made directly to childcare providers.

72. If a Personal Adviser establishes that a customer has a potential skills need following the initial skills screen they will refer the customer to either the careers service (currently nextstep) for the skills health check process, or to an ESP provider for a basic skills or English language assessment if it is clear that these are the outstanding skills needs. More information about the skills health check is in Annex 5.
73. Furthermore, Personal Advisers will also inform all customers attending the initial New Jobseeker's Interview about the support offered by nextstep, regardless of the outcome of the initial skills screen with the Jobcentre Plus Personal Adviser.

### **Stage 3: skills assessments and referral to training**

74. All jobseekers will be allocated a named Personal Adviser from Stage 3 of JRfND. The initial interview at this stage with the Adviser will determine the customer's Action Plan, which will be stretching and will cover activity over and above that of the Jobseeker's Agreement<sup>38</sup> (which remains in place). In addition to some common tasks – such as updating CVs – the Adviser will assess the customer's needs and identify specific activities, that they must do to find work or improve their employability. The Adviser will endeavour to agree the activity and the timetable for achieving it on the Jobcentre Plus Action Plan with the customer. Jobseeker's Directions can be used in most cases where individuals do not volunteer (but not with referrals to skills training). If a customer will not agree an activity and the Adviser thinks it is essential, a sanction may apply.
75. We are regularly reviewing and evolving the screening and referral processes required to underpin access to information and training for customers as part of the current IES trials. Customers reaching Stage 3 of JRfND will have their skills needs reviewed, initially by the Jobcentre Plus Personal Adviser as set out in paragraph 74. Following this, there could be a number of outcomes for any customer.
76. **Those identified with potential skills needs**, including those that have not been addressed since the start of the claim, will be referred to attend a skills health check with the careers service. Customers could also be referred to this where the Personal Adviser judges that the outcome of an already existing skills health check cannot be used as the basis on which to make further decisions about training needs. For example, if this is out of date, or if the customer does not agree with the outcome. Where the customer does not comply voluntarily, a Jobseekers Direction can be used to require them to attend. A customer's engagement with the service will be identified on their Action Plan.

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<sup>38</sup> The Jobseeker's Agreement (JSAg) is an agreement between the jobseeker and the adviser, which sets out job goals, days and hours of availability, what steps the jobseeker will take to look for work and notes any agreed restrictions that may affect their availability for work or the type of work they are willing to undertake, eg, because of deeply held religious beliefs or they have caring responsibilities.

77. Following the skills health check, the Personal Adviser will conduct an interview with the customer. Where the Personal Adviser decides that a customer's identified skills needs constitute a barrier to their competing effectively for employment in the labour market, and relevant and appropriate training exists to address that need, they will refer the individual to the provision. The provision could be part-time or full-time, depending on the training needs of the individual and the hours they are available to train.
78. **Customers identified with potential basic skills needs** will be referred to an appropriate Basic Skills provider for an in-depth assessment of their needs. This will, for the majority of customers, be to specialist ESP provision. Following the assessment, the provider will be able to describe the level and type (for example, full or part time) of training provision which will help the customer to address their skills need. Once the provision has been agreed with the Personal Adviser at Jobcentre Plus a referral can be made to the provision.
79. **Some customers' skills needs will be easily identified from the assessment made by the Jobcentre Plus Personal Adviser.** In cases where this need can be met with available and appropriate provision (for example, on work-focused provision made available to customers under the 6 month offer, as set out at Annex 8), and the customer agrees to the referral, the Personal Adviser will make a direct referral to the provision without the need to refer the customer to a skills health check first. However, the customer may of course also use a skills health check in order to help them consider future employment and progression options.
80. **Other customers may already be participating in training.** In such cases, the Personal Adviser will need to consider whether this training meets any of the customer's identified skills barriers. Where it does, the customer will continue to train – and will not become part of the pilot. However, where a customer's identified skills needs are not being met and alternative, appropriate provision exists, they will be referred to this provision and will be randomly assigned to either the treatment or control group.
81. Training need not be a complete course leading to a qualification. Advisers can refer individuals to undertake specific modules of a longer course, or a specific number of weeks of a longer course, either full-time or part-time, if that training would help the individual compete more effectively in the labour market.
82. All customers in the pilot – whether in the treatment group or the control group – will be ultimately referred to training provision by the Jobcentre Plus Personal Adviser, based on information from the appropriate assessment. As set out above, those customers in the treatment group could be sanctioned for not complying with the referral.

### **Which skills are likely to help a customer compete more effectively in the labour market?**

83. The majority of customers with a skills barrier that prevent them from entering sustainable employment are expected to be identified with basic or lower level skills needs. Our evidence suggests that people with better basic skills (literacy, language and numeracy) are also more likely to be employed than those with poor basic skills<sup>39</sup>. The evidence also shows that customers with higher qualification levels are more likely to continue upskilling themselves in employment and therefore be better prepared to compete in the labour market should they become unemployed again<sup>40</sup>. Customers identified with more generic employability skills needs (the ability to look and apply successfully for work) could be required to address these.
84. Survey evidence suggests that when recruiting unemployed and inactive workers in particular, employers value 'soft' skills (such as motivation, punctuality and communication skills)<sup>41</sup>. Customers could be required to address these skills needs, where they exist.
85. Customers whose skills barrier is how to access successfully the labour market – particularly when linked to their career aspirations – could be required to address this, where suitable provision exists. Employment focused programmes have generally had more impact on initial employment chances for the low skilled, and are typically more cost-effective than more academically focused programmes<sup>42</sup>.
86. Customers may have multiple barriers (that is, job related basic skills linked with the need to develop skills that will help people get and stay in work, like motivational skills) and ideally we would seek for customers to address these together, where possible.

### **Ensuring careers advisers have access to the most appropriate information**

87. Careers advisers are able to access a searchable provision database that holds supporting information that may be of benefit to the adviser. A summary of the information held is attached (Annex 7), and includes additional information on:
  - accessibility (wheelchair access, etc);
  - outcomes (nationally recognised qualifications, college certificates, etc);
  - eligibility (such as age restrictions if applicable);
  - primary skills developed and secondary (if applicable); and

<sup>39</sup> De Coulon, A., Marcenaro-Gutierrez, O. and Vignoles, A. (2007), 'The value of basic skills in the British labour market', CEE Research Report

<sup>40</sup> DFES and DWP: A Shared Evidence Base: The Role Of Skills In The Labour Market 9 January 2007

<sup>41</sup> Newton B, Hurstfield J, Miller L, Page R, Akroyd K (2005), 'What employers look for when recruiting the unemployed and inactive: characteristics, skills and qualifications'.

[http://www.dwp.gov.uk/asd/asd5/report\\_abstracts/rr\\_abstracts/rra\\_295.asp](http://www.dwp.gov.uk/asd/asd5/report_abstracts/rr_abstracts/rra_295.asp)

<sup>42</sup> Payne J, Payne C, Lissenburgh S and Range M 'Work-Based Training and Job Prospects for the Unemployed: An Evaluation of Training for Work' DFEE 1999

- pre-entry requirements (such as Criminal Records Bureau checks).
88. This information could be made available to Jobcentre Plus Advisers if needed, with systems changes and Jobcentre Plus Advisers' IT privileges to support this if required. This issue, including any cost arising, will be actively explored by Jobcentre Plus and the LSC.
  89. Jobcentre Plus Advisers have a range of information available to them, as well as being able to visit or meet providers when they come into Jobcentre Plus offices. Training information that is available for Personal Advisers on a computer includes course name, aims, hours and location.
  90. The skills adviser and the Jobcentre Plus Personal Adviser are expected to work together to find the best training route for the customer.

### **Data Sharing and Data Security**

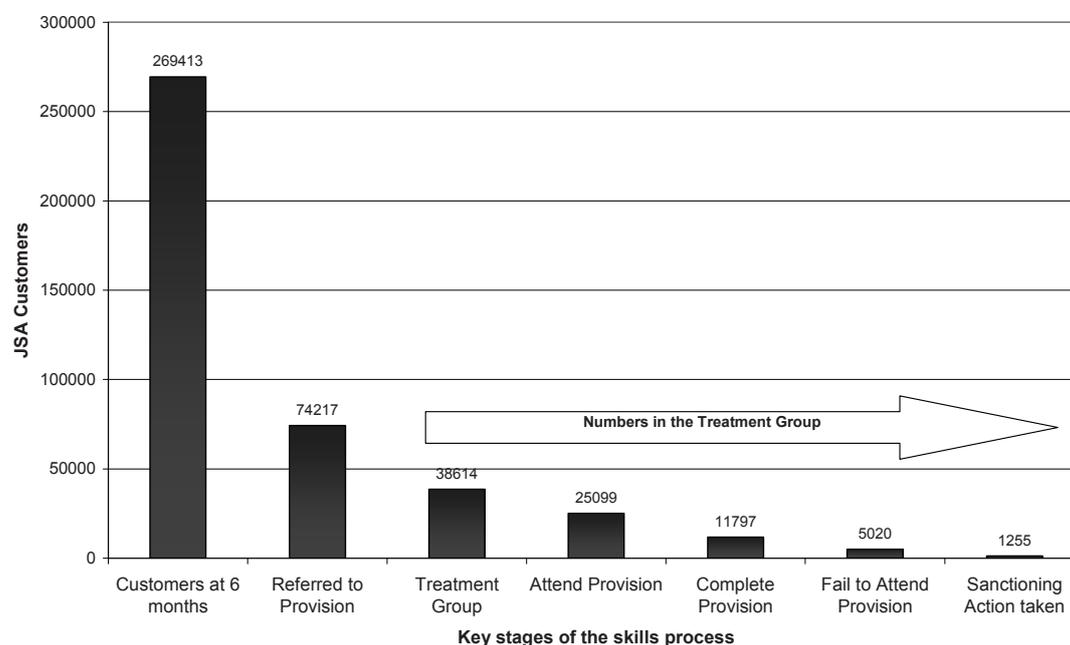
91. Systems and processes are already in place to make sure the exchange of customers' personal information between Jobcentre Plus and providers takes place in a secure environment and in accordance with current Information Risk Management guidance from the Cabinet Office. Where no statutory power exists, informed consent for the transfer of information currently must be obtained from the customer. The Welfare Reform Bill includes a provision (clause 27 as at Lords introduction) which would enable the Secretary of State to make regulations concerning the use and sharing of employment and training information between institutions to support IES operational processes.

### **Communication strategy**

92. Information about the pilot will be communicated to staff in Jobcentre Plus, LSC and the careers service, as well as in DWP and BIS, using existing internal channels, in line with the existing IES communications strategy. Communication will be in the context of the IES trials currently underway, and of the wider IES roll-out process. It is important that staff understand that evaluation of skills training conditionality is integral to the wider process of IES evaluation, so it should not be communicated as a separate initiative.
93. Customer communications will also build on the existing IES approach to raising awareness of the importance of skills and training to help people move into work. This includes reviewing and maximising in-house publications, PR approach and marketing products to support IES. The Jobcentre Plus customer website is being restructured and will include skills and training information in one place through a new "skills portal". The suite of DWP information products and forms will also be reviewed in light of the trials.

## Customer Volumes

**Figure 1: Estimated number of JSA customers in the pilot areas at key stages of the skills process**



94. *Figure 1* shows the estimated number of JSA customers in the pilot areas at key stages of the skills process, based on an estimate of JSA customers and assumptions on the proportion of people affected at each stage.

95. The 7 key stages shown are outlined below:

- **Customers at 6 months (or JRfND Stage 3):** the estimated number of customers reaching this stage;
- **Referred to Provision:** this is the point of the process at which randomisation occurs. The customers in this group are randomly assigned to either the treatment group (50% go into this group) or the control group (50% go into this group), when suitable and available training is identified and a referral made;
- **Treatment Group:** Customers in this group can be referred to skills training with conditionality attached;
- **Attend provision:** this group includes everybody who attends provision given that they have been referred to the pilot provision in the treatment group;
- **Complete provision:** those that have attended provision and have completed the full course;
- **Fail to Attend Provision:** this group have been referred to provision but have failed to attend the provision and are therefore referred for a possible sanction; and
- **Sanctioning Action Taken:** this is the group that will have sanctions applied for non-attendance at provision without a valid reason.

These volumes are based on the forecasts for JSA customers as of January 2009.

## Estimating costs and benefits

96. The JSA skills training conditionality pilots are testing whether conditionality improves participation in training and leads to better employment prospects. The following cost benefit assessment is necessarily based on a set of broad assumptions and should be regarded as indicative of the broad outcomes expected.
97. We expect more people to attend training provision (just under 2000 more people in the pilots) than would have been the case if skills training conditionality did not apply. This should lead to increased employment, possibly at higher earnings – making a positive impact on the real economy. In turn, this would lead to a reduction in expenditure on out of work benefits, and increase revenue raised through additional tax receipts.
98. The additional individuals participating in training will increase the costs of support for childcare and travel expenses. Additionally, there will be costs of training premiums paid to participants. On the other hand, we expect a decrease on fiscal expenditure on out of work benefits, an increased tax revenue for those who move into work as a result of training, and some reduced expenditure on JSA for those who are unwilling to participate and are subsequently sanctioned.
99. The table below sets out an initial assessment of the fiscal costs and benefits of the pilot.

### Costs

Childcare and travel expenses	-£480,000
Training Premium (TP)	-£1,100,000
Administration of sanctions	-£60,000
<b>Total costs</b>	<b>-£1,640,000</b>

### Benefits

Total Fiscal Benefits due to increased employment (after 36 months)	£1,280,000
Reductions in TP and JSA	£140,000
<b>Total benefits</b>	<b>£1,430,000</b>

### Net

<b>Net benefit-costs for the Exchequer</b>	<b>-£210,000</b>
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[Negative numbers represent costs; positive numbers represent benefits]

100. Main costs included in the cost-benefit calculation:
- travel and childcare expenses as result of extending eligibility to individuals on part-time provision for the purpose of the pilot, and as a

result of additional starts to training as a result of skills training conditionality;

- training premium: this cost appears as a result of both additional starts to ESP (as a result of conditionality), and also because eligibility has been extended to part-time attendees on this programme in pilot areas;
- the training allowance for customers on full-time ESP is paid from DWP's DEL Programme Budget. The analysis above assumes it is offset by the equivalent reduction in JSA payments (paid from AME);
- administration of sanctions: skills training conditionality requires the implementation of sanctions, the administration of which generates an additional cost; and
- costs incurred for running and evaluating the pilot are met from existing budgets, as is the cost of any training delivered.

101. Main benefits included:

- the key fiscal benefits arise from savings on out of work benefits and additional tax revenue raised if more individuals move into work due to training. This behavioural response is difficult to estimate with certainty, and is one of the key areas we hope to understand from the pilots. For the purposes of this calculation the effect on additional employment is assumed over a period of 36 months. From internal additionality estimations of the DWP Jobcentre Plus Stewardship Unit<sup>43</sup>, which assumes that for every 10 additional individuals who complete provision because of conditionality, an additional year of employment will be generated; and
- the non payment of JSA and training allowances as a result of sanctions will reduce expenditure. The actual number of sanctions (over 1000 people) is based on evidence from the Mandatory Training Pilot and the mandatory elements of New Deal. This behavioural response is difficult to predict, and is necessarily subject to uncertainty. By piloting skills training conditionality we will seek to further understand impacts in this area.

102. Based on this broad set of assumptions, the net fiscal costs of the pilot stand at some £0.2m. However, for the wider economy, there are benefits and costs beyond the fiscal benefits. The benefits broadly accrue through additional earnings. These benefits are difficult to estimate with certainty, but a broad estimate would be around £2 million, although it should be noted that important caveats apply.<sup>44</sup>

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<sup>43</sup> Their estimates extend the estimates of Research Paper 390 "The longer term outcomes of Work Based Learning for Adults: Evidence from administrative data" (Stefan Speckesser and Helen Bewley, 2006)

<sup>44</sup> Regarding the wider benefits for the economy, the Cost Benefit Framework guidance suggests a methodology and points to its most important caveats: "This Net Economic Benefits formula is: (i) Only a partial measure of economic benefits. For example, it does not value the profits firms gain from the additional workers they employ (...). Also, economic growth depends on a) the number of people in work; and b) how productive they are. However, the Net Economic Benefit formula reflects whether policies get more people into work but does not reflect whether people who would get jobs anyway earn more, i.e. are more productive, because of our policies. ii) Not a measure of the net benefits to society since it excludes some of the wider benefits and costs of policies such as improved health

103. At a Departmental level (DEL P and DEL A), the cost of the pilot to DWP is £2m. AME savings of £0.4m arise as more customers participate in the skills training and move off JSA and onto the training allowance. A further £0.1m is saved as a result of applying the sanction to customers who fail to comply with the regime.

### **Non financial benefits**

104. These changes aim to:

- support the Government's stated aspiration to achieve an 80 per cent employment rate across the UK labour market, with consequent impact upon, for instance, social mobility and child poverty;
- support the Department's Public Service Agreement (PSA) targets;
- support Jobcentre Plus job outcome targets;
- improve services to employers by preparing jobseekers more effectively for work; and
- support the achievement of the joint DWP/BIS target to help over 100,000<sup>45</sup> people in 2010-11 to gain sustainable employment and to achieve a recognised qualification.

### **Child poverty**

105. As stated in the July 2008 Consultation Paper: *No one written off: reforming welfare to reward responsibility*, Ministers' motivation is the compelling evidence about the benefits of work that promote people's well-being and their children's life chances. The objective of the proposal is to increase employment amongst those who do not have the skills they need to compete effectively in the labour market. By helping parents into work this proposal will help reduce child poverty, as well as poverty and exclusion more widely.

### **Equality Impact Assessment**

106. The full equality impact assessment is provided as a separate document at Annex 9.

107. The IES service will deliver support and guidance tailored to individuals' needs and circumstances on a fair and equal basis, irrespective of the claimants' ethnicity, gender, age, disabilities, sexual orientation or beliefs and this includes the increased benefit conditionality associated with taking up an offer of training.

### **Complexity and simplification**

108. The introduction of increased benefit conditionality for take up of training is consistent with the reformed JSA regime which increases conditionality with the length of time on benefit.

109. Presentation of the pilot arrangements to the customer will be clear and concise. We will work with delivery partners to ensure that any

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<sup>45</sup> Work Skills. Cm7415 June 2008

bureaucracy attaching to pilot operation and reporting is kept to a minimum.

### **Business impact**

110. These reforms do not affect businesses by imposing any additional administrative procedures or costs on the private and voluntary sector.

### **THE DESIGN OF THE PILOT EVALUATION**

111. The Government is committed to putting in place a robust evaluation of this pilot to ensure future policy in this area is evidence based. The design of the evaluation is described below and the findings will be used to inform Ministerial decisions on how best to implement a national roll-out if appropriate. The Devolved Administrations will also require the findings to inform their decisions on whether to pursue skills training conditionality.

112. This evaluation is part of a wider programme of evaluation of IES and it therefore seeks to complement that evaluation. The IES Trial evaluation will include a 'provision' strand which will consider quality and appropriateness of training; including how effectively provision is linked with labour market demand. We continue to develop the evaluation strategy in consultation with stakeholders and experts.

113. The primary aim of the evaluation of this pilot is to assess whether requiring Jobcentre Plus customers to take part in training with the potential application of sanctions has an impact on sustained employment outcomes (defined as in continuous employment for 6 months or more). To answer this question we have opted to use a random assignment approach. This is because random assignment is the most statistically robust method of estimating the impact of a programme or intervention. Random assignment has been used with mandatory activity in the past for the Intensive Activity Period (IAP) for the over 50s and the JSA signing pilots<sup>46</sup>.

114. Although random assignment tends to generate results with high internal validity – that is, we can be sure they are robust – the extent to which these results can be generalised to the wider population (the external validity) depends on how representative are the characteristics of the pilot areas compared with the wider population. As IES trial areas were not randomly selected, rather chosen as those with strong, existing skills and partnership activities from a group of volunteer Jobcentre Plus districts, there may be some issues of how relevant the findings will be to all Jobcentre Plus districts nationwide. We will commit to analysing the characteristics of pilot and non-pilot areas to provide insight into the extent to which results are relevant nationally.

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<sup>46</sup> For further details see reports

[http://www.dwp.gov.uk/asd/asd5/report\\_abstracts/rr\\_abstracts/rra\\_500.asp](http://www.dwp.gov.uk/asd/asd5/report_abstracts/rr_abstracts/rra_500.asp) and  
[http://www.dwp.gov.uk/asd/asd5/report\\_abstracts/rr\\_abstracts/rra\\_382.asp](http://www.dwp.gov.uk/asd/asd5/report_abstracts/rr_abstracts/rra_382.asp).

## **Random assignment**

115. The aim of the random assignment is to split the population of customers eligible for skills training conditionality into two groups. One group is the treatment group where non-attendance at training could risk benefit sanctions from JRfND Stage 3. The other is the control group, who do not risk this sanction. We will inform customers about the pilot and ask for their consent for their data to be used for research and analytical purposes when training is agreed on the action plan.
116. The randomisation will occur at JRfND Stage 3 once a skills need has been identified and relevant training has been agreed and recorded on the customer's action plan. The randomisation will be done locally by the Personal Adviser using the final digit of the customer's NINO. The details of the random assignment procedure are subject to ongoing advice from James Riccio (at MDRRC, a social policy research company). The adviser will set a pilot marker on the Labour Marker System (LMS) for all pilot participants and a further marker for those in the treatment group.
117. The adviser must clearly explain to treatment group customers that they are part of a pilot, that they must attend and participate in the training on their action plan and if they don't their Jobseeker's Allowance could cease to be payable or could be payable at a lower rate. Customers will also be issued with a referral letter which states the activity is mandatory. The control group will also be referred to their training activity and given a voluntary referral letter.
118. This design operates under the assumption that key customer characteristics such as skills needs are evenly distributed across the treatment and control groups. We will need to closely monitor the characteristics of both groups to analyse the distribution of the sample, e.g. customer age, gender, ethnicity. This will require some data collection by Jobcentre Plus at the point of randomisation if that data is not readily available from LMS. This will enable us to assess the internal validity of the experiment and make any changes where necessary as early as possible.

## **Estimating Net Impact**

119. The key outcomes are listed below. The economic downturn and resulting uncertainties around the job market make it more imperative that we measure non-employment outcomes than ever. We still want to look at sustainable employment but will also be exploring distance travelled measures.
- starts on training;
  - completion of training;
  - leaving training to get a job;
  - job outcomes following training;
  - sustained job outcomes; and
  - qualifications gained.
120. The first point at which impacts will be measured is in late 2011, after the pilot has finished. To obtain impact estimates the outcomes of the

treatment group will be compared with the outcomes of other customers. Provided that the random assignment has been conducted correctly the difference in their outcomes can be deemed to be the treatment effect. The initial focus will be on short-term outcomes such as starts on training provision and completion of training provision. We will also look at initial movement off benefit up to 18 months after the pilot began (depending on when individuals started their training).

121. A longer-term tracking exercise (with findings expected in late 2013) will be undertaken to measure the impact on employment outcomes. The cost-effectiveness of the training will also be measured, including the impact on the duration of benefit claims. Further qualitative analysis may also be undertaken, to understand what drives the impacts that have been estimated.
122. There are a number of other questions that cannot be covered through the impact assessment but can be addressed by the qualitative methodology which is set out below. This list is not exhaustive and will be developed on consultation with an expert consultant and research contractor.
123. As noted above the primary aim of the evaluation is to assess whether requiring Jobcentre Plus customers to take part in training with the potential application of sanctions has an impact on sustained employment outcomes (defined as in continuous employment for 6 months or more). However there are a number of other questions that the evaluation will aim to answer, some of these questions can be covered by the impact evaluation:
  - how does the potential use of sanctions affect numbers of starts and completions of training?
  - how do sanctions affect numbers of starts and completions of training?
  - what are the characteristics of those customers who are sanctioned?
  - how does the type of training affect employment outcomes? And which types of training are most cost-effective? (sample sizes permitting)
  - what are the costs and benefits of delivery, for example, in relation to provision, advice and the public purse? and
  - what is the employer view of the benefits of the training people have undertaken?

#### **Implementation and Process Study**

124. Qualitative work during the early stages of the evaluation will assess the randomisation process and the extent to which the programme changes are embedding in the pilot and comparison areas. Key questions for this aspect of the evaluation include:
  - do customers and stakeholders understand the random assignment process?

- how did the random assignment affect normal Jobcentre Plus processes, nextstep and providers?
- what is the internal validity of the evaluation?
- what is the external validity of the evaluation?
- is available training flexible and responsive enough to meet customer's needs and labour market needs? and
- are customers sanctioned for non-attendance? What are customers and stakeholder experiences of the sanctions process?

### **Studies of views, attitudes and perceptions**

125. The views of customers, providers, employers and Jobcentre Plus staff on sanctions and training will be a crucial element of the evaluation in pilot districts. This element of the evaluation will involve qualitative work with stakeholders. Key questions under this part of the evaluation include:

- how do stakeholders view sanctioning and mandatory training?
- to what extent do these stakeholders' views affect policy delivery?
- what are customers' beliefs and expectations about gaining skills and employment? and
- what are the reasons for non-attendance amongst customers?

### **Programme/sanctions impact study**

126. This work will supplement the customer tracking element of the evaluation by exploring customer and stakeholder perceptions of the extent to which mandatory training has impacted on their skills levels, employment outcomes and future prospects. This will involve qualitative work and may entail a customer survey that covers:

- what is the profile of customers who are at threat of sanction and who have been sanctioned?
- what impact has training had on customers' skills levels?
- what impact does the threat of sanctions have on customers' attitudes to training?
- what impact does sanctioning have on customers' social and psychological well-being?
- what impact does the quality of the training provision have on customers' attitudes to training?
- what impact does the quality of the training provision have on customers' attitudes to work?
- how have customers used their skills in work?

**127. Estimated timetable for the evaluation:**

<b>Project Milestone</b>	<b>Timescale</b>
Pilots go live	January 2010
Pilots, i.e. referrals, end	July- Sept 2011
Qualitative findings	Late 2011
Quantitative findings – impact on participation and completion of training (initial benefit off-flows)	Late 2011/Early 2012
Report publication (qualitative and quantitative)	Spring 2012
Quantitative findings – impact on employment	Late 2013
Quantitative findings – longer term impact on employment	Mid 2013



## Interpretation

### 3.—• In these Regulations—

“appropriate office” means an office of the Department for Work and Pensions which is identified in the Schedule by reference to its district and name on 25th January 2010 (and where such an office closes, a reference in the Schedule to that office shall be construed in relation to any person as a reference to the office at which that person is required to attend instead of that office);

“claimant” means a claimant for a jobseeker’s allowance who is aged 18 or over;

“training” is to be construed as including attendance by a claimant who has been selected to take part in the Skills Training Conditionality Pilot at a pre-entry interview conducted by a training provider;

“employment officer” has the meaning given in section 19(10)(a) of the Jobseekers Act 1995;

“the Skills Training Conditionality Pilot” means a scheme known by that name for the provision to claimants of training—

secured by the Learning and Skills Council for England;

secured by Ufi Limited operating as learndirect; or

which is provided by, or provided pursuant to other arrangements made by, the Secretary of State; or

which is approved by him in relation to particular claimants.

“the Jobseeker’s Allowance Regulations” means the Jobseeker’s Allowance Regulations 1996<sup>(d)</sup>.

## Application

4.—• These Regulations apply to a claimant who meets the following conditions and who is selected by an employment officer on a sampling basis.

(1) The first condition is that on or after 25th January 2010 the claimant attends an appropriate office pursuant to a notification given or sent under regulation 23 (attendance)<sup>(e)</sup> or 23A (attendance by members of a joint-claim couple)<sup>(f)</sup> of the Jobseeker’s Allowance Regulations 1996.

(2) The second condition is that the claimant is taking part in Jobseeker’s Regime and Flexible New Deal Stage 3.

(3) The third condition is that, as the result of an assessment by an employment officer that the claimant’s skills needs place the claimant at significant disadvantage in obtaining employment (including in a particular area), the claimant’s Action Plan consists of, or includes, undertaking training.

(4) The fourth condition is that the claimant has been given or sent a notice in writing by an employment officer stating that, if the claimant fails to participate in the Skills Training Conditionality Pilot, the claimant’s jobseeker’s allowance could cease to be payable or could be payable at a lower rate.

(5) In this regulation—

“Action Plan” means a document which is completed by the Secretary of State in relation to a claimant which contains a record of any activity that the Secretary of State considers will, or will be likely to, improve that person’s prospects of obtaining employment.

“Jobseeker’s Regime and Flexible New Deal Stage 3” means an arrangement known by that name, being a programme of up to 6 months’ duration provided by the Secretary of State and

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<sup>(d)</sup> S.I. 1996/207.

<sup>(e)</sup> Regulation 23 was substituted by S.I. 2000/2194.

<sup>(f)</sup> Regulation 23A was inserted by S.I. 2000/1978.

which consists of the provision to claimants of advice, support, assistance with job search activity and the development of job search skills.

### Modification of the Jobseeker's Allowance Regulations

5.—• The Jobseeker's Allowance Regulations have effect in relation to a claimant to whom these Regulations apply as if—

in regulation 73(2A)(a) (good cause for purposes of section 19(5)(b) and 20A(2)(b))<sup>(g)</sup>, after “75(1)(b)(ii)” there were inserted “or (iv)”;

in regulation 75(1)(b) (interpretation)<sup>(h)</sup>, at the end there were added—

- (i) “(iv) the Skills Training Conditionality Pilot (which has the meaning given in regulation 2 of the Jobseeker's Allowance (Skills Training Conditionality Pilot) Regulations 2010).”.

(2) This regulation ceases to apply to a claimant from the date on which the claimant changes address if, as a consequence of changing address, the claimant is notified under regulation 23 or 23A of the Jobseeker's Allowance Regulations that the claimant should attend at an office of the Department for Work and Pensions which is not an appropriate office for the purposes of these Regulations.

(3) However, in a case where this regulation ceases to apply to a claimant from a particular date by virtue of paragraph (2), any relevant determination made before that date in relation to that person shall continue to have effect.

(4) In paragraph (3), “relevant determination” means a determination that—

the claimant's jobseeker's allowance is not payable by virtue of section 19 of the Jobseekers Act 1995, or

the claimant is to be subject to a sanction under section 20A of that Act.

Signed by authority of the Secretary of State for Work and Pensions.

Date

*Name*  
Parliamentary Under-Secretary of State,  
Department for Work and Pensions

## SCHEDULE

### Regulation 2(1)

#### District

Black Country

#### Offices

Bayard House Walsall  
Bilston  
Bridle Court Walsall  
Brownhills  
Chapel Court Wolverhampton  
Molineux House Wolverhampton  
Dudley  
Halesowen  
Oldbury  
Smethwick

<sup>(g)</sup> Paragraph (2A) was inserted by S.I. 2000/1978.

<sup>(h)</sup> Regulation 75 was substituted by S.I. 1997/2863.

Staffordshire	<u>Tipton</u> <u>West Bromwich</u> <u>Willenhall</u> <u>Stourbridge</u> <u>Burton on Trent JCP LSO</u> <u>Cannock JCP LSO</u> <u>Hanley JC</u> <u>Kidsgrove JCP LSO</u> <u>Lichfield JC</u> <u>Longton JCP LSO</u> <u>Newcastle JC</u> <u>Stafford Greyfriars JC</u> <u>Tamworth JCP LSO</u>
The Marches	<u>Bridgnorth JCP</u> <u>Bromsgrove JCP</u> <u>Evesham JCP</u> <u>Hereford JCP</u> <u>Kidderminster JCP</u> <u>Leominster JCP</u> <u>Madeley JCP</u> <u>Malvern JCP</u> <u>Market Drayton JCP</u> <u>Oswestry JCP</u> <u>Redditch JCP</u> <u>Ross-on-Wye JCP</u> <u>Shrewsbury JCP</u> <u>Telford JCP</u> <u>Wellington JCP</u> <u>Whitchurch JCP</u> <u>Worcester JCP</u>
Coventry and Warwickshire	<u>Atherstone JCP</u> <u>Bedworth JCP</u> <u>Coventry Cofa Court JCP</u> <u>Leamington Spa JCP</u> <u>Nuneaton JCP</u> <u>Rugby JCP</u> <u>Stratford-upon-Avon JCP</u> <u>Tile Hill JCP</u>
Birmingham and Solihull	<u>Birmingham City JCP</u> <u>Broad St JCP</u> <u>Birmingham South West JCP</u> <u>Chelmsley Wood JCP</u> <u>Erdington JCP</u> <u>Handsworth JCP</u> <u>Kings Heath JCP</u> <u>Perry Barr JCP</u> <u>Selly Oak JCP</u> <u>Solihull JCP</u> <u>Sparkhill JCP</u> <u>Sutton Colfield JCP</u> <u>Washwood Heath JCP</u> <u>Yardley JCP</u>
Cambridgeshire and Suffolk	<u>Bury St Edmunds</u> <u>Beccles</u> <u>Cambridge</u>

	<u>Ely</u>
	<u>Felixstowe</u>
	<u>Haverhill</u>
	<u>Huntingdon</u>
	Ipswich
	<u>Leiston</u>
	<u>Lowestoft</u>
	<u>Mildenhall</u>
	<u>Newmarket</u>
	<u>Peterborough</u>
	<u>Stowmarket</u>
	<u>Sudbury</u>
	<u>Wisbech</u>
	<u>Woodbridge</u>
Greater Manchester (Central)	Alexandra Park
	Altrincham
	Cheetham Hill
	Chorlton
	Didsbury
	Eccles
	Irlam
	Longsight
	Manchester Airport
	Newton Heath
	Openshaw
	Rusholme
	Salford Baskerville House
	Stretford
	Trafford Centre
	Worsley
	Wythenshawe
Central London	<u>St Marylebone Jobcentre</u>
	<u>Barnsbury Jobcentre</u>
	<u>Finsbury Park Jobcentre</u>
	<u>Highgate Jobcentre</u>
	<u>Kentish Town Jobcentre</u>
	<u>North Kensington Jobcentre</u>
	<u>Westminster Jobcentre</u>
Greater Manchester (East and West)	Ashton in Makerfield JC
	Ashton under Lyne JC
	Atherton JC
	Bolton JC
	Bury JC
	Farnworth JC
	Heywood JC
	Hyde JC
	Leigh JC
	Middleton JC
	Oldham JC
	Prestwich JC
	Rochdale JC
	Stalybridge JC
	Stockport JC
	Wigan JC
Lambeth, Southwark and Wandsworth	<u>Brixton Hill JCP</u>
	<u>Brixton JCP</u>
	<u>Camberwell Green JCP</u>

Clapham Common JCP  
Kennington Park JCP  
London Bridge JCP  
Peckham JCP  
Stockwell JCP  
Streatham JCP  
Wandsworth JCP

Norfolk

Cromer  
Dereham  
Diss  
Fakenham  
GreatYarmouth  
Kings Lynn  
North Walsham  
Norwich  
Thetford

### **EXPLANATORY NOTE**

*(This note is not part of the Regulations)*

(aa) These Regulations introduce the Skills Training Conditionality Pilot. They are made under the pilot-making power in section 29 of the Jobseekers Act 1995 and have effect for a period of 18 months.

(bb) The Skills Training Conditionality Pilot is a scheme for training, including training secured by the Learning and Skills Council for England and learndirect, for certain jobseeker's allowance claimants aged 18 or over.

(cc) Regulation 3 deals with the application of these Regulations. It provides that they apply to claimants who are selected on a sampling basis and who meet certain criteria. In particular, the claimant must be taking part in Jobseeker's Regime and Flexible New Deal Stage 3 and have a training need recorded in his or her Action Plan. The pilot areas are set out in the Schedule to these Regulations.

(dd) Regulation 4 adds the Skills Training Conditionality Pilot to the list of training schemes in regulation 75 of the Jobseeker's Allowance Regulations 1996 in relation to claimants to whom these Regulations apply. Where a claimant fails, without good cause, to participate in or attend any part of the pilot scheme or gives up his or her place on the scheme or is dismissed from the scheme due to misconduct, the person will be subject to a benefits sanction. The effect of this will be the loss or reduction of the person's jobseeker's allowance for a period of two or four weeks.

(ee) Regulation 4 also provides that a person ceases to be required to attend the pilot scheme if he or she changes address and is required to attend an office of the Department for Work and Pensions which is not in a pilot area (although this will not affect a sanction imposed on that person before a change of address).

(ff) An impact assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen.

**Disadvantaged Groups with voluntary early access to Stage 3 of JRfND**

- ex-Offenders;
- refugees and others granted leave to stay;
- homeless including rough sleepers;
- drug and alcohol misusers;
- jobseekers who have been in residential care;
- ex-Armed Forces and partners;
- young people previously Not in Employment, Education or Training (NEET).
- jobseekers with language, literacy or numeracy problems;
- jobseekers who are lone parents, have a disability or are carers;
- people in contact with secondary mental health services;
- people leaving IB/ESA for JSA because they have failed the Personal Capability Assessment Test; and
- adviser discretion in exceptional circumstances.

## **Existing vulnerable groups for JSA Hardship**

A claimant is in a vulnerable group if:

- they or their partner are pregnant and would experience hardship if no payment were made;
- they are a member of a couple and one of them is responsible for a child aged under 16 or a qualifying young person who would experience hardship if no payment were made;
- they are not a member of a couple and are responsible for a child under 16 or a qualifying young person who would experience hardship if no payment were made;
- their income-based JSA includes a disability premium or would include one if their claim were to succeed and the person for whom the premium is paid would experience hardship if no payment were made;
- they or their partner have a chronic medical condition and as a result they (or their partner's) functional capacity is 'limited or restricted by physical impairment', and the decision maker is satisfied that:
  - it has lasted or is likely to last for at least 26 weeks; *and*
  - the health of the person with the condition will decline further than that of a 'normal healthy adult' within the next two weeks and that person would experience hardship if no payment were made.
- they and/or their partner:
  - are caring for someone who:
    - is getting Attendance Allowance (AA) or the highest or middle rate of the care component of Disability Living Allowance (DLA) or has claimed one of these benefits, but only for up to 26 weeks from the date of the claim or until the claim is decided, whichever is first; *or*
    - has been awarded AA or the highest or middle rate of DLA care component but it has not yet been paid; *and*
  - would not be able to continue caring if no hardship payment were made. They do not have to show that the person they are caring for would experience hardship.
- they or their partner are a **16/17-year-old** who can claim income-based JSA and would experience hardship if no payment were made (or if they are a joint-claim couple, the couple will experience hardship);
- they or their partner are claiming JSA on the basis of a **severe Hardship direction**. They do not have to show that they would experience hardship. However, they do not count as in a vulnerable group if the person subject to the direction does not satisfy the labour market conditions; *or*
- they (or if they are a joint-claim couple, at least one of them) are under 21 at the date of their hardship statement and within the last three years were being looked after by the local authority, were someone the local authority had a duty to keep in touch with under the Children Act 1989.

### **Integrated Employment & Skills**

A key principle of welfare reform is an increased focus on retention and progression in employment, as the ability to get and keep a job and progress in work is the best route out of poverty. Enhancing skills is vital to achieve this as is illustrated by the Government making a clear commitment to integrate the employment and skills systems.

In support of the above, the Government also made the following commitment in Work Skills:

*“...in 2010-11 over 100,000 people will be helped to gain sustainable employment and to achieve a recognised qualification. We hope this shared ambition will be an incentive for all partners to deliver a system that truly helps individuals into sustainable employment and progression and supports businesses to succeed in the future...”*

The Integrated Employment and Skills Programme was set up to ensure the delivery of the above, and can be distilled into the following core principles:

**Helping Jobcentre Plus Customers get the skills they need:** This will be achieved through the development and introduction of:

- **improved skills screening** - for Jobcentre Plus customers, both by Advisers at various points in the claim and through the introduction of a skills health check which will be delivered by a new adult advancement and careers service;
- **improved advice and guidance** - on skills and career progression for Jobcentre Plus customers, to be delivered by a new adult advancement & careers service (aacs);
- **improved referral processes** - for Jobcentre Plus customers to both skills provision and enhanced advice and guidance services;
- **more flexible and responsive skills provision** – the development of localised menus of skills provision that is both appropriate for Jobcentre Plus customers in the context of their local labour market and, crucially, will facilitate a seamless transition from pre to post-employment training; and
- **skills accounts** – that will make it easier for individuals to access support, advice and key services as they make choices throughout their lives, and will be the main vehicle by which individuals can access funding from training providers.

### **Introduction of aacs and skills accounts**

1. The aacs will provide all individuals with employment focused careers advice in England, as well as access to wider advice services such as advice on housing and debt. It will also offer all individuals access to a skills health check through nextstep designed to identify a persons' existing skills and any gaps and areas for development (see Annex 5 for

further information on the skills health check). Until the introduction of aacs, advice and guidance will be provided under IES through an enhanced nextstep service. The contract tendering process for the aacs will start later in 2009 and will be open to all existing nextstep providers.

2. From 2010/11, Skills Accounts will give people greater ownership and choice over the learning they undertake, setting out the financial support they are entitled to and providing greater access to a wide range of support and advice services to enable them to take up learning opportunities. The accounts will also act as a record of learning and achievements throughout a person's life.

### **Delivering careers and skills advice in the new IES service**

3. In England from autumn 2010, careers and skills advice, including the delivery of the skills health check, will be undertaken by trained careers advisers working within the adult advancement and careers service alongside Jobcentre Plus.
4. Enhanced nextstep services will undertake this role in the IES trial areas (between September 2008 to 2010/11) prior to national roll out of the service.
5. Active partnership working between Jobcentre Plus and the adult advancement and careers service will be central to the successful delivery of the integrated service. Joint management arrangements for the IES service between Jobcentre Plus and LSC have been put in place in trial areas.

### **Co-location**

6. The IES trials are also testing the co-location of careers advisers in Jobcentre Plus offices to facilitate the delivery of the skills health check to Jobcentre Plus customers, providing an enhanced service, improved customer service.

### **Data sharing**

7. The Department for Work and Pensions is taking legislative powers in the Welfare Reform Bill (Clause 27 at Lords introduction) to enable the aacs and Jobcentre Plus to share customer employment and training information between the two organisations without the need to obtain the person's consent.

### **Trialling the new IES Service**

8. At end March 2009 the IES Service is being trialled in:
  - Black Country;
  - Staffordshire;
  - The Marches;
  - Coventry and Warwickshire;
  - Birmingham and Solihull;
  - Cambridgeshire & Suffolk;

- Greater Manchester Central;
  - Greater Manchester East & West;
  - Central London;
  - Lambeth, Southwark & Wandsworth;
  - Norfolk; and
  - Hampshire and Isle of Wight.
9. The expectation is that we will roll out further trial areas in England during 2009/10 and 2010/11, based on the evidence from the early trials, in preparation for the delivery of a national service.
10. IES trials are testing aspects of the integrated service, including initial skills screening for all new benefit claimants and nextstep delivered skills health checks. This will help to inform roll-out and ensure the service meets the needs of both individuals and employers.

### **Targets**

11. In June 2008 the government announced in *“Work Skills”* that in **“2010-11 over 100,000 people will be helped to gain sustainable employment and to achieve a recognised qualification through an integrated employment and skills system”**. Integrating employment and skills has become a key part of Government’s response to economic downturn. BIS and DWP are currently trialling the integrated service that will help 100,000 people gain sustainable employment and a recognised qualification in 12 trial areas. Joint targets will aim to drive the right behaviour throughout delivery systems and instigate the necessary culture change to support people to enter and remain in work.

### **Supporting the Jobcentre Plus Adviser to assess a customer’s level of qualification**

12. The highest qualification level will be systematically collected and recorded by Jobcentre Plus at the New Jobseekers Interview.
13. Where the identification of a customer’s qualification level is not straightforward, Jobcentre Plus Personal Advisers will be able to routinely access an online tool (the Qualifications Calculator) developed by the LSC to assess the highest level qualification an individual has.

### **The importance of collecting a customer’s highest level qualification**

14. The recording of qualification levels at the New Jobseekers Interview is important as it will be used later in the new JRfND process to determine who receives the 10 minute assessment tool at weeks 13 and 26 and to help prioritise certain customer groups for referral to additional skills support. Recording this level is also the first part of a strategic, cross departmental requirement to monitor and measure a customer’s progression.

## **IES Evaluation**

15. The evaluation of IES has been split into an evaluation of the IES trials and an evaluation of the IES programme as a whole.

### **Trials evaluation**

16. The trials evaluation is in two parts. The first stage is focused on sharing early learning from the trial roll out. The second stage will comprise a series of focused studies on key facets of IES. So far these have been identified as skills screening, referral mechanisms and training provision but will evolve depending on themes emerging from stage one. Mandatory referral to training will be evaluated separately as a stand alone impact evaluation (as set out in Part 5 of the main Explanatory Memorandum) but the quality of the provision will be assessed as part of stage two of the main IES evaluation.

### **Programme evaluation**

17. This evaluation aims to assess the success of IES and an evaluation strategy is currently in development.

#### **Key dates** (estimated beyond stage 1)

##### **Stage 1 Trial evaluation**

Final report June 09

##### **Stage 2 Trial evaluation**

Interim report Oct 09

Final report Spring/Summer 2010

##### **IES Programme Evaluation**

Finalised strategy Summer 09

## **Skills health checks**

The skills health check is a mediated interview undertaken by a trained careers adviser. Currently this is a nextstep adviser. This responsibility will transfer to the adult advancement and careers service (aacs) upon introduction of that service in 2010/11. The skills health check will establish the skills a customer has, and those they need to develop, to help them enter sustainable employment and progress where they can.

The skills health check may include the use of an IT diagnostic tool developed on behalf of the LSC to support the identification of an individual's skills needs. Its length will vary depending on the needs on the individual. However it is anticipated that the skills health check will be completed in approximately 40 minutes.

The completion of a skills health check will always result in a work focussed Skills Action Plan being produced and shared with the customer's Jobcentre Plus Personal Adviser. The Skills Action Plan will detail the actions the customer should undertake to address their identified skills needs.

### **Timing of skills health check**

Individuals can access the skills health check at any point in their working lives, whether they are already in employment, taking a break from work, or in receipt of state benefits.

Some Jobcentre Plus customers may be mandated by means of a Jobseeker's Direction to attend a skills health check, after claiming benefit for more than 6 months or in Stage 3 JRfND, if the Jobcentre Plus Personal Adviser has identified a potential need. This is to ensure that individuals are engaging with their own development and are undertaking activity to get themselves back into work.

### **Accessing a skills health check as part of the Jobseeker journey**

At a Jobseeker's first Work Focused Interview (the New Jobseekers Interview), the Personal Adviser will undertake an initial skills screen to identify a customer's potential skills needs, including Basic Skills needs and language needs.

At this stage, if a customer is demonstrating a potential wider skills need, the Jobcentre Plus Personal Adviser will refer the customer to the nextstep/aacs for a skills health check, on a voluntary basis.

At the six month stage of the Jobseeker's claim (or the 13 week stage if the customer is fast-tracked in JRfND) a customer will undergo an in-depth skills screen with their Jobcentre Plus Personal Adviser, where a potential need has been identified. If the in-depth skills screen identifies a skills need, the adviser has two choices. These are:

1. agree training and an appropriate course with the individual and refer to training without the need for a skills health check; or
2. if the individual does not agree to training and a particular course, or the adviser does not feel confident to suggest a particular type of training or course, refer to nextstep for a skills health check.

### **Outputs from a skills health check**

Once the skills health check has been completed a Skills Action Plan will be produced by the careers adviser and the customer. The Skills Action Plan will detail the skills a person currently has and those employment focused skills they need to develop. The plan will help an individual to identify the action they need to take in order to address their skills needs.

For Jobcentre Plus customers in receipt of JSA the Skills Action Plan will inform the Jobcentre Plus Action Plan for the individual. The careers adviser will discuss the options available to address the needs with the individual.

### **Non-attendance at a skills health check**

Customers required to attend the skills health check by their Personal Adviser may face benefit sanctions if they fail to attend the appointment. Mandated JSA customers, who fail to attend the skills health check, will have Jobseeker's Direction fixed sanctions imposed. These sanctions are 2 weeks loss of benefit for first incident, 4 weeks loss of benefit for each repeat incident which occurs within a period of 12 months.

### **Skills health check IT diagnostic tool**

The skills health check tool will cover four main skill areas. They are:

- personal attributes and behaviours;
- employability skills;
- career management ; and
- basic skills/key skills.

The content and usage of the IT diagnostic tool and the skills health check will undergo a series of revisions during the trial period (to 2010/11) and will be formally evaluated.

### **Previous pilots to sanction for non-attendance at training**

The Department has previously supported two basic skills pilots to mandate jobseekers to skills provision. The first took place in 2001 but participant numbers were too low to produce robust results.

A second pilot testing mandation to basic skills training ran from 1 April 2004 to 31 March 2005. There were 12 mandatory basic skills pilot districts in total. The main premise of the mandatory pilot was that customers claiming JSA in the 12 districts may be subject to benefit sanctions if they were referred to provision and either did not attend training or they ended provision without completing it (for any other reason than for entering employment).

The findings from the pilot showed that it increased the probability of customers (who were referred) starting provision by five percentage points. The threat of sanctions was also found to increase the percentage of claimants who completed provision once they had started it by three percentage points. The threat of sanctions had a negative impact on the probability of starting a job by three percentage points.

At the time it was hypothesised that this negative result was because the pilot had moved some claimants into training who would have otherwise have found work (a lock-in period). It was suggested that a longer follow up period would allow claimants more time to complete their training and find work, and so there may be a positive impact in the longer term. DWP analysis tested this theory in 2008, by looking at impact on employment over the 3 years following starting on the pilot using a Propensity Score Matching technique. This analysis found that the impact of mandation on employment has fallen to around -1.8% by the 20 week point, and seemed to (roughly) persist at this level for the entire 3 year period, reaching -2% after 3 years. This equates to mandated participants spending 6.5 fewer days in employment relative to the control group in 07/08.

**Information on LSC provision database**

<b>Field</b>	<b>Mandatory information (for each course)</b>
<b>Provision Details</b>	
Title	YES
Description	YES
Available From	YES
<b>Provision Location</b>	
Location 1	YES
<b>Primary Skills</b>	
Basic: Literacy	YES
Basic: Numeracy	YES
Basic: ESOL	YES
<b>Secondary Skills</b>	
Please List	YES
<b>Optional Skills</b>	
Please List	YES
<b>Eligibility</b>	
Age Range	YES
Requires Passporting Benefits	YES
Minimum Time Unemployed	YES
Minimum Qualifications	YES
Area Specific	YES
<b>Delivery</b>	
Days Offered	YES
Start Dates	YES
Duration (total weeks)	YES
Hours per Week	YES
<b>Outcome</b>	
Provision outcome qualifications, etc. (please list)	YES
<b>Additional Support</b>	
Travel Allowance	YES
Childcare Allowance	YES

Other funding available	NO
<b>Other Comments</b>	
Warnings	NO
Any other information	NO
<b>Address</b>	
Location Name	YES
Organisation Head Office	YES
Address: Line 1	YES
Address: Line 2	NO
Address: Line 3	NO
Address: City	YES
Address: County	YES
Address: Postcode	YES
<b>Contact Details</b>	
Main Contact Name	YES
Main Telephone No.	YES
Main E-Mail Address	YES
Main Minicom No.	NO
Main Type Talk No.	NO
<b>Accessibility Options</b>	
Wheelchair Access	YES
Home Visits	YES
BSL Interpreters	YES
Other Language Interpreters	YES
Childcare Available	YES

## **Annex 8**

### **The Government's response to the economic downturn**

1. In October 2008, DWP and DIUS (now BIS) jointly announced an additional package of £100m to support skills training for people who are made redundant or are in danger of losing their jobs. This comprised £50m European Social Fund (ESF) funding, matched with £50m Train to Gain funding. As the amount available from ESF revaluation increased to £158m, two further announcements were made in December:
  - DIUS (now BIS) announced a package of support amounting to £158m, comprising £79m ESF matched with £79m from the training budget; and
  - DWP announced £79m of ESF revaluation funds, which would be available from February 2009, and that the Department would ensure that local providers tailor it to the local labour market to give people the best possible chance of finding work.
  
2. At the "Employment Summit"<sup>1</sup> on 12 January 2009, the Government announced 75,000 new training places in colleges and other training providers to be made available to jobseekers who reach the 6 month point on Jobseeker's Allowance. This will provide flexible, job-focused training to equip people with economically valuable skills, helping them to secure new employment. Government also announced a plan to create:
  - 35,000 additional apprenticeships;
  - a subsidised employment option; and
  - help to set up in business.
  
3. Budget 2009 announced a guaranteed offer of a job, work-focused training, or meaningful activity to all 18 to 24 year olds before they reached the 12 month stage of their claim to JSA.
  
4. The guaranteed offer will consist of:
  - Jobs funded from the newly created Future Jobs Fund (see below);
  - Support to move into key employment sectors;
  - Work-focused training; and
  - A Community Task Force programme delivering real help within their local community.

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<sup>1</sup> As well as extra funds for Jobcentre Plus to provide every job seeker who has been out of work for six months more intensive and personalised support, the package announced on 12 January 2009 includes:

- "Employers' Golden Hellos": incentives of up to £2500 paid to employers to recruit and train unemployed people
- New training places: extra funding for training places to help unemployed people get new skills to maximise their chances of getting jobs from the 500,000 vacancies in the economy
- Work-focused volunteering options: opportunities to volunteer to help people back into work habits
- Help to set up a business – advice on creating a business plan, plus funding for the first months of trading

5. The Future Jobs Fund is worth around £1bn, to which local authorities and others can bid, aims to create around 150,000 new jobs, a significant proportion of which will be in areas of dense unemployment. The Fund will form a key component of the guaranteed offer to young people.
6. At the discretion of the adviser, the components of the guaranteed offer can also be extended to over-24 year olds who face significant barriers in the labour market.
7. Jobseekers will therefore have a range of options to consider with their Jobcentre Plus Personal Adviser for help to return to work. Those taking up training relevant to the pilot will be randomly assigned to one of the two pilot groups. Some training, like that funded through the European Social Fund, will not be included, as all participants must be volunteers

## **Diversity and Equality Impact Assessment**

### **Introduction**

1. We know that most people with low skills or no qualifications face other disadvantages or barriers to work. Of the 4.6 million people with no qualifications, 3.5 million fall into at least one other DWP PSA target group (i.e. they are disabled, aged 50 or over, a lone parent, or from an ethnic minority)<sup>1</sup>. That is why, through integrated employment and skills (IES), contact with Jobcentre Plus, a learning provider or adult careers services, will quickly lead to access to the full range of services and support on jobs, skills, financial issues, childcare, housing and personal issues to address the broad needs of its customers.
2. In return for this support, the Government made commitments to testing skills training conditionality to training for jobseekers who reach JRfND Stage 3 and to take the legislative powers necessary to require Jobseekers Allowance (JSA) customers to address their skills needs as part of the conditions of receiving benefits. JSA skills training conditionality will be piloted for 18 months in the following 11 English IES trial districts from early 2010:
  - Black Country
  - Staffordshire
  - The Marches
  - Coventry and Warwickshire
  - Birmingham and Solihull
  - Cambridgeshire & Suffolk
  - Greater Manchester Central
  - Greater Manchester East & West
  - Central London
  - Lambeth, Southwark & Wandsworth
  - Norfolk

A description of the pilot, its policy rationale, purpose and evaluation methodology is included in the main body of the Explanatory Memorandum.

### **Estimating costs and benefits**

3. A full cost benefit analysis of the pilot is included in the Explanatory Memorandum.

### **Equality Impact Assessments**

4. JSA skills training conditionality is being introduced in IES trial areas where the new Jobseekers' regime was rolled out in April 2009<sup>2</sup>. The

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<sup>1</sup> This analysis doesn't take into account of the other types of disadvantage that are not measured by the LFS e.g. homelessness, drug or alcohol abuse, ex-offenders. Estimates are that 50% of ex-offenders have no qualifications and 40% of those living in temporary accommodation. No figures are available on the qualification levels of benefit recipients with drug or alcohol problems.

<sup>2</sup> The Jobcentre Plus districts piloting this policy are: Black Country, Staffordshire, The Marches, Coventry and Warwickshire, Birmingham and Solihull, Cambridgeshire and Suffolk, Norfolk, Greater Manchester East and West, Greater Manchester Central, Central London, Lambeth, Southwark and

analysis that follows uses the most recent Annualised Population Survey<sup>3</sup> data available (Oct 2007 to Sept 2008) to analyse the characteristics of customers reaching the six-month point in claim (the point at which JRfND Stage 3 begins for those who are not fast tracked) in pilot and non-pilot areas<sup>4</sup>. However in the current economic climate we may see jobseekers reaching Stage 3 who have higher skills than we normally expect amongst the JSA population but which no longer match current vacancies. The analysis therefore includes all qualification levels which also makes the data more robust.

5. Under the new JSA regime, anyone who has been unemployed for 22 out of the previous 24 months and 18-year olds who have been continuously not in employment, education or training for 6 months prior to a claim or subsequently, are 'fast-tracked' to Stage 3 (the point at which JSA skills training conditionality will apply) to receive the more intensive job search support this stage provides. This EIA also analyses the characteristics of those customers who are likely to be fast-tracked to Stage 3 during the pilot. The source for the fast-tracker data is the National Benefit Database combined with the LMS Client Database. It has been estimated that the two mandatory fast-tracked groups will form around 3.2% of all new claims.

## **Gender**

### *Background and Statistics*

6. Table 1 shows that men are more likely to be classified as International Labour Organisation (ILO) unemployed at six months than women and are therefore more likely to fall into the pilot than women, by virtue of their presence at stage 3. Around two-thirds of those reaching this point in claim are male. However Table 1 also demonstrates that neither group is disproportionately affected by this pilot as a result of their qualification level. Similar proportions of both males and females hold qualifications below level 2 as hold qualifications at level 2 and above.

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Wandsworth. It is not currently planned to pilot JSA skills training conditionality in Hampshire and the Isle of Wight because this district will not have JRfND rolled out until April 2010.

<sup>3</sup> The Annual Population Survey (APS) is a combined survey of households in Great Britain, comprising the Quarterly Labour Force Survey (LFS), plus data from the Annual Local (Area) Labour Force Survey (LLFS) Boosts for England, Scotland and Wales. More info at

<http://www.ons.gov.uk/about-statistics/user-guidance/lm-guide/sources/household/aps/index.html>

<sup>4</sup> Unemployment measured on the ILO definition rather than the JSA claimant count.

*Table 1: Percentage of those classified as ILO unemployed for at least 6 months*

	QUALS BELOW LEVEL 2	LEVEL 2 AND ABOVE	ALL QUALIFICATIO NS
MALE	65.9	65.8	65.9
FEMALE	34.1	34.2	34.1

Source: Annualised Population Survey 2008

7. To turn to the impact of using the particular pilot areas (Table 2) we find that although men remain the larger group, women are slightly more likely to reach the six month stage and fall within the scope of the pilot than in non-pilot areas (by 3.4 percentage points).

*Table 2: Percentage of those classified as ILO unemployed for at least 6 months*

	NON- PILOT AREA	PILOT AREA
MALE	62.6	59.2
FEMALE	37.4	40.8

Source: Annualised Population Survey 2008

8. Men are much more likely to be fast-tracked to Stage 3 than women in both pilot and non-pilot areas – around 80 per cent of those who are fast-tracked are men (Table 3). However women are very slightly more likely to be fast-tracked to Stage 3 in pilot than non-pilot areas (by 1.5 percentage points).

Table 3 – Percentage of those who are fast-tracked to Stage 3

	NON-PILOT AREA	PILOT AREA
MALE	82.2	80.7
FEMALE	17.8	19.3

Source: National Benefit Database combined with the LMS Client Database

9. This analysis suggests that we would expect more men than women to be affected by JSA skills training conditionality. However this is not a disproportionate effect and is to be anticipated as men are much more likely to be claiming JSA than women. The proportion of female jobseekers claiming JSA was 26 per cent in November 2008 compared with 74 per cent of male jobseekers.
10. We may see slightly more women coming into to the pilot remit through fast-tracking and through the selection of these particular pilot areas. As a result of incoming increased lone parent obligations there is also likely to be an increase in the number of female JSA customers overall. However relatively small numbers mean that we do expected this to make a real difference to the ratio of men to women over the duration of the pilot.

#### *Risk of negative impact*

11. We are working with Jobcentre Plus and the LSC to understand how we can monitor the jobseekers affected by this policy as it is implemented through both quantitative and qualitative methods.
12. Childcare costs can be claimed for children up to the September in the year in which they are 15 (if through a registered childminder). LSC can also fund childcare through the discretionary learner support funds – these policies are aligned with Jobcentre Plus funding of childcare to ensure that there is no duplication. LSC is also currently piloting a free childcare for training scheme in a number of local authorities – there is significant overlap with the Pilot areas (for example, 3 of the 5 West Midlands districts are covered, alongside Manchester, Hampshire, London and Suffolk). The combination of the nextstep service, Jobcentre Plus and providers working together should ensure that no learners are disadvantaged by their childcare needs.

### **Ethnicity**

#### *Background and Statistics*

13. Table 4 shows that the majority of those unemployed at six months are White and that the qualification profile of this group does not differ greatly by ethnicity. The non-White group are slightly less likely to be qualified

below Level 2 than at Level 2 and above (by 1.4 percentage points). On this basis we would not expect the pilot to disproportionately affect non-White customers by focusing on those who are lower-skilled.

*Table 4: Percentage of those classified as ILO unemployed for at least 6 months*

	QUALS BELOW LEVEL 2	LEVEL 2 AND ABOVE	ALL QUALIFICATIO NS
WHITE	81.0	79.6	80.6
NON- WHITE <sup>5</sup>	19.0	20.4	19.4

Source: Annualised Population Survey 2008

14. However when we analyse the population by pilot area (Table 5) we find that people who have been unemployed for 6 months or more are much more likely to be from an ethnic minority background in the pilot areas than the non-pilot areas (by 11.2 percentage points) .

*Table 5: Percentage of those classified as ILO unemployed for at least 6 months*

	NON- PILOT AREA	PILOT AREA
WHITE	83.2	72.0
NON- WHITE	16.8	28.0

Source: Annualised Population Survey 2008

15. In addition we find that individuals who are likely to be fast-tracked to the 6-month point in their claim are 8.3 percentage points more likely to come from an ethnic minority background in pilot areas than non-pilot areas

<sup>5</sup> We are unable to break the non-white group down any further due to sample sizes.

(Table 6). This may be explained by the fact that some of the pilot areas, particularly the metropolitan regions e.g. West Midlands, London, Manchester have larger ethnic minority populations than the national population.

*Table 6 – Percentage of those who are fast-tracked to Stage 3*

	NON-PILOT AREA	PILOT AREA
WHITE	90.1	81.8
NON-WHITE	9.9	18.2

Source: National Benefit Database combined with the LMS Client Database

16. The above evidence suggests that we would expect the majority of the customers affected by the pilot to be white. Overall these figures are roughly in line with Jobcentre Plus data on the ethnicity of JSA customers, with 71 per cent of jobseekers claiming JSA in May 2007 being white. However ethnic minority customers are disproportionately represented in the pilot areas and amongst fast-trackers so are therefore likely to be disproportionately affected by JSA skills training conditionality.

*Risk of negative impact*

17. We are working with Jobcentre Plus to understand how we can collect information to monitor and evaluate this policy through both quantitative and qualitative methods. We are aware that for some of these groups the sample sizes may be too small to ensure a statistically robust comparison.
18. Jobcentre Plus provides access to interpreters to accompany customers at interviews through 'The Big Word'. There is an increased need to provide translation services for Eastern European communities.
19. Ensuring that people who face language barriers to employment and integration have the opportunity to improve their skills is a key concern. The Government spends around £300 million per year on provision for English for Speakers of Other Languages from Entry Level through to Level 2. This includes support for ESOL learners in receipt of benefits through the ESP. DIUS (now BIS) recently consulted on a new approach to ESOL provision that will involve local areas in the identification of priority learners for ESOL provision and in ensuring that provision meets their needs.

20. The balance of public spending and provision for ESOL reflects regional variations in demand. We would normally expect to commit a significant proportion of the overall budget to support for provision in areas like London, Greater Manchester and Birmingham where needs have historically been high.

## **Disability**

### *Background and Statistics*

21. Table 7 shows that around a quarter of customers reaching the six month stage of unemployment have a disability. The proportion of JSA customers with a disability is not recorded by DWP admin data. However 14 per cent of NDYP and 33 per cent of ND25+ customers had a disability in 2006/07. Therefore the figures in Table 7 are broadly in line with overall JSA data and suggest that purely looking at those reaching Stage 3 we would not expect the majority to have a disability.
22. Table 7 also shows that individuals with a disability are very slightly more likely to be qualified below level 2 than Level 2 and above. This suggests that a policy which targets the lower-skilled (proxied by qualifications below Level 2) may have more of an impact on the disabled than the non-disabled but only very slightly.

*Table 7: Percentage of those classified as ILO unemployed for at least 6 months*

	QUALS BELOW LEVEL 2	LEVEL 2 AND ABOVE	ALL QUALIFICATIO NS
DISABLED	23.4	22.0	23.0
NON- DISABLED	76.6	78.0	77.0

Source: Annualised Population Survey 2008

23. Table 8 demonstrates that people who have been unemployed for 6 months or more are less likely to have a disability in the pilot areas than the non-pilot areas (19.7 percent in pilot areas compared to 24 percent in non-pilot areas).

*Table 8: Percentage of those classified as ILO unemployed for 6 months or more*

	NON-PILOT AREA	PILOT AREA
DISABLED	24.0	19.7
NON-DISABLED	76.0	80.3

Source: Annualised Population Survey 2008

24. Similarly customers who are likely to be fast-tracked to JRfND Stage 3 are less likely to report being disabled in pilot areas compared with non-pilot areas (Table 9).

*Table 9 – Percentage of those who are fast-tracked to Stage 3*

	NON-PILOT AREA	PILOT AREA
DISABLED	24.2	22.0
NON-DISABLED	75.8	78.0

Source: National Benefit Database combined with the LMS Client Database

25. This analysis suggests that, on balance, we do not expect this pilot to have a disproportionate impact on customers with disabilities.

*Risk of negative impact*

26. We are working with Jobcentre Plus to understand how we can collect information to monitor and evaluate this policy through both quantitative and qualitative methods.
27. All Jobcentre Plus offices are compliant with the Disability Discrimination Act (DDA). Customers can claim travel expenses to attend certain interviews. Jobcentre Plus contracts with third party providers insist that they are DDA compliant also. Customers can receive help through Access

to Work to enable them to attend training / take up employment (if they need extra travel assistance or work place modifications).

28. The LSC is committed to supporting providers to develop high-quality provision for learners with learning difficulties and/or disabilities through implementing *Learning for Living and Work* in partnership with Lifelong Learning UK.

## Age

### *Background and Statistics*

29. The 25-49 age group make up the majority of customers reaching six months unemployed compared to 16-24 and 50+ year-olds (54.7 percent compared to 32.8 and 12.5 percent respectively). The qualifications profile, in Table 10 shows that the younger age group (16-24) are more likely to be lower-qualified than qualified at level 2 and above (38 percent compared to 20.6 percent). Older age groups are more likely to have higher qualifications. Therefore we may expect that 16-24 year olds will be disproportionately be affected by the JSA skills training conditionality pilot.

*Table 10: Percentage of those classified as ILO unemployed for at least 6 months*

	QUALS BELOW LEVEL 2	LEVEL 2 AND ABOVE	ALL QUALIFIC ATIONS
16-24	38.0	20.6	32.8
25-49	52.4	60.2	54.7
50+	9.6	19.2	12.5

Source: Annualised Population Survey 2008

30. Conversely, Table 11 demonstrates that in pilot areas the 16-24 age group are under-represented compared to non-pilot areas. It is the 25-49 group who are more likely to be affected as a result of the selection of pilot areas. This group make up 53.1 percent of the six-month unemployed in non-pilot areas compared to 60.7 percent in the pilot areas.

*Table 11: Percentage of those classified as ILO unemployed for 6 months or more*

	NON-PILOT AREA	PILOT AREA
16-24	35.1	24.3
25-49	53.1	60.7
50+	11.8	10.0

Source: Annualised Population Survey 2008

31. Similarly, Table 12 shows that customers who are likely to be fast-tracked to JRfND Stage 3 are slightly more likely to be in the 25-49 age group in pilot areas compared with non-pilot areas (66.3 percent compared to 64.8 percent). The 50+ group are slightly less prevalent amongst fast-trackers in pilot areas than non-pilot areas (14.7 percent compared to 16.5 percent). There is little difference between pilot and non-pilot areas for the 16-24 group.

*Table 12 – Percentage of those who are fast-tracked to Stage 3*

	NON-PILOT AREA	PILOT AREA
16-24	18.7	19.0
25-49	64.8	66.3
50+	16.5	14.7

Source: National Benefit Database combined with the LMS Client Database

32. This analysis suggests that it will be important to monitor the age profile of customers affected by skills training conditionality. 25-49 year olds make up the majority of the ILO unemployed at six months and are disproportionately affected by the selection of pilot areas and fast-tracking.

This group is therefore likely to form the bulk of pilot participants. However, the qualifications profile of the younger 16-24 group means that more may fall within the pilot remit by virtue of a greater need for training.

### **Religion/faith**

33. No data is available on the religion or faith of jobseekers who will be impacted by this proposal. No negative impacts are expected to result from this proposal.
34. LSC will be using findings from research to inform policy for engaging different faith groups in learning.
35. All Jobcentre Plus customers attending adviser interventions and who are signposted or referred to IES are done so regardless of their religion/beliefs.

### **Sexual orientation**

36. No data is available on the sexual orientation of jobseekers who will be impacted by this proposal. No negative impacts are expected to result from this proposal. All Jobcentre Plus customers attending adviser interventions and who are signposted or referred to IES are done so regardless of their sexual orientation.

### **Human rights**

37. The Department believes that the policy and design of the pilot are consistent with the European Convention on Human Rights.

### **Child Poverty**

38. Greater levels of skills and qualifications can help to reduce child poverty through an increased number of parents achieving sustainable employment and, via inter-generational effects, improve the educational outcomes of children. We may therefore expect this policy to present an opportunity to promote equality.
39. Upskilling parents, particularly those with basic skills needs, could allow them to play a greater role in their children's education (e.g. helping with school work)<sup>6</sup>. To the extent that upskilling increases earnings, it could also help to alleviate child poverty. The effect of additional income is greater for more economically disadvantaged households.<sup>7</sup>

### **Rural**

40. Analysis of Jobcentre Plus internal data shows that the Jobcentre Plus districts that are taking part in the pilot, consist of a range of different area types encompassing both urban and rural areas. Table 13 shows cluster group data on the urban/rural density of the pilot districts.

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<sup>6</sup> McNally, Stephen Machin and Sandra. (2006). *Education and Child Poverty: A Literature Review*. Joseph Rowntree Foundation.

<sup>7</sup> Blow et al. (2004). *How Important is Income in Determining Children's Outcomes?* Institute of Fiscal Studies.

Table 13: Number of Pilot districts by Jobcentre Plus cluster group

<b>POPULATION CLUSTER GROUP</b>	<b>NUMBER OF PILOT AREAS</b>
VERY RURAL – LOW POPULATION DENSITY, AVERAGE CLAIMANT RATES AND LOW LONG-TERM CLAIMANT COUNT RATE	3
LOW CLAIMANT RATES AND HIGH EMPLOYMENT RATE	3
FAIRLY HIGH POPULATION DENSITY, HIGH CLAIMANT RATES AND LOW EMPLOYMENT RATE	1
INNER CITIES – VERY HIGH POPULATION DENSITY, HIGH LONG-TERM CLAIMANT COUNT RATE AND LOW EMPLOYMENT RATE	4

Source: Jobcentre Plus analysis

41. The amount of financial support available to customers attending provision varies from district to district, as does the kind of support available. Many local authorities provide half fare or free bus passes to unemployed people. Some training providers will reimburse trainees' travel expenses in full etc.

#### **Monitoring and evaluation**

42. Pilot evaluation will use a random assignment approach. A description and justification of this approach is at paragraphs 115-118 of the Explanatory Memorandum. At the point of randomisation it is intended to collect information from the customer about their: ethnicity, gender, age and disability status. This will ensure that there is no bias in the randomisation procedure as it can be monitored. It will also ensure that results can be split by different groups where sample size permits.
43. LSC will continue to monitor the demographic profile of customers of nextstep services to ensure that the service responds to the needs of all groups. Any issues of under-representation by particular customer groups

or types are identified and addressed through procurement procedures and improvement targets are set as required. LSC takes account of a provider's equality and diversity agenda in awarding approved supplier status – providers produce a three year plan that reflects the demographic needs of their local area. Jobcentre Plus districts will also be required to complete Diversity Impact Assessments using local data prior to implementation.

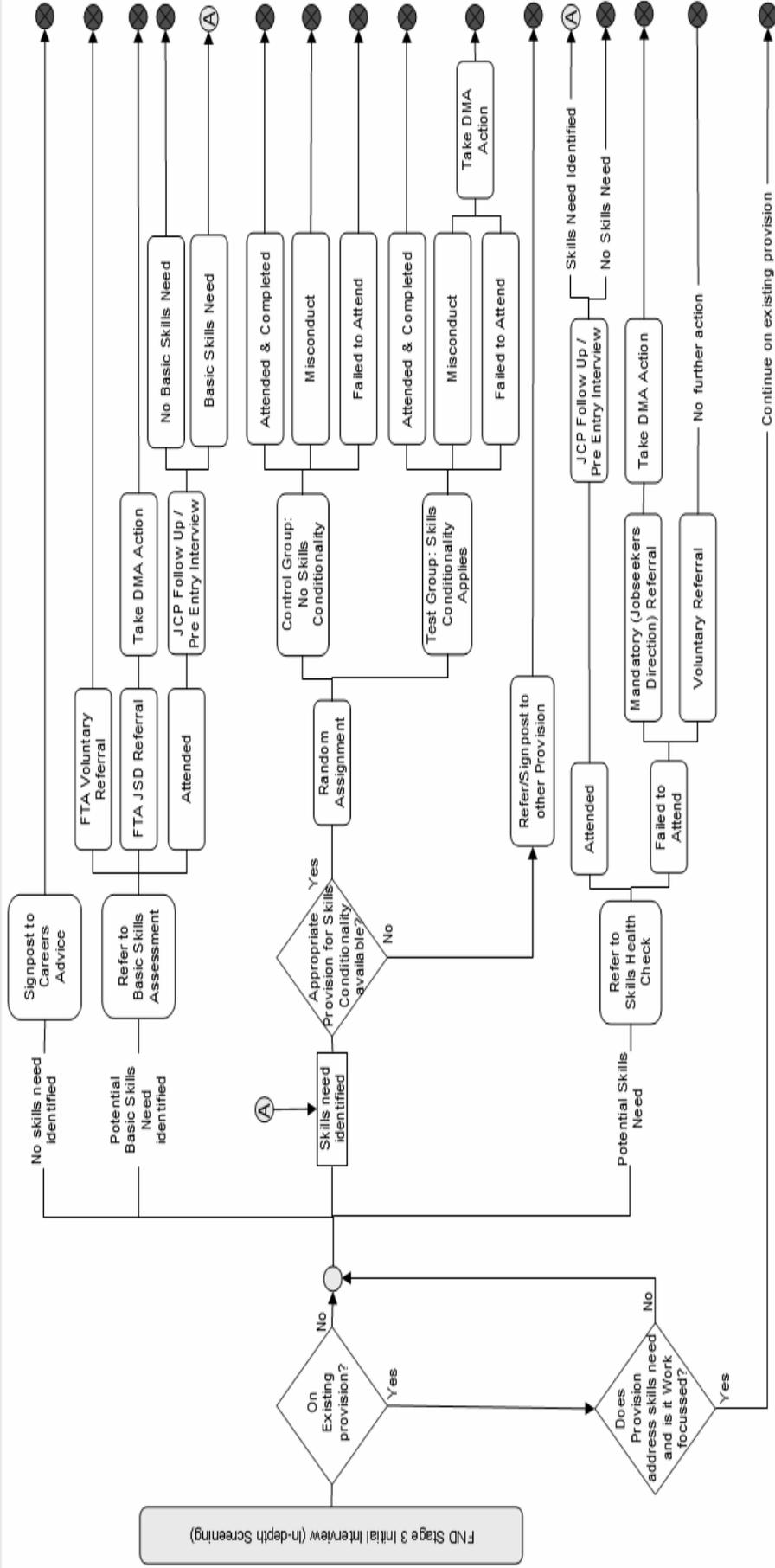
### **Conclusion**

44. This policy is likely to impact on disadvantaged groups as they may be over-represented as claimants at JRfND Stage 3 and have skills needs as a barrier to employment. The Diversity and Equality Impact Assessment identifies areas where particular groups are affected and the mitigation of any associated risks. JSA skills training conditionality is expected to help improve outcomes for disadvantaged groups by ensuring that they receive support on their skills needs through the adult advancement and careers service and, if they undertake a relevant course of training, increasing their likelihood of a positive employment outcome.
45. Using a random assignment approach will ensure that no one group is disadvantaged by the policy as all groups have an equal chance of being selected for either the treatment group (skills training conditionality) or the control group. Using a random assignment approach will also reduce any systematic bias associated with selecting individuals to the pilot areas and will provide the best way of identifying a significant change in employment outcomes as a result of the skills training conditionality, even from a relatively small sample size.

# Annex 10

## Customer Journey

### Jobcentre Plus Integrated Employment and Skills High Level Process Map Skills Conditionality Pilot



**Note: When a customer journey ends in "A", they go to box A "Skills need identified"**

**Glossary:** FND = flexible New Deal; FTA = Failed To Attend; DMA = Decision Maker Action, i.e., about whether or not a sanction should apply.



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