THIS ISN'T WORKING

Reimagining Employment Support for People Facing Complex Disadvantage

Tom Pollard and Pawda Tjoa

New Local (formerly the New Local Government Network) is an independent think tank and network with a mission to transform public services and unlock community power.

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Tom has spent over ten years working on social policy related to mental health, with a particular focus on employment and the benefits system. After starting his career working for an MP in Parliament, he spent seven years in the Policy and Campaigns Unit at Mind. He was then asked to join DWP on secondment, where he spent 18 months as Senior Mental Health Policy Advisor. Since finishing at DWP, Tom has spent two years training and working as a Mental Health Social Worker, alongside consulting as a policy expert on mental health and social security.

In January 2019, Tom published a paper with Demos, *Pathways from Poverty: A Case for Institutional Reform,* which describes his experience on secondment at DWP and the institutional and cultural barriers he witnessed there to the scale of reform he believes is required to provide effective employment support to people experiencing mental health problems, other health conditions and disabilities, and associated social disadvantages.

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In March 2019 New Local published *The Community Paradigm*, which argued that public services, stuck in a hybrid of the state and market paradigms, are unable to meet the twin challenges of rising demand and public desire for a greater say in what services are available and how they are delivered. The report mapped a path to the Community Paradigm, characterised by radical devolution and community-led approaches to service commissioning, design and delivery.

FOREWORD

Behind every label of 'complex needs' and 'barriers to work', is an individual with aspirations, ambitions and challenges to overcome. For disabled people, all too often those barriers are structural failings in the way services are designed to demand compliance rather than remove the societal barriers to full participation by supporting impairment related needs.

My experience as one of the relatively small number of disabled people to have moved from the Support Group of Employment Support Allowance into paid employment was that the complex barriers I faced were not possible for the employment programmes or Department for Work and Pensions to address.

I was fortunate not to be subject to conditionality throughout this time, as learning to manage life with an impairment is a time consuming and difficult process, as is obtaining the medical support, social care and equipment required to participate fully in life. The additional, crucial element in achieving sustainable paid work was an employer with the vision to see how reasonable adjustments could enable me to be successful in a role, and the significant gains organisations make when opening their minds to a more diverse workforce.

At a time when so many people are newly unemployed and the attention of policy makers turns once again to lowering the 'claimant count', it is essential that disabled people, and others facing long-term barriers to employment, are not left behind.

This timely report by New Local is very welcome as it focuses on how to solve the issues which disabled people themselves report as being barriers to employment. This would contrast sharply with the top down, compliance driven system which, as the last decade demonstrates, has little impact on reducing the disability employment gap but an enormous, negative impact upon the lives of those subject to such policies.

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EXECUTIVE SUMMARY

Millions of people find it difficult, or even impossible, to work due to the impact of disabilities and long-term health conditions. This is often part of a complex picture of wider social disadvantages, which can include issues such as poverty, loneliness and isolation, problems with housing, drug and alcohol addiction, and contact with the criminal justice system.

This has been compounded by record levels of unemployment in the wake of the coronavirus crisis. People who have been out of work for a long time due to this kind of complex disadvantage face not only their existing barriers to employment, but are also now at the back of a queue of millions of people who will find it easier to move into a job.

Even during periods of low unemployment, the Department for Work and Pensions (DWP) has a poor record of supporting this group into work - only around four per cent of those on associated benefits move into employment each year. The system DWP oversees has also often made people's lives more difficult, exacerbating the stress and anxiety many already live with. Without major reform, the financial costs and human impact will continue to mount. It's time to radically rethink support for this group.

The most dynamic and effective responses to the coronavirus crisis have been facilitated by collaboration between local government, public services, the third sector, businesses and communities — adding to a growing evidence base for the value of locally coordinated responses to complex challenges. This points the way to a different approach for designing and delivering employment support for people facing complex disadvantage.

Where we are starting from and where we need to get to

The current system of benefits and employment support, with DWP at its centre, faces fundamental barriers to delivering the types of reforms needed to provide more effective support to people facing complex disadvantage. A community-led approach has the potential to overcome these barriers by working within a wider ecosystem of support at a local level, with the involvement of individuals and their peer networks.

The current system	A community-led approach
Sees people primarily as benefit claimants with an obligation to fulfil certain expectations in exchange for support, creating a transactional and imbalanced relationship.	Would offer support to people based on what they want and need, in a relational model where power is shared equally and engagement is built on trust and rapport.
Decides what individuals need to do and uses the threat of benefit sanctions to motivate them to take these steps, which disempowers people and provokes anxiety.	Would recognise that people are experts in their own lives and would build their confidence and commitment based on their strengths and aspirations.
Is built around a fixed model of support, shaped by rules and processes, with change constrained by risk aversion and an attachment to the existing infrastructure.	Would involve designing and delivering services in collaboration with the people who need support, with experimentation and flexibility actively encouraged.
Doesn't put trust in people and enjoys little trust in return. Even if the quality of support improved, it would struggle to engage with people facing complex disadvantage.	Would treat trust as a prerequisite for services and would build this from the ground up by designing and delivering support in collaboration with those who need it.

Our research: Strengths and limitations of existing local services

Through interviews with a range of providers and local government commissioners from across England and Wales who are involved in delivering employment support for people facing complex disadvantage, our research identifies what is already working well at a local level:

1. **Providers build the type of relationships needed to help people move towards employment.**

2. **Providers and commissioners understand their local communities and ecosystems of support.**

3. **Local services work well together in partnership to meet people's needs.**

4. **Services work with local employers to proactively develop opportunities for employment.**

We also identify the barriers standing in the way of better support and outcomes:

1. **Narrow and short-term contracts constrain the quality of services.**

2. **DWP commissioning favours larger national providers delivering more generic support.**

3. **Previous attempts at devolution have not allowed for sufficient local innovation.**

4. **Services and local ecosystems of support are severely under-resourced.**

5. **The current system creates barriers to effective joint working.**

6. **DWP practice and reputation undermines the ability of providers to support people.**

A new vision for community-led employment support

Our research provides a rich picture of the successes and challenges experienced by providers and commissioners. They are trying to deliver effective support at a local level, within and around a larger system, context and culture that is driven primarily by DWP. To move from this system to one that embodies a community-led approach, reform should be guided by six key principles:

1. **All services supporting people facing complex disadvantage should be embedded in local strategies that are holistic and community-led.**

2. **The participation of people with lived experience of these issues should be encouraged and facilitated in the design and delivery of these strategies and relevant services.**

3. **Services should be contributing towards a range of positive outcomes that benefit the individuals they are supporting and the wider community.**

4. **Funding should support the health of the whole local ecosystem of support required for positive outcomes to emerge, through long-term investment with built-in flexibility.**

5. **Services should take a relational and assets-based approach.**

6. **National policies, systems and processes should serve and support local approaches.**

Recommendations for local areas

Local areas need to be bold and ambitious in developing and delivering strategies for community-led services, even in the absence of national backing.

Local areas can take the lead in delivering the transformation needed to transition towards a community-led approach. This would realise the benefits and demonstrate the value of services commissioned, designed and delivered in collaboration with the people they support.

Local strategies for community-led services should be developed at the most appropriate level and scale for that area.

In many areas, local authorities will be the most appropriate conveners of local strategies for how services are commissioned, designed and delivered. But some areas may benefit more from a combination of regional and more micro strategies. All relevant local stakeholders should be involved.

Employment should be embedded as a cross-cutting objective within local strategies for community-led services.

Local strategies should address residents' core needs and aspirations - including employment - and recognise that the services which support these needs are inherently interconnected. Convening agencies should also look to shape local employment opportunities.

Community participation, particularly among those in need of support, should be actively encouraged and facilitated at every stage of service design and delivery

Communities should be involved not only in strategy development but in the design and delivery of services. This should be fostered by convening agencies through community engagement and capacity building, and by facilitating participatory and deliberative processes.

Funding and evaluation should promote holistic, collaborative, community-led support.

Providers should have a flexible and dynamic relationship with funders as they work together towards achieving the broad objectives of the local strategy. Longer-term and less prescriptive contracts will help services to invest in development and adapt to changing circumstances.

Recommendations for national government

DWP should no longer be responsible for providing employment support for people on Employment and Support Allowance and the equivalent groups in Universal Credit.

DWP should step back from its assumed responsibility for providing employment support to people facing complex disadvantage. Only by meaningfully shifting this responsibility to local areas will we see the full benefits of a community-led approach.

For people facing complex disadvantage, DWP should focus on providing financial security.

Benefits should be set at a sufficient level for people facing complex disadvantage to meet their needs over an extended period of unemployment. Support should be easier to access, with local services able to verify people's needs, and should prioritise stability.

Power and resources to support people facing complex disadvantage with employment should be shifted from Whitehall to local areas.

DWP's budget for employment support for this group, along with the replacement for the European Social Fund, should be handed over to local areas to resource local strategies. Local areas should share DWP and Treasury savings where people move from benefits into work.

Devolution should actively foster a more community-led approach to employment support for people facing complex disadvantage.

The Government should commit to devolving resources and responsibilities over the course of a Parliament. It should work collaboratively with local areas to realise this commitment through a time-limited dedicated unit with the experience and expertise to foster community-led approaches.

National economic and social policy should help foster a more inclusive economy.

To support local efforts to create more inclusive economies, central government should take action such as strengthening rights for disabled people at work, and consider bold measures like funding guaranteed job offers for people facing complex disadvantage.

Help us make this vision a reality

By addressing fundamental barriers within the current system, the shift to a community-led approach could revolutionise the support available to people facing complex disadvantage. This is not just about employment, but the whole range of people's interconnected needs and aspirations.

In the wake of the coronavirus crisis, this shift is even more critical to avoid this group being left further behind. But it is also more tangible, as local responses to the pandemic, the Government's commitment to 'levelling up', and a widespread desire to 'build back better' all point the way to local areas being resourced and empowered to address complex challenges.

In this report, we have tried to offer a bold vision of what this could mean for employment support for this group. We hope this provides inspiration and impetus to help drive reform forward. We look forward to the ongoing debate, to working with those who want to deliver this vision, and to seeing the positive impact on the lives of those supported.

INTRODUCTION

For the vast majority of us, our jobs play a central role in our day-to-day lives - structuring our time and often shaping our identity and status. The coronavirus crisis has made this more tangibly apparent than ever, as most jobs have been disrupted, altered or simply stopped as a result of efforts to try to slow the spread of the virus.

This rupturing of routine has not been an experience shared by everyone. Millions of people find it difficult, or even impossible, to work due to the impact of disabilities and long-term health conditions. This is often part of a complex picture of wider social disadvantages, which can include issues such as poverty, poor educational attainment, loneliness and isolation, problems with housing, drug and alcohol addiction, and contact with the criminal justice system.

You are more likely to become ill or disabled if you have faced these kinds of disadvantages, and you are more likely to face these kinds of disadvantages if you become ill or disabled. Personal characteristics such as gender, age and ethnicity intersect with these social and economic circumstances to create further inequalities.[1] If mental health problems weren't what signalled the start of someone's difficulties, they often emerge as a result of their experience of being out of work and living in difficult circumstances.

Whether people were born into this type of complex disadvantage or fell upon hard times, once you are caught in this trap it is hard to get out.

[1] *Work, Health and Disability Green Paper: Data pack* (2016) Department for Work and Pensions and Department of Health and Social Care.

Most people facing complex disadvantage seek financial support from the Department for Work and Pensions (DWP), which is then assumed to also have responsibility for helping them move towards work. DWP has specific benefit categories and approaches to employment support for people who are out of work because of health or disability. However, only around four per cent of this group move from benefits into employment each year.[2]

DWP responded well to the coronavirus crisis, but now faces unprecedented challenges.

As millions of newly unemployed people made claims for Universal Credit, and the usual day-to-day business of Jobcentre appointments became impossible, DWP consolidated its efforts to a core function of trying to ensure people got access to the financial support they needed, and was rightly praised for its response to this challenge.

As the longer-term economic impact of the crisis have become apparent, thoughts have turned to how to support unprecedented numbers of unemployed people back into work. DWP has a good record of quickly moving people experiencing 'frictional' unemployment into new jobs.[3] However, the fallout of the crisis will see certain sectors and regions hit particularly hard, leading to a greater risk of some people falling into long-term unemployment.[4] The focus will be on how to avoid this, particularly for young people, who are at risk of their economic prospects being 'scarred' for many years as a result of their experience of the recession.[5] The response will need to involve a bold and ambitious industrial strategy alongside support for individuals.

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2 Ibid. 12 per cent of people on ESA leave the benefit each year, but previous research suggests only around a third of these people move into work. See *Destinations of Jobseeker's Allowance, Income Support and Employment and Support Allowance Leavers 2011* (2012) Department for Work and Pensions; Direct comparisons with non-disabled jobseekers are difficult to make due to differences in how benefits are administered and measured, but an indicative comparison is that around 45 per cent of those on Jobseekers Allowance (which preceded Universal Credit as the basic unemployment benefit) moved off the benefit within six months of starting their claim and over 60 per cent did so within a year. See *Jobseeker's Allowance: How long people claim for* (2019) Department for Work and Pensions.

3 *No Time to Lose: Getting people into work quickly* (2020) Institute of Employment Studies and others.

4 Evans, S. and Dromey, J. (2020) Coronavirus and the Labour Market: Impacts and challenges. Learning and Work Institute.

5 Cominetti, N., Gardiner, L. and Slaughter, H. (2020) *The Full Monty: Facing up to the challenge of the coronavirus labour market crisis.* Resolution Foundation.

Even with such a response, many people will struggle to find work for a long time following the crisis and, as a result, are at greater risk of developing health conditions and disabilities.[6] The Institute for Fiscal Studies has predicted that the combined impact of the recession and the experience of living through coronavirus and the lockdown will result in hundreds of thousands more people experiencing long-term health conditions and disabilities, particularly mental health problems.[7]

Many disabled people and people with long-term health problems who were in work before the crisis, but made unemployed as a result of it, may have difficulties finding a new job that is appropriate and supportive. As a result of this, we are likely to see a significant growth in the number of people on disability and health-related unemployment benefits, joining those who were relying on this support since before the crisis, often for many years.

During previous periods of high unemployment, this group has found itself at the back of the queue for jobs, compounding the barriers to employment they already face.[8] Since the DWP-led system of support for this group has struggled to help many people into work, even during periods of low unemployment, it seems poorly suited to responding to the current situation. With other priority groups such as young people high on the political agenda, DWP is unlikely to be focused on transforming support for those facing complex disadvantage.

The crisis has bolstered the case for locally coordinated responses to complex challenges.

Local responses to the coronavirus crisis across the country have been critical to tackling the pandemic. Local authorities, charities and communities have come together to overcome challenges such as moving rough sleepers into accommodation, identifying people in need of additional support, and getting food and medication to those unable

6 *Health Matters: Health and work* (2019) Public Health England.

7 Banks, J., Karjalainen, H. and Propper, C. (2020) *Recessions and Health: The long-term health consequences of responses to coronavirus.* Institute for Fiscal Studies Briefing Note BN281.

8 Beatty, C. Fothergill, S. Macmillan, R. (2000) 'A theory of employment, unemployment and sickness', *Regional Studies*, vol 34, pp 617-630.

to leave their homes. Key issues with the national response have been related not only to failing to harness local leadership in the midst of the crisis, but also to running down local capacity in the years preceding it.[9]

Areas such as Wigan that pioneered the type of partnership working between communities, public services, the third sector and businesses that have become more widespread during the crisis, managed to temper the impact of austerity and build a greater level of collective resilience.[10] This work builds on a wealth of research about the value of developing and harnessing the capacity of the community, the third sector and the local economy to better serve residents.[11]

Greater local control, with real community involvement, will be critical to the success of the Government's 'levelling up' agenda, if it is to lead to a genuine rebalancing between regions and disadvantaged groups rather than symbolic short-term investment.[12] Managing the impact of Brexit, and responding to the desire for more local control that underpinned the referendum result, will also require a shift in power and resources to local areas.[13]

In this context, local coordination to harness the potential of specialist providers, local economies, and communities themselves could hold the key to addressing the challenge of supporting more people facing complex disadvantage into employment.

It is time for a new approach to supporting people facing complex disadvantage.

The current system's difficulties in supporting this group into employment are not just down to poor policy or implementation. As

9   'How centralisation impeded Britain's covid-19 response', *The Economist.* 18 July 2020; *How is COVID-19 changing the relationship between communities and public services?* (2020) Local Trust and New Local.

10   Jordan, E. (2019) *Case Study: The Wigan Deal.* Centre for Public Impact.

11   *Keep it Local: Innovation in action policy briefing paper* (2017) Locality; Dayson, C., Baker, L. and Rees, J. (2018) *The Value of Small.* Lloyds Bank Foundation, Centre for Regional Economic and Social Research, Institute for Voluntary Action Research, Centre for Voluntary Sector Leadership; *Building Community Wealth in Neighbourhoods: Learning from the Big Local programme* (2020) Local Trust and CLES*;* Kruger, D. (2020) *Levelling Up Our Communities: Proposals for a new social covenant.*

12   Kruger, D. (2020) 'Our focus is on neither the individual nor the state, but on what's between them', *Conservative Home.* 9 April 2020; Cavendish, C. (2020) 'Boris Johnson's 'levelling up' agenda depends on devolving power', *Financial Times.* 6 March 2020.

13   Lord Kerslake (2018) 'The overwhelming Brexit challenge, and the opportunity for local government'. The UK in a Changing Europe. 8 March 2018.

Pathways from Poverty argued, there are more fundamental barriers that stand in the way of DWP designing and delivering an effective system of support.[14] The paper concluded that responsibility for providing employment support for this group should sit instead with local ecosystems of support made up of local authority, NHS and third sector services — as they are better placed to engage with people in these circumstances. However, it acknowledged that transferring this responsibility, and ensuring these ecosystems were sufficiently developed to effectively fulfil it, would be a challenging process.

Through its analysis of the shortcomings of the current model of public service design and delivery, *The Community Paradigm* offers a framework for both understanding why the DWP-led approach is failing this group, and developing a more effective community-led approach.[15] The idea of communities working together to build their own systems of holistic and integrated support contrasts starkly with the centrally-driven DWP model.

This report brings these two strands of work together in order to radically reimagine employment support for people facing complex disadvantage. In the wake of the coronavirus crisis, we believe the case for change is stronger than ever.

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14 Pollard, T. (2019) *Pathways from Poverty: A case for institutional reform.* Demos.
15 Lent, A. and Studdert, J. (2019) *The Community Paradigm: Why public services need radical change and how it can be achieved.* New Local.

WHERE WE ARE STARTING FROM AND WHERE WE NEED TO GET TO

This report is about how a fundamentally different approach to commissioning, designing and delivering services could revolutionise support for people facing complex disadvantage. Although much of the discussion is about institutions, systems and processes, the ultimate goal is for people to have better experiences and outcomes.

As such, we begin with Amy's story below, to show how the alternative approach we will set out might look and feel to someone who needs support, compared to the current system. Amy's story is a composite of real experiences. Although it may sound like quite an extreme scenario, it is the type of situation that will be familiar to many professionals working in relevant frontline services.
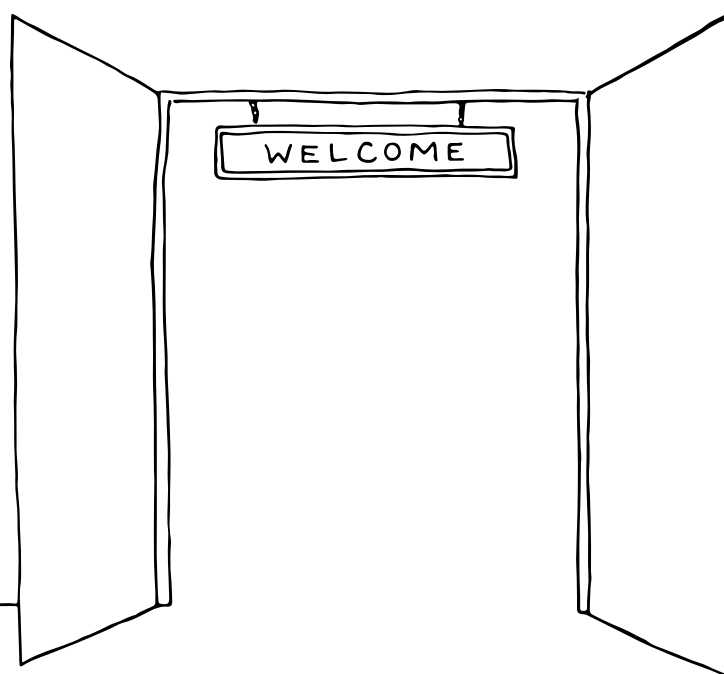
Case Study: Amy's story

Amy is 26 years old. She lives in London. She has worked on and off in retail since leaving school, claiming unemployment benefits in between. However, for much of that time she has been struggling with mental health problems - at times her mood is so low that she cannot get out of bed. She has been drinking heavily to try to cope with how she feels, but this has only made things seem more out of control. She had been living with her parents, but was asked to leave after she became very aggressive when her mum confronted her about her drinking. She has been staying on friends' sofas since while she tries to find somewhere to live. After being sacked from her most recent job for turning up late one too many times, Amy became very socially isolated and was really struggling to make ends meet. One night, she attempted to take her own life, which led to her becoming involved with local mental health services.

How the current system might respond

The mental health team encouraged her to tell DWP about the problems she was experiencing. She was asked to attend a Work Capability Assessment, which she found stressful and demeaning. DWP decided that she was capable of taking steps to prepare for work. This meant she would continue to only get the basic rate of benefit and would be expected to attend Jobcentre appointments.

Although Amy thinks her Jobcentre work coach is well meaning, he doesn't seem to understand her circumstances and challenges, and he keeps pushing her to attend generic and

unhelpful workshops. She has come to dread her appointments and, even though they aren't very frequent, she feels constantly on edge about demonstrating that she's doing enough to not have her benefits stopped.

This anxiety undermines much of the progress she's been making with mental health services. It also makes it harder to address other issues like her housing situation and her drinking – she has been 'signposted' to other services but has struggled to find the energy to follow up on this. She wants to get back to work, but she feels like she is being pushed off benefits rather than supported into a job. The mental health team have offered to refer her to a local employment support service, but Amy is reluctant to take on anything else at the moment and is worried about losing the financial security of benefits.

How our alternative community-led approach might respond

The mental health team informed DWP that Amy was experiencing significant difficulties with her mental health and her social circumstances. DWP agreed to put her on a higher rate of benefit and no longer require her to attend Jobcentre appointments, knowing that the local area had a good system of support for people in this sort of situation, with a strong record of helping people into employment. With the security and peace of mind this gave Amy, she felt more able to engage with the help on offer from a range of local services, including the mental health team, which provided coordinated support for people experiencing situations like hers.

She developed a strong, trusting relationship with Maria, a 'navigator' from a local charity, who had experienced similar issues to Amy in the past. They worked together to identify a package of support from different services, which she was then funded to access without going through multiple referral or assessment processes. Maria also supported her to find somewhere to live and went with her to her first alcohol support meeting. Through talking to Maria, Amy has come to realise

how stressful she was finding customer-facing work, and how she regrets not pursuing her interest in graphic design. Maria introduces Amy to a design agency, which is part of a local group of businesses that has committed to supporting people with disabilities and health conditions. They offer Amy a part-time administrative role and Maria helps her to access funding for an evening class to work towards a graphic design qualification.

With the confidence that she will be able to access financial and practical support if things go wrong, Amy begins to take on more hours at work. Inspired by the support she has received, she also starts volunteering with the charity Maria works for, helping to facilitate sessions where service users discuss how local provision could improve to better support them.

So why can't the type of support Amy needed be delivered within the current system?

DWP's approach to employment support for people facing complex disadvantage epitomises the problems with the hybrid of state and market paradigms described in *The Community Paradigm* (see box on page opposite).

The model comprises a centralised, hierarchical bureaucracy that has tried to incorporate market principles into how its services are designed and delivered. But this has resulted in little tangible benefit in terms of its overall performance or the "customer" experience of people using those services. It is trying to address a complex problem, rooted in local context, with solutions designed and controlled from Whitehall. This leads to rigid and standardised approaches that don't address the aspirations of the individual or leverage local opportunities.

Paradigms of public service delivery

The state paradigm

Public services from the 1940s through to the early 1980s were unified under central government and entirely tax-funded, with the goal of providing universal, comprehensive and free-at-the-point-of-use provision. The state paradigm built hierarchical systems, based on the firm belief that officials and experts knew best how to care for the wider public. Service users and communities were widely regarded as passive recipients.

The market paradigm

Developed in the 1980s and now reaching the end of its era of influence, the market paradigm sought to improve the cost and efficiency of public services and to widen the choices available to users by marketising provision and involving the private sector in delivery. It did not, however, effectively dismantle the hierarchical practices of the previous paradigms. Rather, it introduced a strongly transactional element into the relationship between service and user.

The foundational argument in *Pathways from Poverty* is that the only way to effectively support people facing complex disadvantage into employment is through building genuine and trusting relationships. But DWP faces a number of institutional and cultural barriers that make it very difficult for it to build such relationships and deliver the support people need.

Although people experiencing these types of circumstances tend to live difficult, stressful and insecure lives, they often, nevertheless, manage to find some kind of equilibrium and routine within which to

> **To support someone through this journey requires a relationship that empowers them and builds their confidence; that is responsive to the strengths and needs of that individual; and that is built on a strong foundation of understanding, rapport and trust.**

exist. People will often live in this way for many years,[16] and so it is a huge step for them to effectively agree to disrupt this equilibrium by trying to move into employment. Many don't believe they will ever be able to work again.[17]

To support someone through this journey requires a relationship that empowers them and builds their confidence; that is responsive to the strengths and needs of that individual; and that is built on a strong foundation of understanding, rapport and trust. DWP struggles to build these kinds of relationships due to its dual role policing the benefits system and trying to support people into employment. Its approach to commissioning means that the local and specialist providers who can build these relationships are not being sufficiently involved and funded to do so.

DWP is fundamentally constrained in its ability to address the problems with its current approach, due to its centralised structure, its institutional rigidity, its resistance to reform, and the way in which it inextricably links employment support to benefit receipt.

Communities need to be empowered to deliver an alternative approach.

The Community Paradigm offers a roadmap for achieving a shift from a national, DWP-led system of employment support for people facing complex disadvantage, to a local, community-led approach. Using participatory and deliberative approaches, communities need to be involved in the commissioning, design and delivery of local ecosystems of services, which support people towards a range of outcomes, including employment, depending on their needs.

When we talk about 'communities', we mean both everyone living in a particular place, such as the area covered by a local authority;

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16 Of almost two million people on ESA as of November 2019, almost 90 per cent have been receiving the benefit for over two years, and almost 60 per cent have been receiving the benefit for over five years. Figures sourced from DWP's Stat-Xplore tool. Available at: stat-xplore.dwp.gov.uk (Accessed: 15 August 2020)

17 67 per cent of those surveyed don't believe they will ever be able to work again. See Adams, L., et al. (2020) *Summary: The work aspirations and support needs of claimants in the ESA Support Group and Universal Credit equivalent*. Department for Work and Pensions.

but also communities defined by common experiences and characteristics, such as disabled people or people from particular ethnic groups.

People with relevant experiences and characteristics may not choose to identify as part of this latter type of community, and even for those who do it may not entail any specific activity or contact with others. People are part of multiple communities, which overlap and intersect, and they should not be seen as being defined by any one of these identities. However, the experiences and characteristics that define these communities are often associated with disadvantage and discrimination. As such, it is important to ensure that people from these communities are heard and that specific needs they experience are responded to.

We believe that a placed-based approach to the commissioning, design and delivery of local services is vital for effective coordination and collaboration, and that this should involve the whole community. Particular efforts should be made to engage with people whose experiences and characteristics mean they might otherwise be marginalised from these processes and not have their needs reflected in the services they shape.

Local ecosystems of support should build on existing community assets, such as services delivered by local authorities, the NHS, and third sector organisations; particularly where these services have specialist expertise relating to the needs of specific communities. Local areas need access to sufficient funding and resources, through much more unconditional devolution. This would ensure these local ecosystems deliver high quality support and work in collaboration to meet the needs and aspirations of the whole community.

The following table summarises the barriers that prevent the current system from building the kinds of relationships and delivering the type of support that people facing complex disadvantage need; and how a more community-led approach could overcome these barriers.

DWP-led system vs community-led approach

Barriers within the DWP-led system	How a community-led approach would respond
Treating people as 'claimants' People are seen primarily through the lens of the type of benefits they receive, and their obligation to the state to fulfil certain expectations in return. This creates a transactional and imbalanced relationship.	**Treating people as people** Services, such as employment support, are offered to people based on what they want and need as a citizen living in a community. Services operate on a relational model where power is shared equally.
Assuming people need to be coerced to act Conditional benefits, with the threat of sanctions, assume that someone's motivation is a key barrier to them working. This makes people feel distrusted, and the fear of losing benefits causes anxiety.	**Starting with people's strengths** Services understand that support will only work if people are bought-in, so the role of frontline professionals is to engage people based on their strengths and aspirations, and build mutual trust.
Deciding what steps people need to take The activities people are required to do, directed by DWP, are often unsuitable or unhelpful. This is disempowering and can lead to people simply complying rather than genuinely engaging.	**Empowering people to make their own choices** Services recognise that people are experts in their own lives. As such, if they are supported to decide what they want to achieve and how to get there, they will be more committed to doing so.
Support based on a fixed model Support is limited to the existing infrastructure of Jobcentres and contracted provision that follow a fairly uniform model, shaped by rules and processes designed around a 'standard jobseeker'.	**Support based on what people need** Services designed and delivered in collaboration with the community are better able to respond flexibly and comprehensively to people's needs and aspirations, taking account of their circumstances.
Change constrained by risk aversion Reform is restricted by institutional attachment to a particular model of delivery and an excessive focus on the perceived risks of doing things differently, despite poor outcomes for this group.	**Change actively encouraged** Risk of failure is recognised as an inherent part of developing services that work. Agile local services are encouraged to try different approaches, sharing their learning so the local ecosystem can evolve.
An uphill battle to regain trust Even if the quality of its support improved, DWP's reputation, particularly among people reliant on benefits for a long time, limits the prospects for building the types of relationships needed.	**Starting where trust already exists** Community-led commissioning processes will prioritise services that people who need support already trust and engage with. Only those services that can foster genuine engagement are viable.

DEFINING OUR SCOPE: PEOPLE FACING COMPLEX DISADVANTAGE

The most significant distinction within the current system of unemployment benefits and back-to-work support relates to whether people find it harder to work because of a disability or long-term health condition. People who are assessed as meeting a threshold of eligibility on this basis do not face the same expectations as other unemployed people to prepare for or seek employment, and may receive a higher rate of benefit. 2.3 million people fall into this category,[18] and around £16 billion is spent each year on unemployment benefits for this group.[19]

In this report, we do not want to be limited by the categorisation within the benefits system. Many people do not have their additional barriers to employment recognised by this system for a number of reasons. They may not think to apply to be in a different benefit group, or they may apply but be incorrectly assessed as not being eligible.[20] More fundamentally, the current approach focuses too narrowly on how someone's disability or health condition impairs their 'functioning'. Our concept of 'people facing complex disadvantage' instead considers how the range of social disadvantages someone faces combine and interact to shape their day-to-day experiences, including their ability to access and sustain employment.

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18 Figures sourced from DWP's Stat-Xplore tool. Available at: stat-xplore.dwp.gov.uk (Accessed: 15 August 2020). 1,936,451 people were receiving ESA in the latest statistics available (November 2019) and 373,874 people on Universal Credit were classified as having 'limited capability for work' in the latest statistics available (February 2020)

19 Report by the Comptroller and Auditor General (2019) *Departmental Overview 2019: Department for Work and Pensions.* National Audit Office.

20 Two thirds of people who appeal their Work Capability Assessment are successful at appeal. See *ESA: Work Capability Assessments, Mandatory Reconsiderations and Appeals: March 2020* (2020) Department for Work and Pensions.

DWP's focus on benefit categorisation does little to help this group towards employment.

Our broader definition encompasses a wider group than the 2.3 million people currently categorised within the benefits system as needing additional support due to disabilities or long-term health conditions. It could cover many of the 3.7 million people who identify as disabled and are unemployed,[21] as well as others who may not self-identify as disabled but face significant barriers due to their health or impairment, and associated social disadvantages.

However, for the purposes of understanding how people facing complex disadvantage are treated by the current system, we will focus here on the 2.3 million people receiving relevant benefits. This group is made up of people who receive Employment and Support Allowance (ESA) or are in the equivalent categories within Universal Credit (UC).

How DWP categorises people with disability and health related barriers to work

People apply for ESA or the equivalent UC categories if they are unemployed and feel that a disability or health condition makes it harder, or impossible, for them to work. DWP assesses the impact of their disability or health conditions through a process called the Work Capability Assessment (WCA) which places them in one of three groups:

- **'Fit for work':** DWP does not think their disability or health condition has a sufficient impact on their ability to work to categorise them differently to other unemployed people. They will be required to prepare for employment and apply for jobs, and will receive a basic rate of unemployment benefit (depending on their age and family make-up).

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21 Report by the Comptroller and Auditor General (2019) *Supporting Disabled People to Work.* National Audit Office.

ESA Work Related Activity Group (or equivalent UC categorisation): DWP recognises that their disability or health condition impacts on their ability to work but thinks they should be taking steps towards employment. They can be mandated to engage in 'work related activity' but not to apply for jobs. Since 2017, people placed in this group get the same rate of benefit as someone found 'fit for work'.

ESA Support Group (or equivalent UC categorisation): DWP recognises that their disability or health condition impacts so severely on their ability to work that they should not be required to even take steps to prepare for employment. People in this group get a higher rate of benefit because they are expected to be out of work for a long time.

When ESA was introduced in 2008, it was expected that only a small proportion of people would be placed in the Support Group (SG) and that most of those who accessed the benefit would be placed in the Work Related Activity Group (WRAG), and therefore expected to prepare for work. In the early years of the benefit, around 65 per cent of people who applied were being declared 'fit for work', around 25 per cent were being placed in the WRAG and around 10 per cent in the SG. However, over time, due to changes in legislation, guidance and case law, these proportions have shifted - in 2019, 24 per cent of applicants were declared 'fit for work', 18 per cent were placed in the WRAG and 58 per cent in the SG.[22]

The upshot of this shift is that only a small proportion of those on ESA or the UC equivalent are required to engage in 'work related activity', such as meeting with their Jobcentre work coach and attending training or workshops. However, this group only has marginally better employment outcomes than those not required to undertake such activities, despite being assessed as being closer to employment in the first place.[23] This

22 Figures sourced from DWP's Stat-Xplore tool. Available at: stat-xplore.dwp.gov.uk (Accessed: 15 August 2020).
23 Just over one per cent of the WRAG and just under one per cent of the SG move off ESA each month, but only a third of these people move into employment. See *Work, Health and Disability Green Paper: Data pack* (2016) Department for Work and Pensions and Department of Health and Social Care.

demonstrates that DWP's overall approach of 'activating' those it sees as being closer to work, and the specific support they are providing to this group, are both ineffective. Even more worryingly, people who are subject to mandated activity often report that it is inappropriate for their circumstances and needs and, as a result of the pressure they are under, causes them distress.[24]

This group faces a range of barriers to preparing for, finding and sustaining employment.

Understanding why support is or isn't appropriate or effective for people in these benefit categories requires familiarity with the barriers they often face. People in this group may struggle to prepare for, find and sustain employment for a wide range of reasons:

— **Impact of their disability or health condition:** The direct impact of a disability or health condition can fundamentally limit someone's ability to work because of issues such as mobility, pain, fatigue, concentration, anxiety, mood and motivation.[25] Many people have multiple disabilities and health conditions, often including mental health problems, and report a number of different impacts on their ability to work.[26]

— **Other social circumstances and disadvantages:** Disabilities and health conditions often impact on someone's ability to work through their interaction with their social circumstances, such as social isolation, older age and lack of qualifications.[27] Other factors such as caring roles, family issues, and problems with housing and debt can also limit the time and cognitive bandwidth someone can dedicate to moving towards work.[28]

24 *We've Got Work to Do: Transforming employment and back-to-work support for people with mental health problems* (2014) Mind; Hale, C. (2014) *Fulfilling Potential? ESA and the fate of the Work Related Activity Group.* Mind; *The Effectiveness of the Claimant Commitment in Universal Credit* (2019) SSAC.

25 Adams, L., et al. (2020) *Summary: The work aspirations and support needs of claimants in the ESA Support Group and Universal Credit equivalent*. Department for Work and Pensions.

26 Ibid.

27 *Work, Health and Disability Green Paper: Data pack* (2016) Department for Work and Pensions and Department of Health and Social Care.

28 Adams, L., et al. (2020) *Summary: The work aspirations and support needs of claimants in the ESA Support Group and Universal Credit equivalent*. Department for Work and Pensions.

- **Perceived barriers to employment:** Many people in this group worry about potential negative consequences of moving into work, such as whether they could find appropriate work where they will be properly supported, how working might impact on their health, and whether they could get back onto benefits if things went wrong.[29]

- **Accessibility and discrimination:** Much of the fear many people have about whether they will be able to find appropriate work is based on very real experiences of facing both implicit discrimination in the form of poor accessibility of transport and workplaces, and a lack of proactive support and adjustments; and explicit discrimination in the form of being treated badly at work or not being selected for roles in the first place.[30]

The evidence about how best to support people to overcome these barriers is disputed.

As this report explores, there are many local and specialist providers that seem to be better able than DWP to engage with people facing complex disadvantage. However, their impact on employment outcomes is disputed. Individual providers often report high 'job outcome' rates of over 50 per cent of participants, and some specific models such as Individual Placement and Support for people with mental health problems have a more substantial evidence base to support similar or even higher outcome rates.[31] DWP has historically questioned the validity of these figures on the basis that the 'job outcomes' in question do not always meet their definition (employment of 16 hours per week for a sustained period of time). In addition, they argue that providers are only working with people who have engaged voluntarily, meaning outcomes are easier to attain. Providers counter that they work with a wide range of people and that their ability to foster voluntary engagement is the basis of their success.

29 Ibid.
30 Coleman, N., Sykes, W. and Groom, C. (2013) *Barriers to Employment and Unfair Treatment at Work: A quantitative analysis of disabled people's experiences.* Independent Social Research. Equality and Human Rights Commission (EHRC). Research report no 88.
31 Bond, G. R., Drake, R. E., and Campbell, K. (2016). 'Effectiveness of individual placement and support supported employment for young adults'. *Early Intervention in Psychiatry,* 10(4), 300–307.

Where DWP has mandated people on ESA into employment schemes, such as the Work Programme, only around 13 per cent have ended up in employment.[32] In response to these poor results and mounting evidence about the detrimental impact of conditionality, DWP has effectively accepted that referrals onto such schemes should be voluntary, undermining their previous criticism of local and specialist provider outcomes. Its Work and Health Programme, which also has a greater degree of local control, has better job outcomes of around 25 per cent for this group.[33] However, schemes like this can struggle to get referrals as they primarily come via Jobcentres, which don't engage very effectively with this group.[34] This also means referrals are largely limited to people who are required to attend the Jobcentre because they are in the ESA WRAG or UC equivalent. In contrast, local and specialist providers report that a high proportion of their caseloads are in the ESA SG or UC equivalent.

DWP has been criticised by the National Audit Office for not having a clearer evidence base of 'what works' for supporting this group into employment, despite over 50 years of experience of delivering support.[35] Efforts to develop this evidence base still tend to focus on the structure and processes of programmes and the 'interventions' that are used. This is despite DWP's own review of the existing evidence suggesting that it is the ethos and manner of provision that counts: "the circumstances and context of engagement between adviser and customer, is as (if not more) important than the specificities of types of provision".[36]

This reflects a broader criticism of the type of evidence base that is often called for in modern policy-making, which assumes that testing and then replicating strictly controlled models will lead to replicated positive outcomes. Instead, some argue, we should be identifying the 'ingredients' and 'support factors' that make a particular service

32 *Work Programme Statistical Summary: Data to December 2017* (2018) Department for Work and Pensions.
33 *Work and Health Programme Statistics to February 2020* (2020) Department for Work and Pensions.
34 *London Work and Health Programmes Evaluation: Theme A report* (2019) SQW for London Councils
35 Report by the Comptroller and Auditor General (2019) *Supporting Disabled People to Work.* National Audit Office.
36 Hasluck, C. Green, A. (2007) *What Works for Whom? A review of evidence and meta-analysis.* Department for Work and Pension. Research Report No 407. Warwick Institute for Employment Research

effective, and thinking about how to create an environment that fosters these.[37] It is on this basis that our research with commissioners and providers delivering specialist local support focuses on identifying the elements and characteristics of their services, and the environments they operate in. This is the basis for our vision for an alternative approach to employment support for people facing complex disadvantage.
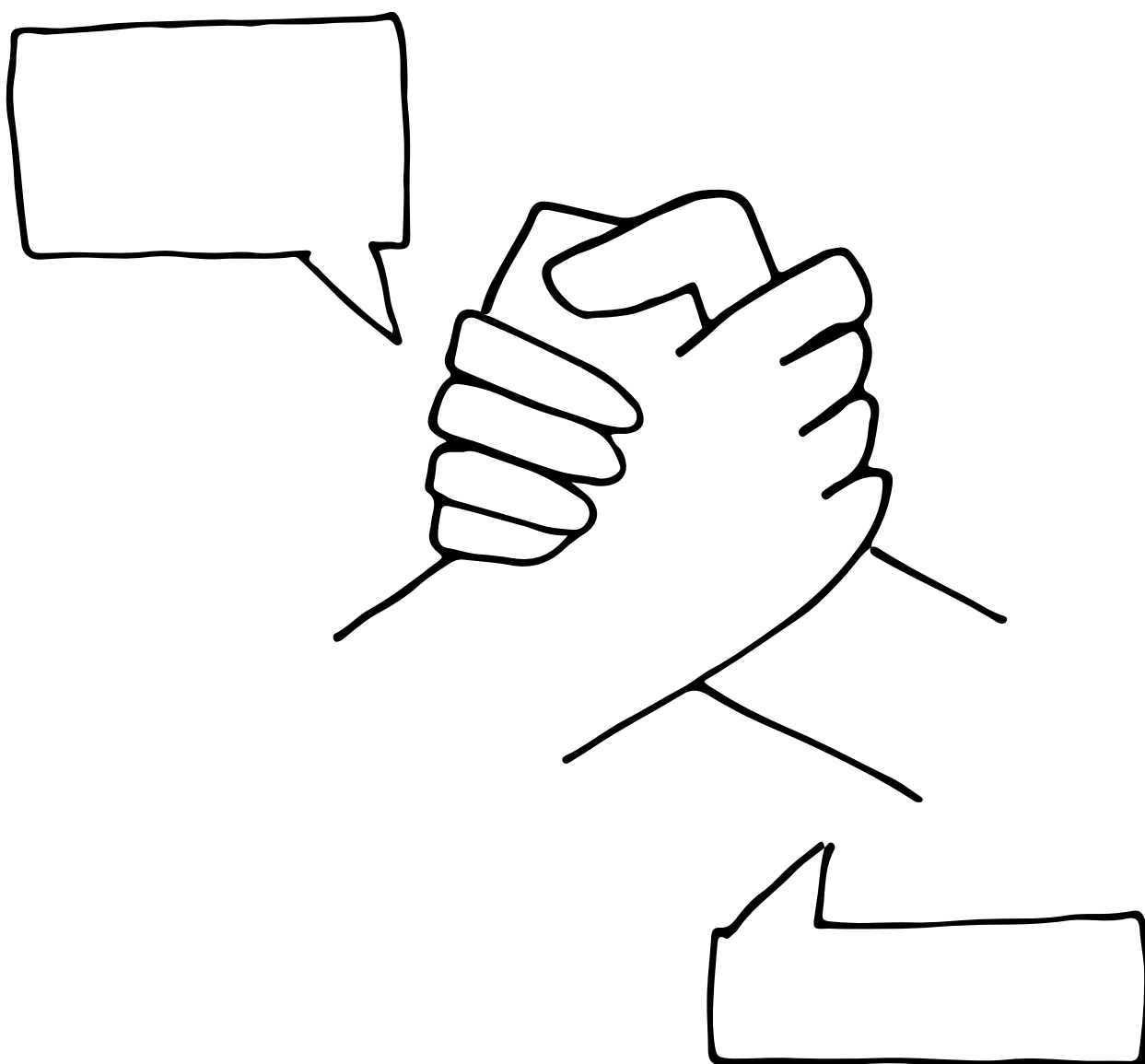
37 Cartwright, N. and Hardie, J. (2012) *Evidence-Based Policy: A practical guide to doing it better*. Oxford University Press

OUR RESEARCH: STRENGTHS AND LIMITATIONS OF EXISTING LOCAL SERVICES

Our research sought to examine how existing local ecosystems of support try to help people facing complex disadvantage to move towards employment. We recognise that the constraints of the current system mean that these ecosystems are limited in the extent to which they can fulfil the principles of a community-led approach and deliver the vision we set out later in this report. However, we wanted to learn about how commissioners and services were working around these constraints, and what it would take to allow and support them to more fully realise the potential of a community-led approach.

We interviewed people involved in the commissioning and delivery of services within local ecosystems.[38] The services we focused on were mostly third sector organisations providing specialist support to people with particular experiences or circumstances that fall within our scope of 'people facing complex disadvantage'. Specialist providers often emerge in response to specific local needs and context but may grow to operate across a region or even nationally. However, the providers we spoke to delivered services rooted in the communities they were serving, even if the organisation operated in multiple areas. The commissioners of employment support services we spoke to were primarily within local authorities, although some worked within the NHS.

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38 The details of the research are included in a full methodology at the end of the report.

The commissioning and delivery of these specialist services at a local level seems to offer the best opportunity to overcome the problems with DWP-led support discussed above, particularly in the context of the additional challenges presented by the coronavirus crisis.[39] We identified key themes relating to where this is working well and what's standing in the way of these services delivering better support and outcomes.

What's working well at a local level?

From our interviews, we identified some of the key advantages of local commissioning and delivery of employment support for people facing complex disadvantage.

1) Providers build the type of relationships needed to help people move towards employment.

Local and specialist services are intensely focused on the importance of the relationships between professionals and the people they are supporting. The characteristics used to describe these relationships - trusting, authentic, personalised, strength-based - are exactly those DWP struggles to achieve in its relationships with people facing complex disadvantage.

Of course, it could be suggested that anyone working within employment support, including within DWP and its Jobcentres, tends to use this sort of language to describe their relationships with the people they are supporting. How do we know that these local and specialist services are actually more able to deliver on this rhetoric than their national mainstream counterparts? A number of factors suggested a genuine difference in approach between these services and provision that is less local and specialist.

Among local and specialist providers there is a strong understanding of what it takes to achieve these relationships. This is both in terms of the basics, such as being supported by the same professional over an extended period of time, and also in terms of the specific and interconnected needs of people facing complex disadvantage.

39 *Communities Work: How community organisations can lead the post-Covid jobs recovery* (2020) Locality, Cooperatives UK and Plunkett Foundation.

Specialist providers often have unique expertise in how to support people experiencing particular issues such as mental health problems or substance misuse. Organisations like local authorities or local charities are also well placed to understand the interconnected nature of these needs because they work across different systems every day to try to support people.

One specialist charity talked about discovering that someone they were supporting was experiencing issues with their housing, which was exacerbating their mental health problems and in turn making it hard for them to engage with employment support. This issue was only disclosed because of the level of trust and rapport that had been developed and the genuine interest that the professional took in the circumstances and wellbeing of the person they were supporting.

There was also a clear articulation of why other services, particularly those delivered by or more closely tied to DWP, are not able to achieve the same quality of relationships. Mainstream services lack personalisation and specialist support. Since they often have a duty to report on people's engagement, they can end up creating a sense of pressure, which local and specialist services understand is counterproductive when working with this group.

These locally-embedded services have the ability to meaningfully respond to the needs and issues that people reveal to them once a relationship has been established, in a way that centrally-managed services struggle to. They know that their response to these situations is critical to earning and maintaining trust from those they support. Their capacity to do so effectively is built on the other benefits of local delivery discussed in more detail below, such as joint working with other local services. The commitment to helping people address these wider issues demonstrates the strength of the relationships between these services and the people they are supporting.

Interview quotes

"

We take a person-centred approach, building one-to-one relationships to learn about people's aims, strengths, concerns and skills. Rather than shoehorning them into a certain role as many conventional services still do, we try to help them to understand themselves, take control of their own situation, and learn what they can do with their skills."
Charity supporting young people

"

Mainstream services often follow a 'one-size-fits-all' approach that doesn't work for clients with more complex needs."
Charity supporting people with mental health problems

"

Being detached from DWP means that people are more open to accessing our services."
Charity supporting homeless people

"

Our approach is very simple: if people walk through the door and they need support we will support them. That's what a community service does. We don't turn people away."
Charity supporting low-income families

Case study: Building support around the core of a strong relationship

Switchback, a London-based charity, supports young prison leavers aged 18-30 back into society by helping them to prepare for life outside prison, and continuing that support after release. Switchback mentors work on a one-to-one basis with the prison leavers, also known as Switchback trainees, to build trust and support them through work training into more permanent employment. Trainees are supported to build stability in their lives through ten identified pathways, which focus on employment and also incorporate critical wider wrap-around services including housing, finances, health and family relationships.

Switchback mentors help prison leavers understand themselves and take control of their own situations. To build stability, the same mentor works consistently with the same trainee both inside the prison and when they are in the community. This meaningful relationship is critical, as one trainee put it, "Seeing my Switchback mentor in prison meant that I already knew her once I got out. She understands me and understands the journey I'm taking. If I was doing it by myself things would have gone off track by now."

A crucial aspect of these relationships is that they are not time-restricted - mentors work with trainees for as long as necessary, thereby enabling more individualised and effective support. This approach has resulted in 81 per cent of trainees completing the programme and moving into work, education or training; and 91 per cent of trainees not reoffending within a year of release.

2) Providers and commissioners understand their local communities and ecosystems of support.

A key advantage of local employment support services, embedded in the communities they are serving, is the level of knowledge and experience of navigating local systems and accessing different sources of local support. For many people facing complex disadvantage, employment can seem like a distant ambition, with other more pressing needs such as health issues, housing problems and childcare taking priority.

Frontline professionals in locally-embedded services are able to either directly support people to address these needs, or help them to access other services that can do so. They know how relevant processes within the local authority and local health services work, either because they are embedded within these organisations, or because they have good contacts and relationships with them.

At both a service delivery level and at the level of strategic oversight and commissioning, intimate knowledge of the local area also means being able to better respond to local context and needs. This could mean, for example, funding specialist services that may be particularly effective at supporting people from a specific ethnic minority community, where cultural understanding and personal connections may be key to identifying and supporting people.

At a more pragmatic level, it could just be about understanding particular local challenges to accessing employment and finding ways to remove some of these barriers. One charity in a largely rural area told us that "the real thing to allow people to get work around here is to be able to drive, because public transport is awful." In a more urban area, another provider subsidised travel for young people who were above the cut-off age from free public transport, to allow them to continue to engage with education and training.

The acquisition of this kind of local knowledge seems to be most effective when real efforts are made to engage with communities at a grassroots level. Of all the practice we heard about, this was the area where we saw approaches that most embraced a community-led

"Where services have taken a more community-led approach, traditional models of delivery have evolved and transformed into something much more empowering, fulfilling and sustainable.

ethos. At a provider level, this included an example of an organisation with a dedicated co-production team who spent long periods co-designing services with people facing complex disadvantage. At a commissioning level, one local authority had undertaken extensive consultation, including through processes such as citizens' assemblies, in order to understand the lived experience of people locally and shape support accordingly.

Where services have taken a more community-led approach, traditional models of delivery have evolved and transformed into something much more empowering, fulfilling and sustainable. One example of this in practice is described by a city council project manager:

"A church-run foodbank, frustrated by the transactional relationship with those using the service, started involving them in food-related activities like growing and exhibitions that grew into several small businesses. They were even able to convert some of the church into a co-working space. The public's view of the church shifted from seeing it as a stigmatised space linked to the foodbank to a new vibrant community-led economy hub."
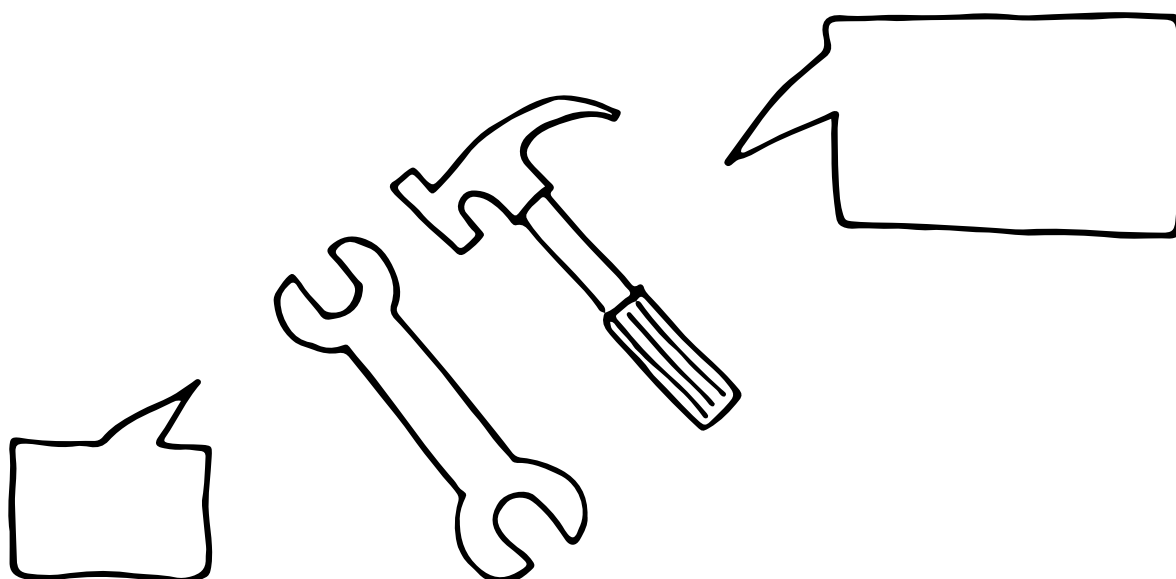
Interview quotes

"

People with the most complex needs require intensive support around basic issues such as registering with a GP to get their prescriptions, before thinking about employment."
Charity supporting prison-leavers

"

Many national providers claim to have a strong record of employability, but they often don't have expertise and experience to work effectively with minority groups."
Charity supporting BAME communities

"

The understanding of local areas at a national level is poor. Knowledge and understanding of the real issues on the ground is a huge asset, often missed out by policies and approaches imposed centrally. Local authorities should be allowed to decide what the main concerns are locally, and how to deal with them."
Local authority official

"

The more local the decision making, the more insights into the local area"
Charity supporting people with complex needs

Case study: Co-designed hubs to reflect local need and harness local assets

Camden Council's 'Good Work Camden' approach is founded on relational employment support with advisors based in a network of neighbourhood job hubs. The hubs are co-designed with the communities they serve with the offer of support developing as the advisors learn more about what works for residents. The offer is universal and nobody is turned away but provision is based in areas with high levels of economic disadvantage.

Existing hubs are based on geographic communities, but a new hub focusing on residents with health conditions and disabilities is being developed based on the same principles and will be co-designed with citizens with lived experience. The support to residents will be complemented by interventions for business to create a supply of 'good work' through direct support to employers to change the way they design jobs and to make them more accessible, enable progression and create flexibility in roles to support caring commitments.

This approach is allied to a systems leadership role that brings together a rich network of local third sector providers and other organisations interested in helping local people into work such as housing associations. Camden is investing in collective workforce development and other shared resources including the development of a digital signposting platform to route residents to the type of provision that could work best for them.

3) Local services work well together in partnership to meet people's needs.

As well as reflecting local needs and helping to guide people through local systems and processes, locally-embedded providers are able to support people more effectively by working in partnership with other organisations in their area. Effective joint working happens through both formal partnerships that have been jointly commissioned, and through more informal arrangements built on shared values and purpose. A number of factors, stemming from the local nature of the frontline provision and its commissioning, seem to facilitate this.

Most of the frontline organisations we spoke to are charities or social enterprises, focused primarily on delivering positive social outcomes. This leads to a level of commitment to supporting local people that takes priority over other concerns such as profit generation, allowing more scope for collaborative work with other organisations. These organisations have also often emerged because they have the specialist expertise and experience to respond to specific local issues, rather than moving into an area primarily because of a funding opportunity. This means that they are more likely to be serving a particular aspect of unmet need and to be complementary to other organisations operating in the area.

As well as the nature of these organisations lending itself to collaboration, having a level of coordination and convening of services at a local level, often through local authorities, is also key in facilitating effective partnership working. This is in part about funding and commissioning - a local authority with knowledge of the area, its needs, and the current service landscape can try to shape local provision accordingly. This can encourage partnership working both through explicit arrangements, but also by recognising a broad range of outcomes that local organisations need to work collectively to deliver.

In contrast, services commissioned nationally by DWP do not take the same account of local circumstances and have a narrower focus on employment outcomes alone. This can disrupt efforts to strategically coordinate local provision and collaboration by causing competition for resources, bringing in providers that aren't embedded locally, and duplicating provision.

Local authorities and other commissioners can also try to encourage partnership working through softer interventions such as introducing different services to each other, or organising events or meetings around common interests. This convening role presents opportunities for a shift towards a more community-led approach, where local organisations help to create the local strategy rather than just deliver it.

Interview quotes

"

The coalition of willing not-for-profit organisations has been a big driver of partnership working. We see other local service providers as partners rather than competitors."
Not-for-profit housing association

"

One partnership involves three specialist providers - each organisation cannot provide all the support someone needs on their own, but they have worked well together."
Organisation supporting local service design

"

Commissioning locally allows us to work much better with local partners, which I don't think you get from arms-length programmes nationally."
Local authority commissioner

"

Our local plan is a partnership – not driven by the council. There are working groups, which are owned by different partners, and also a steering group with key partners, providing oversight."
Local authority growth and development team

Case study: Joining up health services and employment support

Working Win is a health-led trial of a new form of employment support run by South Yorkshire Housing Association, in partnership with the Sheffield City Region Mayoral Combined Authority.

The trial was entirely voluntary and was open to people with mental health conditions and/or physical health conditions looking to find or stay in work. Funding was provided by the Work and Health Unit, jointly sponsored by DWP and the Department of Health and Social Care.

Working Win was supported by strong partnerships with employers and the local healthcare system. Employment specialists integrated with GP surgeries, physio teams and every IAPT service across South Yorkshire and Bassetlaw. The trial was also introduced to communities with high levels of health-related unemployment, and operated from local authority advice hubs, food banks and community centres. More than 6,000 people took part in the trial.

One participant described the impact of the trial: "Through a counsellor I was seeing I was referred to a Working Win employment specialist. The practical support helped me to focus, specifically around my mental health in the workplace. When I think back, I was so low, I think my intention had been to leave my current role because it was making me unhappy. In actual fact, there were a number of changes I was able to make that have made it possible for me to stay in work and even help other people in my team who are having similar struggles."

4) Services work with local employers to proactively develop opportunities for employment.

Another critical component of supporting people facing complex disadvantage into work is building relationships with employers to encourage and support them to offer opportunities to this group. Everyone involved in delivering employment support, from DWP, to national private providers, to local and specialist charities will talk about how vital it is to engage with employers. However, what this means in practice to different organisations, in terms of both their understanding and their capacity to deliver, seems to vary significantly, with specialist local providers taking a much more intensive approach.

A clear example of this is the idea of 'job brokerage'. Within DWP and the Jobcentre network, this is seen to be about identifying employers that may be receptive to taking on people with more barriers to work, and possibly doing some local 'outreach' work to encourage them to do so. Within a specialist local provider, this term means trying to create a direct connection between an individual and an employer who may have a suitable vacancy for them. It would involve helping to negotiate how this role can be adjusted to reflect the strengths and needs of the individual, and offering tailored in-work support for both the individual and the employer.

These local and specialist organisations are only able to perform this version of 'job brokerage' because of the strength and depth of their relationships with people they support, which enables them to profile their skills, aspirations and support needs, and then work with employers to identify or shape appropriate roles. This also relies on their knowledge of and relationship with local employers, which is often a strength of organisations that are embedded in their local communities.

In addition to individual brokerage with employers, some local providers are involving employers in the co-production of services to ensure they meet the needs of both employers and the people the services are supporting. Many local authorities are trying to actively shape the local economy and employment landscape in order to create more

jobs that are appropriate for, and receptive to, people facing complex disadvantage. However, there is recognition that this is difficult to achieve with the current powers and resources available to them.

Interview quotes

"

We bring people to meet employers, to help the employers see their potential, and to help the person to see how they could be an employee in an organisation."
Charity supporting people with health conditions

"

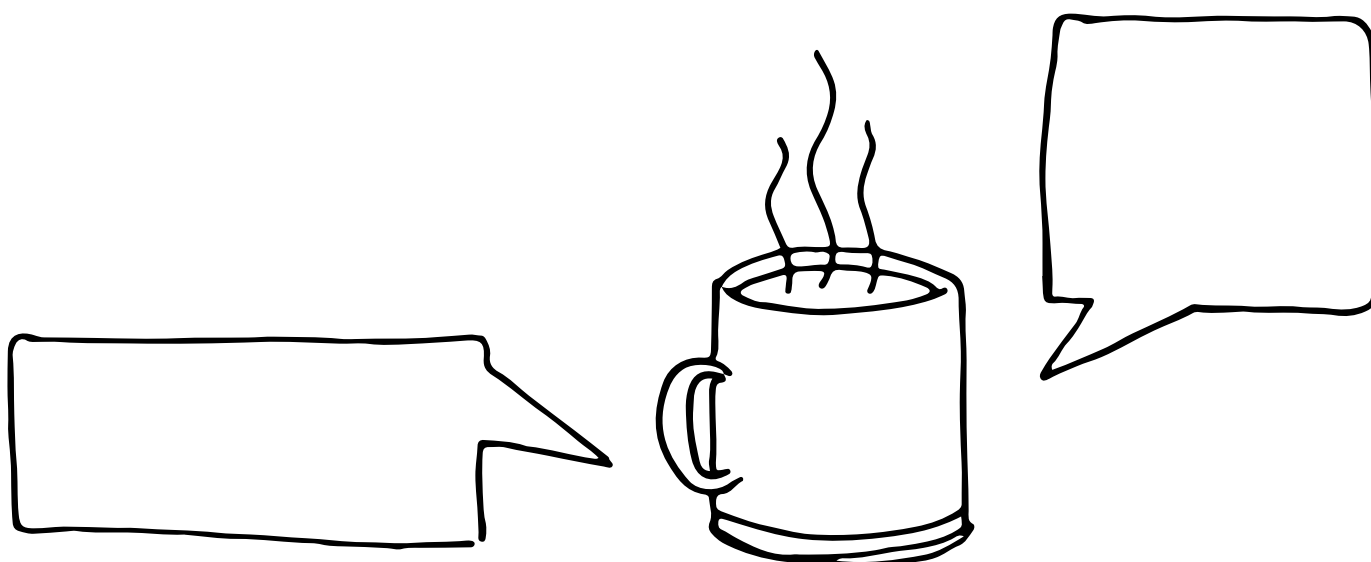**Other organisations may skip the profiling stage and it ends up being a bad match."**
Supported Employment charity

"

We know the local businesses well and we can drop in to check in with trainees."
Charity supporting prison-leavers

Case study: Creating local opportunities for people to move into employment

As part of its Inclusive Economy Strategy, Calderdale Council is resourcing a place-based partnership to improve the opportunities for residents in one of the most disadvantaged wards. This area has had persistent issues with low employment and skills.

The Change Programme, which is an internship scheme for residents with long-term physical and mental health challenges, supports residents through an initial volunteering placement for four weeks, followed by a 26-week paid internship within a council or public sector employer. Participants are supported through these stages through weekly training about the world of work, including job application writing.

They work closely with a local charity, Halifax Opportunities Trust, who offer a keyworker model of employment support for local people facing complex challenges. Through mentoring and support from other local partners, people are helped to address immediate issues that may prevent them focusing on employment. Once a person is ready to work, they are connected with local employers and opportunities through a dedicated link worker.

What's standing in the way of better support and outcomes?

Our interviews also highlighted a number of barriers that are preventing local commissioners and providers from delivering more effective employment support for this group.

1) Narrow and short-term contracts constrain the quality of services.

Local and specialist providers are limited in their ability to provide effective support by the types of contracts they must work within. Providers receive funding from a range of sources: from DWP through national schemes or local Jobcentre funding; from the European Social Fund (ESF), for which DWP provides management and funding administration; from local authorities and regional bodies; from the NHS; and from charitable grants. Although these each have different contracting arrangements, they usually only provide relatively short-term funding. They also tend to have a narrow focus on specific types of employment outcomes, and often use a payment-by-results model to try to incentivise the achievement of these outcomes.

The short-term nature of many of the contracts local and specialist providers are operating under means that they are limited in their ability to make longer-term investment in staff and resources. The need to be constantly bidding for new funding and the administrative burden of starting and wrapping up contracts takes up time and capacity that could be used to deliver more effective services. It also means that services often have to adjust their model and processes to meet the requirements of different funders. Providers sometimes feel forced to go outside of their remit of expertise in order to continue to get funding, when the contracts on offer change. Funding is sometimes available through trials and pilots of new approaches or structures, but this often involves putting a lot of time and resource into a new service that may well not end up being made permanent or scaled up beyond a small trial area.

Local and specialist providers are committed to supporting people with the range of issues they are facing alongside and linked to their unemployment. However, contracts are often focused solely on

achieving outcomes of a particular number of hours per week in paid employment. Although these providers recognise the importance of wider outcomes, the more holistic support they provide is often not effectively accounted for in funding. This is exacerbated by payment-by-results contracts. These effectively incentivise a focus on people with fewer barriers to work, who are more likely to achieve outcomes funders want to see, without the need to spend time and money addressing more complex issues.

Interview quotes

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Longer-term funding is what we need – often funding is for one year to 18 months. It takes three to four months to kick off, then we're delivering for four months, and then we need to ensure people sustain their jobs, etc. There is simply not enough time and funding to support all this in the given timeframe. And then we have the additional difficulty in retaining staff."
Charity supporting over-50s

"

There have been a series of piloted services but by year two, because it is just a pilot, it begins to wind down, as funding is no longer available."
Organisation supporting local service design

"

Work should not be the only outcome - there's a whole spectrum of issues involved in supporting people to get into work."
Not-for-profit housing association

"

Our long-term aim is to have people who are resilient. We don't want them to get into jobs that are bad for their health."
Local authority official

2) DWP commissioning favours certain types of organisations, doing things a certain way.

Although DWP is a key funder of employment support, many local and specialist providers struggle to get contracts and funding linked to DWP-led schemes because of the commissioning processes, the types of services being commissioned, and the expectations on those bidding. These processes inherently favour a certain type of provider, which tend to deliver more generic models of support, without the local connections or knowledge held by organisations that are rooted in the communities they support.

Services commissioned directly by DWP, such as the Work and Health Programme, almost always end up being delivered primarily by generalist national providers. This is in large part a function of the scale of provision that is being contracted, meaning that only providers with sufficient capacity and geographical reach are in the running. The 'prime' providers that win these contracts are expected to sub-contract smaller local and specialist organisations, who then have little say in how services are designed and delivered, and are expected to deliver support for lower rates of payment. Many local and specialist providers aren't willing to be part of a contract that requires them to work in ways that are not consistent with their values.

Providers can also access DWP funding through local pots of money such as the Flexible Support Fund, administered by Jobcentres. However, the processes used to distribute this funding are often onerous, requiring services to repeatedly provide the same information when bidding for money, and offer no real feedback when these bids are not successful. Even when providers are able to access these funds, it is often linked to similar conditions that constrain the effectiveness of national DWP funding. One provider spoke of a positive scheme that was funded locally, but then collapsed when the Jobcentre staff member who had backed it moved on to a new role. This demonstrates how good practice often emerges in spite of rather than because of the current system, relying on individual efforts to overcome constraints, and how vulnerable it then is to changing circumstances.

> **This reflects inherent problems with the current hybrid of state and market paradigms - defining problems and solutions centrally and trying to coordinate a response through overly prescriptive and transactional commissioning processes.**

For local and specialist providers, applying for DWP funding feels like a box-ticking exercise. The focus is on meeting DWP expectations of what a service should look like in terms of specific processes and interventions, rather than being asked about how their approach, expertise and values contribute to outcomes. This reflects inherent problems with the current hybrid of state and market paradigms - defining problems and solutions centrally and trying to coordinate a response through overly prescriptive and transactional commissioning processes.

Interview quotes

> **Centralised, top-down commissioning favours big companies, which leads to a homogenised, one-size-fits-all approach that doesn't work for more complex clients."**
> **Charity supporting prison-leavers**

> **We often see organisations win these contracts with no links to the area. They get parachuted in. They need to build up contacts and new relationships, so they come to the local authority, which takes a lot of time and resources."**
> **Local authority official**

> **We can't do the Work and Health Programme because some people are mandated to attend. We also can't cover such a massive patch. This deters place-based organisations."**
> **Not-for-profit housing association**

> **The Work and Health Programme initially gave the impression DWP finally got it, and wanted the community to lead this. We applied for it and got offered a contract but we turned it down because we realised the payment-by-results model was actually worse than what it was before, it's still about numbers and profit again in the end."**
> **Charity supporting low-income families**

> **Although the Flexible Support Fund enables us to develop programmes which are much more responsive to local need, there are still payment-by-results requirements and eligibility is restricted to people on certain types of benefits."**
> **Not-for-profit housing association**

3) Even where design and delivery are notionally devolved, they are still constrained.

DWP has seemed more open to devolution in recent years, establishing agreements with particular sub-regions around how some national employment support schemes are designed and delivered locally, as well as through a number of smaller trial and pilot schemes. However, this hasn't led to a sufficient handover of power and resources for local commissioners and providers to deliver the scale of change they want to see. Service design and delivery are still very constrained by the ideas and practice of the DWP-led system.

Local officials with experience of devolution negotiations with DWP report that they were difficult processes where it felt like DWP held all the power and were very reluctant to give it up to them. To them, DWP were so wedded to particular approaches and requirements that it would take a lot of time and effort to get even a small shift towards changes the local officials wanted to make. Sometimes even hard-won concessions would later be rescinded, as DWP officials decided they were no longer comfortable with them. Once agreements were finalised and programmes had started, local officials found it very difficult to negotiate changes that would allow them to adapt to emerging challenges.

The reluctance to genuinely hand over power to local areas seemed to be driven by fear from DWP officials of being seen as directly responsible and accountable, particularly to Ministers, for the eventual performance of the service. This reflects the fact the department has historically commissioned through procuring contracts to deliver services to meet their specifications. This is as opposed to working with others to co-

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These muted attempts at devolution have not allowed local areas to properly demonstrate what they could be capable of if they were given real power, resources and control to design and deliver services with and for their communities.

design services, or entrusting others to design and deliver services based on their experience and expertise.

These muted attempts at devolution have not allowed local areas to properly demonstrate what they could be capable of if they were given real power, resources and control to design and deliver services with and for their communities. Perversely, if, as seems likely, the modest arrangements that have been agreed do not lead to significant improvements in outcomes, DWP may see this as an argument against more radical devolution. Meanwhile, the difficult negotiations, and the inadequate settlements they have led to, have made local leaders cautious about investing more time and effort in pursuing further devolution.

Interview quotes

"

Money gets devolved but is locked into a system that doesn't allow it to be used in a truly relational way - there's a lack of trust and willingness to let go."
Council leader

"

Inflexibility is a key barrier to making changes to the programme. DWP is very slow moving and they are so focused on existing systems and processes."
Local authority official

"

We are in theory devolved – but what that means in reality is quite limited, there is a lot of frustration that we are more like a subcontractor to DWP."
Local authority official

> **"**
>
> **The Work and Health Programme is 'devolved' but very much still led by DWP. So many boroughs already have great programmes, why do we layer private providers on top?"**
> **Local authority official**

> **"**
>
> **It's like they don't really understand what local authorities do, and their ability to work with big budgets and deliver significant programmes of work. They only really seem to understand a 'commissioner-provider' relationship."**
> **Regional body official**

4) Services and local ecosystems of support are severely under-resourced.

As a result of both the challenges in accessing funding, and the limited amount of funding available in total, providers and commissioners face an ongoing battle to maintain specialist employment services for people facing complex disadvantage. The most acute fears about future viability relate to the end of ESF funding in 2024 and the lack of certainty about how the UK's replacement of this funding, the Shared Prosperity Fund, will work.[40]

Providers are also having to operate within a wider local ecosystem of services that is not being adequately funded to offer the full range of support this group needs. The impact of austerity on local authorities, social care, the NHS and the third sector means that services are often struggling to meet local demand. In this environment, services also often lack the time, capacity and resources to ensure they are working together effectively and efficiently.

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40 Jozepa, I. and Brien, P. (2020) *The UK Shared Prosperity Fund.* House of Commons Library Research Briefing.

As a result, the people being supported by employment support providers often don't have their range of needs adequately addressed by other services. This makes it even harder for people to move towards employment, and places additional pressure on these providers to step in to cover the gaps in support. This situation typifies the failure of the hybrid of state and market paradigms to be able to facilitate a more preventative response to the challenges of rising demand for services and constrained resources.

Interview quotes

"

We need to be able plan for the long-term and at the moment we can't do so without more funding certainty."
Local authority official

"

Council budgets are absolutely destroyed. In a system where communities are only handed small pockets of money, it's impossible to achieve the change that is needed."
Local authority official

"

Not enough time and money is spent on infrastructure and governance to facilitate better support - everything is too service-focused."
Local authority official

5) The current system creates barriers to effective joint working.

Local and specialist providers are acutely aware of the importance of joint working, and more able to fulfil this than mainstream national providers. But the lack of resources and power to coordinate local services creates significant barriers to delivering a more unified and integrated approach to supporting people facing complex disadvantage.

Providers of services focused on, or related to, employment support in any one geographical area are funded by a range of different agencies, often without much coordination between them to assess local needs and existing provision. As a result, there are often gaps and overlaps in who support is targeted at. This can create competition between local and specialist providers as they vie for limited resources, which are all too often linked to requirements that don't necessarily align with their experience of who needs support and what this support should look like.

This environment can undermine the instinct of local and specialist providers to work in a collaborative way, for fear of other organisations trying to gain an advantage in future funding processes. This situation demonstrates the counter-productive impact of the market paradigm's emphasis on providers competing for resources, especially when combined with the state paradigm's tendency to try to address problems through siloed solutions.

Even where local authorities have a strong vision and strategy for services to support people facing complex disadvantage, they have limited powers to coordinate how services funded by other agencies fit into this. Commissioners and providers also face challenges around information-sharing between different services and agencies, which can undermine their ability to work in a more coordinated and integrated way.

Interview quotes

"

DWP funds a national provider, which is then effectively in competition with local voluntary sector organisations with EU funding. They are competing rather than working together so this is creating hostile and siloed work."
Local authority official

"

When it comes to individual charities, we are often chasing the same money, a finite pot. This disincentivises partnership working."
Charity supporting over-50s

"

We love to share our methods and ethos but unfortunately this leads to people mirroring exactly what we do in the local area. Duplication like this is a big problem for local community-led organisations because it breeds competition and when there is competition, people in the community miss out."
Charity supporting low-income families

"

Data protection – not just DWP, but elsewhere as well - a lot of people hide behind that. It's the easy option of saying 'I can't do that'. It takes a huge amount of will to get past that. We need to think about how we can overcome this."
Local authority official

6) DWP practice and reputation undermine the ability of providers to support people.

DWP's policies, practice and reputation have a significant impact on the ability of local and specialist providers to deliver effective employment support services. Many people supported by benefits are wary of DWP because of their role 'policing' the system. For people facing complex disadvantage, who have to jump through additional hoops, such as demeaning health assessments, to get the support they need, levels of distrust towards DWP are even higher.[41] People in this position often endure a difficult relationship with DWP over many years. For many, the very idea of 'employment support' has become synonymous with waiting on hold on DWP telephone lines, attending Jobcentre appointments, and fearing benefit sanctions.

For providers with formal connections to DWP and Jobcentres, through contracts or local referral agreements, these reputational issues can make it harder to engage effectively with the people they are trying to support. Working directly with DWP can also mean that services are constrained in terms of who they are funded to support, because the department sees people primarily in terms of the benefit category they fall into and the associated costs of this. Conversely, providers without formal connections to DWP often find that this helps them in their efforts to build trust and rapport with people. However, even these services can find it difficult to engage with people facing complex disadvantage because of their experiences and perceptions of DWP.

On a more practical level, local and specialist providers have to do a lot of additional work to support people with the challenges of engaging with the benefits system, particularly Universal Credit and its expectations of digital literacy and access. People these services support may also be required to engage with the Jobcentre, which often leads to unhelpful or even inappropriate demands on their time. Both these factors make it harder to focus on addressing the actual barriers to finding employment that people are facing.

41   Pollard, T. (2019) *Pathways from Poverty: A case for institutional reform.* Demos.

At a strategic level, some local authorities feel they need to plug gaps in the support that DWP provides, because it is not responding adequately to the specific needs of certain groups, for example care leavers. Local authorities have greater insight about the reality of the lives of these groups, the impact this can have on their prospects, and their support needs across multiple services. However, DWP and the Treasury will experience significant savings if this support leads to more people from this group ending up in employment and needing less support from benefits, as well as potential savings for the NHS from decreased service demand.[42]

Interview quotes

"

Referrals are voluntary but because it's from the Jobcentre people think it's mandatory. Referrals need to happen at the request of the people themselves, not imposed on them. We have far more success when engagement is genuinely voluntary."
Charity supporting disabled people

"

Although we have the links with the Jobcentre, we don't share information about clients – we only use the connection to signpost clients to our service. But there is still a suspicion among clients that the Jobcentre can sanction them for non-attendance."
Charity supporting people with mental health problems

"

Eligibility for support is based on what benefits people are on, but it should be about need."
Local authority official

42 Mallender, J., Tierney, R., Baah, B. and Stavridou, M. (2017) *Movement Into Employment: Return on investment tool.* Public Health England.

"

Fear of losing benefits stops people taking the next step into work. It seems we are creating more barriers than necessary to supporting people who really want to get back into work."
Local authority official

Reflections on the wider implications of what we heard

Alongside the barriers identified explicitly by commissioners and providers, our research also revealed further underlying barriers that stand in the way of a more community-led approach to employment support for this group.

Providers themselves have constrained expectations and appetite for radical reform.

Most providers and commissioners we spoke to seem to recognise the fundamental problems with the current system and support the broad principles of a more community-led approach. However, there is some reticence about the scale of reform we are proposing and difficulty imagining what a system without DWP at the centre of it might look like. Suggestions for reform often involve tweaking rather than overhauling Jobcentre and DWP processes, despite recognition that they tend to do more harm than good. This may reflect the fact that many frontline professionals have spent years learning to navigate the current system – for example through building relationships with individual Jobcentre staff members – and may be reluctant to consider more wholesale change, which would effectively obviate much of this experience.

It is also important to remember that these services tend to support a relatively small subset of the wider group we are discussing. The sense of what kind of services are needed, and the scale of reform necessary to deliver these, is shaped by working with people who feel able to engage with the current model of support, and who find their way to these services. Services that are both appropriate for, and able to engage, a wider population of people facing complex disadvantage may require more radical reform to realise.

There seems to be a greater appetite for more radical reform at the level of commissioning and local strategy development. However, this is accompanied by a degree of pessimism about how much DWP would be willing to let go of its current level of control, often based on previous experiences of trying to negotiate for more devolved power.

Employment support services are yet to fully adopt community-led approaches.

Local and specialist providers undoubtedly have very close connections to the populations they serve and are deeply committed to supporting them. However, although there are examples of more community-led aspects of services, most operate within a fairly traditional provider-client framework. The types of participatory and user-led approaches we are advocating seem counter-cultural to much of the system these services exist within.

Employment support, as led by DWP, has tended to be something that people facing complex disadvantage are pushed towards as a condition of their benefit receipt, rather than actively seek out as a service. This is partly because people often have low expectations of their ability to work, or the likelihood of employers accepting and supporting them.[43] It is also related to people's negative experiences and perceptions of DWP-led services and how this shapes their idea of what 'employment support' means. This context may explain why, unlike in health and social care, where narratives around disability and user rights have a much stronger presence, employment support hasn't seen the same growth in user-led design and delivery.

People facing complex disadvantage may lack the confidence, experience and cognitive bandwidth to feel able to be more involved in designing and delivering services. They have often been marginalised within communities and so may not be heard through general consultation. Moving to a more community-led approach in this space would therefore need to involve not only trying to shift perceptions of employment support, but actively empowering potential and former

43 Adams, L., et al. (2020) *Summary: The work aspirations and support needs of claimants in the ESA Support Group and Universal Credit equivalent*. Department for Work and Pensions.

service users to be involved in the design and delivery of relevant services.

However, the commissioning of employment support services rarely places expectations on providers beyond the most basic service user consultation. It certainly doesn't 'cost in' the time and resource to do the sort of capacity building and facilitation required to enable more meaningful involvement. The prescriptive nature of commissioning also severely limits the scope for people to shape these services. A more open-ended process of commissioning, design and delivery of services incorporating, but not exclusively focused on, employment support would offer more opportunity for meaningful participation at all stages.
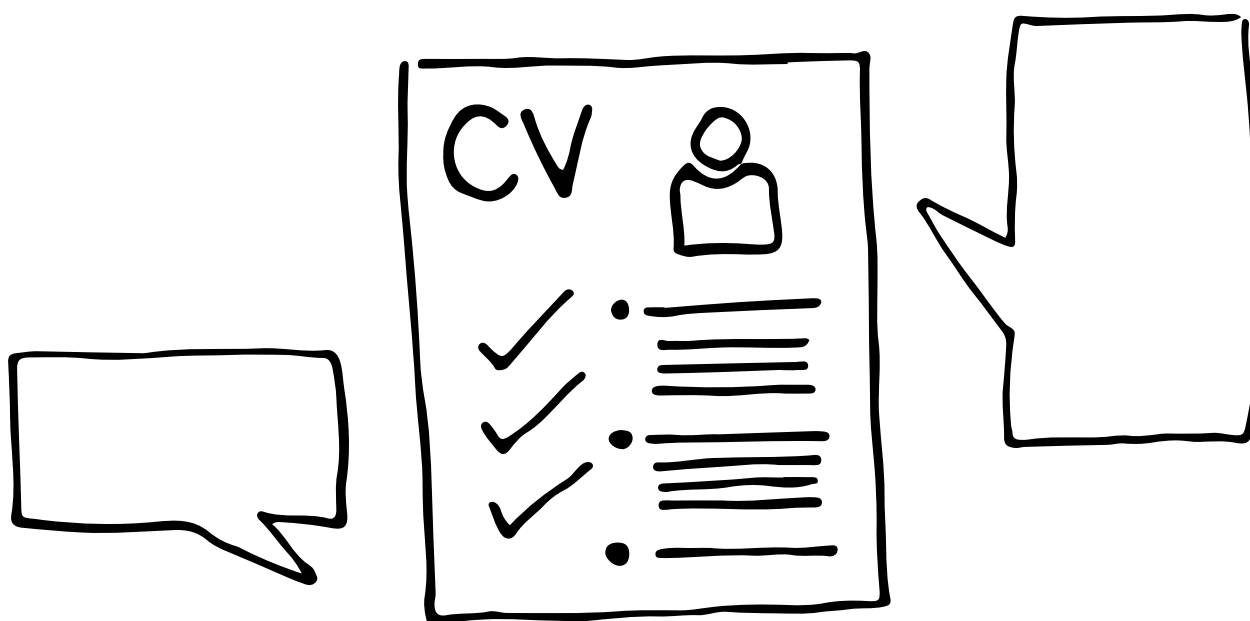
A NEW VISION FOR COMMUNITY-LED EMPLOYMENT SUPPORT

Our research provides a rich picture of the successes and challenges experienced by local services and commissioners trying to deliver effective support within and around a larger system, context and culture that is driven primarily by DWP.

However, there is a significant gap between how these services are currently commissioned, designed and delivered, and the principles and approaches set out in *The Community Paradigm*. Although the local strategies and services we heard about are much closer to this ideal than those more centrally controlled and directed by DWP, they remain constrained by the conceptual and practical parameters of this DWP-led system. By advocating a 'paradigm shift', *The Community Paradigm* is by its very nature calling for a fundamental reimagining of how services are delivered. This is difficult to conceptualise from the vantage point of a system that is so firmly rooted in a hybrid of the state and market paradigms.

Rather than thinking specifically about how employment support services for people facing complex disadvantage could operate differently, the starting point should be how local areas, through their economies and ecosystems of support, can meet the needs and aspirations of the community as a whole, with a particular focus on disadvantaged groups. As Locality argue in their *Keep it Local* work "starting with the place, rather than the service, allows for collaboration, utilising the full range of local assets".[44]

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44 *Keep it Local: Innovation in action policy briefing paper* (2017) Locality.

" someone's employment or benefit status should not be the primary characteristic that defines them and the support they receive.

Moving into, and flourishing within, employment should certainly be a part of this picture, but someone's employment or benefit status should not be the primary characteristic that defines them and the support they receive . Effective employment support, tailored to residents' different needs, should be available but it should be embedded within a holistic local ecosystem of support, shaped by a wider strategy to address social disadvantage by providing services to individuals but also improving local circumstances and opportunities.

The insights from our research and from wider evidence indicate that employment support, particularly for people facing complex disadvantage, needs to be person-centred and built around a strong and trusting one-to-one relationship. It also needs to be rooted in local knowledge, experience and connection. Local and specialist providers are particularly well placed to deliver this type of support because of their approach and ethos, and how close they are to the communities they serve.[45] However, as we have seen, these services are not able to deliver their full potential within the current system of commissioning, funding, design and delivery.

In order to map a course from the current system to one that is community-led, we have identified six key principles that a new approach will need to fulfil.

1) All services supporting people facing complex disadvantage should be embedded in local strategies that are holistic and community-led.

Our research clearly suggests that people facing complex disadvantage are best able to address their needs and aspirations, including employment, when support is personalised, holistic and integrated. This conclusion is supported by an emerging body of evidence and theory about how public services can better respond to complexity.[46]

45 Dayson, C., Baker, L. and Rees, J. (2018) *The Value of Small.* Lloyds Bank Foundation, Centre for Regional Economic and Social Research, Institute for Voluntary Action Research, Centre for Voluntary Sector Leadership.

46 Knight, A.D., Lowe, T., Brossard, M. and Wilson, J. (2017) *A Whole New World: Funding and commissioning in complexity.* Collaborate for Social Change; Muir, R. and Parker, I. (2014) *Many to Many: How the relational state will transform public services.* Institute for Public Policy Research.

Fostering ecosystems of services that can deliver this type of support requires coordinated local strategies. These would be based on a process of assessing the needs and assets of the geographic community as a whole, but also specific communities within that such as different ethnic or socioeconomic groups, and people facing common circumstances such as disabilities and long-term health conditions. This should lead to a plan for building on the community's assets to meet its individual and collective needs, through both the local ecosystem of services, but also by shaping the local economy and environment to better serve the objectives of the strategy. Using participatory and deliberative approaches throughout these processes will both improve the quality of the strategies and deepen the community engagement in, and commitment to, their fulfilment.

2) The participation of people with lived experience of these issues should be encouraged and facilitated in the design and delivery of these strategies and relevant services.

People facing complex disadvantage are likely to face additional barriers to participating in community-led processes used to develop local strategies, and design and deliver services. People in this group may be less likely to engage in these processes, and struggle to participate fully due to issues such as poor access to information; lacking the motivation and cognitive bandwidth to be involved; and difficulty with communication and social engagement.[47] People in these circumstances should be proactively identified, and encouraged and supported to participate. This may involve helping to develop their individual capacity to engage, but also adapting the process itself so that it is as accessible and inclusive as possible and amplifies the voices of marginalised groups.

47 Branfield, F., et al. (2006) *Making User Involvement Work: Supporting service user networking and knowledge*. Joseph Rowntree Foundation.

3) Services should be contributing towards a range of positive outcomes that benefit the individuals they are supporting and the wider community.

Even within the current system where they are primarily funded to support people into employment, local and specialist providers work towards a range of other health and social outcomes. These providers go above and beyond their funded remit because they are led by the needs of the people they support and understand how interconnected these issues are. However, within an approach that started by looking at people's needs and assets in the round, it would follow naturally to work towards a range of relevant outcomes. Employment should be among these for a number of reasons: it is evidenced to benefit individuals' health and wellbeing;[48] a diverse and inclusive economy benefits the wider community;[49] and because supporting people into employment decreases the pressure on other services.[50] But employment should not be pursued as an outcome in isolation or to the detriment or neglect of other objectives, particularly where people face substantial barriers to employment.

4) Funding should support the health of the whole local ecosystem of support required for positive outcomes to emerge, through long-term investment with built-in flexibility.

Funding for this new approach needs to recognise the range of outcomes discussed above, but also understand that "outcomes are created by people's interaction with whole systems, not by particular interventions or organisations".[51] This means promoting the 'health' of the whole local ecosystem of support as well as the individual services within it, through convening agencies fostering effective joint working and investing in infrastructure. Services need long-term funding, which

48 *Health Matters: Health and work* (2019) Public Health England.

49 *The Economic Benefits of Improving Social Inclusion. A report commissioned by SBS* (2019) Deloitte.

50 Sayce, L. (2011) *Getting In, Staying In and Getting On: Disability employment support fit for the future.* Department for Work and Pensions.

51 Knight, A.D., Lowe, T., Brossard, M. and Wilson, J. (2017) *A Whole New World: Funding and commissioning in complexity.* Collaborate for Social Change.

accounts for the costs of workforce development and meaningful service-user participation, but is sufficiently unrestricted and flexible to allow services to adapt over time.

5) Services should take a relational and asset-based approach.

In the DWP-led system, employment support is often presented and perceived as a transactional service that people are obliged to engage with as a condition of receiving benefits. The type of support people receive is based on the severity of the DWP-assessed barriers that stand between them and the DWP-defined objective of 16 hours of paid employment a week. Within the approach we are advocating, engagement with support would come about solely through the strength of the relationship providers are able to build with people, and on the basis of individual needs and circumstances. Services will then build on individual and community assets and resources to support people towards their own aspirations.

6) National policies, systems and processes should serve and support local approaches.

Within our proposed approach, the role of DWP and other national bodies should be to serve and support local strategies and ecosystems of services, rather than trying to shape and control them in order to achieve their own specific objectives. This should be achieved through a combination of devolving power, responsibility and resources; and removing processes that might obstruct the progress of local services and the people using them. National policy, legislation and economic regulation should be supportive of local areas working towards more inclusive communities and economies.

The following table sets out how a new approach that embraced these six principles would compare to and contrast with how the current system tends to look, within a DWP-led approach.

|	DWP-led system	Community-led approach
Scope of services	- Employment support commissioned and delivered as a stand-alone service - These services often sit somewhat 'outside' of local ecosystems of support	- Employment support based on local need and the input of those who will use services - Relevant services are fully embedded within local ecosystems of support
Commissioning	- Services procured by DWP within tightly defined specifications from a pool of those providers able to get onto their 'framework' - Some sub-contracting by prime providers to smaller local and specialist providers	- Process of assessing local need and determining services required convened by local authorities or sub-regional bodies - The whole community is supported to play an active role in this process
Funding	- Larger providers on major schemes work on 3-5 year contracts - smaller providers can often only access 1-2 year contracts - Payment-by-results, based on benefit categorisation of those supported, with a small proportion of core funding	- Long-term funding with minimal restrictions to local organisations best able to take a community-led approach to designing and delivering services to meet local need - Funding the health of the whole local ecosystem, not just constituent parts
Outcomes	- Exclusive focus on paid employment of at least 16 hours per week with additional payments for longer sustainment - Longer-term impact only measured in terms of reduced need for benefits	- Working towards a range of outcomes for individuals and the community, including employment and lower spend on services - Outcomes seen as being emergent from the ecosystem rather than one service

Design & delivery	▬ Providers design delivery models within tight parameters determined by DWP commissioning specifications ▬ Design rarely involves direct service user participation beyond shallow consultation	▬ User-led processes determine both the scope of what services will deliver and the way in which they will deliver it ▬ Services have the freedom to adapt over time to better meet local need
Eligibility & engagement	▬ Eligibility determined by benefit category ▬ Participation often required as a condition of someone's benefit claim ▬ Voluntary engagement difficult to foster because of DWP's reputation	▬ Based on people wanting/ needing support ▬ Reliant on fostering relationships based on trust, rapport and shared purpose ▬ Aided by services being embedded in and emergent from the community itself
Role of frontline practitioners	▬ Often performing a dual role of providing support and monitoring people's compliance with the condition of their benefits ▬ Limited scope to provide specialist support or work towards a broad range of outcomes	▬ Solely focused on providing support to the individual with no associated conditions related to their receipt of benefits ▬ Type of support and outcomes determined by the individual's needs and aspirations

PUTTING THIS VISION INTO PRACTICE

We would like to see our vision realised as soon as possible, so that employment support for people facing complex disadvantage can shift from being organised nationally and led by DWP, to being organised locally and led by communities. However, we know that fears and reservations about such large-scale reform, along with the inertia inherent to the institutions and processes we want to overhaul, will mean that we instead face a longer battle to shift mindsets and approaches.

The recommendations we set out below for what needs to happen locally and nationally to move us towards this vision are unapologetically ambitious, but are also practical and achievable. If those of us who recognise the need for a fundamentally different approach can contribute towards its realisation in the way we describe, the transformation we want to see could come about quicker than we have learnt to expect.
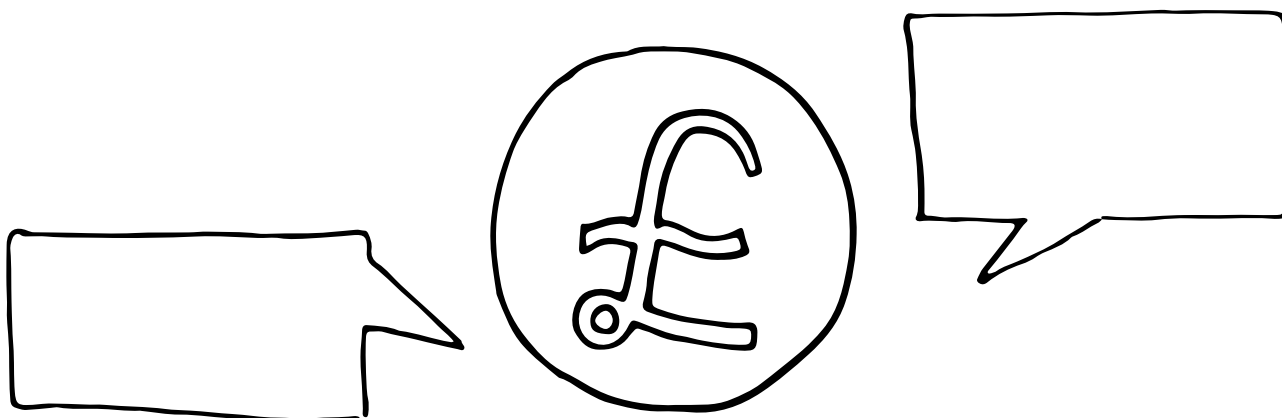
Summary of recommendations

What needs to happen locally:

- Local areas need to be bold and ambitious in developing and delivering strategies for community-led services, even in the absence of national backing.

- Local strategies for community-led services should be developed at the most appropriate level and scale for that area.

- Employment should be embedded as a cross-cutting objective within local strategies for community-led services.

- Community participation, particularly among those in need of support, should be actively encouraged and facilitated at every stage of service design and delivery.

- Funding and evaluation should promote holistic, collaborative, community-led support.

What needs to happen nationally:

- DWP should no longer be responsible for providing employment support for people on Employment and Support Allowance and the equivalent groups within Universal Credit.

- For people facing complex disadvantage, DWP should focus on providing financial security.

- Power and resources to support people facing complex disadvantage with employment should be shifted from Whitehall to local areas.

- Devolution should actively foster a more community-led approach to employment support for people facing complex disadvantage.

- National economic and social policy should help foster a more inclusive economy.

Recommendations for local areas

These recommendations are aimed at local authorities, sub-regional bodies, and anyone involved in the design and delivery of relevant services for this group, across the whole of the UK.

Local areas need to be bold and ambitious in developing and delivering strategies for community-led services, even in the absence of national backing.

Although the suggested national reforms discussed below would facilitate a much more rapid transition towards a community-led approach, local areas must take the lead in delivering this transformation. National changes may take a long time to achieve, but by moving towards a new approach regardless, albeit with the constraints that entails, local areas can demonstrate the potential benefits of a more fully realised overhaul of the current system.

As we have seen, moving towards a more community-led approach to understanding local needs, and commissioning, designing and delivering services to respond to this, should result in a more effective model of support for all local people, and particularly those facing complex disadvantage. Although the initial process of transformation will require investment, services that can contribute to better outcomes, with less inefficiency and duplication, should also deliver financial savings.[52]

However, this economic case, which will take time to evidence, should not be the only driver of reform. There is a strong moral case for improving support for people who have often experienced significant distress and hardship as a result of the disadvantage and inequalities they face. As one council leader put it: "We're doing it because it's the

52 Seddon, J. (2017) *Saving Money by Doing the Right Thing: Why 'local by default' must replace 'diseconomies of scale'*. Locality and Vanguard Consulting.

right thing to do. We also think it will lead to financial savings in the longer term, but we'd be doing it regardless."

By delivering a range of interconnected positive outcomes through these reimagined services, including employment for people facing complex disadvantage, local areas can build the case for taking control of powers, responsibilities and resources currently held by institutions like DWP, who try to achieve these outcomes in isolation and from a distance.

Additional funding from central government would certainly help to bolster local strategies, but local partners can put the foundations in place for a more community-led, holistic and coordinated approach by establishing pooled budgets made up of funding from local authorities, the NHS and other local and national sources of funding supportive of this approach.

= Local strategies for community-led services should be developed at the most appropriate level and scale for that area.

The first step in delivering the transformation we are advocating is to establish how a local strategy will be developed to shape and coordinate the commissioning, design and delivery of reimagined services.

There is a debate about the geographical scale at which this should take place - a higher-level sub-regional approach would allow strategies to draw on a larger pool of resources and achieve greater economies of scale, while more micro-level strategies may better reflect the circumstances and needs of specific areas. There is also a challenge around how strategies incorporate agencies that work across different geographical footprints, such as local authorities, NHS Clinical Commissioning Groups, and Jobcentre Plus districts.

While our instinct is that local authorities seem to be the most appropriate 'conveners' of these strategies, some areas may decide that they would benefit from more sub-regional or more micro strategies in addition to, or even instead of, coordinating at this level. The new integrated care system footprints which bring together NHS bodies, councils and

other partners to improve population health would, in many areas, be a possible appropriate sub-regional convening level. Where multiple strategies are developed at different levels - as may occur, for example, with district and county councils - these should be coordinated and nested to ensure they are compatible and complementary.

As well as aiming for as much participation as possible from the local community, the process of developing these strategies should involve people working within and running local services, third sector organisations, funders, businesses, and groups such as Local Enterprise Partnerships. Agencies whose geographical divisions do not match those of local strategies should operate flexibly to ensure they are fully involved in their development and can operate in service of them. The process should also be about building a sense of common purpose and a culture of collaboration among communities, professionals and organisations.

Employment should be embedded as a cross-cutting objective within local strategies for community-led services.

Although the content of these strategies should be developed through participatory and deliberative processes, this does not mean we should be starting with a blank piece of paper and ending with the priorities of the most vocal. Those convening these processes should ensure that their scope is comprehensive in terms of whose views are heard, what issues are considered, and what resources and powers can be drawn on to address these.

It may be useful to frame strategy development processes with questions such as "how can we ensure all local residents have the means and opportunity to thrive?" or to introduce concepts such as an 'inclusive economy'. This should provide parameters and structure to the process to address residents' core needs and aspirations, such as economic security, employment, housing, health, relationships, among

others.[53] Proactive efforts should be made to engage with those whose voices might not otherwise be heard, such as people facing complex disadvantage, to ensure that their needs are met by the strategy.

Embedding employment as a local strategic objective within a wider framework of helping all residents to thrive, and clearly decoupling it from DWP and Jobcentre narratives and processes, would help to detoxify how employment support is perceived by people facing complex disadvantage. It would also help to reassure other service providers, such as charities and the NHS, that they can be involved in supporting this objective without damaging their relationship with the people they support through association with DWP and Jobcentres.

Framing employment support in the wider context of a local strategy should also help to encourage ambitious and creative thinking about 'place shaping'. This would involve changing the environment in which people try to meet their needs and aspirations, rather than just providing services or support to help them overcome an adverse system . This could include actively encouraging, supporting and incentivising particular types of employers and employment practices, which support the objectives of the strategy and the prospects of specific groups such as people facing complex disadvantage. This may require convening agencies to develop their in-house expertise around issues like labour market economics.

This is particularly critical in the wake of the coronavirus crisis as different areas try to respond to the impact of regional and sectoral variation on the local labour market.[54] This links into broader agendas about 'levelling up' between regions and communities, and the need for local economic regeneration through approaches like community wealth building.[55] There has also been a renewed focus on the quality and security of work, and the role that the state and other actors can play in fostering a labour market that better meets the needs of employees.[56]

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> **This would involve changing the environment in which people try to meet their needs and aspirations, rather than just providing services or support to help them overcome an adverse system.**

53 These were the sort of issues mentioned by London residents asked what 'prosperity' meant to them. See Woodcraft, S. and Anderson, B. (2019) *Rethinking Prosperity for London: When citizens lead transformation.* Institute for Global Prosperity.

54 Evans, S. and Dromey, J. (2020) *Emergency Exit: How we get Britain back to work.* Learning and Work Institute.

55 *Building Community Wealth in Neighbourhoods: Learning from the Big Local programme* (2020) Local Trust and CLES.

56 Lockey, A. and Wallace-Stephens, F. (2020) *A Blueprint for Good Work: Eight ideas for a new social contract.* RSA.

> **= Community participation, particularly among those in need of support, should be actively encouraged and facilitated at every stage of service design and delivery.**

As well as actively engaging the community in developing local strategies, convening agencies like local authorities should encourage and facilitate community-led approaches to the design and delivery of the services needed to fulfil these strategies.

The depth of participation in each stage of this process, from the initial strategy through to the day-to-day delivery of services, should be determined by the appetite for involvement from relevant parts of the community. However, participation should be actively fostered through community engagement and capacity building. This in turn will require convening agencies to develop their skills and capacity in areas such community development; facilitating participatory processes; and user-led commissioning, design and evaluation. As one organisation that supports local service design told us: "many people may not understand what a community-led approach means, and lots of places don't have the skills yet for meaningful engagement to happen".

As set out in New Local's *Community Commissioning* report, the depth of participation could range from consultation with local people, to more involved deliberative processes, to communities commissioning and delivering services themselves.[57] For some service areas like employment support, due to the history and barriers discussed earlier in the report, it may take longer to move towards a deeper level of participation, but this should be the aspiration.

It will also be important to make use of existing expertise, evidence and capacity that currently reside in services run by the third sector or within other services such as the NHS. Moving to a more community-led approach does not mean bypassing these providers, but instead

57 Lent, A., Studdert, J. and Walker, T. (2019) *Community Commissioning: Shaping public services through people power.* New Local.

thinking about how their expertise and experience can contribute to the local strategy, and how they can be more community-led in the way they design and deliver services.

Funding and evaluation should promote holistic, collaborative, community-led support.

It was clear from our research that a payment-by-results model with a narrow focus on employment outcomes undermines the ability of local services to effectively support people facing complex disadvantage. This approach is incompatible with our vision, as employment support would no longer be commissioned or delivered as an isolated service. We therefore need a different approach to funding and evaluating services.

Emerging evidence about how to commission and fund services that are able to respond effectively to complexity suggests that the focus should be on how the local ecosystem collectively helps to produce outcomes, rather than seeing outcomes as the direct and discrete consequence of the work of an individual service.[58] In this context, providers should have a flexible and dynamic relationship with funders so that they can ensure they are working towards the broad objectives of the local strategy. Contracts for providers should be longer-term and less prescriptive than they currently tend to be. Providers should have the financial security to build and develop services over a number of years, adapting in response to changing circumstances, the needs and aspirations of the people they are supporting, and evidence and experience they build over time.

Taking this approach does not mean disregarding the importance of clear and measurable outcomes. Convening agencies should be developing sophisticated ways to evaluate the impact of holistic local strategies, as part of their strategic leadership for local ecosystems of support. This should include a focus on what people using these services see as meaningful outcomes. Measuring the cumulative

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Convening agencies should be developing sophisticated ways to evaluate the impact of holistic local strategies, as part of their strategic leadership for local ecosystems of support.

58 Knight, A.D., Lowe, T., Brossard, M. and Wilson, J. (2017) *A Whole New World: Funding and commissioning in complexity.* Collaborate for Social Change.

impact of local support on both individual and collective wellbeing of people within the community will help services to work towards clear common goals.[59] However, evaluation also needs to recognise the factors that contribute towards this, including outcomes like employment, in order to understand how best to improve wellbeing. This will help to build the case for further devolution of power and resources from Whitehall departments that work towards these outcomes in isolation. Local providers within an area should be supported to collect and share relevant data in order to provide more effective support and develop the local evidence base. Different local areas should network and collaborate to share best practices and create common measures in order to benchmark performance and build a collective evidence base.

Where possible, funding from different local budgets, such as those overseen by local authorities, NHS and national government, should be pooled to support the delivery of services that contribute towards a range of overlapping outcomes relevant to these bodies. These pooled budgets should be distributed to a wide range of providers rather than feeding into a few big contracts. Other funding sources, such as grant-making bodies, should be involved in local commissioning and design processes, to contribute their experience and expertise and ensure that the funding they provide is aligned with and supportive of local strategies.

Convening agencies that are funding and overseeing the delivery of local strategies should also be supporting the 'health' of the local ecosystem of support as a whole.[60] This means paying for infrastructure such as digital systems that work across and between services; accounting within contracts for the costs of things like workforce development and service user involvement; and actively supporting different providers and agencies to use community-led approaches to service design and delivery, and to work effectively in collaboration.

59 Fox, A. (2018) *A New Health and Care System: Escaping the invisible asylum*. Policy Press.
60 Knight, A.D., Lowe, T., Brossard, M. and Wilson, J. (2017) *A Whole New World: Funding and commissioning in complexity*. Collaborate for Social Change.

Recommendations for national government

These recommendations are aimed at decision-makers and policy professionals overseeing delivery in England and Wales. However, the principles and direction of travel we are advocating could be adapted and applied within the devolved arrangements relating to benefits and employment support in Scotland and Northern Ireland.

DWP should no longer be responsible for providing employment support for people on Employment and Support Allowance and the equivalent groups within Universal Credit.

Within the alternative approach we are proposing, DWP should step back from its assumed responsibility for providing employment support to this group. This would mean no longer requiring anyone from this group to attend the Jobcentre or engage with 'work related activity'. This does not mean that Jobcentres may not have a part to play in local ecosystems of support for this group. In some areas, Jobcentres have become more integrated with these ecosystems and other services see them as a valuable partner. Where this is the case, they should continue to be a route into support but they should no longer be the focal point and should not act as gatekeepers, or as local enforcers of ongoing benefit eligibility.

As discussed in more detail in recommendation three, once existing contracts for DWP commissioned provision such as the Work and Health Programme come to an end, funding for these schemes should be devolved to allow more meaningfully community-led approaches.

This may raise concerns about the risk of leaving a void of support for this group. However, the reality is that the large majority of people facing complex disadvantage are in the ESA SG or UC equivalent and have little contact with DWP-led employment support. Even those in the ESA WRAG or UC equivalent tend to only have infrequent and cursory meetings with their Jobcentre work coach. Those involved in schemes like the Work and Health Programme receive more intensive support, but only around

10 per cent of the 2.3 million people in these benefit categories will gain access to these schemes over the course of five years.[61] The reality is that the DWP-led system has very little meaningful engagement with this group, but leaves many in an unsettled and anxious state through the constant background hum of potential reassessments and Jobcentre appointments. Only around four per cent of people on ESA move into employment each year, and even these outcomes are often not clearly attributable to DWP-led support.

Another associated concern is that moving away from a centrally controlled system will lead to a 'postcode lottery' in the quality of support available. Our response is that local variation already exists, since the system attempts to provide a standardised service but fails to meaningfully respond to local context or deliver consistent outcomes. Where better local support exists, it is often because commissioners and providers have managed to work around the constraints of this standardised approach. The shift we are proposing would remove many of these constraints, allowing more effective local approaches to be developed. The process we suggest below for managing the devolution of resources would ensure that areas have a clear plan in place for developing and implementing a strategy for their local ecosystem of services. We would also want to see learning and good practice shared between areas, but believe this is best achieved by fostering collaboration rather than enforcing targets or conditions that often fail to drive good delivery or deliver positive outcomes.[62]

DWP will be reluctant to let go of what it sees as one of its main levers for managing the cost of disability and health related unemployment benefits. However, we believe this sense of control is largely illusory because the department is so poorly placed to engage effectively with this group. Although DWP would like to see more people in this group move from benefits into work, there is little real expectation within the department or outside it that they will achieve this on a significant scale. These expectations are even lower in the context of unprecedented levels of unemployment due to the coronavirus crisis. Employment support for this group is unlikely to be a political priority for the foreseeable future. At best, the hope will be that the very modest

61 Powell, A. (2020) *Work and Health Programme*. House of Commons Library. Briefing Paper Number 7845.
62 Lowe, T. and Plimmer, D. (2019) *Exploring the New World: Practical insights for funding, commissioning and managing in complexity*. Collaborate for Social Change and Northumbria University.

progress that was being made before the crisis can be sustained. We cannot allow the fear of losing the minimal successes of a system with fundamental barriers to improvement to hold us back from the transformation in approach required to overcome these barriers.

For people facing complex disadvantage, DWP should focus on providing financial security.

Emerging evidence suggests that trying to make ends meet on a low income, and having limited control over how you use your time, causes stress and anxiety and leads to diminished cognitive bandwidth, which limits your ability to make good decisions.[63] DWP's approach to unemployment benefits - paying low rates,[64] making them onerous to access, and often attaching conditions - runs directly counter to this evidence. It is particularly inappropriate for people facing complex disadvantage, who have more day-to-day barriers to overcome and more competing demands on their depleted cognitive bandwidth.

Benefits for this group should instead be set at a sufficient level for people to meet their needs over what could be an extended, or even indefinite, period of unemployment. This level could be decided through participative and deliberative processes, listening in particular to people who rely on this financial support but involving a broader cross-section of society to build consensus. These benefits should also be unconditional - looking to local ecosystems of services to foster engagement in employment support rather than mandating compliance. Providing a secure financial base for this group is a critical component of creating an environment where they have the confidence and security to meaningfully engage with employment support.

There has been widespread criticism of the WCA which determines eligibility for ESA and the UC equivalent. This assessment process should be redesigned to be less disempowering and stressful for those

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63 Mullainathan, S. and Shafir, E. (2013) *Scarcity: Why having too little means so much.* Allen Lane; Gandy, K., et al. (2016) *Poverty and Decision-Making: How behavioural science can improve opportunity in the UK.* The Behavioural Insights Team.

64 Gaffney, D. (2015) *Welfare States: How generous are British benefits compared with other rich nations?* Touch Stone Extra.

subject to it, and to take better account of the interplay of factors that impact on the employment prospects of someone facing complex disadvantage. Reassessments of eligibility, which often disrupt any progress people are making, particularly in terms of their mental health, should happen much less frequently. The system could also be simplified by extending the ESA SG and UC equivalent to encompass the ESA WRAG and UC equivalent.[65] The distinction has made little difference to employment outcomes and the lower rate of benefit paid to the latter group has no robust policy justification.

The WCA process could be bypassed where there are other clear indicators that someone has a disability or health condition which is likely to significantly impact on their ability to work. For example, if someone is unemployed and supported by secondary mental health services, this could be taken as a fairly reliable proxy measure of eligibility for relevant benefits. Similarly, people who are unemployed and seen by the local authority as having significant support needs under the Care Act could be 'passported' onto these benefits.

For people in this group who manage to move into employment, they should be able to keep a large proportion of their benefits initially, with this tapering off if they remain in work. It should be quick and easy to return to the full rate of benefit if they are not able to remain in employment. This would help to reduce the wariness many people in this group feel about whether they will be able to sustain work, the risk of being worse off in work than on benefits, and the prospect of trying to get back onto benefits if they fall out of work for any reason.[66]

The likely objection to these changes is that it would become easier for people to access these benefits and that it would increase the incentives to do so because of the higher rates of payment and the lack of conditionality. However, we need to escape this sort of deficit-focused thinking that shapes the current system, designed around limiting access and preventing fraud but failing to work for the majority of people honestly seeking support.[67]

65 WCA – Work Capability Assessment; ESA – Employment and Support Allowance; UC – Universal Credit; SG – Support Group; WRAG – Work Related Activity Group.
66 Adams, L., et al. (2020) *Summary: The work aspirations and support needs of claimants in the ESA Support Group and Universal Credit equivalent.* Department for Work and Pensions.
67 Bowles, S. (2017) *The Moral Economy: Why good incentives are no substitute for good citizens.* Yale University Press.

> **A more positive and asset-focused approach, that puts faith in skilled frontline professionals rather than strict gatekeeping processes, will encourage better outcomes by treating people with the trust and respect required to build effective relationships of support.**

We already effectively have a two-tier system, but one where most people on higher rates of benefit are afraid to engage with support because they feel they have to continually prove that they cannot work. Although there is always going to be a challenge around where to draw the lines of eligibility, providing inadequate and ineffective support to those with significant needs in order to avoid the risk of being overly generous to those whose needs are less clear cannot be the answer. A more positive and asset-focused approach, that puts faith in skilled frontline professionals rather than strict gatekeeping processes, will encourage better outcomes by treating people with the trust and respect required to build effective relationships of support.

Power and resources to support people facing complex disadvantage with employment should be shifted from Whitehall to local areas.

DWP spends over £220 million each year from its Departmental Expenditure Limits (DEL) budget on employment support for disabled people and people with long-term health conditions.[68] Our research suggests that much of this budget should be devolved to local areas to resource local strategies for supporting people facing complex disadvantage.

Breaking down the current DWP DEL budget:

- £63 million is spent on Jobcentre support – since we are recommending that Jobcentres are no longer responsible for this group, this could be devolved to local areas.

- £98 million is spent on contracted programmes – we recommend that the next iteration of each of these programmes is commissioned, designed and delivered locally.

- £63 million is spent on pilots and trials – we recommend that the learning from these, and funds earmarked for future pilots and trials, are fed into local systems of support.

68 Report by the Comptroller and Auditor General (2019) *Departmental Overview 2019: Department for Work and Pensions.* National Audit Office.

In addition to this DWP provision, £500 million a year is spent through the ESF, for which DWP provides the management and funding administration, on employment and skills support, much of it focused on people facing complex disadvantage. The Work and Pensions Committee found similar flaws with the ESF to those raised in our research:

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> **Current structures create funding siloes, preventing providers from delivering the comprehensive programmes that many of those they support really need...The ESF is also mired in inordinate bureaucracy. At worst this can prevent small, specialist, local organisations, that have so much to contribute, accessing it at all."[69]**

The introduction of the UK Shared Prosperity Fund to replace the ESF presents an excellent opportunity to reshape how this funding is distributed, administering it instead through local convening agencies like local authorities to ensure it contributes to the delivery of local strategies. These funds, along with the current DWP DEL spending on this group, should be distributed based on the numbers of people supported by relevant benefits in each area.

Local areas should also have the opportunity to unlock some of the £16 billion spent on providing benefits to this group through DWP's Annually Managed Expenditure (AME). When local areas support people from this group into employment, they should share some of the Treasury and DWP savings from reduced benefit spend. However, verifying and attributing individual job outcomes would create a huge administrative burden and would tie support too closely to benefit receipt, which risks recreating some of the problems with the current system. Instead, we suggest that areas should receive additional funding if the overall outcomes for this group in their area exceed an agreed baseline for a given period, based on previous outcomes and reflecting changing labour market circumstances. This would provide additional incentives for local action and investment, help to bolster effective local approaches, and build the case for more proactive DEL expenditure on the basis of further expected AME savings.

69 *European Social Fund* (2018) Work and Pensions Committee. House of Commons.

Other relevant budgets traditionally administered in Whitehall, such as funding for adult education and skills, have begun to be devolved to some areas. This process should be expanded and accelerated so that local areas are able to effectively coordinate services to support their communities.[70] Additional powers around incentivising and regulating local employment practices could also help areas to shape their local economy so that it is more inclusive and accessible for people facing complex disadvantage.

There will be significant resistance to a shift of resources and responsibility on this scale from Whitehall to local areas. Even those who support the direction of travel we are advocating often favour more incremental devolution, building on evidence accrued through a 'test and learn' approach. However, within a DWP-led system, such testing and learning is tightly constrained by the parameters of the current model and the underlying departmental culture and assumptions. Piecemeal reforms also preclude the opportunity to demonstrate the benefits of more fundamental systemic changes that depend on the cumulative impact of interconnected shifts in structures, practice and culture. In the context of a system that is performing so poorly when it comes to supporting people facing complex disadvantage, it is unclear why the threshold for evidence to adopt an alternative approach should be set so high.

Devolution should actively foster a more community-led approach to employment support for people facing complex disadvantage.

Although we would want the devolution of resources and responsibility discussed in the previous section to be as unconditional as possible, we acknowledge that there will be concerns about the accountability of local spending and services. We also recognise the potential to use the process of devolution to proactively encourage a more community-led approach at a local level - as a service design expert suggested to us: "It opens a conversation – the art of the possible. It forces places to pause

70 *Work Local: Our vision for an integrated and devolved employment and skills service* (2017) Local Government Association and Learning and Work Institute.

and reflect on how things are currently done. It can elicit action around community engagement. Devolution requires a set of shared outcomes but there should be some flexibility in that as well."

We reject any blanket assumption that convening agencies like local authorities would be less likely to use these resources effectively and therefore need to be held tightly accountable to Whitehall and Westminster. These institutions are committed to serving their local communities, incentivised to address issues that lead to demand on multiple services, and held to account through local democracy. They are already working closely with people facing complex disadvantage on a daily basis through services such as housing and social care. The onus of responsibility should be on central government to justify why services *shouldn't* be delivered locally, rather than on local convening agencies to justify why they should.

However, the political reality is that those with the power to enact the devolution we are calling for will be reluctant to do so without some assurances about how resources will be used. As our research shows, many local areas are yet to fully adopt the type of community-led approach to service design and delivery that we believe is needed. Furthermore, local services providing wider support for this group, such as the NHS and adult social care, have often under-prioritised or had low ambitions around employment as an objective. There is a risk, therefore, that it is an area that would be neglected without specific encouragement to address it.

Given this context, there needs to be a balanced approach that addresses political concerns, and encourages a community-led approach with a focus on employment, without constraining the creativity or flexibility of local design and delivery. Funding should not be ring-fenced, as this would limit the ability of areas to create the type of place-based budgets that evidence suggests lead to more preventative, holistic and person-centred approaches to service delivery.[71] Local areas should not be expected to set out in advance exactly how they will use resources, as this would limit the scope for design and delivery to be genuinely community-led.

71 *Sustainable Local Services: A call to action* (2018) Solace.

Instead, the Government should commit to devolving these resources and responsibilities over the course of a Parliament, and work collaboratively with local areas to realise this commitment. Since the approach we are calling for runs so counter to the current system, DWP does not seem best placed to oversee this transition. A dedicated, time-limited specialist unit should be established within the Cabinet Office, made up of officials with expertise and experience related to people facing complex disadvantage, local government, service design, and participatory and deliberative approaches. This unit would work with local areas to develop their plan for taking on these new resources and responsibilities. As with the relationship between commissioners and services at a local level, we would want to see a culture of collaboration and flexibility, rather than the transactional culture that has characterised previous negotiations around devolution. This should be a positive process that encourages new approaches and facilitates the sharing of learning and best practice between local areas.

The plans produced by each local area, with the support of this unit, would cover how they will:

- Develop a strategy to address local needs and aspirations, and how they will design and deliver the services that this strategy identifies the need for.

- Ensure that this process is community-led at every stage, through the use of participatory and deliberative approaches, including proactive engagement with more marginalised groups such as people facing complex disadvantage.

- Incorporate employment as a cross-cutting objective within the strategy.

- Foster the "dynamic capabilities" needed within their organisation to deliver such a strategy process, including around citizen engagement and user-led design.[72]

- Evaluate the development and delivery of this strategy and the impact it has on the lives of people in the local community.

72 Kattel, R. and Mazzucato, M. (2018) *Mission-Oriented Innovation Policy and Dynamic Capabilities in the Public Sector.* Working paper. Institute for Innovation and Public Purpose. UCL.

Building on local plans for evaluation, the unit should also work with local areas, individually and collectively, to establish an approach for how strategies and services will be monitored and held to account locally. Rather than reporting back to Whitehall on specific measures, local areas should involve people who are using these services, and have benefitted from them in the past, in formal governance, and support them to establish ways to monitor the quality of support and drive improvement. As an example of how this could work in practice, Essex County Council has established a charitable foundation to commission its drug and alcohol rehabilitation services, where those recovering from substance misuse play a central role in decisions as part of a formally constituted advisory committee and roles on the Board of Trustees.[73]

Local areas will need to achieve improved employment outcomes in order to access additional funding from AME savings, so Westminster and Whitehall will be able to see whether progress is being made. It will also be in the interest of local areas to collaborate with each other in order to share best practice and establish common measures, as a means of peer monitoring and to establish the case for an even greater investment of DEL funding from central government.

National economic and social policy should help foster a more inclusive economy.

The devolution of budgets currently administered at a national level to fund employment support would not be occurring in isolation. We want to see the principles of a community-led approach adopted across all of public service delivery. This would also involve additional powers for local areas, such as more scope to raise revenue to supplement place-based budgets. This wider shift would support more specific objectives such as employment for people facing complex disadvantage by promoting the health of the whole local ecosystem of support, encouraging collaborative working, and offering greater incentives for

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73 Lent, A., Studdert, J. and Walker, T. (2019) *Community Commissioning: Shaping public services through people power.* New Local.

action through the potential financial returns on having more people employed locally.

However, *The Community Paradigm* does not imply that national government and Whitehall departments no longer have a significant role to play. As well as "setting a strategic framework, ensuring overall quality and supporting innovation" for devolved matters, they would retain control of some key functions and areas of policy. This will include setting the overall national direction of travel in terms of economic and social policy, which will shape the context, and the financial parameters within which local strategies are designed and delivered.

This role is critical in the wake of the coronavirus crisis, as the country faces fundamental questions around the future of employment and social security, among other challenges. The response could include legislation, policies and frameworks to promote more secure, fulfilling and better paid employment.[74] This could incorporate changes to ensure the labour market is more inclusive of people facing complex disadvantage. Although such a vision would be best achieved through local implementation, key aspects would require national level action – for example strengthening legislation around trade unions, workers' rights, discrimination, and the duty to make proactive adjustments to accommodate people's needs.[75]

Given the scale of unemployment as a result of the crisis, there have also been calls for radical solutions such as jobs guarantee schemes for those at most risk of long-term economic harm.[76] The argument for such schemes is that the people they are targeted at will be very unlikely to find employment otherwise. Since so few people in the benefit categories we have focused on move into work, but the potential financial savings if they do are so high, consideration should be given to a similar scheme for this group. Job opportunities for those who want them, in appropriate and fulfilling roles with support to reflect people's needs, could be provided directly or coordinated by local government, but backed financially by the Treasury.

74 Lockey, A. and Wallace-Stephens, F. (2020) *A Blueprint for Good Work: Eight ideas for a new social contract.* RSA.

75 Smith, C. and McCloskey, S. (2020) *An Unequal Crisis: Why workers need better enforcement of their rights.* Citizens Advice.

76 *A New Plan for Jobs: Why we need a new jobs guarantee* (2020) Trade Union Congress.

Within a community-led approach, better communication and collaboration between local areas and national government could lead to legislation, policies and approaches that are integrated, complementary and mutually reinforcing. This would support better experiences and outcomes for communities and individuals, particularly those facing complex disadvantage.
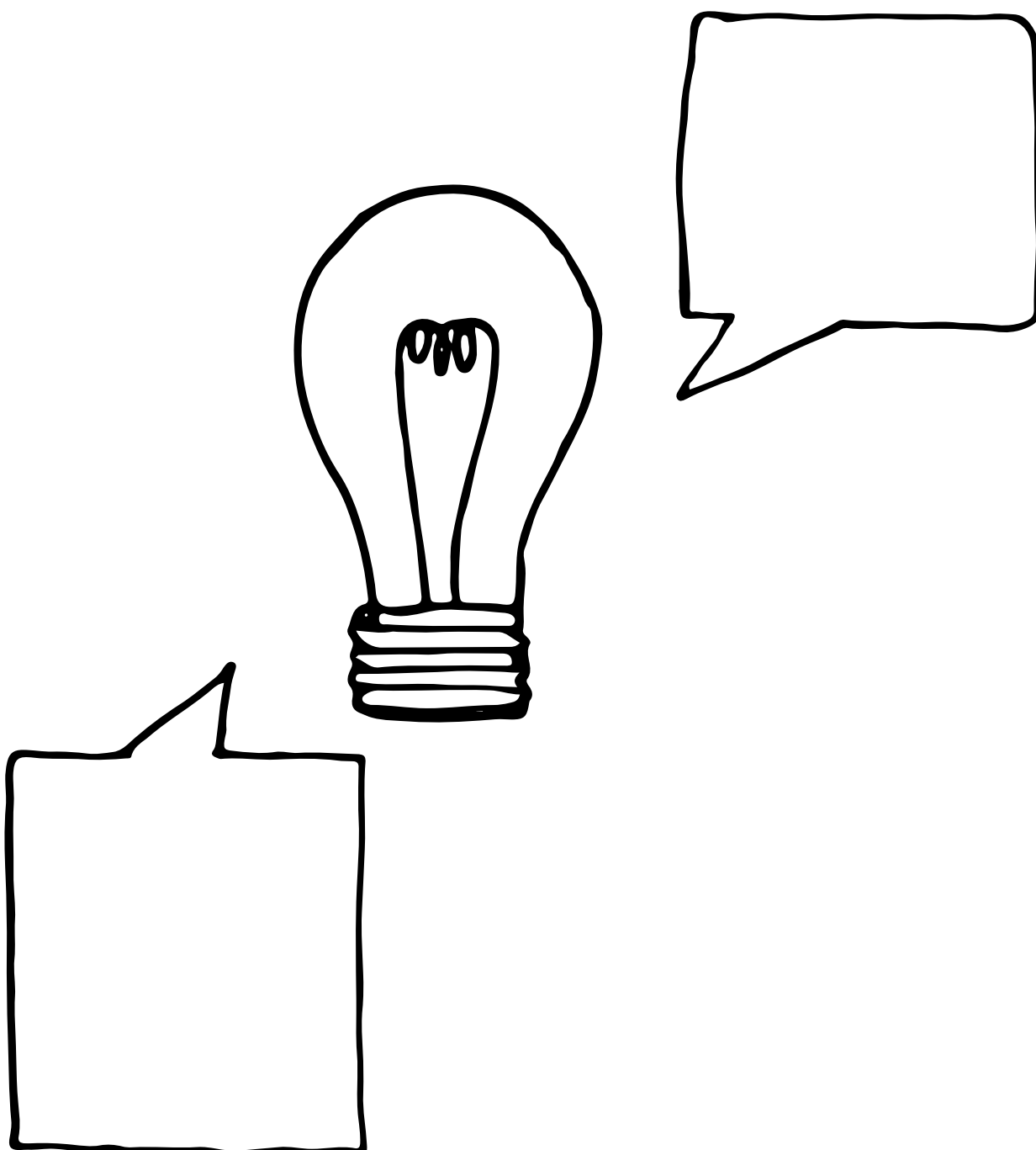
CONCLUSION: HELP US MAKE THIS VISION A REALITY

The alternative experience we imagined for Amy in our story earlier in the report is not some naive utopia. As we saw in our research, many elements of this sort of support are already being provided by great local services all around the country. However, these services are being delivered against the headwind of a system that has failed to effectively support people facing complex disadvantage and creates many barriers that prevent others from doing so. Those running these services have to do the hard work of wrapping the right support around an individual, when too often people are expected to fit within the predetermined parameters of what systems and services offer.

Commissioned, designed and delivered in the shadow of the benefits system, employment support for people facing complex disadvantage often seems to be driven more by the needs and aspirations of Whitehall than the needs and aspirations of the individuals concerned. But it doesn't have to be this way. Many regions, local authorities, NHS services and third sector organisations are already trying to deliver an alternative approach. With greater involvement of the communities they serve, and proper backing from central government, these approaches could flourish and revolutionise the quality of support available to this group, not just around employment but all of their interconnected needs and aspirations.

By addressing the fundamental barriers that constrain the current system, this shift could improve the prospects of moving into employment for millions of people. It will also take us from an approach

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It will also take us from an approach that is disruptive, demeaning and disempowering to one that is intrinsically attuned to what people want and need, because it is rooted in their communities and they are the ones helping to decide how it is designed and delivered.

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We have tried to offer a bold vision of how this might be achieved. We expect this vision to provoke questions and challenges, in part because it disputes entrenched orthodoxies but also because the hard work of developing detailed solutions and overcoming the practical barriers to reform is still to be done. We hope this report provides inspiration and impetus to help drive this process forward. We look forward to the ongoing debate, to working with those who want to deliver this vision, and to seeing the positive impact on the lives of those supported.
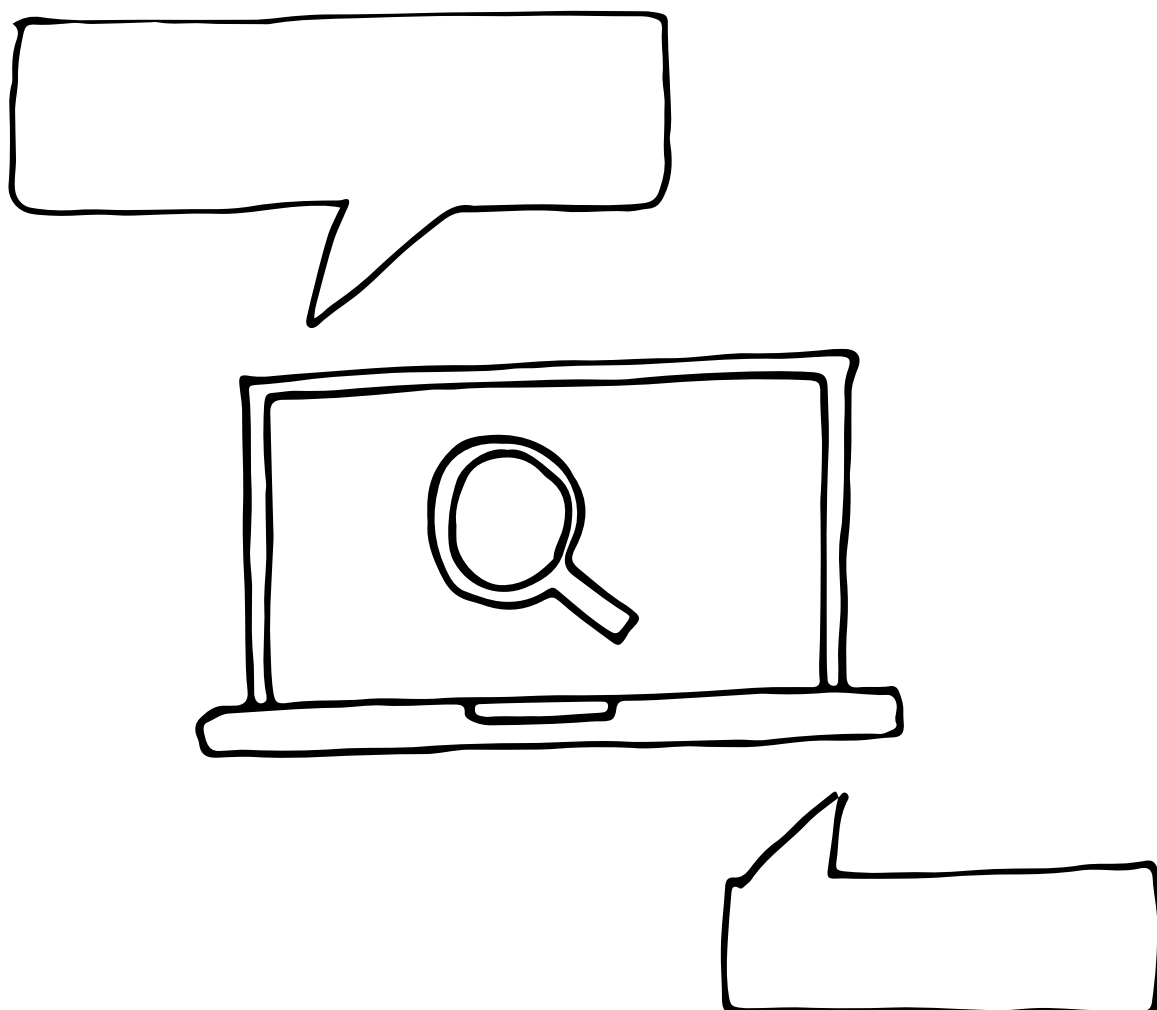
APPENDIX: RESEARCH METHODOLOGY

Literature review

In addition to the two key reports underpinning this research, Pathways from Poverty and The Community Paradigm, we reviewed over 50 documents including academic papers, policy papers and research reports. This review provided us with a contextual background on the historical and more recent developments within the sector.

Interviews

Between January and March 2020, we carried out 28 semi-structured interviews with practitioners from providers and commissioning agencies across England and Wales. In order to obtain a more holistic perspective about the existing local partnerships within the sector, we spoke to people with a wide range of roles, from local authority strategic leads to frontline support workers in charities. The organisations we reached out to also ranged in size, from small local charities, to regional housing associations, to national specialist providers. These interviews provided us with important insights into the unique advantages and challenges of different localities based on their specific characteristics. They informed the development of a set of key themes around existing practices and key challenges in the report, which are supported by anonymous quotes from the contributors.

Importantly, these interviews also point us to some elements of best practice that are already happening at the local level, which align with the principles outlined in *The Community Paradigm*, forming part of the case studies scattered throughout the report. It is important

to emphasise that these case studies serve as illustrations of certain elements of best practice based on the key principles of a community-led approach highlighted in the report. They are not based on a thorough assessment of the quality of service, outcomes achieved and user satisfaction.

Research workshop

We conducted a virtual research workshop in April 2020 to bring together key practitioners in the field to discuss some of our early findings, and to provide a space for key players to reimagine what a more holistic and community-led approach to providing employment support for those facing complex disadvantage could look like. This facilitated workshop was attended by 19 practitioners from providers and commissioning agencies with roles ranging from support worker, employment lead to chief officer. This workshop provided us with more detailed ideas for how a community-led approach to providing employment support for this group might look like in practice and the potential barriers that need to be addressed.

Advisory Group

In July 2020, we held an advisory group meeting with 11 experts and thinkers in this field, to seek their feedback on the direction of the report, its early findings, and key policy recommendations. During the meeting, participants reflected on the content of the report and provided advice on how the report's key messages could be strengthened to have the maximum impact in influencing policy.

LLOYDS BANK FOUNDATION

Lloyds Bank Foundation for England and Wales partners with small and local charities who help people overcome complex social issues. Through funding for core costs, developmental support and influencing policy and practice, the Foundation helps charities make life-changing impact. The Foundation is an independent charitable trust funded by the profits of Lloyds Banking Group.

Many of the charities the Foundation supports help people to prepare for, find and sustain work and to navigate the complexities of the benefits system and public services. Drawing on this evidence and experience the Foundation raises awareness of the challenges facing charities and those they serve and pushes for changes to policy and practice. As part of that work the Foundation has funded this research.

For more information, please visit **www.lloydsbankfoundation.org.uk**

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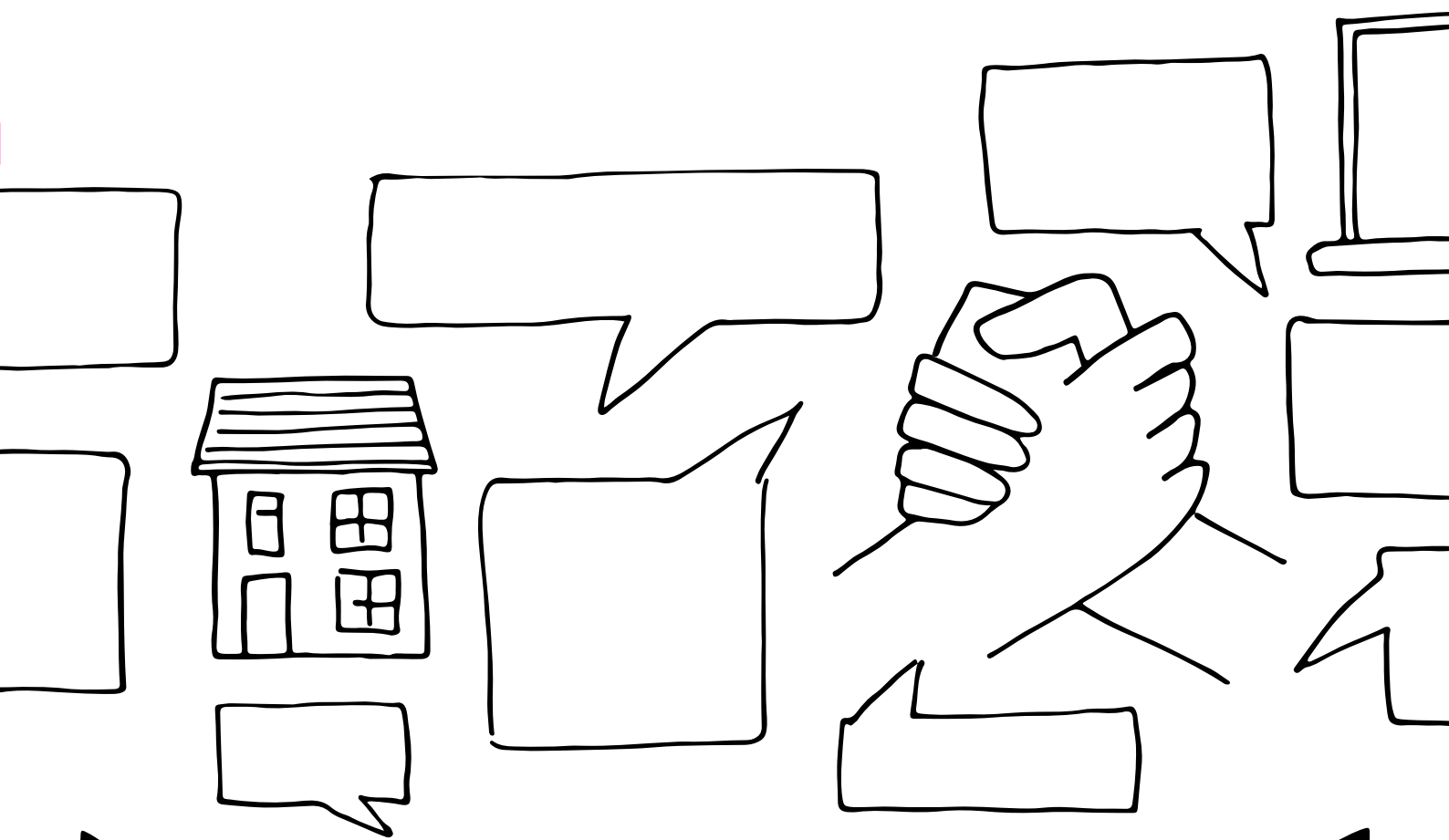
THANKS FOR READING!

The DWP-led employment support system is failing millions of people who face complex disadvantage, often involving disabilities and long-term health conditions. Too often, the current system is built around the needs and objectives of those administering it, rather than those it is supposed to support. Processes are transactional at the expense of building meaningful relationships. And a rigid system is incapable of responding to the reality of people's lives – a problem that has been made more acute by the coronavirus pandemic.

This report sets out a new vision for a system in which power is devolved to create local, community-led forms of employment support for people facing complex disadvantage. It calls for a radically different approach, focused on fostering stability and trust. This new approach seeks to empower people and work with them collaboratively to ensure that their needs and aspirations are met.

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