

**EXPLANATORY MEMORANDUM TO
THE JOBSEEKERS ALLOWANCE (WORK FOR YOUR BENEFIT PILOT SCHEME)
REGULATIONS 2010**

2010 No.

1 This explanatory memorandum has been prepared by the Department for Work and Pensions and is laid before Parliament by Command of Her Majesty.

2 Purpose of the instrument

2.1 This instrument introduces “Work for Your Benefit” (WfYB) as a pilot scheme for certain Jobseekers Allowance claimants consisting of work experience and job search support. The aim of the scheme is to test whether mandatory work experience, coupled with job search support, helps the long term unemployed find and sustain work.

2.2 It defines the criteria a person must meet to be required to participate in the scheme, the circumstances in which benefit will be lost if a person fails to participate and the duration of such loss, treats a person who is undertaking work experience as meeting the requirement to actively seek employment, and makes variations to the requirement for a participant in the scheme to be available for work immediately.

3 Matters of special interest to the Joint Committee on Statutory Instruments

None.

4 Legislative Context

This instrument defines the WfYB pilot scheme that is introduced by Section 1 of the Welfare Reform Act 2009 (chapter 24). This Act was the result of a wide-ranging consultation on the future of welfare, which included proposals for piloting the WfYB scheme for people who reach two years unemployment. Piloting this scheme will add to the evidence base on what works in helping long-term unemployed people into work, which will be used in the development of future policy.

5 Territorial Extent and Application

This instrument applies to Great Britain

6 European Convention on Human Rights

The Parliamentary Under-Secretary of State at the Department for Work and Pensions (Helen Goodman) has made the following statement regarding Human Rights:

“In my view the provisions of The Jobseeker's Allowance (Work for Your Benefit Pilot Scheme) Regulations 2010 are compatible with the Convention rights.”

7 Policy background

- 7.1 Customers on Jobseekers Allowance (JSA) undertake different activities – split into ‘stages’ – according to how long they have been claiming JSA. Those jobseekers who reach 12 months (or, in some cases 6 months) unemployment undertake the Flexible New Deal (FND) This is a programme of intensive, flexible support from an external provider, aimed at helping participants find a job, training or work experience to help them move into work. For most people, FND lasts 12 months.
- 7.2 Under current operations, if customers complete FND without securing sustained work they return to Jobcentre Plus and to an earlier stage of the Jobseekers Regime that they will have previously completed. As such, they can cycle through the system, potentially indefinitely. Whilst evidence shows that repeat spells on existing New Deals can be of value, the Government wants to test different types of support that aim to minimise the number of people cycling through the system and move as many people as possible into sustained work.
- 7.3 The WfYB pilots will test a new type of support for customers who complete FND and will build on emerging evidence from other employment programmes (e.g. FND and the Young Person’s Guarantee) of what works in helping the long-term unemployed find sustained work.
- 7.4 The WfYB scheme will consist of work experience and job search support for up to six months, delivered by organisations through contract with DWP. This aims to help those furthest from the labour market develop work habits and routines, giving them experience of work in order to increase their employability.
- 7.5 The WfYB pilot scheme will operate from 22 November 2010 in the four Jobcentre Plus Districts of:
- Cambridgeshire and Suffolk;
 - Norfolk;
 - Greater Manchester Central; and
 - Greater Manchester East & West.
- 7.6 In the pilot areas, those completing FND without having entered sustained employment (i.e. of 26 weeks or more) will be allocated to one of the following groups. This allocation will be random and will be applied before people start on FND. This is to test whether advance notification of future activity influences behaviour during FND.
- 7.7 The groups are:
- (i) Work for Your Benefit’, to which this instrument relates; or
 - (ii) an ‘Enhanced Support Period’ of up to six months to be delivered by Jobcentre Plus – to be more intensive than the supported job search (stage 3) of the jobseekers regime, including a £500 personal support fund and a minimum of two adviser interventions per week, amounting to one hour of adviser time; or
 - (iii) the same jobseekers regime as non-pilot areas, involving customers returning to the supported job search stage (stage 3) of the regime, to act as a control group for evaluation.

- 7.8 Over the life of the pilots, approximately 5000 people will take part in WfYB, with around 2000 taking part in the Enhanced Support Period.
- 7.9 For those people selected to take part in WfYB, the scheme will comprise up to 30 hours a week work experience combined with up to 10 hours per week job search support, lasting for 26 weeks. Those required to take part will be either:
- (i) those who have completed their 12 months engagement with FND without securing sustained work; or
 - (ii) those who are referred early to the programme having been identified by a Jobcentre Plus adviser as having little or no recent work experience, who have claimed Jobseeker's Allowance for between 6 and 12 months, and whom the adviser considers will benefit from the programme. Early referrals will be mandatory in nature, and will account for approximately 5% of overall referrals. Lone parents will be excluded from early referrals in order to maintain our overall approach to lone parents on JSA, which emphasises flexible, personalised support over time.
- 7.10 Those people who have agreed restrictions with Jobcentre Plus relating to hours of availability and types of work will be able to carry these over into their work experience placement.
- 7.11 A person who terminates their claim before completing 26 weeks on the scheme will be required to complete the balance of this time if they subsequently reclaim JSA within 13 weeks.
- 7.12 Those taking part in WfYB will remain in receipt of JSA so this instrument relaxes the requirement for a person to be available for work immediately whilst undertaking work experience as a part of this scheme. Unless other more generous easements apply, such as for those with caring responsibilities, those taking part in WfYB must be available for job interviews given 48 hours notice and to start a job at one week's notice.
- 7.13 This instrument establishes the range of acts or omissions for failing to participate in the scheme that will result in a person losing their benefit or receiving it at a reduced rate. These include giving up a place on the scheme, and failing to attend either the work experience or the job search element of the scheme.
- 7.14 It specifies the duration of such sanctions as 2 weeks for the first act, then 4 and 26 weeks for the second and subsequent act within 12 months of a previous sanction. Following imposition of a 26-week sanction, JSA will become repayable when the person agrees to take part in the scheme, subject to a minimum of 4 weeks being served. A sanction will also be brought to an end, subject to the minimum of 1 week, when a person is notified they are no longer required to take part in the scheme.
- 7.15 This instrument draws on the current reasons defined in The Jobseeker's Allowance Regulations 1996 (S.I. 1996/207) as to what reasons for not participating must be considered as 'good cause'. Matters defined in those regulations include: a disease or physical/mental disability which meant the person was unable to attend; a

religious/conscientious objection which meant they were unable to attend, or if a person has caring responsibilities and no close relative of the person cared for was available to provide the care. This list is not exhaustive.

- 7.16 This instrument maintains access to JSA hardship payments, which provides JSA at a reduced rate, for those people subject to a sanction who fall into one of the current JSA vulnerable groups (for example, a lone parent where the child would suffer hardship). The same access to reduced-rate payments of JSA is also maintained where one member of a joint-claim couple is subject to a WfYB-related sanction.

Consolidation

- 7.17 This legislation will be included in the ‘Law Relating to Social Security’ (referred to as “The Blue Books”) which are regularly updated and are available to the public at no cost via the internet at:

<http://www.dwp.gov.uk/publications/specialist-guides/law-volumes/the-law-relating-to-social-security/>

- 7.18 Changes will also be made to volume 6 of the Decision Makers Guide (DMG) which is also available free on the DWP internet at:

<http://www.dwp.gov.uk/publications/specialist-guides/decision-makers-guide/>

8 Consultation outcome

- 8.1 The regulations themselves have not been subject to consultation. However, the proposal for the programme was fully consulted on in July 2008 in the public consultation Green Paper “No one written off: reforming welfare to reward responsibility” (Cm 7363).¹

- 8.2 As well as seeking views on the general principle of such a reform, this paper sought views on:

- (i) how long such work experience should last and at what point after claiming JSA participation should be required;
- (ii) how such work experience opportunities in the community might be supplied in order to encourage and achieve optimum work outcomes; and
- (iii) whether such a scheme could act as an alternative to benefit sanctions for those who repeatedly fail to seek work whilst claiming JSA.

- 8.3 A summary of the responses received was presented in December 2008 in the DWP Green Paper Consultation document² and the White Paper “Raising expectations and increasing support: reforming welfare for the future” (Cm 7506).³ 1,940 interviews were completed among the general public in Great Britain aged 16 years and above, and 85% of consultees agreed with the proposal to introduce a requirement for people who have been claiming JSA for more than two years to undertake WfYB.

1 See <http://www.official-documents.gov.uk/document/cm73/7363/7363.pdf>

2 See <http://www.dwp.gov.uk/docs/consultationreport.pdf>

3 See <http://www.official-documents.gov.uk/document/cm75/7506/7506.pdf>

- 8.4 Some respondents were opposed to the principle of anyone working for their benefit, claiming there is no evidence that 'work fare' schemes help people find work. In particular, respondents thought that work experience in isolation would not achieve the desired results, but rather should be coupled with job search and obtaining the necessary work-entry skills. This was also a common view amongst stakeholders.
- 8.5 Opinions on the duration of the scheme varied between a person being required to take part for 12 weeks, to until a person enters either work or skills training. There was broad consensus that the scheme should be for those who are long term unemployed, i.e. for 12 months or more, or that the scheme should be reserved for cases of suspected fraud or those who frequently reclaim.
- 8.6 On the question of how work experience might be supplied in order to encourage and achieve optimum work outcomes, a commonly held view was that the voluntary sector might provide one answer so long as there is sufficient investment to support this. Respondents emphasised the need for a range of activities to be available in order to meet individuals' development needs.
- 8.7 When considering whether WfYB would act as an alternative to benefit sanctions, the view was the two systems should be maintained independently as otherwise undertaking work experience might be seen as punitive rather than a positive step towards work. Respondents felt using work experience in place of a sanction might also lessen the credibility of the initiative in the opinion of contractors, host organisations and the wider community.
- 8.8 The Department has also consulted with stakeholders on an informal basis during the design of the programme. The issues raised were similar to those outlined above and, in addition, some stakeholders raised the issue of job substitution, and whether WfYB participants would displace workers from the wider labour market.
- 8.9 The design of the WfYB scheme has taken into account the key views that emerged from the consultation by:
- providing Jobcentre Plus advisers with the discretion to identify people for whom early entry would be appropriate;
 - including job search support as a key element of the scheme in recognition of the fact that work experience alone may not equip participants with the skills they need;
 - ensuring that the scheme is tailored to individuals, with providers being asked to source a range of placements which meet the needs and aspirations of individuals; and
 - including safeguards in the WfYB contracts to ensure that host organisations do not use WfYB participants to fill existing or planned vacancies.

9 Guidance

- 9.1 Information products such as leaflets and letters are being developed to ensure people participating in WfYB understand their rights and responsibilities.

- 9.2 Participants will be provided with details of what is expected of them, and will have the consequences of not participating fully explained to them by their Jobcentre Plus adviser when referred to provision. This will cover the consequent loss of benefit if they fail to participate without good cause and how they will be able to regain payment by re-engaging in the scheme. The provider will also advise the customer of this at their initial interview.
- 9.3 Guidance has been developed for staff in the Jobcentre Plus offices in the pilot locations who advise customers and benefit delivery centres who maintain JSA claims including decision makers. This guidance will contain information relevant to all of the process involved in WfYB.
- 9.4 Guidance is also being developed for the providers that will deliver WfYB to ensure they understand what is expected of them and their duty to customers. This will be distributed to providers and will be available on the DWP website.

10 Impact

- 10.1 This instrument has no impact on business, charities or voluntary bodies.
- 10.2 The impact on the public sector is less than £5 million per annum for Jobcentre Plus to deliver the alternative regime – the Enhanced Support Period.
- 10.3 A full impact assessment has not been prepared for this instrument.

11 Regulating small business

The instrument does not apply to small businesses.

12 Monitoring and review

- 12.1 Evaluation is an integral element of the Work for Your Benefit pilots, and will help develop the evidence base on what works for those who have been claiming JSA for two years or more. This will inform policy decisions about how best to support people into work who have not found sustainable employment through the jobseekers regime and Flexible New Deal and whether to extend similar support nationally.
- 12.2 DWP has developed a high-level evaluation strategy and will commission expert independent evaluators to conduct a comprehensive evaluation of the pilots.
- 12.3 The WfYB pilots will provide robust evidence to demonstrate:
- whether there is a deterrent effect of WfYB;
 - whether WfYB or the Enhanced Support Period provides the most effective method of supporting customers who have been on JSA for two years or more into work;
 - which type of support; WfYB or the Enhanced Support Period, is more cost-effective in moving these customers into work; and
 - whether early access to WfYB provides a more effective method of supporting the most disadvantaged customers than FND.

12.4 The detailed questions the evaluation will ask are:

- Motivation/deterrent effects - to what extent are customers motivated to find work/deterred from claiming benefit by the prospect of undertaking full-time work-related activity?
- Impacts on employment/unemployment - which method of supporting customers who have not found sustainable employment after two years delivers the strongest and most sustainable job outcome performance? What are the key characteristics of this customer group, what are their main barriers to work and what works best for them?
- Cost benefits - which method of supporting customers delivers the most cost-effective way of supporting this customer group?
- Service delivery and customer experience – how was the pilot delivered, what was the experience of customers undertaking provision and what worked/did not work in moving customers into employment? Were work experience placements in addition to existing and planned vacancies within an organisation? What lessons can we learn from delivery to help shape any future national model?

12.5 The evaluation will employ a random allocation design because this is the most rigorous way of determining whether a cause-effect relationship exists between treatment and outcome.

12.6 The evaluation will use both qualitative and quantitative techniques to answer the above questions. It is envisaged that this will involve:

- qualitative delivery site visits, which will include visits to providers and to Jobcentre Plus offices;
- qualitative in-depth interviews with customers;
- quantitative analysis of Jobcentre Plus administrative data, for example looking at how many people on WfYB have moved into work, and an analysis of the impact of sanctions on participation; and
- quantitative customer surveys.

12.7 The full results of the evaluation of WfYB will be published by DWP in late 2013/early 2014, with interim results available in summer 2011.

13 Contact

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