

## Policy Developments

The following are the main policy developments for each strategic activity, followed by a brief overview of the impact of the recession on our services.

### Employment

#### Service overview

Delivering programmes and opportunities to help people obtain and retain paid employment, and provide career development services to help people reach their career goals.

#### State agencies

Primary      Department for Work and Pensions (DWP)  
Secondary    Department for Innovation, Universities and Skills (DIUS)

#### Key Policy publications

- March 2007 “Reducing dependency, increasing opportunity: options for the future of welfare to work” David Freud report for DWP
- November 2007 “Opportunity, Employment and Progression: making skills work” DWP/DIUS joint report
- December 2007 “Improving Specialist Disability Employment Services” - DWP Green Paper
- March 08 “Working for a Healthier Tomorrow” Dame Carol Black review for DWP/DoH
- July 2008 “No one written off” - DWP Green Paper

#### Overview of main developments

There is wide agreement about the general approach to Welfare Reform, i.e. the package of measures to maximise the employment prospects of people claiming unemployment benefits. Even the main political parties agree, albeit using different language to describe broadly similar initiatives. The developments are:

#### Benefit Changes

There has been recent publicity about the introduction of the new Employment Support Allowance (ESA) replacing the old Incapacity Benefit (IB) for new claimants from October 2008.

IB was a passive benefit, with recipients not required to do anything. It is now accepted that some requirement to engage can generate positive employment outcomes.

ESA has two streams, the Support group and the Work group.

- Support Group will have been assessed as having such impairments that they should not be required to work, although they can access employment support should they volunteer.

- Work Group will have been assessed as capable of some work and required to undertake some work focused activity in order to retain their benefit at the higher level.

It is expected that the new assessment arrangements will mean 10% fewer people will be eligible for ESA than for IB.

Those who are not eligible for ESA will get Job Seekers Allowance (JSA), which is the standard unemployment benefit.

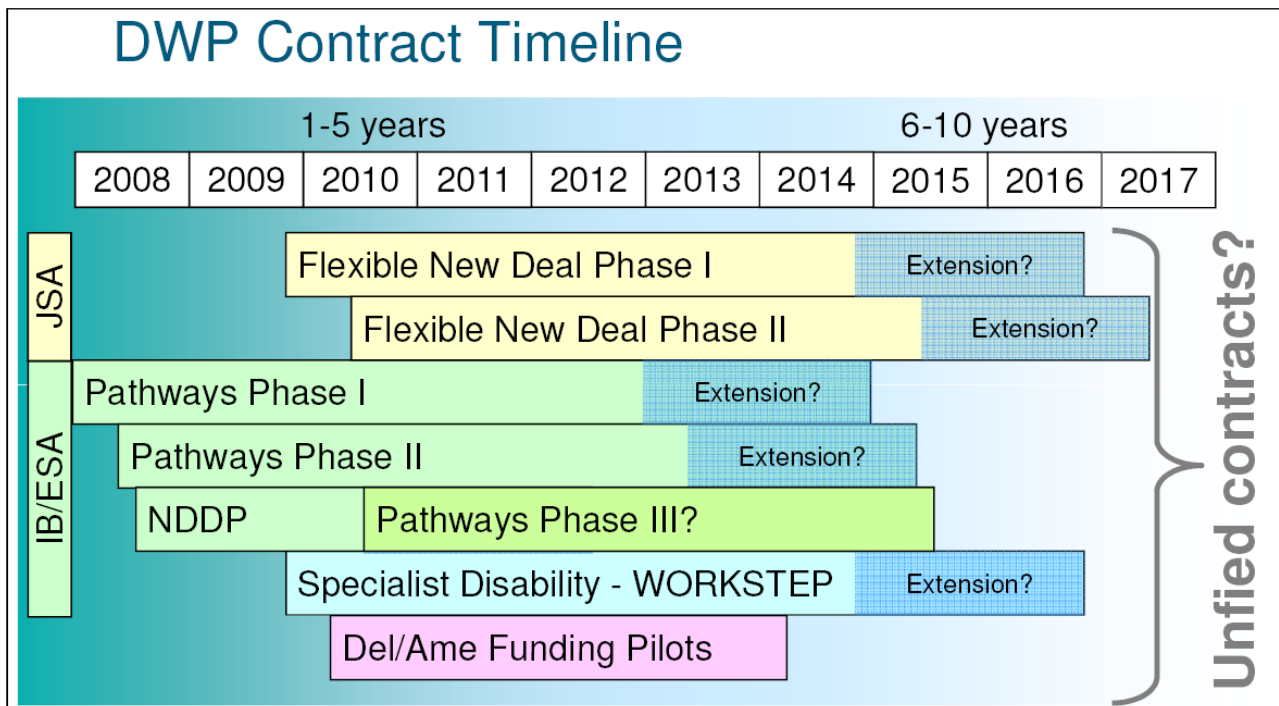
Claimant numbers for end 2007 are:

Benefit	Claimants	Notes
Job Seekers Allowance	837,000	67% repeat claimants, 33% spend more time on benefit than in work
Incapacity Benefit	2,640,000	>50% claiming over 5 years
Total	3,477,000	

### Service delivery

DWP recognise the most effective employment programmes are those which allow providers flexibility to address any employment barrier an individual may face. This rightly reflects the bio-psycho-social nature of impairment i.e. that people with identical physical conditions will react differently according to their psychological and societal conditioning. This requirement to allow flexibility has led to contracts in which providers are paid for achieving a sustained job outcome, rather than paid for tightly specified activity.

DWP also recognise that many of the barriers unemployed people face, and steps required to overcome them are common e.g. low self confidence, basic skills etc., regardless of the reason for unemployment. This has led to increasingly fewer types of contract being purchased by DWP, streamed mainly by benefit type, as seen below



There is every expectation that these contracts will be further amalgamated in future, potentially into one unified contract from around 2014.

### **Service Gaps**

The current contracts are principally targeted at people who need short term, low intensity support to obtain and retain work. This rightly reflects the demographics of the claimants and is economically rational, as the costs of keeping someone on benefit are broadly consistent, regardless of the intensity of support required to help them into work.

This targeting is reinforced by the charge per job outcome DWP are prepared to pay, which is lower than in past contracts, and limits the time available for each client.

Effectively the majority of DWP effort is aimed at people who have been unemployed for relatively short periods, as they tend to be cheaper to support.

In the long term if this targeting is successful there will be fewer people on benefit, but those remaining will require higher levels of support. The DWP effort can then target those people.

### **Funding – Del/Ame**

The DWP funding for employment programmes is a fixed budget, which is called their Departmental Expenditure Limit (Del).

The DWP funding for benefit payments can not be fixed as the DWP can't control it. It is funded through the Treasury in the same way as other "uncontrollable" expenses, such as war, and is known as Annual Managed Expenditure (Ame). The logic being you can manage but not control these costs.

The flaws with this system are

- it generally costs less to get someone into work than it does to keep them on benefit
- the amount per claimant to help people into work decreases as claimant numbers increase

This results in programmes which can only ever support limited proportions of the total claimant population, currently estimated to be 25%-33% of all claimants.

In his 2007 report David Freud proposed resolving this anomaly by using benefit savings to pay providers once someone had secured sustained work, thereby releasing substantially increased funds resulting in

- Higher proportions of people into work
- Adequate funding for those who require greatest support.

His proposal, commonly known as the "Del/Ame switch", was supported in the 2008 Green Paper, "No one written off", and pilots will be run in a number of counties from 2010 to test the mechanism. Norfolk is one of those counties and we aim to be part of those pilots.

### **Procurement**

DWP currently spends £1bn annually on employment programmes, with hugely variable success rates.

DWP aims to have fewer, larger contracts, thereby increasing economies of scale, attracting new providers with larger contracts, driving enhanced performance and reducing DWP procurement costs.

Currently DWP have 587 providers, they expect this figure to reduce to 100, of which only 20 will contract directly with DWP, the rest being subcontractors. This means there will be huge change in the provider market over the coming years as organisations fight to ensure they can continue to deliver.

A consequence of this change, particularly combined with the greater targeting of those requiring low intensity support, is that the specialist providers, who tend to be smaller, often voluntary sector organisations, are at high risk of losing DWP funding. Given there are few other funds for employment services there is a risk that the expertise in these providers will be lost, resulting in worse prospects for those who require more intense support. We are lobbying to provide some mechanism to retain this expertise in the market.

### **Skills and Employment**

There is a growing acknowledgement that there tend to be conflicting priorities between Government departments, which should operate in concert to get better outcomes for unemployed people. In particular the correlation between low skills and poor career/employment prospects is very clear. DWP and DIUS committed to working together in their November 2007 report, in reality few changes have yet been implemented.

### **Employer Issues**

There is a growing sense within DWP that employers could do more to prevent people becoming unemployed through better absence management and use of rehabilitation support. Apart from the political consequences of creating obligations on employers, there is a concern that this may be counter productive, causing employers to be more wary of employing disabled people, who they perceive to be more likely to have sickness. Positively all DWP employment programmes require a degree of employer engagement.

## **Learning for Life and Work**

### **Service overview**

Increase an individual's opportunity to learn so they are able to

- Achieve their ambitions and realise their potential
- Improve their choice and independence
- Increase their options to obtain and retain rewarding employment
- Developing personally and socially

These services delivered to people who are typically supported by Adult Social Care, and people who need to make a transition from school to adult life.

### **Key State agency**

Primary	Department of Health (DoH)
Secondary	Department for Children, Schools and Families (DCSF), previously Department for Education and Skills (DFES)

## **Key Policy publications**

- 2001 “Valuing People” DoH White Paper
- Jan 2006 “Our Health, Our Care, Our Say” DoH White Paper
- May 2007 “Aiming High for Disabled Children” DfES Report
- Dec 2007 “Putting People First” DoH Policy Document

## **Overview of main developments**

### **Adult Social Care**

The various policy papers above have two main developments, both of which we support, i.e. increased control for the disabled person, leading to use of Individualised Budgets. These impact on both Personal Support and Learning for Life and Work strategic themes.

The White Paper “Valuing People” (2001) set out the Government's vision for people with a learning disability, based on four key principles of rights, independence, choice, and inclusion. “Valuing People” covered a range of issues including health, housing and employment.

In January 2006 the “Our Health, Our Care, Our Say” DoH White Paper aimed to improve health and well being through a range of measures, most notably

- More community based services, with enhanced access
- Focus on preventative measures
- Better support to people with long term conditions
- Integrating Health and Social care
- Provide people with a louder voice

As part of this direct payments in social care, which give individuals a sum of money to purchase the services they need, were to be extended. Additionally, individual budgets were to be piloted with the aim of giving people more choice and control and, in addition, stimulating the market in social care.

The December 2007 “Putting People First” DoH Policy Document explained a vision and commitment to the transformation of adult social care over a period of three years. Key elements being:

- Prevention
- Early intervention and re-enablement
- Personalisation
- Information, advice and advocacy

Putting People First required Councils to move to a system of personal budgets for everyone who is eligible for publicly-funded adult social care support. It also required that they provide universal information, advice and advocacy services for all who need services and their carers. This is irrespective of eligibility for public funding

We are now seeing the impact of Putting People First as Councils develop various means of moving to a system of personal budgets. Most are aiming for full implementation by March 2009, with some now recognising this is too quick.

## **Terminology**

There are a range of terms used in differing ways within various local authorities for Personal Budgets, Self Directed Support, Direct Payments, Individualised Budgets, and they are often used interchangeably. There are differences between the various terms but in essence all mean the person receiving the service, or their chosen advocate, has an allowance which they can spend on their services.

We are increasingly using the term Self Directed Support (SDS) as this appears to reasonably self explanatory, and covers a wide range of situations.

## **Challenges**

The main challenge is that many people receiving Social Services have been conditioned to be passive recipients of services, with no choice or real say over their services.

The move to SDS means those people need to develop new skills as customers, not only in making informed decisions about who provides their services, how and when, but also for issues such as how to express and assert their views, and even becoming an employer of personal assistants and staff.

An additional challenge is the market is not yet ready to respond to these new customers properly, and few councils have taken steps to actively manage the market transition from the council being the only customer to people buying their own services.

There is a significant financial challenge as the funds available to each person will simply be an allocation of available Social Services budgets. Given budgets are under pressure, and currently services are block purchased, bringing economies of scale, it is likely there will be insufficient funds to buy meaningful services.

## **Opportunities**

Whilst there are rules about how a person receiving SDS funds can spend them, there are also very positive flexibilities e.g.

- Someone who cares for their partner may want respite care. They could spend their SDS funds on a holiday, allowing them a break from the domestic chores, without the emotional difficulties of being separated from their partner.
- Someone with mobility issues may prefer to invest in a trailer for their mobility scooter to allow them the independence to travel without a personal assistant.

## **Transitions**

The May 2007 "Aiming High for Disabled Children" DfES Report aims to deliver:

- Access and empowerment for disabled children and families
- Responsive services and timely support
- Improved service quality and capacity

To support this there will be £340m additional funds, with £18m shared between Cambridgeshire, Suffolk and Essex over the two years from April 2009. There will also be pilots on Individualised Budgets starting in 2009.

As Transitions is a new area our grasp of the policy areas is more limited than other operational areas. As part of the development of this service we are addressing this knowledge gap.

# Vocational Rehabilitation

## Service overview

Supporting people to find and retain employment when they have substantial, multiple and complex barriers to work following an acquired impairment. Currently this is principally funded through insurance companies.

## State agencies

Primary	Ministry of Justice (MoJ), previously Department for Constitutional Affairs (DCA)
Secondary	Department for Work and Pensions (DWP) Department of Health (DoH)

## Key Policy publications

- 1999 “Rehabilitation Code” Liability Insurers Code of Practice
- 2005 “National Service Framework for Long term Conditions” DoH Best Practice Document
- March 2008 “Working for a Healthier Tomorrow” Dame Carol Black review for DWP/DoH
- July 2008 “No one written off” - DWP Green Paper

## Overview of main developments

The State provides employment support programmes for people claiming employment benefits. This support is rationed to those who require the least support to obtain employment, e.g. <40 hours in total. Those who require greater support are unlikely to receive any meaningful State funded employment support.

The 2005 “National Service Framework for Long Term Conditions” places an obligation on the NHS to provide vocational rehabilitation to those with a long term neurological condition by 2015, although there is no additional funding for this obligation. Consequently there is little evidence of the NHS having or developing the skills to deliver vocational rehabilitation.

The Del/Ame funding proposals in the 2008 “No one written off” Green Paper (outlined under Employment above) provide the most likely route for obtaining State funding for vocational rehabilitation.

In the meantime there has been a growing recognition in the Insurance sector that vocational rehabilitation can be effective. Insurers motivation is to minimise compensation payments, which can only be done by increasing an injured person’s employment opportunities and independence, objectives we share.

A major challenge is the adversarial nature of this market, with claimants solicitors and Insurers having little mutual trust or respect. The 1999 Rehabilitation Code aimed to ensure that the injured person did not lose out whilst these parties were fighting by requiring that vocational rehabilitation was the primary consideration of all parties. It has taken time to have any impact, but over the last three years there has been major growth in companies providing insurance funded rehabilitation to those people requiring moderate levels of support.

There is little evidence to show the Insurers their rehabilitation spend is cost effective, and Insurers have low confidence in the success of these companies from a vocational perspective.

Papworth have already demonstrated significant success with a number of injured people, which has had a consequential benefit for the Insurers we work with.

## **Impact of Recession**

In our Employment services we are starting to see employers talk about redundancies and stopping recruitment, mainly in Cambridgeshire, although we expect Suffolk and Essex will follow. These are the first tangible operational indicators of the recession.

Given average recessions since the War have lasted 18 months, with an estimated period of a further 6-12 months whilst confidence improves, we could expect the current economic situation to have recovered by April 2011.

We expect the main impact of this recession on each strategic theme to be:

### **Employment services**

These services are funded based on our success in getting people into work. This will inevitably become harder as there are fewer jobs, and employers have a wider choice of potential employees, meaning they can be more selective. We have not operated our services through a recession so the Employment managers are meeting this month to decide what steps we need to take to ensure we can continue to support people into work.

### **Learning for Life and Work**

There is a risk that Government funds will become more limited meaning greater pressure to reduce costs, which is likely to take up to a year to impact on services. However as people move to SDS then they will consider how they spend their money in the context of overall domestic budget. Therefore if a parent is responsible for someone's money and their household budget is tight, the SDS funds may not all be used to buy services.

### **Vocational Rehabilitation**

Getting people into work is a key aspect of our success which will be limited in the same way as our employment services. However having reasonable certainty of increased independence and improved prospects of employment will ensure insurance companies continue to invest in rehabilitation. Given this, other than the impact of reduced staffing in insurance companies, we would expect only marginal operational impact from the recession.

Matthew Lester  
Director of Operations