



National Audit Office

DEPARTMENT FOR WORK AND PENSIONS

Gaining and retaining a job: the Department for Work and Pensions' support for disabled people



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EXECUTIVE SUMMARY



1 There are 9.8 million disabled people in Great Britain¹ – around one in six of the population. In 2004, of the 6.7 million disabled people of working age, 50 per cent were in employment compared to 75 per cent of the working age population as a whole. The Government has committed itself to increasing the employment rate of disabled people and to reducing the difference between their employment rate and the overall rate by 2006 and further by 2008.

2 This report provides an overview of the specialist employment programmes and schemes to help disabled people find and retain work and shows how they have evolved (Part 1). It also examines whether these are effective at getting disabled people into work and helping them sustain and retain employment (Part 2); whether they are accessible and of suitable quality (Part 3); and, considers whether the employment programmes and schemes are cost effective (Part 4).



Disabled people face a range of barriers to finding and retaining work

3 Being in work can have many positive consequences for disabled people such as developing confidence and new skills, earning money, improving health, meeting people and generally being more integrated into society. Many disabled people face barriers to finding and retaining employment including negative employer attitudes. Employers often have concerns about the costs associated with employing a disabled person – which they often perceive to be higher than they actually are – and the need to make adaptations to premises, even though there is support available with such costs. Addressing employers' concerns will be essential if the Government is to achieve its aims in this area.

4 Lack of awareness of the programmes and schemes available to help find work is a barrier for many disabled people. A person's disability or health condition can also present an obstacle to retaining work, especially if the condition fluctuates, as it is not always possible to find work that can adapt to this situation. In addition, disabled people experience the same barriers to work as others, such as lack of qualifications and scarcity of jobs in their local labour market, although these can be accentuated if the disability or medical condition restricts access to certain jobs.

¹ The latest Department for Work and Pensions estimate, based on data from the Family Resources Survey, using the Disability Discrimination Act (DDA) definition of disability to define a disabled person.

The Department offers a range of support for disabled people

5 The Department for Work and Pensions (the Department) funds a broad portfolio of programmes and schemes to help disabled people find and retain work (**Figure 1**).² These are managed by Jobcentre Plus – an executive agency of the Department – and contracted out to approximately 500 providers³ in the public, private and voluntary sectors. Disability Employment Advisers are crucial in guiding disabled people to the appropriate support, which includes Work Preparation, Workstep and the New Deal for Disabled People, or schemes such as Access to Work and the Job Introduction Scheme. Jobcentre Plus also manages the Disability Symbol.

6 Work Preparation and Workstep have evolved over the past 60 years in response to changing expectations about the place in society of disabled people. The New Deal for Disabled People was introduced in 2001. All now focus on helping disabled people to enter and progress within the labour market where possible. This is a departure from previous programmes such as the Supported Employment Programme (replaced by Workstep in 2001) which offered very few development opportunities. This new ethos is also reflected in the Department's Pathways to Work pilots, part of the Government's wider reforms of incapacity benefits, currently looking at ways of helping recipients into work.

7 Jobcentre Plus manages the programmes at a regional level to enable it to respond to varied needs across the country. There are also many government departments, agencies and voluntary sector organisations involved in employment-related support to disabled people, including the Department of Health, Department for Education and Skills and the Adult Learning Inspectorate.

8 The number of people receiving incapacity benefits has risen steadily since the mid-1970s but has recently stabilised. The number nearly quadrupled from 700,000 in 1979 to 2.5 million in 1997, and related benefit expenditure grew correspondingly. The growth in the caseload slowed significantly from around this time so that there are currently more than 2.6 million working age people⁴ receiving incapacity benefits⁵ at a cost of £12 billion. This is part of an overall sum of £20 billion paid on all disability-related benefits, including those not of working age, and those not associated with out of work

benefits. While some of this additional expenditure is matched by a reduction in the number of people receiving other working age benefits and allowances, there remain strong financial and social incentives to ensure there are opportunities for disabled people to work if they can.

Assessing the value for money of provision is difficult, but the long-term benefits appear to outweigh the costs of provision for many people

9 The programmes and schemes summarised in Figure 1 deliver important opportunities to disabled people but such support has a substantial cost. Estimating the value for money of the programmes and schemes is hard because progress against some of the objectives cannot be easily measured, for example, the ongoing emphasis on reducing social exclusion, or the impact on individual health.

10 Assessing the success of provision is made harder because data for some programmes and schemes is either incomplete or unreliable. Not all Jobcentre Plus regions know how much they have spent on some schemes, nor the exact number of participants, and departmental internal audit reports suggest that value for money may be compromised through marked variations in price or inexplicably high levels of use. For example, costs for support workers provided through Access to Work range from £6 to £46 per hour, and payments can be for up to 90 hours of support per week (where support is provided for working hours only).

11 An estimate of the average unit costs of providing the various programmes and schemes is at Figure 1. A simple comparison of these costs does not give an accurate picture of comparative value for money, partially because of the poor information held about some programmes but also because of the different nature of the programmes and the clients they serve. This ranges from those closest to being ready to work, in the case of the New Deal for Disabled People, to those further away from the labour market, in the case of Work Preparation and Workstep. The difference in costs also reflects the different nature, scale or intensity of assistance provided. There is also variation between programmes in the emphasis placed on sustaining employment over the longer term.

² Disabled people also participate in mainstream provision such as Work Based Learning and New Deal for Young People.

³ A range of organisations that offer disabled people services funded by the Department for Work and Pensions under one or more of the specialist programmes including assessment, preparing for work, finding work and in-work support.

⁴ *Pathways to Work: Helping People into Employment*. The Government's response and action plan. June 2003. CM 5830. (This report refers to 2.7 million people of working age receiving an incapacity benefit. The Department confirms the actual figure is 2.63 million).

⁵ Incapacity benefits refer to Incapacity Benefit, Income Support on grounds of incapacity, and Severe Disablement Allowance.

1 The Department's specialist employment programmes and schemes for disabled people

Name	Description	Number Participating ¹	Programme Cost ² (£m)	Average Unit Cost ³ (£)
Work Preparation	Helps people with health conditions or a disability prepare to return to work by building their confidence, identifying suitable types of work for them, offering work experience and providing support. Often used as a stepping stone into Workstep.	7,400	10.0	1,400
Work step (including Remploy)	Provides tailored support to find and retain work for disabled people with complex barriers to finding and keeping work. Offers ongoing support to enable permanent employment in the open job market.	23,000	189.2	8,200
New Deal for Disabled People	Offers access to a network of job brokers who provide support and advice to help disabled people and people with health conditions find work. Often for disabled people who need minimal levels of support to find work.	57,800	37.5	1,100
Access to Work	Provides financial assistance towards the extra costs of employing someone with a disability, such as contributing towards the cost of specialist IT equipment, work adaptations to the workplace, some travel costs and the cost of having a support worker.	34,800	55.8	1,600
Job Introduction Scheme	Supports disabled people looking for work or about to start a job and provides an initial weekly grant for employers to cover any additional costs.	2,000	0.9	500
Disability Symbol	Used by employers who want to demonstrate their commitment to good practice around employing and retaining disabled people. The symbol is displayed on job advertisements.	5,000	–	–

Source: National Audit Office analysis of information from the Department for Work and Pensions

NOTES

1 Figures are for 2003-04, rounded to the nearest 100. Number participating for Work Preparation and Job Introduction Scheme refers to those who have been on the programme or scheme during 2003-04. Figures given for Workstep and New Deal for Disabled People refer to the number of current participants as at 31 March 2004. Access to Work figure refers to the number of new and existing beneficiaries during 2003-04. Figure given for the Disability Symbol refer to number of employers.

2 Figures are for 2003-04 and exclude administration costs. It should be noted that the figure given for New Deal for Disabled People includes approximately £9 million for in-house job broker costs. Overall figure for expenditure on Workstep (£189.2 million) reflects Modernisation funding payments made of approximately £7 million. Programme costs for the Disability Symbol are not available.

3 Unit costs are based on participant numbers only, as provided in the table above, except for New Deal for Disabled People. The unit cost for New Deal for Disabled People is based on the number of new registrations (34,500) in 2003-04. Please note that the unit cost for an Access to Work beneficiary does not reflect the wide variation in the level of support a beneficiary may receive, which ranges from one off support for a piece of equipment to continuous support in employing a support worker.

12 There are considerable differences in the actual unit price paid to individual providers of Work Preparation and New Deal for Disabled People. These vary widely because they are negotiated during the tendering of contracts. Workstep is more clearly defined and most providers have

a contract for a pre-determined number of clients. They receive set payments for key stages from registration of new clients to progression into unsupported employment. Remploy Ltd – the largest provider of Workstep – is funded differently and receives a block grant.

13 The full administrative costs of contracting with over 500 service providers are not known, but the Department estimates that the New Deal for Disabled People alone has administrative costs in the region of £6 million per annum. In light of the Government's drive towards increased efficiency, a careful appraisal of the way in which tendering, contracting, ongoing administration and quality inspection are carried out is essential. We have highlighted a number of areas where the Department can reduce costs, increase efficiency and deliver higher quality services and better value for money (**Figure 2**).

14 Remploy Ltd is funded by a block grant from the Government. It is the largest provider of Workstep and has an average unit cost in the factory businesses of £18,000. Given the decline of manufacturing across the UK it is unsurprising that older factories in particular find it difficult to compete effectively. Many Remploy businesses are not really sustainable in purely economic terms, although they offer a very supportive environment to their employees. Remploy Interwork, which places people primarily in outside employment with suitable support, appears to offer a more cost effective service at around £3,400 per person and accounts for three quarters of all progressions to unsupported employment.⁶ Although we accept that this model is not suitable for all Workstep participants, there remains substantial advantage in expanding this area of provision further, both in terms of reduced costs and the number of individuals who can be helped.

15 Calculations of the net benefit of the programmes are very complex and limitations in data, and the difficulty of estimating what would have happened to participants in the absence of the programmes, can make it impossible to quantify all impacts of a programme. However, we worked with the Department to develop an estimate of the programmes' net benefits. From this, we estimate that a disabled person who moves from benefits into work will be somewhere between 18 per cent and 60 per cent better off financially. This depends upon their individual circumstances such as whether they have dependants and the number of hours they work. A disabled person moving into work is usually eligible to receive a range of support such as working tax credits and child tax credits making them better off in work. A single disabled person with no dependants who takes up a typical job⁷ as a result of one of these programmes could see their annual income rise from approximately £7,000 on benefits to around £11,000 in work.

2 Actions aimed at driving down costs and increasing efficiency

- Reduce the administrative burden associated with managing too many small value contracts with providers who do not perform well.
- Adopt a more modular approach to all of the disability and employment-related provision by only providing the elements of support that are relevant to the individual client, although the Department will need to manage the risk that such an approach could incur increased administrative costs.
- Use the power of the bulk customer to develop supplier frameworks for goods and services and reduce unwarranted price variations.
- Review the nature of provision by Remploy to reduce the emphasis on the less cost effective factory based businesses and concentrate more on the commercially viable businesses and Remploy Interwork.

16 Each person who participates in a programme or scheme costs the Exchequer money from the cost of delivering and administering the programme. When moving into a job they save the Exchequer money through reduced benefits and generate money through payment of taxes and national insurance. Their work also makes a contribution to the wealth of their employers and the country as a whole. For example, for the New Deal for Disabled People the estimated net benefit to the economy is in the region of £400 per job entry in the first year. The longer a person remains in work the more the economy benefits. We have not been able to estimate additional costs and benefits such as improved social inclusion, alterations in health and use of NHS resources and travel costs but these are all additional factors in understanding the total impact of the Department's programmes and schemes.

What is working well with delivery of the programmes and schemes

17 The Department reports that it is on course to meet its target for increasing the employment rate of disabled people.⁸ In its 2004 Autumn Performance Report, the reported rate rose from 48.9 per cent to 50.1 per cent, and the gap between the rate for disabled people and the overall rate fell from 25.6 per cent to 24.6 per cent. A further one million employers were brought within the scope of the Disability Discrimination Act during the year.

⁶ These costs refer to direct costs to the Department for Work and Pensions. There is funding available from other sources.

⁷ An individual working 38 hours per week, £5.44 per hour. Ashworth et al (2003) *New Deal for Disabled People National Extension: First Wave of the First Cohort of the Survey of Registrants*. No.180 Department for Work and Pensions.

⁸ People with a Disability Discrimination Act defined disability and/or a work-limiting disability as defined on the Labour Force Survey.

18 The Department is well informed about the barriers to employment experienced by disabled people. The Department has commissioned extensive research and literature reviews looking at the barriers disabled people face. In each Jobcentre Plus office we visited we met experienced Disability Employment Advisers who had a detailed understanding of the barriers clients faced. A sound understanding of the problems is essential as there is no such thing as a typical client.

19 There is a wide range of support and options available across the programmes and schemes. The programmes offer support for a broad spectrum of needs – from clients who need a high degree of assistance with building self confidence and learning key skills (available from Work Preparation) through to those who need minimal support to find work (via New Deal for Disabled People). There is some overlap between the programmes, as shown in **Figure 3 overleaf**, which can cause some confusion for clients and providers alike. However, under its 2004 proposals in *Building on the New Deal*, the Department wants to move towards offering a flexible menu of provision across the programmes, offering a more tailored approach to clients.

20 Jobcentre Plus has committed and experienced staff to advise disabled people about the programmes that best suit their needs. Advisers in local Jobcentre Plus offices play a crucial role in assessing the level of assistance a disabled person needs and are responsible for guiding them to the most suitable support. Depending upon the significance of the barriers to work faced and level of help needed to find a job, either an Incapacity Benefit Personal Adviser or Disability Employment Adviser is available. Incapacity Benefit Personal Advisers work with Incapacity Benefit clients to help them progress into employment. They can also refer people who may have significant barriers to work, and require more long-term personalised support, to a Disability Employment Adviser. We found that Disability Employment Advisers endeavoured to carve out suitable packages of support for clients from the programmes available. Many had strong ties with local employers, as well as voluntary and community sector organisations.

21 Many of the clients participating in the programmes are positive about their impact. The clients interviewed for this report on the whole were positive about their experience of the programmes in which they were involved – either Work Preparation, Workstep or New Deal for Disabled People. In 2003-04, these programmes helped around 24,000 people into mainstream employment and provided supported employment for 27,000 people.



"It (Workstep) was a light at the end of the tunnel, a way forward, a way to get back to full-time employment in spite of my sight problems".

Male, aged 51, visually impaired, on Workstep



"I would definitely recommend the programme to others. You regain confidence and feel you are contributing something to society".

Male, aged 22, with mobility problems, New Deal for Disabled People



"(Work) has give me self-confidence, pride in myself... (I) can hold my head up...not be called a 'scrounger'".

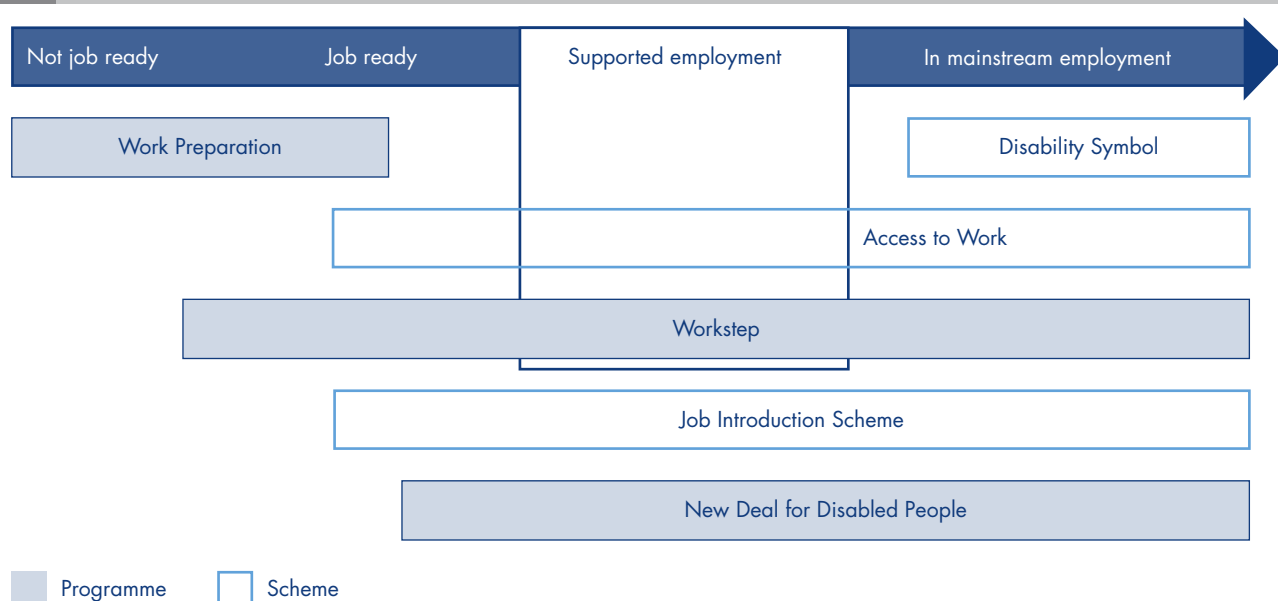
Male, aged 50, with asthma, on Workstep (Remploy)



"It's the first time in my life that I am focussed and now have goals...It's all down to the help and enthusiasm of the staff".

Male, aged 34, with mobility problems, on Work Preparation

3 A guide to the overlap of the key programmes and schemes



Source: National Audit Office analysis

NOTES

Not job ready – have significant, perhaps multiple, barriers to overcome before being ready to move into work. Individual needs support to develop confidence and general skills, which may include basic literacy and numeracy.

Job ready – ready to move into employment, but may need help and assistance with interview techniques and skill development.

Supported employment – provides the opportunities to develop skills in a work environment and to find out about different types of jobs. Support is there to ensure the employer and employee receive assistance and is ongoing as long as it is needed.

Support in mainstream employment – the terms and conditions of employment should be the same as for people without disabilities including pay at the going rate, equal employee benefits, safe working conditions and opportunities for career development and promotion.

22 Providers had many positive things to say about current provision. We consulted widely with interested parties from the Department, provider groups and the voluntary and community sector who informed us of what, in their experience, are the particularly effective elements of current support and what areas need improvement (Figure 4). Good points included the client focused nature of Workstep, the flexibility of programme delivery for the New Deal for Disabled People and the opportunities for work experience provided by Work Preparation.

Where more progress is needed

23 The programmes only support a small number of people who could potentially benefit. In 2003-04, there were more than 2.6 million people of working age on incapacity benefits. In comparison, around 125,000 were involved in one or more of the Department's programmes. Whilst not everyone in receipt of incapacity benefits will be able to work, many with the right support would like and be able to. Reasons for low levels of participation

could include lack of awareness of the support available, fear of approaching the Jobcentre Plus in case benefits are reduced and lack of confidence to take up the help available. There are also budgetary constraints that limit the number of places and support available.

24 The number of progressions from Workstep into unsupported employment is low. Some 1,900 people progress into unsupported employment each year - an average rate of eight per cent. We found that in the three years since April 2001, a third of Workstep providers with clients in supported placements did not progress a single person into employment, and that 25 Workstep providers had registered no new clients since April 2001. There is also insufficient attention paid to client development. Our review of recent Adult Learning Inspectorate inspection reports found only 22 per cent of Workstep providers had satisfactory individual development plans in place for their clients.

25 The Department needs better management information for Work Preparation and Workstep in order to evaluate their effectiveness. At present there is very limited data about clients, making it difficult to establish whether the programmes are meeting the needs of different groups. The Department also holds little information about the type of support providers offer and therefore struggles to manage their performance. The management information available for New Deal for Disabled People is much stronger and the programme has been the subject of ongoing evaluation. The Department has undertaken some analysis of New Deal for Disabled People but the analysis for the other programmes is at a very early stage.

26 Many Remploy factory businesses are currently not providing value for money. In 2003-04, Remploy received £115 million, of which £95 million was spent on business activity. Many of its businesses are in the traditional manufacturing industries which are generally in decline. They struggle to be competitive, which means funding per head in some businesses (average £18,000) is disproportionate to the average salary (£11,000). To maintain productivity, some factories may be reluctant to lose their most efficient employees, which contradicts the objectives of Workstep, the programme under which they are funded. In 1998, Remploy established its own recruitment services - Remploy Interwork - which has proved to be much more successful at progressing disabled people into unsupported employment. It accounts for 73 per cent of all progressions from Workstep.

27 Jobcentre Plus has quality monitoring arrangements in place but limited resources mean inspections of providers are not always undertaken to plan. Small teams at Jobcentre Plus regional level monitor the quality of Work Preparation and Workstep provision. However, due to limited time and resources, providers are not visited as regularly as they should be. Teams also reported having little power to require providers to meet their contractual obligations or improve the quality of provision because contracts are rarely withdrawn. Shortages of programme providers in some areas can also limit this option. Since 2002, the Adult Learning Inspectorate has inspected Workstep providers, which has added more weight to the process of quality assuring provision, but latest figures suggest 53 per cent of providers are classified 'unsatisfactory'.⁹

28 The programmes focus mainly on finding work due to limited resources and difficulties targeting disabled people already in work. Not enough is currently done to help disabled people stay in employment, although there are pilots looking at retention activities. Few of the programmes and schemes - with the exception of Access to Work - are geared towards helping disabled people retain work.¹⁰ The New Deal for Disabled People is designed to provide active support to participants who find work and can help them retain work for at least the first six months. Workstep can also be used to help with retention, but we found little evidence of this happening. Disability Employment Advisers and Incapacity Benefit Advisers both stressed the importance of supporting disabled people worried about being able to maintain their jobs, but said they receive little recognition, if any, in the Jobcentre Plus performance regime for this work, which can be time consuming. The Departments for Work and Pensions and Health have launched pilots, such as the Job Retention and Rehabilitation pilot in 2003, to look at the effectiveness of different types of support at helping sick and disabled people remain in work.

29 Jobcentre Plus has a national employer engagement strategy, but not all Jobcentre Plus areas are active in developing contact with employers. We found patchy evidence of its effective implementation at the frontline. Relations between Jobcentre Plus, programme providers and employers are vital to successfully supporting disabled people into employment. Approaches varied considerably in the Jobcentre Plus offices we visited, with some very actively involved in engaging with employers by running special events to draw them in but others having limited contact.

30 Disability Employment Advisers have a crucial role to play, yet their training is ad hoc. There are between 500 and 700 Disability Employment Advisers, although Jobcentre Plus does not know exactly how many or how they are being used due to regional autonomy and rationalisation. There is currently no integrated training strategy for Disability Employment Advisers although the Department informs us that a new, more structured learning and development routeway will be introduced in autumn 2005. We found some Advisers experienced delays in accessing the training that it is available and had to take on caseloads of clients with limited preparation for the role. However, Jobcentre Plus only recruits internally to the post and newly appointed Disability Employment Advisers usually have an experienced Disability Employment Adviser on hand as a mentor.

⁹ 53 per cent refers to the period June 2002 to May 2005. The Adult Learning Inspectorate have carried out over 100 inspections. 98 inspection reports were published by the end of May 2005.

¹⁰ Retention refers to keeping someone in pre-existing work, whereas sustainment refers to keeping someone in a job found during a programme.

4 Feedback from stakeholders about what does and does not work with the programmes

	What Works	What Does Not Work
Workstep	<p>Client Focus: Workstep is client centred and offers individual, ongoing support. </p> <p>Programme Delivery: Workstep is flexible and allows for various modes of delivery. </p> <p>Supporting employers: Workstep gives employers the opportunity to take on candidates that they do not feel 100 per cent sure about. It assists employers and employees if problems occur. </p> <p>Finding work: Workstep provides the sometimes essential first introduction of the individual into the working environment. It gives the person the chance to develop into the job without meeting 100 per cent of the person specification. </p> <p>Developing Skills: Workstep provides skills for life. </p>	<p>Lack of Awareness: There is a lack of awareness of Workstep availability among the client group and also Jobcentre Plus staff. </p> <p>Funding methodology: The design of Workstep is flawed as it will only progress so many people per year which makes continuous funding difficult. </p> <p>Meeting client needs: Workstep is a last resort but does not address the needs of those who are further away from the job market. </p> <p>Provider Assessment: The Adult Learning Inspectorate has no understanding of the concept of Workstep. </p> <p>Expectations of providers: The Jobcentre Plus requirements for Workstep are not consistent and so the programme does not provide work as well as it should. </p> <p>Lack of flexibility: Workstep cannot accommodate people with fluctuating health problems. </p>
Access to Work	<p>Client Focus: Access to Work is client led, provides specific, individual support and has the flexibility to tailor itself to an individual's needs. </p> <p>Removing barriers: Access to Work recognises the need for specialist input and assessments. It can provide aids and adaptations where there are barriers to work and also help with the cost of travelling to work. </p> <p>Support: Access to Work can provide a range of specialist support. The support is flexible and is available from start to finish instead of only 13 weeks. Training and support is available for both the employer and the employee. </p> <p>Recruitment and Retention: Access to Work is effective in helping disabled workers enter into, and retain, employment. </p> <p>Joined-up approach: Access to Work interacts well with other programmes. </p>	<p>Lack of Awareness: There is not enough awareness of Access to Work among both employers and potential clients. Marketing is restricted due to the limited funding available. </p> <p>Delays: There are delays where the client does not get the equipment needed in time. </p> <p>Lack of consistency: The administration of Access to Work is very different as areas have their own budgets. There is also a lack of consistency in decision making, determining eligibility and day-to-day administration. </p> <p>Delivery: Employers may need to contribute 20 per cent towards the cost of specialist equipment. It can also be difficult to get the support approved for a long period of time. The move towards using call centres for Access to Work means the key relationship between the adviser and client is lost. </p> <p>Eligibility: Access to Work support is only available for people in work. Other clients would need to come off benefits first before receiving this support. </p>

	What Works	What Does Not Work
New Deal for Disabled People	Programme Delivery: An innovative, flexible programme which engages with employers and is not time constrained nor subject to Jobcentre Plus demands.	Short-term support: New Deal for Disabled People does not provide support beyond 6 months. It is not therefore appropriate for people with learning disabilities and mental health issues who may require longer term support.
	Focus of Programme: New Deal for Disabled People focuses on confidence building and job searching skills. Clients benefit from being in mixed groups. Job Brokers can be good and focus on people.	Cherry picking: New Deal for Disabled People is output related and therefore encourages providers to focus on the more job-ready and neglect the difficult clients. New Deal for Disabled People helps some people who would have got into work anyway.
	Client Group: New Deal for Disabled People is successful for people with physical, mild to moderate disabilities.	Lack of clarity: The New Deal for Disabled People programme lacks clarity.
	Short-term approach: New Deal for Disabled People allows a 'quick fix'.	Funding: New Deal for Disabled People is not economic. There are issues around contracting arrangements and disparity in the funding received.
Work Preparation	Work experience: Work Preparation provides a taste of work without the commitment. Placements have led to some permanent jobs. They also enable clients to form job goals as well as being aware of their future workplace support needs.	Lack of interface with Access to Work: Clients on Work Preparation cannot receive help from Access to Work.
	Joined-up approach: Work Preparation feeds well into Workstep and other programmes. It is successful as a pre-entry programme.	Inappropriate Use: Work Preparation is used a lot even though it is not always the right programme. Different people require different modules.
	Client Focus: Work Preparation can be tailored to meet the needs of the specific disability and provides support from start to finish.	Lack of Comprehension: There is limited understanding of the Work Preparation programme.
	Engaging with employers: Work Preparation enables both the employer and the employee to recognise a client's abilities.	Targets: Small providers find it more difficult to meet Jobcentre Plus targets of minimum hours worked per person. Further, the client may need a more gradual introduction to work.

Source: National Audit Office analysis of workshops with key stakeholders

NOTES

Colours have been used for each type of programme to denote the strength of feeling among the various workshop groups on 'What Works' or 'What Does Not Work'.

A darker shade signifies an issue that was raised more often while a lighter shade relates to a topic that was less important to stakeholders.

This feedback reflects the views of the workshop participants on the day. It may therefore contain contradictory statements and does not necessarily reflect the views of the National Audit Office.



RECOMMENDATIONS

31 The Department's broad portfolio of specialist employment programmes and schemes for disabled people is designed to support a wide range of needs within the resources which the Department is able to devote to these activities. It supports only a small number of people who could potentially benefit. Too little is understood about the effectiveness of much of the provision. Success in helping disabled people obtain work can have enormous impact for individuals and, given the costs of incapacity benefits – some £12 billion in 2003-04 – could save substantial amounts of public money in the long term. On the basis of our work, we consider the Department and programme providers should work together to implement the following recommendations:

- a** **The Department should rationalise the programmes to provide a more flexible modular approach.** Some of the Department's current programmes have evolved over the past 60 years and could benefit from rationalisation, which would make them easier to explain to potential clients. For example, it is not clear that there is a need for the three different programmes – each managed and costed differently. In its report *Building on the New Deal* the Department proposed to move towards a flexible, modular approach based on client needs and our work suggests there is strong support for this approach for this client group.
- b** **The Department should improve substantially its data collection and verification systems to allow it to monitor services and assess whether they are meeting the broad range of needs of disabled people.** The Department's knowledge and understanding of what providers deliver is poor, largely because management information, especially for Work Preparation and Workstep, is of insufficient quality and some is held only at the regional level. Improving the information held would help the Department better track the needs of this disparate client group as well as identify if the support needed is reaching them and whether there are any gaps in provision. The Department should ensure that existing channels – such as provider forums – are fully used for sharing and disseminating good practice across Jobcentre Plus offices and between programme providers.
- c** **The Department should achieve enhanced efficiency through better contracting.** The Department can improve the quality and price of the services it purchases through proper benchmarking, open competition and appropriate use of its power as a bulk purchaser. The Department should, wherever possible, reduce unwarranted variations in price and minimise its own contracting and administration burden while securing higher quality products for reasonable prices.



- d The Department should consider placing greater emphasis on longer term sustainability of employment for Workstep and the New Deal for Disabled People.** This might include revising the payment and outcome measures and offering better incentives for providers who deliver quality provision and progress clients effectively. Some clients need higher levels of support and this could be factored into payment mechanisms for Workstep - possibly creating an expectation that levels of support and the payment for them will tail off over time. We also recommend that the Department should review the duration of contracting arrangements to allow for more certainty for higher performing providers and termination of those performing poorly.
- e Jobcentre Plus should look at how to better resource its quality management arrangements for all of the programmes in order to drive up the standards of provision.** Jobcentre Plus' quality and performance management teams now adopt a risk-based approach to monitoring providers of both Work Preparation and Workstep, but limited resources mean some are not visited as regularly as expected. Other than inspections of Workstep providers by the Adult Learning Inspectorate, little is currently done to encourage healthy competition and raise standards amongst providers because Jobcentre Plus set their standard as contract compliance, which fails to promote and drive up provider performance. A more open discussion of quality indicators, including publication of progression figures expressed as a percentage of the contract value, may help to drive up performance. Such an approach may also encourage the spread of good practice.
- f Jobcentre Plus should provide greater support and training for Disability Employment Advisers.** The role of the Disability Employment Adviser is crucial to the success of the programmes. They play a key role in assessing the client's needs and subsequently routing them to the programme that best meets their requirements. However, training for Disability Employment Advisers is currently undertaken on an ad hoc basis and is not always available at the right time. Jobcentre Plus recognises the current approach to training creates a problem for consistency and will be introducing a new learning programme for Disability Employment Advisers in autumn 2005.
- g The Department should focus more resources on helping people stay in work and build upon the findings from current pilots.** There is insufficient support available – except Access to Work – to help to retain in work those disabled people who are concerned about losing their jobs due to their disability. Workstep is designed to help with retention, but we found little evidence of this happening. The job description for Disability Employment Advisers has recently been revised to include responsibility for helping clients remain in employment by working together with the client and employer. If it decided to apply its resource in this way, by providing more support to help disabled people remain in work, the Department could reduce future demand on the existing programmes and keep down the expenditure on disability benefits. More support for disabled people already in work could also offset the perceived extra costs under the Disability Discrimination Act of employing a person with disabilities and make employers more likely to employ more disabled people.



RECOMMENDATIONS CONTINUED

- h** The Department should develop a better understanding of the needs of disabled people and analyse further how the programmes and schemes address these needs. Whilst the Department has commissioned extensive evaluation of the New Deal for Disabled People, it should continue to evaluate the effectiveness of the other programmes and schemes at meeting the needs of disabled people and preparing them for long term sustained employment. This should cover the costs and benefits of the programmes to help quantify their impacts.
- i** The Department should review the costs of support under the Access to Work scheme and also examine whether such high levels of public sector use is appropriate. It should consider developing a framework arrangement or approved list of suppliers so as to make use of its large user buying power and reduce the huge variation in costs for similar services and resources. We also support the Prime Minister's Strategy Unit recommendation that the Department evaluate the impact of restricting or removing access to the Access to Work scheme by central government departments given its widespread use by the public sector.
- j** The Department should re-engineer the profile of Remploy businesses to improve overall value for money and should ensure support is in place from Remploy Interwork or Jobcentre Plus to help those individuals affected find alternative employment if necessary. Many of the Remploy businesses are not currently sustainable and are unlikely to be so in the future. The average cost per person in a Remploy business is disproportionate to the average salary and there is little scope for improvement in the traditional manufacturing businesses. There have been few progressions from Remploy businesses into unsupported employment, which is not in keeping with the current aims and objectives of the Department's programmes to progress all those people for whom it is appropriate.
- k** The Department, in consultation with programme providers, needs to develop a clearer strategy for engaging with employers at a local level. Engaging effectively with employers is important to the success of the programmes and schemes and more generally to ensuring disabled people are well integrated into the workplace. Although we found different approaches, such as active marketing of individual clients to specific employers and broader awareness-raising of employers' legal responsibilities, constraints on time and resources mean not all Jobcentre Plus offices are able to work with employers as much as they would like.



- I The Department's programmes are not the only source of support for disabled people wanting to find work. The Department should work with local authorities and voluntary and community organisations to gather information about the range of support available. Due to lack of co-ordination there are risks that services are duplicated and gaps occur in provision. We support the Strategy Unit's recommendation that a comprehensive on-line directory of services should be developed covering provision from all sectors, not just Jobcentre Plus.

PART ONE

The Department's employment programmes for disabled people



1.1 There are 9.8 million disabled people in Great Britain¹¹ – equivalent to one in six of the population. The Disability Discrimination Act 1995 defines disability as “a mental or physical condition which has a substantial and long-term adverse affect on the employee’s ability to carry out normal day-to-day activities”. There are five broad categories of impairment: visual, hearing, mobility, mental health and learning, but not all disabilities fit neatly into these categories and some people have multiple

disabilities. In 2004, of the 6.7 million disabled people of working age 50 per cent were in jobs. This compares to 75 per cent of the overall working age population.

1.2 The barriers that prevent disabled people from either entering the labour market or staying in work are well documented and wide ranging (**Figure 5**). The range reflects the fact that disabled people are a particularly disparate group, a fact that needs careful consideration when designing programmes to tackle these barriers.

5 Disabled people experience a range of barriers to employment

Employer attitude and misconceptions – some employers worry, for example, about the amount of time a disabled person may need to take off work, their ability to undertake the work and the expense of providing adjustments to the working environment.

Lack of awareness of programmes and support – there are low levels of awareness amongst disabled people and employers about the range of support available to help disabled people both in obtaining and retaining work.

Lack of an employer’s disability policy – an employer’s lack of awareness of their responsibilities under the Disability Discrimination Act 1995 can be a significant barrier at all stages from recruitment through to promotion and retention.

The benefits system – some disabled people fall into a benefits trap whereby they are better off on benefits than in work or would only be better off by a relatively small amount if in work. They may also be worried about losing the security of income from benefits by taking a step into employment.

Nature of the health condition – some disabled people may find it difficult to find work that is sufficiently flexible to fit around the nature of their disability, especially if they have good days and bad days. Others may find that working causes more discomfort.

Local labour market conditions – disabled people are subject to the same barriers as other people and there may not be jobs available in the area in which they live.

Lack of qualifications or experience – disabled people tend not to benefit as much as the general population from government-funded training and education, although lack of qualifications or experience is a barrier to employment whether disabled or not.

Lack of adjustments to work premises – clients and employers lack awareness of the support available to make adjustments.

Poor transport links – especially in rural areas.

Source: National Audit Office analysis of published research and views from key stakeholders

¹¹ The latest Department for Work and Pensions estimate, based on data from the Family Resources Survey, using the Disability Discrimination Act (DDA) definition of disability to define a disabled person.

1.3 Employers' misconceptions about the difficulties of employing disabled people can be a major barrier. Departmental research has found that 33 per cent of employers felt taking on a disabled person was a major risk.¹² Research also shows very low awareness amongst employers of schemes to help towards the costs of workplace adaptations and purchase of specialist equipment.¹³ However, other reasons for clients not joining the programmes include the nature of their disability, as well as the distance and cost involved.

1.4 Government provision to help overcome these barriers has developed over time and takes a number of forms. This report focuses upon the Department's well established employment programmes (Work Preparation and Workstep) and schemes (Job Introduction Scheme, Access to Work and the Disability Symbol) for disabled people, as well as the New Deal for Disabled People, set up in 2001. It also covers supported employment and work placements offered by Remploy Ltd – a non-departmental public body set up as a company in 1945. It refers briefly to more recent developments with the Pathways to Work pilots, notably the Condition Management Programmes. These pilots, introduced in 2003 as part of consideration of the reform of incapacity benefits, are not a central focus of the report since they are still being trialled by the Department. We also do not cover residential training courses for disabled people as they are not solely employment-focussed.

The Department's specialist employment programmes address a wide range of needs

1.5 In 2003-04, benefit payments for people with disabilities or health related problems exceeded £12 billion. There are three times as many people claiming incapacity benefits as there are unemployed people on Jobseeker's Allowance. Over 2.6 million people claim Incapacity Benefit, Income Support on the grounds of incapacity, or Severe Disablement Allowance, and some 700,000 people move onto these benefits each year.¹⁴ People on

incapacity benefits tend to stay on them longer than other client groups even though 80 to 90 per cent expect to go back to work in due course.¹⁵ Once a person has been on incapacity benefits for 12 months, the Department has found the average claim lasts eight years.

1.6 Being in work can have many positive effects for people with disabilities just as it does for those without. There is limited research on this, but recent work¹⁶ suggests benefits include: providing a main source of income as well as status; giving structure to the day and opportunities to develop new skills; and giving a chance to meet new people and develop social skills and friendships. Our in-depth interviews with a small number of people confirmed these findings.



1.7 The Department funds a portfolio of voluntary programmes and schemes for disabled people. They are managed by Jobcentre Plus – an agency of the Department – which contracts with providers to deliver one or more of them. Two of these programmes – Workstep and Work Preparation – and provision by Remploy Ltd have developed since the 1940s when supported employment and assistance was set up for injured servicemen and women. The New Deal for Disabled People was introduced in 2001. **Figure 6** summarises developments and **Figure 7 overleaf** provides an overview of each programme and scheme.

¹² Roberts et al (2004) *Disability in the Workplace*. Research for Department for Work and Pensions.

¹³ Disability Employment Coalition (2004) *Access to Work for disabled people*. RNIB, London.

¹⁴ *Pathways to Work: Helping People into Employment*. The Government's response and action plan. June 2003. Cm 5830. Page 4.

¹⁵ Department of Work and Pensions Research Report 156: *Short term effects of Compulsory Participation in ONE*; and Woodward, Kazimirski, Shaw & Pires (2003) *New Deal for Disabled People Evaluation Eligible Population Survey Wave 1 Interim Report*. Department for Work and Pensions report W170.

¹⁶ Jenkins (2002) "Value of Employment to People with learning disabilities"; in *British Journal of Nursing*, Vol 11. No 1. pages 38-45.



Figure 6 overleaf

6 Development of programmes and support for disabled people

Remploy

1945 – **Remploy Ltd**
factories set up after war
for disabled servicemen

Work Preparation

1944 – **Industrial
Rehabilitation Units (IRUs)**
offered intensive training
before return to work

1973 – IRU's renamed
**Employment Rehabilitation
Centres** under Employment
and Training Act

Workstep

1942 – **Supported Employment
Programme** introduced

New Deal for Disabled People

1945

1955

1980

1985

Access to Work

1984 – **Special Aids to Employment scheme**
introduced to provide equipment on a
permanent loan basis and free of charge

Job Introduction Scheme

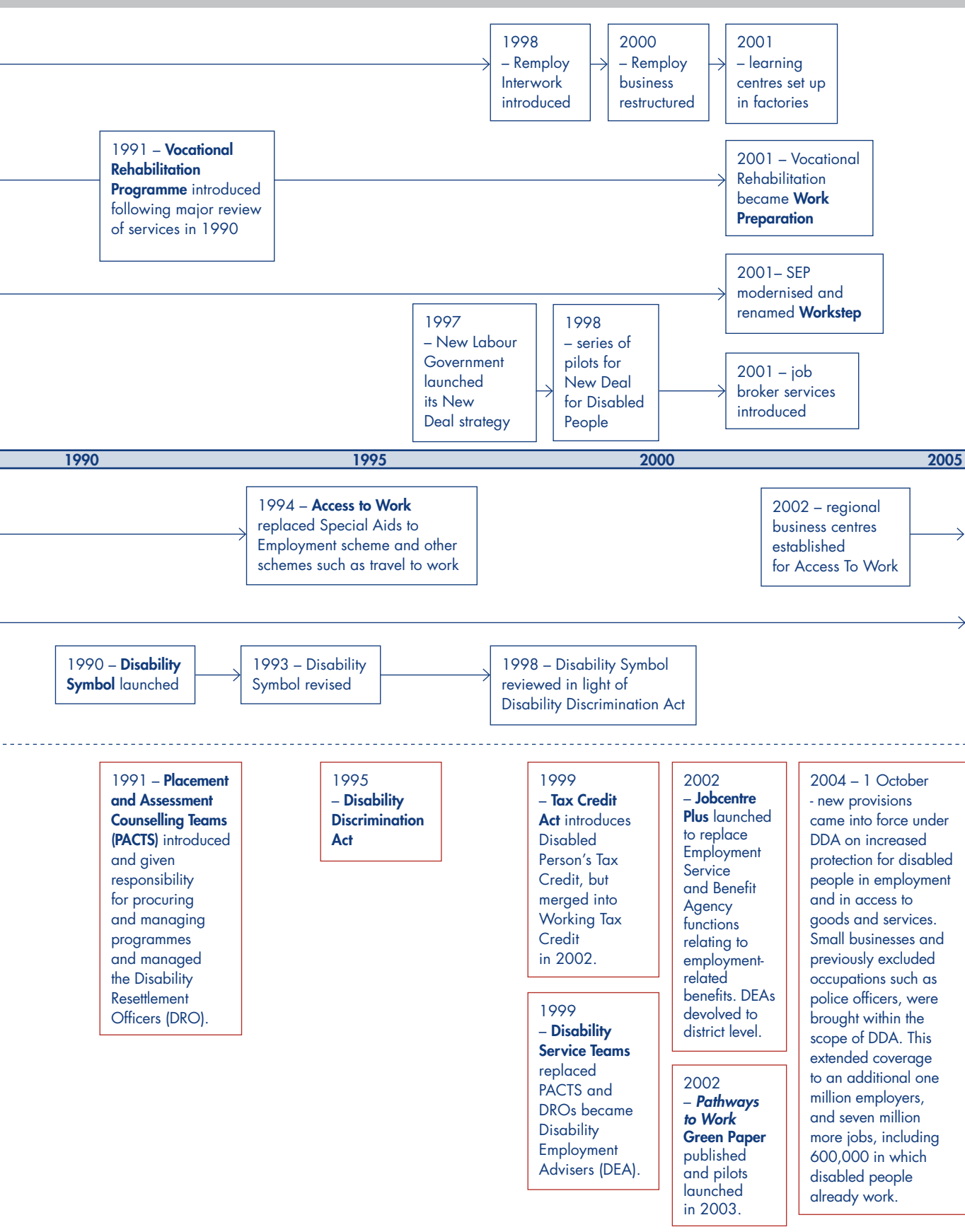
1977 – **Job Introduction
Scheme** introduced

Disability Symbol

Other key developments

1944 – **Disabled Person's
(Employment) Act** primary
piece of legislation until
Disability Discrimination
Act in 1995. A network of
sheltered workshops and
factories were introduced
and a quota system to
ensure two per cent of
the workforce of all non-
governmental organisations
with 20 or more employees.

1982 – **Review of
Assistance for Disabled
People (RADP)** established
the principle of giving
priority to disabled people
throughout the Manpower
Services Commission's
employment programmes.



7 Details of the specialist employment programmes and schemes for disabled people

Programme or scheme	What is it and how does the customer access it?	Who is it for?	How much does it cost ¹ ?	How many participants ² ?	How many job outcomes ³ ?
Work Preparation	Helps to identify the most suitable type of work by providing experience in a work environment and by developing new or existing skills. <i>Join the programme via referral from a Disability Employment Adviser at Jobcentre Plus.</i>	People with health conditions or a disability who want to return to work and people already in work but at risk of losing their job due to disability. To be eligible a person must be in receipt of a key disability benefit such as Incapacity Benefit or Disability Living Allowance.	£10m	7,400	1,300
Workstep (including Remploy)	Provides tailored support to find, secure and retain jobs for disabled people who have more complex barriers to finding and keeping work. Also provides support and opportunity for people to progress to open employment where appropriate. <i>Join the programme via referral from a Disability Employment Adviser at Jobcentre Plus or self refer.</i>	To be eligible a person must be in receipt of Incapacity Benefit, or recently moved from Incapacity Benefit to Jobseeker's Allowance; be in receipt of Jobseeker's Allowance, Income Support or National Insurance credits; be a former supported employee who has progressed but needs to return to the programme; or be currently in work but at risk of losing it due to disability. A person must also be able to work for 16 hours per week or more.	£189.2m (£115m)	23,000 (8,800)	1,900 (1,400)
New Deal for Disabled People	Delivered by job brokers who try to match skills and abilities to the needs of employers, identify training needs, work with local training providers to deliver the programme, help with job applications and support during the first six months in work. Job brokers also try to advise on the barriers that might make it difficult to work, such as mobility or lack of confidence, and try to help with these. <i>Join the programme primarily via a job broker. May also be referred via an Incapacity Benefit Personal Adviser or a Disability Employment Adviser at Jobcentre Plus.</i>	To be eligible a person must be in receipt of a key disability benefit, such as: Incapacity Benefit, Severe Disablement Allowance, Income Support including a disability premium, National Insurance credits because of incapacity, or Disability Living Allowance (but only if not in receipt of Jobseeker's Allowance and not in paid work for 16 or more hours a week).	£37.5m	57,800	20,400

Source: National Audit Office analysis of information from Department for Work and Pensions

NOTES

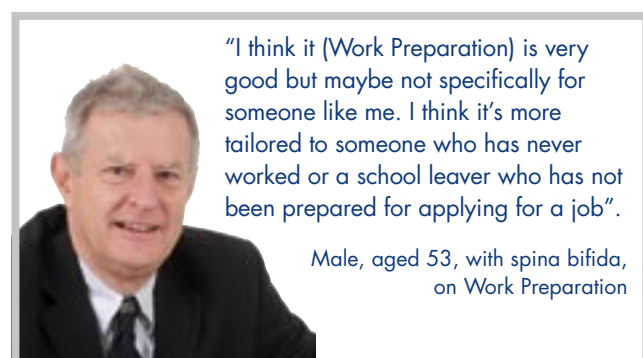
1 Figures are for 2003-04 programme costs and exclude administration costs. Figure given for New Deal for Disabled People includes approximately £9 million for in house job broker costs. Overall figure for expenditure on Workstep (£189.2 million) reflects Modernisation funding payments made of approximately £7 million.

Programme or scheme	What is it and how does the customer access it?	Who is it for?	How much does it cost ¹ ?	How many participants ² ?	How many job outcomes ³ ?
Job Introduction Scheme (JIS)	<p>Helps disabled people who are looking for work, or are about to start a job and have a disability that may affect the kind of work they can do. The Job Introduction Scheme is a job trial facility, which offers both the employer and the disabled jobseeker an opportunity to find out if the job and the person match.</p> <p>A weekly grant of £75 is paid to the employer for the first 6 weeks of employment. In exceptional circumstances, and after agreement with the Disability Employment Adviser, this may be extended to 13 weeks. The user will be paid the normal rate for the job. <i>Access to the scheme is via the Disability Employment Adviser.</i></p>	<p>To be eligible a person must be about to start a job and have genuine concerns about their ability to manage in it because of their disability. The job can be full or part time, although expected to last for at least 6 months and must not be specifically created to take advantage of Job Introduction Scheme.</p> <p>JIS cannot be used for jobs with government agencies or departments, in Workstep, or for a New Deal job for which a New Deal grant is being paid.</p>	£0.9m	2,000	n/a
Access to Work	<p>Provides practical advice and support to help disabled people enter or stay in paid employment. It is aimed at overcoming work-related obstacles resulting from disability through a system of grants towards the cost of providing support. It can help with varying types of support, such as: altering existing work equipment, adaptation to employer's premises, payment for travel to work, payments for a support worker or providing a communicator at a job interview. Access to Work is open to those who are employed (as a job retention measure), as well as people moving out of unemployment. <i>Access to the scheme is via telephone to an Access to Work Business Centre which administers the scheme.</i></p>	<p>Available to unemployed, employed and self-employed people and can apply to any job, full-time or part-time, permanent or temporary. It is not available for voluntary work. The applicant must either:</p> <ul style="list-style-type: none"> ■ be disabled (and the disability likely to last for 12 months or longer); ■ be in need of support at a job interview with an employer; ■ have a job to start; or be in a job, whether as an employed or self-employed person; or ■ be in need of support to progress in, or take up work, on a more equal basis with non-disabled colleagues. 	£55.8m	34,800	n/a
TOTAL			£293.4m	125,000	23,600

2 Figures are for 2003-04, rounded to the nearest 100. Number participating for Work Preparation and Job Introduction Scheme refers to the number of participants who have been on the programme or scheme during 2003-04. Figure given for Workstep refers to the number of current participants as at the 31 March 2004. Figure given for New Deal for Disabled People includes people joining the programme since 2001 and refers to the number of participants as at the 31 March 2004. Access to Work figure refers to the number of new and existing beneficiaries during 2003-04.

3 Figures refer to the number of job entries or in the case of Workstep, progressions to open employment, during 2003-04. Figures are rounded to the nearest 100. There are no job outcome figures for the Job Introduction Scheme.

1.8 The eligibility criteria and services offered for Work Preparation, Workstep and New Deal for Disabled People have some similarities and rely to some extent on the subjective judgement of need by Disability Employment Advisers and providers (**Figure 8**). This can cause confusion amongst potential clients as well as providers. Work Preparation – by building confidence and giving opportunities to try different types of work – is often used as a stepping stone into Workstep. However, not all clients automatically make this step and some, especially those with longer and more recent work histories, may be ready for Workstep immediately.



1.9 The relationship between New Deal for Disabled People, Work Preparation and Workstep is not so clear and is not easily explained as there is no single straightforward route. Disability Employment Advisers and Incapacity Benefit Personal Advisers we spoke to consider New Deal for Disabled People to be for disabled people ready to find work who require less intensive support. However, in some areas we found job brokers, who deliver the New Deal, also offered support to people with complex needs which reflects the initial intention of the programme that job brokers take on anyone who wishes to register.

1.10 Remploy Ltd is the country's largest provider of Workstep and receives block grant funding of £115 million¹⁷ from the Department. It also contracts with the Department to provide New Deal for Disabled People and Work Preparation. Remploy was set up in 1945 to provide factory-based employment for disabled servicemen and now has 83 factories in various industries, as well as non-factory businesses. In 1998, it established its own recruitment arm – Remploy Interwork – also funded by the block grant, providing tailored services for disabled people.

8

Key support and activities offered by Work Preparation, Workstep and New Deal for Disabled People

	Work Preparation	Workstep	New Deal for Disabled People
Confidence-building	✓	✓	✓
Key job skills including job search	✓	✓	✓
Writing CV	✓	✓	✓
Interview techniques	✓	✓	✓
Help with job applications		✓	✓
Work experience/placement	✓	✓	
Training and development	✓	✓	
In-work sustainment support		✓	✓
Retention support for those in work		✓	

Source: National Audit Office analysis

¹⁷ 2003-04 figure.

1.11 Some participants in our workshops and other stakeholders we interviewed argued that having a number of distinct programmes can be confusing and means that people can be unfairly categorised. It can also lead to lack of continuity, with clients stopping and starting different programmes, with the risk of losing momentum if there are gaps. The Department's 2004 report *Building on the New Deal*¹⁸, which sets out the Government's strategy for developing the welfare to work programmes, responded to such criticism with proposals for a flexible menu of provision. The report stressed that clients should not be slotted into existing provision if this was not appropriate and advocated an approach tailored to the client.

1.12 In addition to the programmes, the Department funds three schemes. These are:

- **Access to Work** which helps to cover the cost of special equipment or adaptations needed to the workplace in order for a person with a disability to carry out their job. It is available for those about to start a job, as well as those in work and can cover the costs of a support worker as well as some travel to work costs.
- **The Job Introduction Scheme** provides a grant for employers who decide to employ a disabled person but are concerned about their ability to do the job. The grant is paid for the first six weeks of employment and the job is expected to last at least six months.
- **The Disability Symbol** is used by employers who want to demonstrate their commitment to good practice around employing and retaining disabled people.

1.13 Although not the subject of this report, the Department's Pathways to Work pilots, launched in three Jobcentre Plus districts in 2003 and a further four in 2004, are trialling new ways of helping Incapacity Benefit recipients overcome barriers to returning to work. The Condition Management Programme is part of Pathways to Work and is designed to help participants understand and better manage their medical condition or disability. It also plays an important role in helping them to build up their self confidence in order to move into work.

1.14 There are a number of ways into the programmes and schemes, and clients are assisted by staff in Jobcentre Plus (**Figure 9**). Personal Advisers are the key contact points in local Jobcentre Plus offices for disabled people wanting help to return to work or keep their jobs. There are two types specifically for disabled people – the Incapacity Benefit Personal Adviser and the Disability Employment Adviser.

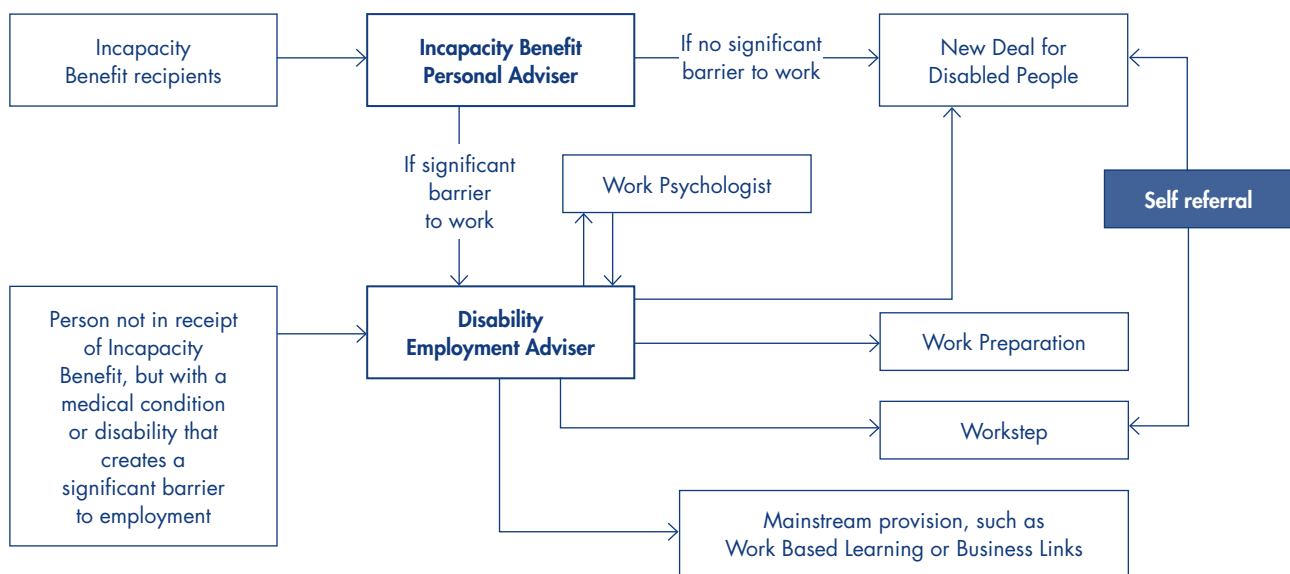
1.15 Incapacity Benefit Personal Advisers work with Incapacity Benefit recipients to help them progress into employment. They can also refer clients who require more long term personalised support to a Disability Employment Adviser. Disability Employment Advisers support people with a disability or health condition regardless of whether they claim a Jobcentre Plus benefit. They can refer clients to a wider range of programmes than the Incapacity Benefit Personal Adviser. Both can make use of the Adviser Discretion Fund to make payments for clothes, transportation or anything else that will help their client move into work. The value of this is now £100, although additional funds of up to £300 can be applied for.

1.16 Disability Employment Advisers can refer clients to a Jobcentre Plus Work Psychologist if they are unsure of the client's abilities due to their disability or health condition. The Work Psychologist can carry out a range of tests to better diagnose and understand a person's skills and abilities and also identify the type of work they may be capable of doing. Together the Work Psychologist and client then develop an action plan, including access to a relevant programme, and the Work Psychologist in most cases refers the client back to the Disability Employment Adviser.

1.17 The complex array of programmes and schemes the Department offers to disabled people who want to work has evolved over sixty years in response to changing societal expectations. While each individual element addresses a recognised need, the suite of services taken as a whole is neither coherent or resource efficient. Many of the organisations we spoke to felt there was a need for rationalisation in order to make provision easier for potential clients to understand.

18 Department for Work and Pensions (2004) *Building on New Deal: Local solutions meeting individual needs*.

9 How clients are referred to the programmes



Source: National Audit Office analysis

NOTE

This is the integrated Jobcentre Plus, non-Pathways model. In non-integrated offices there will be no Incapacity Benefit Personal Adviser intervention at the start of the claim.

The Government has committed itself to increasing the employment rate of disabled people and the Department is on course to meet its Public Service Agreement target

1.18 The Government is committed to helping disabled people into work. The Department for Work and Pensions has Public Service Agreement targets which aim to:

In the three years to 2006, increase the employment rate of people with disabilities, taking account of the economic cycle, and significantly reduce the difference between their employment rate and the overall rate. Work to improve the rights of disabled people and to remove barriers to their participation in society.

1.19 In its 2004 Autumn Performance Report, the Department reported that it was on course to meet this target. In the year to spring 2004, the employment rate for disabled people of working age rose from 48.9 per cent to 50.1 per cent; and, the employment gap fell from 25.6 per cent to 24.6 per cent over the same period. The Department also considers it is on course to improve the rights of disabled people and remove barriers they face to employment. Changes introduced from October 2004 under the Disability and Discrimination Act 1995 (see Figure 10) bring a further 1 million small employers (7 million more jobs) within the scope of the Act. However, research and feedback from stakeholders suggests that recognition of responsibilities under this Act is low.¹⁹

¹⁹ Roberts et al (2004) *Disability in the Workplace*. Research for Department for Work and Pensions.

10 The implications of the Disability Discrimination Act 1995

This Act defines disability as “a mental or physical condition which has a substantial and long-term adverse affect on the employee’s ability to carry out normal day-to-day activities”.

Long-term means that the condition must last, or be likely to last, for more than 12 months.

The person’s ability to carry out normal day-to-day activities can be adversely affected in one or more of the following ways:

- mobility
- manual dexterity
- physical co-ordination
- ability to lift or otherwise move everyday objects
- speech, hearing or eyesight
- memory or ability to concentrate, learn or understand
- understanding the risk of physical danger

Under this Act it is unlawful to discriminate against a disabled person in employment and for an employer to fail to provide any necessary reasonable adjustments for disabled employees and applicants.

The latest regulations, the Disability Discrimination Act 1995 (Amendment) Regulations came into force on 1 October 2004. They aim to make the law more inclusive and introduced certain key amendments to the Act, including the removal of the small business exemption for employers with fewer than 15 employees and the extension of protection to certain categories of employment.

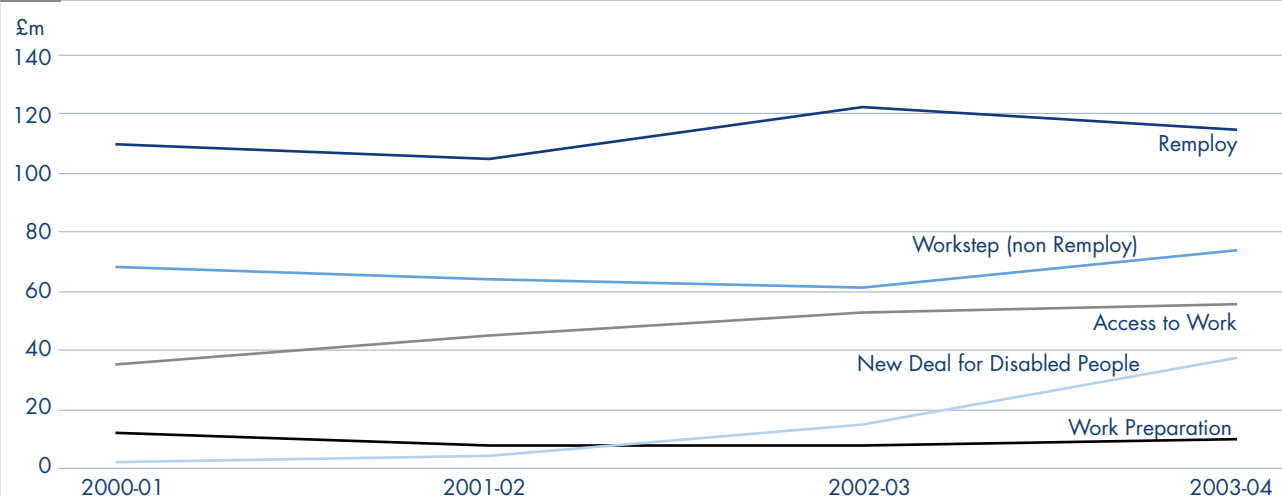
Source: adapted from Chartered Institute of Personnel and Development website

1.20 The Government aims to help those who are able to work to find and gain a job. It attempts to achieve this in part by refocusing the tax and benefit system to encourage and promote movement towards and into employment. However, take-up of the current programmes is low and only supports a small number of those who could potentially benefit. Of over 2.6 million people of working age on incapacity benefits in 2003-04, only 125,000 were involved with one or more of the employment-focussed specialist programmes funded by Jobcentre Plus, although a significant additional number may previously have participated but been unsuccessful. Some are not able to work and probably never will. For example, Incapacity Benefit recipients who, because of the severity or nature of their disability, do not undergo the Personal Capability Assessment to demonstrate their continued incapacity²⁰, may still be eligible for Workstep. In addition, Jobcentre Plus is not the only source of support for disabled people who want to find work. There is also support available from the voluntary and community sector which may also help to explain low take-up of the Department’s programmes.

1.21 There are a number of possible reasons for the low participation rate. From the individual’s perspective these include low awareness of what is available, fear of approaching Jobcentre Plus in case benefits are reduced, and lack of confidence. In addition, the Department has resource constraints that limit the number of places and support available. The Department’s programme expenditure has seen some increase in recent years (**Figure 11**), but except for New Deal for Disabled People, levels of participation have in general remained fairly steady (**Figure 12**).

²⁰ Approximately 24 per cent of people on an incapacity benefit for less than two years are either exempt from the Personal Capability Assessment and/or are in receipt of higher rate Disability Living Allowance care or higher rate Disability Living Allowance mobility (Pathways to Work: Helping People into Employment. November 2002. Cm 5690).

11 Programme and scheme expenditure, 2000-01 to 2003-04



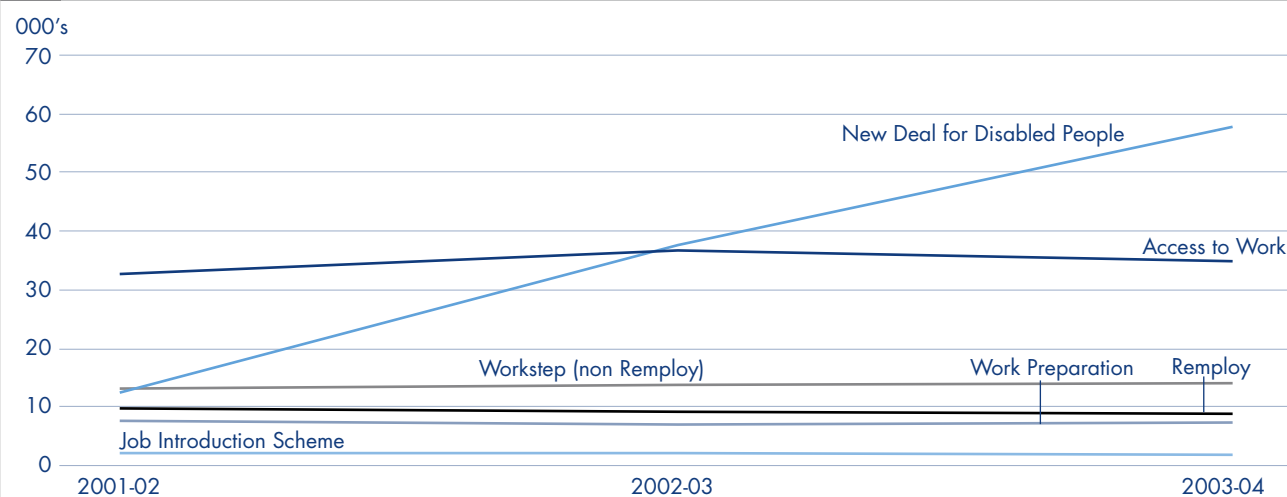
Source: National Audit Office analysis of Jobcentre Plus and former Employment Service annual reports

NOTE

Expenditure is at 2003-04 prices, adjusted using the GDP deflator.

Job Introduction Scheme expenditure is not separately analysed in the annual report. It is approximately £1 million per annum.

12 Programme and scheme participant numbers, 2001-02 to 2003-04



Source: National Audit Office analysis of Department for Work and Pensions data

NOTE

Figures for New Deal for Disabled People reflect current participation at 31 March, except for 2001-02 where this reflects the number of registrations in year. 2002-03 Workstep (non Remploi) figure is an estimate based on 2001-02 and 2003-04 participant numbers.

1.22 Other Government departments and agencies are directly or indirectly involved in the delivery of the Department's programmes and schemes for disabled people (**Figure 13**) as well as offering their own services which are of particular benefit to the disabled population. For example, the Department for Education and Skills' *Skills for Life Strategy*, provides free literacy and numeracy courses for which we found a high demand in Remploy factories, and the Department for Trade and Industry provides business support via *Business Link* for anyone, including disabled people, interested in becoming self-employed.

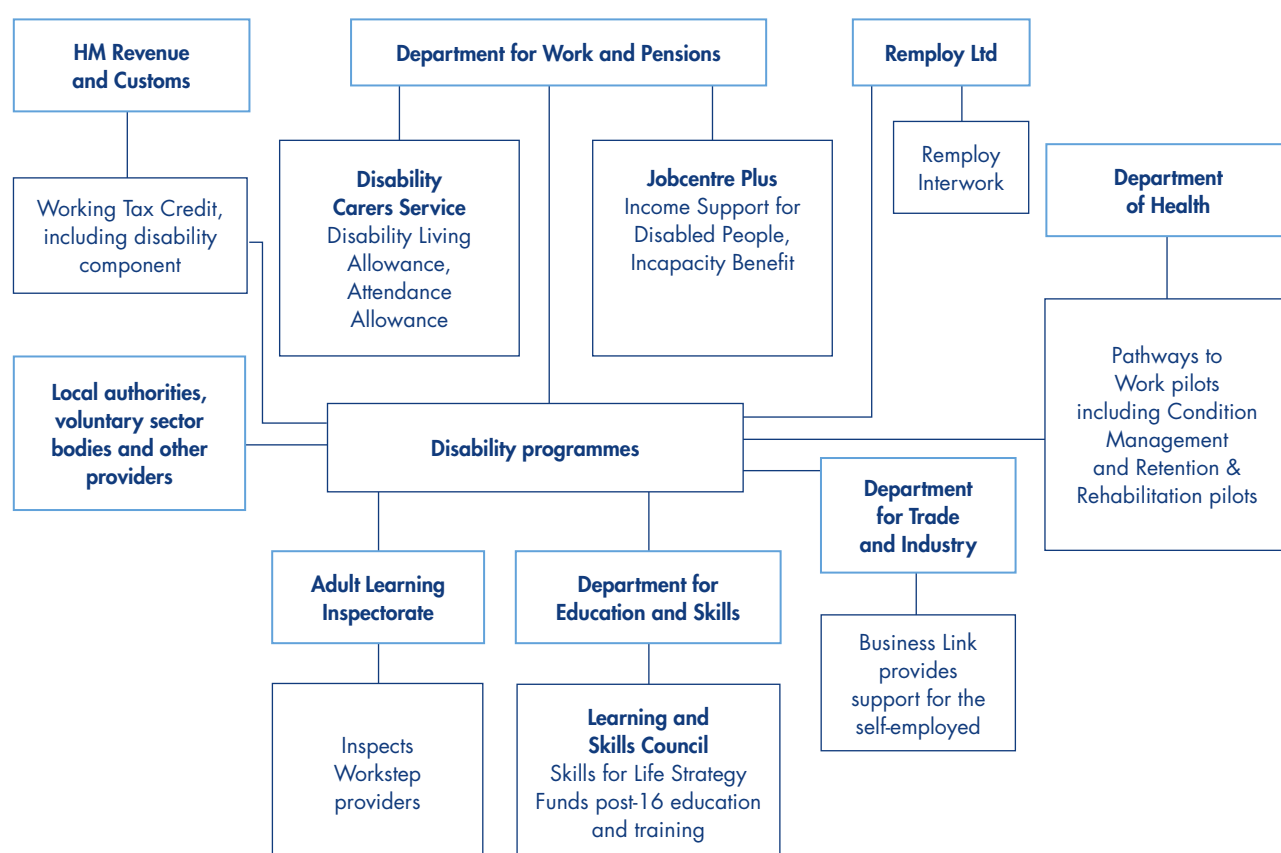
Scope of this examination

1.23 Against this background, we examined whether the Department for Work and Pensions' employment programmes and schemes for disabled people are effective at getting disabled people into work and helping them sustain and retain employment; as well as whether the programmes and schemes are cost effective.

1.24 Our methodology is set out in Appendix 1. In summary our work included:

- workshops with key stakeholders and practitioners;
- analysis of statistics and existing evaluations of government programmes;
- visits to eight Jobcentre Plus offices and programme providers in England;
- visits to three Remploy factories and two Managed Services sites for CCTV;
- analysis of costs and outcomes data for Workstep undertaken on our behalf by Reckon – a consultancy firm specialising in regulation and competition economics; and
- semi-structured interviews with 43 disabled people designed to explore the views of those participating in Work Preparation, Workstep or New Deal for Disabled People.

13 The role of Government departments, agencies and other bodies in relation to disabled people and employment



Source: National Audit Office analysis

PART TWO

Finding and retaining work



2.1 This part examines the assistance and support available for disabled people in finding, sustaining and retaining work, and whether this help meets the needs of different customer groups. There are a number of key stages in a person's progression into work and retaining it (**Figure 14**). Becoming unemployed, particularly as a result of disability, can affect a person's confidence and ability to enter or re-enter the labour market. Effective early intervention before a person loses their job means that they will not need to take-up the specialist programmes on offer by Jobcentre Plus, freeing up support for others who may require more assistance.

14 Key stages of progression and support

- Confidence-building
- Relevant training
- Jobcentre Plus routing clients to programmes
- Jobcentre Plus and programme providers closely matching clients to jobs
- Support to sustain employment
- Rehabilitation where necessary

Source: National Audit Office analysis

Building a person's self confidence is an essential part of the process of moving into employment

2.2 Confidence-building is an essential part of getting a person with a disability ready for work. Lack of confidence can often be one of the first major hurdles for a person and to overcome it can take a lot of time, skill and patience on the part of Disability Employment Advisers and providers. Most of the people we interviewed reported that they had greater self confidence as a result of the programme they were on.

2.3 Work Preparation in particular helps clients to develop self confidence. For many clients it is the first stage on their route to work, and offers a taste of the working environment by providing placements in different settings. Disability Employment Advisers told us that group work through Work Preparation was especially valuable for building clients' self esteem because they could relate to people in a similar position (**Case Example 1**). Most of the clients we interviewed mentioned this.

CASE EXAMPLE 1

New Beginnings at Grimsby Institute of Further and Higher Education

Grimsby Institute of Further and Higher Education receive Work Preparation funding from Jobcentre Plus to run its "New Beginnings" programme based within the Institute's Work-Based Learning Unit.

The programme is run by a trained counsellor in groups of five to eight people over a six week period. It covers confidence-building, relaxation techniques, as well as practical help with writing CVs and applications.

Group work has been a key element of the success of the programme with customers being able to talk to people in a similar position. There is a 45 per cent success rate of clients moving into jobs and most clients leave the programme at the end for a work placement.

Relevant training is important in bringing people closer to the job market, but individual development plans are not always in place

2.4 Training plays a key role in building a person's self confidence, as well as getting a person ready for work and sustaining it once they find it. Training can be formal and structured with qualifications at the end, or informal without qualifications, depending upon the needs of the client. Providers and disability organisations with whom we consulted, reported training that develops a person's skills and self esteem is one of the most effective activities. Conversely, poor training can be extremely counter-productive. The 2005 report by the Prime Minister's Strategy Unit²¹ raised concerns that some disabled people get stuck in cycles of training that keep them away from the labour market.

2.5 Training and skills enhancement are key aspects of both the New Deal for Disabled People and Workstep. Job brokers who deliver New Deal for Disabled People can direct clients to a range of training. Some Workstep providers offer training on site and specialise in certain sectors of industry or business, whereas others are more generalist. Rempoy Ltd, the largest provider of Workstep, requires a minimum of five per cent of employees' time to be devoted to training and learning activities; and received a grading of "good"²² for employment training in its 2004 inspection by the Adult Learning Inspectorate. In 2001, Rempoy set up learning centres in its factories and during our visits we found them heavily used. Some had also developed partnerships with local colleges and training providers to offer courses on site. Employees are encouraged to use the centres and we found high demand for literacy and numeracy courses. These courses are provided free of charge under the Department for Education and Skills' national *Skills for Life Strategy*. One of the factories received funding for its new learning centre from the Learning and Skills Council's Employer Training Pilot. This targets the most vulnerable and low-skilled sections of the workforce who may otherwise not undertake training and tackles poor basic skills. Managers in each of the factories we visited believed that the training had raised employees' self confidence and ability.



"They make you more confident even if you're not".

Male, aged 46, with polio, on Work Preparation



"It is a confidence booster. How everything was explained made me feel better in myself – not a hopeless case".

Female, aged 52, with wrist injury, on New Deal for Disabled People



"I am seen as a cheque book. There was no proper programme... I was dumped with a manual to read and told to just come in when I felt like it".

Male, aged 46, visually impaired, on Work Preparation

²¹ *Improving the Life Chances of Disabled People*, page 153.

²² Providers are graded following inspection on a five point scale from outstanding (1) to weak (5). Rempoy received a grade 2 for employment training.

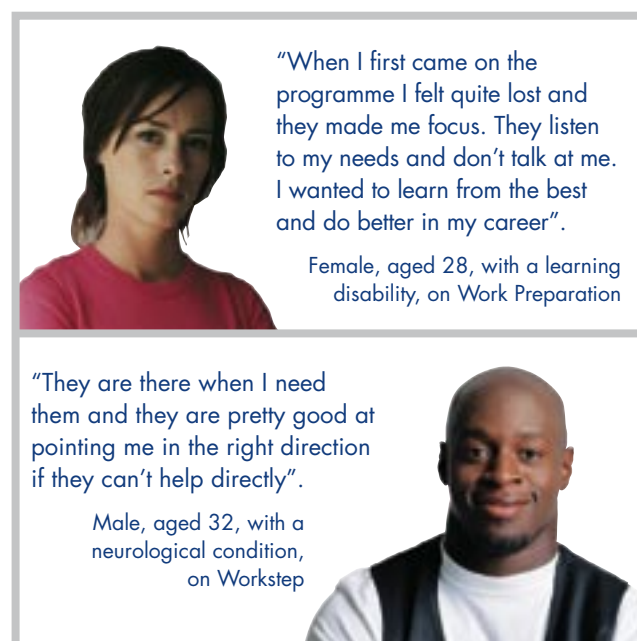
2.6 All clients on the Workstep programme should have development plans to ensure their needs are discussed and a suitable course of action identified. Despite this, our review of a random 20 per cent sample (18 reports) of recent Adult Learning Inspectorate inspection reports identified that only 22 per cent of Workstep providers had satisfactory individual development plans in place for their clients. Common problems included:

- insufficient or inconsistent use of development planning (11 reports);
- weak and often unspecific targets for clients (9 reports);
- incomplete or no individual development plans (6 reports);
- individual development plans not including planned training, development of new skills or qualifications (3 reports); and
- no specified training support needs (3 reports).

2.7 In 2004, Estyn, the Inspectorate for Education and Training in Wales, reported that plans were often insufficiently detailed and were unsatisfactory in four out of the nine Workstep providers it visited.²³ A recent evaluation²⁴ of New Deal for Disabled People also found that 30 per cent of those who de-registered from the programme had done so because the job broker was not helpful in obtaining a job or could not do anything for them. Despite this, a quarter of those who had left later re-registered with another job broker.

The programmes must be carefully matched to the varied needs of clients

2.8 The majority of the clients interviewed for this report gave positive feedback when asked if the people running their programme understood their needs and the programme met their expectations. They generally felt that they were respected and that providers took the time to listen and were helpful with practical activities such as job applications. Reasons given for dissatisfaction included failure to find work, inadequate training and money worries.



2.9 Feedback from our workshop participants was mixed about whether Workstep is successful, perhaps reflecting the variation in performance between providers. Many were positive, considering that whilst the programme has a common framework it is able to offer individual support, delivered in ways to meet a wide range of sometimes complex needs. On the other hand, some participants reported gaps in Workstep provision and experienced inflexibility as well as lack of awareness of the programme within Jobcentre Plus, possibly due to staff turnover.

2.10 Under Workstep, clients are able to work a minimum of 16 hours per week, which is classed as part-time work. This approach was criticised by many of the people with whom we consulted who believe this is not sufficiently flexible or responsive to individual needs. For example, there is no capacity with the Workstep programme for clients to build up to 16 hours, which is essential for some disabled people. This contrasts with the Supported Employment Programme – the forerunner to Workstep – which allowed clients to work for a minimum of eight hours.

²³ Estyn (2004) *The Effectiveness of Workstep*. A report for Jobcentre Plus Wales. February 2004. Cardiff: National Assembly for Wales.

²⁴ Adelman et al (2004), *New Deal for Disabled People. Survey of Registrants – Report of Cohort 1 Waves 1 and 2*. Report for Department for Work and Pensions.

2.11 Whilst the programmes and schemes do not deliberately exclude any groups of disabled people, our workshop participants identified several groups they felt were most likely to be neglected or overlooked by current provision. These included disabled people not able to travel to providers' premises, people with fluctuating health conditions and the self-employed. Workshop participants reported that government assistance found it hard to deal with a person with fluctuating problems. If someone is well for three months and then unable to work for three months it presents a problem for employers, but there is no support to address this situation.

2.12 Self-employment is a potentially valuable alternative for many disabled people who find they cannot cope in the normal work environment, but there is limited support available. Almost seven per cent of job outcomes from New Deal for Disabled People (3,806 people) are into self-employment. Not all Disability Employment Advisers we met discuss self-employment as a realistic option, but those who did routed clients to Work Based Learning providers or to Business Links. Business Links is funded by the Department for Trade and Industry and provides business support, advice and information. Disability Employment Advisers can also make use of the Adviser Discretion Fund to support people becoming self-employed.

2.13 There is the risk that some providers are selective in which clients they will help. We found anecdotal evidence that some providers select customers who will progress most quickly into employment in order to meet performance targets. This means the hardest to help may be overlooked. Some Disability Employment Advisers reported that their local job brokers would only take on clients who had less severe health conditions and were closest to the labour market.

The New Deal for Disabled People provides an effective service for those needing less intensive support to return to work

2.14 The New Deal for Disabled People aims to match skills and abilities of clients to employers and provide support to apply for jobs. In 2003-04, 38 per cent of New Deal for Disabled People clients who entered work did so within six weeks of registration (**Figure 15**). The likelihood of entering work was greatest for those whose disabilities or health conditions did not affect their daily activities at all, whilst a move into self-employment was highest for those whose daily activities were affected a great deal.²⁵

2.15 Some providers of New Deal for Disabled People make incentive payments to clients, and there is the risk that those who were planning to start work anyway may only register in order to receive this payment. One provider we met offered a £100 "Job Start Grant" to clients when they started work of eight hours or more per week, which could be used to cover travel costs. If still in work after 13 weeks, they paid another £100. Another provider paid clients a £200 Job Start Grant and up to £100 bonus after three months in work. However, not all providers offer such incentives. One who did not, thought clients should be committed to finding work without such incentives and instead made one off payments for individual identifiable needs.

15 New Deal for Disabled People: Time taken from registration to enter first job

	Percentage
Within six weeks	38
Six weeks to three months	18
Four to six months	20
More than six months	24
Base: All registrants who entered a post-registration job	
Weighted base	1099
Unweighted base	1088

Source: Department for Work and Pensions

25 Adelman et al (2004) *New Deal for Disabled People: Survey of Registrants - Report of Cohort 1 Waves 1 & 2*. Report for Department for Work and Pensions. Page 33.

2.16 The Department has commissioned national evaluations of the New Deal for Disabled People programme and findings to date suggest that the programme is not very well tailored to helping people with the most complex needs. In addition, to meet targets, job brokers have focussed more on those requiring minimal support.²⁶ Other research shows general agreement amongst Incapacity Benefit Personal Advisers that New Deal for Disabled People is for clients who were ready to look for work.²⁷



Providers could focus more on obtaining high quality employment that enables disabled people to reach their potential

2.17 The performance criteria for Jobcentre Plus programmes specify acceptable working conditions and market rates of pay, but not the suitability of the job. Providers of some of the programmes have a tendency to offer placements in sectors that attract low pay and require low level skills. This may be indicative of the level of qualifications and experience they possess, but some participants and representative groups commented that expectations of ability were often unjustifiably low. Average wages for programme participants are around £11,000 for full-time work compared to a national median wage of £22,000, although they are very similar to those for non-disabled clients leaving Jobseeker's Allowance or lone parent benefits.

2.18 Under the Supported Employment Programme there was the risk that employers took the wage subsidy for a disabled person with no intention of progressing and developing them. Workstep has tackled this risk by focussing more upon development and progression, but there are still concerns that the needs of some participants now on Workstep are overlooked. Departmental data shows only three per cent progressions from Workstep (excluding Remploy provision) into open employment.

Most of the programmes focus on finding a job; job retention is often a secondary activity

2.19 Being able to keep a job is very important for clients, as well as for the Government's overall welfare to work objectives. Access to Work is currently the only support that focuses primarily on job retention, yet it is estimated that 78 per cent of people who are disabled become so as adults and may therefore require support to retain their jobs.²⁸ Access to Work grants can act as an incentive to hire a disabled person, as well as retain someone who has become disabled. For example, where the costs of making an alteration to premises are substantial and the employer is unable or unwilling to pay.²⁹ However, there is evidence that where employees only need one-off special aids and equipment to continue doing the job, availability of an Access to Work grant is not a strong factor in the retention of the employee.

2.20 Many of our workshop participants praised Access to Work for its flexibility, but many also identified problems including delays obtaining equipment, regional variations in provision, and Jobcentre Plus offices not actively marketing the scheme. These findings confirm earlier departmental research.³⁰ Disability Employment Advisers reported their concerns about delays in clients receiving assessments and equipment, and about the lack of marketing of the scheme due to budgetary constraints. There were also mixed reports on the effectiveness and

²⁶ Corden, A; Sainsbury, R; and Thornton, P (2004) *New Deal for Disabled People: first synthesis report*. No. 199, Department for Work and Pensions.

²⁷ Dickens, S; Mowlam, A; and Woodfield, K (2004) *Incapacity Benefit Reforms – the Personal Adviser Role and Practices*. Prepared for Department for Work and Pensions.

²⁸ *Family Resources Survey Disability Follow-Up 1996/7*: Department of Social Security.

²⁹ Thornton, P & Corden, A (2002) *Evaluating the Impact of Access to Work: A Case Study Approach*. Research and Development Report (No. 138). Department for Work and Pensions.

³⁰ Thornton, P et al (2003) *Users' views of Access to Work: Final report of a study for the employment service*: Research and Development Report ESR72.

efficiency of the delivery of Access to Work. In 2000, Access to Work was regionalised and Business Centres were established for the administration of the scheme. This has led to less face-to-face contact and much more telephone-based communication. Some Jobcentre Plus offices report that Access to Work was easier to use when locally based as Access to Work officers now have to cover wider areas.

2.21 The scheme has been successful and research shows some disabled people could not work without Access to Work.³¹ Of some concern is that the scheme appears to have been used disproportionately by the public sector (53 per cent of grants paid) and under-used by private sector employers. The Department does not use the scheme to meet equipment or support needs for its own staff and in 2005, the Prime Minister's Strategy Unit³² recommended that the Department evaluates the impact of restricting or removing access to the scheme by other central government departments. The report also recommended that by 2010, the Department revises the structure of provision through Access to Work by offering a new personalised system of support which is effective and targets the right people at the right time without delays.

2.22 Disability Employment Advisers and Incapacity Benefit Personal Advisers recognise the importance of helping people to stay in work, but stressed they had very limited time to undertake such work themselves. They

receive little, if any, recognition or incentive for their job retention activities, which can be very time consuming. Jobcentre Plus operates a performance regime with targets through which staff are awarded points for getting clients into work and off benefits. Most points are awarded for assisting the harder to help (**Figure 16**) and there are no points generally for assisting people to stay in work although some are available for helping Jobseeker's Allowance claimants to sustain new employment.

2.23 The Department expects providers of New Deal for Disabled People and Workstep to help clients remain in work once they have found it and makes further payments on evidence of sustained employment. Sustainment is defined differently under these two programmes. For New Deal for Disabled People – like all New Deal programmes – payment is made at 13 weeks³³, compared with six months for Workstep, although contractually support should continue up to 26 weeks. Provider contracts for New Deal for Disabled People are won through a competitive tender exercise and the rate paid for a sustained job outcome varies (average is £1,359), whereas all Workstep providers receive £500 where employment is sustained. The Department acknowledges that the sustainment element is important and needs to fully integrate it into payments for each of the programmes.

16 Job entry points are weighted to give priority to helping disadvantaged groups into work

Priority group	Customers	Points
Group 1	Jobless lone parents, those on New Deal for Disabled People, all people in receipt of Incapacity Benefit, Severe Disablement Allowance , Income Support, Carer Allowance and Bereavement Benefit.	12
Group 2	People on New Deal 50 Plus, New Deal 25 Plus, New Deal for Young People, New Deal for Partners, Employment Zones, disabled people not included in Group 1 , people claiming Jobseeker's Allowance for less than six months.	8
Group 3	People claiming Jobseeker's Allowance for less than six months.	4
Group 4	Unemployed not claiming benefits.	2
Group 5	Employed job changers.	1

Source: Jobcentre Plus and National Audit Office report *Welfare to Work: Tackling the Barriers to the Employment of Older People*

31 Bamba C; Whitehead; and Hamilton; (2005). 'Does 'Welfare to Work' Work? A systematic review of the effectiveness of the UK's welfare to work programmes for people with a chronic illness or disability'; in *Social Science and Medicine* 60 (9): 1905-1918.

32 Prime Minister's Strategy Unit (2005) *Improving the Life Chances of Disabled People*, Stationery Office, London, page 148.

33 Sustainment was previously measured at 26 weeks, but in 2003 the Department reduced this to 13 weeks, in order to assist job brokers' cash flow and harmonise with other New Deal Programmes.

The Departments for Work and Pensions and Health are developing schemes for job retention and rehabilitation

2.24 The Department has been developing new schemes which focus more on job retention and rehabilitation. In April 2003, with the Department of Health, it jointly launched the Job Retention and Rehabilitation Pilot aimed at exploring whether people falling sick whilst in work best retain their job with employment focussed support, health based support, or a combination of the two. The pilot was aimed at getting people back into work after sickness absences of between 6 and 26 weeks and was open to volunteers at risk of losing their job. It is too early to assess the full impact and results of the evaluation will be published in winter 2005. Further support on retention issues will also be available from 2006 when Workplace Health Direct, a project funded by the Health and Safety Executive, is due to be introduced.

17 The voluntary Condition Management Programme, lasting between 4 and 13 weeks, can involve one or more of the following options:

Case Management: ongoing one-to-one contact with a Condition Management Practitioner who is the main link throughout the programme.

Core Programme: a series of five modules covering topics such as:

- Pacing and goal setting
- Health and the workplace
- Healthy living
- Confidence and communication
- Stress management

Support Modules: Additional information about specific health conditions, for example: depression, back pain, angina and memory loss.

Physical Work-Related Programmes: may be included to help improve a person's general health and ability to do the work they want to do with their health condition.

Eligibility Criteria: receipt of Incapacity Benefit, Income Support (because of incapacity), Severe Disablement Allowance or tax credits for incapacity.

Source: Adapted from a customer information leaflet produced by Somerset Coast NHS Primary Care Trust

2.25 In October 2003, the first tranche of Pathways to Work pilots were launched. Part of the "Choices" package available to participants as part of these pilots are the Condition Management Programmes delivered through NHS Primary Care Trusts. These programmes are targeted at those who have one of the three main medical conditions experienced by Incapacity Benefit clients – moderate mental health conditions, cardio-respiratory conditions and musculo-skeletal conditions. Incapacity Benefit Personal Advisers in Jobcentre Plus offices refer eligible clients to programmes provided by Primary Care Trusts and local Health Boards. **Figure 17** outlines the range of support available under the Condition Management Programme.

2.26 Early evaluation of the Condition Management Programme suggests considerable variation in delivery, in part reflecting a lack of understanding of the programme by many of the Incapacity Benefit Personal Advisers.³⁴ Some Advisers reported that clients were more confident about their future following involvement in the Programme, but there has been no evaluation to date of the impacts of the Programme on clients although this is part of the Department's planned programme of evaluation of Pathways to Work.

2.27 The 2005 report by the Prime Minister's Strategy Unit³⁵ suggests that considerably more people could be retained in and helped back to work, but that there are several reasons why so many people do not receive the right help at the right time. These include:

- employers not taking steps to actively monitor or deal with sickness absence despite the high costs of sickness absence – estimated at £11 billion per year;
- occupational health service not being easily available to provide vocational rehabilitation; and
- interventions often happening too late (for example, when options for treatment of medical factors have been completed and when the individual's motivation and work connections have declined too far).

³⁴ Dickens, S; Mowlam, A; & Woodfield, K (2004) *Incapacity Benefit Reforms – the Personal Adviser Role and Practices*. Prepared for Department for Work and Pensions. November 2004.

³⁵ *Improving the Life Chances of Disabled People*, January 2005, page 134.

PART THREE

The quality and accessibility of support



3.1 The quality and accessibility of support available at a local level depends upon the skills of Disability Employment Advisers, the quality of providers, and the total funding available. This part examines the factors necessary to deliver the programmes effectively on the front line and the experiences of disabled people and other stakeholders. It also examines how the delivery of programmes is inspected and their quality assured.

Disability Employment Advisers are vital to the effective delivery of the Department's employment programmes

3.2 There are currently around 700 Disability Employment Advisers across the country, although the number changes as offices merge or are rationalised. As the deployment of staffing resources is decided at a regional level, Jobcentre Plus does not know exactly how many Advisers there are, and whilst there is a job description, there is no consistency in what their role actually entails. The importance attached to the role of the Disability Employment Adviser varied between the offices we visited. They were generally highly valued and seen to make a significant contribution, although in one area they were viewed as a luxury and possibly expendable under any future efficiency drives.

3.3 Given the complexity and number of programmes, Disability Employment Advisers play an important role in navigating clients to the programmes that best suit their needs. The vast majority of the clients with whom we came into contact said they only found out about the programmes they were on because of the Disability Employment Adviser.

3.4 The role of the Disability Employment Adviser varies between offices. In some areas, Advisers worked as part of an integrated team and only dealt personally with the most complex cases. In other areas, Advisers in local Jobcentre Plus offices routinely sent all clients with disabilities to the Disability Employment Advisers. We also observed that, in addition to their more general role of referring clients to programmes, some Advisers undertook much of the preliminary work involved in finding their clients a job.

3.5 Many of the Disability Employment Advisers we met were very experienced. They tended to have established a network of contacts upon which they could draw. Key skills they suggested were essential to their role included:

- establishing trust and a good rapport with the client;
- taking a 'whole person' approach;
- understanding the barriers that disabled people face in work;
- navigating clients around the programmes according to needs; and
- adopting a pragmatic approach in order to make the system flexible.

3.6 In many of the offices we visited Disability Employment Advisers had very large caseloads of clients with varying levels of support needs. This affected their ability to deliver an effective service. One of our workshop groups also raised concerns about the turnover in Disability Employment Advisers and the subsequent loss of experienced staff.

Training for Disability Employment Advisers is currently ad hoc, but is under review

3.7 Adequate, timely, and current training is essential in ensuring Disability Employment Advisers' skills are both sufficient and relevant. However, our findings confirm other research³⁶ that the training of Disability Employment Advisers is not part of an integrated training strategy. Most arrange their own training as and when they perceive a need. This leads to some not having up-to-date skills, particularly if they do not have the time or the inclination to pursue training. The Work and Pensions Select Committee³⁷ also noted concerns from disability organisations that Disability Employment Advisers are under-qualified and over-stretched.

3.8 In two offices we visited, Advisers appointed in the last 18 months reported taking on live caseloads before any substantial training. This was due to delays in gaining access to courses. However, Jobcentre Plus only recruits internally for Adviser posts so most have had advisory experience with other client groups. In addition, in each office we visited there was usually an experienced Adviser on hand as a mentor. Jobcentre Plus recognises the current approach to training creates a problem for consistency and will be introducing a new learning programme for Disability Employment Advisers in autumn 2005.

Quality inspections of providers by Jobcentre Plus are not carried out according to schedule

3.9 Disability Employment Advisers need to be able to rely upon the providers in their area to deliver good quality services that meet the needs of their clients. Many of those we met reported concerns about some of their local providers and in some cases were reluctant to make referrals to them.

3.10 Jobcentre Plus has quality and performance management teams to assess the quality of providers of both Work Preparation and Workstep. From our interviews with Jobcentre Plus staff we found strong evidence to suggest that these teams are struggling to deal with the large number of providers. Since 2003, the teams have adopted a risk-based approach to monitoring providers of both programmes. Providers are assessed as high, medium, and low risk to determine the frequency of visits. However, due to lack of time and resources not all reviews are carried out as regularly as planned. In one area, only half of the Work Preparation providers had been assessed in 2004-05 and none had undergone a contract review. In another area, provider reviews were being carried out almost a year after the contracts had been awarded.

3.11 Work Preparation and Workstep providers are required to complete self-assessment checks as part of the quality and performance process, but this is often not done. Quality management teams have had little power to ensure providers complete these checks, although since 2002 the Adult Learning Inspectorate has had a remit to inspect Workstep providers. Jobcentre Plus has suggested this has helped to raise compliance, partly because the inspection reports are published. However, Workstep providers have expressed concern that these inspections focus on training and education and do not fully recognise that employment is not primarily a learning opportunity. Inspections have evolved in response to this criticism, although the Adult Learning Inspectorate emphasises the importance of learning.

3.12 Quality assurance is patchy in other areas of provision. The contracts for New Deal for Disabled People are managed at a national level, unlike Work Preparation and Workstep which are both managed at a regional level. There are now 57 New Deal for Disabled People job brokers, but only eight regionally based contract managers for the whole country. As a consequence, managers are constrained in their ability to visit the providers. Disability Employment Advisers are responsible for monitoring the use of the Disability Symbol, but this is done inconsistently. Priorities within local Jobcentre Plus offices often dictate the level and frequency of monitoring visits to employers undertaken, but it is clear that the symbol is not actively managed in some areas, particularly in London and the East Midlands (**Figure 18**).

³⁶ Floyd, M; Pilling, D; Gerner, K; and, Barrett, P (2004) Vocational Rehabilitation: What Works and in What Circumstances?, in *International Journal of Rehabilitation Research*.

³⁷ House of Commons Work and Pensions Committee (2003) *Employment for All: Interim Report Fourth Report of Session 2002-03 Volume 1*. The Stationary Office: London.

18 Jobcentre Plus monitoring of the Disability Symbol

Region	Number of inspection reviews	Number of employers signed up to the Symbol (end of March 2005)
East Midlands	6	450
East of England	26	340
London	11	270
North East	104	410
North West	181	720
Scotland	268	660
South East	47	510
South West	32	290
Wales	322	610
West Midlands	566	740
Yorkshire and Humber	245	520
Total	1808	5520

Source: Department for Work and Pensions

Inspections for Workstep show poor performance by some providers, which is now being tackled

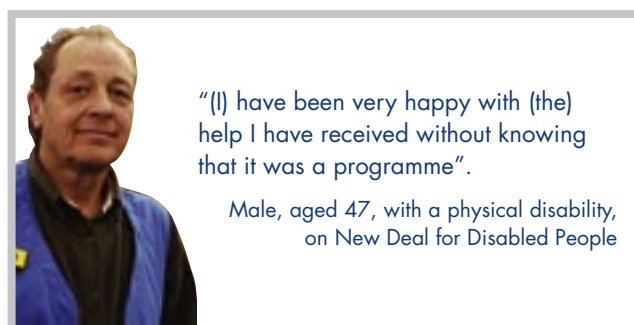
3.13 The Adult Learning Inspectorate carries out inspections of Workstep providers (currently about 150) on a four year cycle and will complete its first cycle in 2006. It inspects against a common inspection framework of standards. All of its inspections are carried out against these standards for education and training for people over 16 years of age. As at April 2005, over 100 inspections had been completed, including re-inspections. The Adult Learning Inspectorate has confirmed that 53 per cent of Workstep providers are currently unsatisfactory. Almost 31 per cent of providers were given unsatisfactory grades for equality of opportunity and 76 per cent received 'unsatisfactory' or worse for quality improvement and assessing how services were being delivered.

3.14 The Adult Learning Inspectorate is working closely with Jobcentre Plus and Workstep providers to build capacity to identify and carry out effective quality improvement. Two full-time inspectors have been seconded for a six month period to concentrate on sharing skills and knowledge as well as identifying and sharing good practice. The Adult Learning Inspectorate also offers one-to-one support to providers who have failed their inspection via the Provider Development Unit, manned by experienced inspectors.

3.15 Providers say they would welcome more clarity from Jobcentre Plus on the content, outcomes, and quality of the various programmes. A number say they would welcome more rigorous and appropriate contractual mechanisms to incentivise quality. In 2005, Jobcentre Plus introduced a new self-assessment 'health check' for Workstep providers to improve understanding of quality expectations.

Marketing of programmes can raise awareness among individuals and employers

3.16 Individuals participating in one or more of the disability employment programmes or schemes rarely know, or care, exactly which programme they are on. Their main concern is that they are provided with a seamless and effective service that helps them gain a worthwhile job. Lack of awareness of the particulars may not be a problem but general lack of awareness of the availability of help can be a significant barrier to finding and retaining employment. Jobcentre Plus offices, Citizens Advice Bureaux, the internet, and family and friends all have a role to play in informing people. Marketing campaigns for Pathways to Work and New Deal for Disabled People have raised awareness amongst potential participants.



3.17 Employers also have low awareness about their responsibilities towards disabled employees and the support available to help them. The most recent survey of the barriers to Employment for Disabled People, in 2002, indicated, for example, that only 26 per cent of employers were aware of the Access to Work scheme. The Disability Discrimination Act requires employers to ensure they do not discriminate against disabled employees or job applicants because of their disability, and requires them to consider making reasonable adjustments to the work or workplace in order to accommodate the needs of a disabled employee.

3.18 Successfully engaging with employers plays a key part in supporting disabled people into employment. In 2003, Jobcentre Plus introduced nationally an employer engagement strategy which aims to establish closer business relationships with employers and influence their client recruitment practices. Responsibility for engaging with employers is delegated to local offices so the approaches vary considerably. Some of the offices we visited were very active and ran special events for employers, whilst others were less involved and relied more on programme providers to do this.

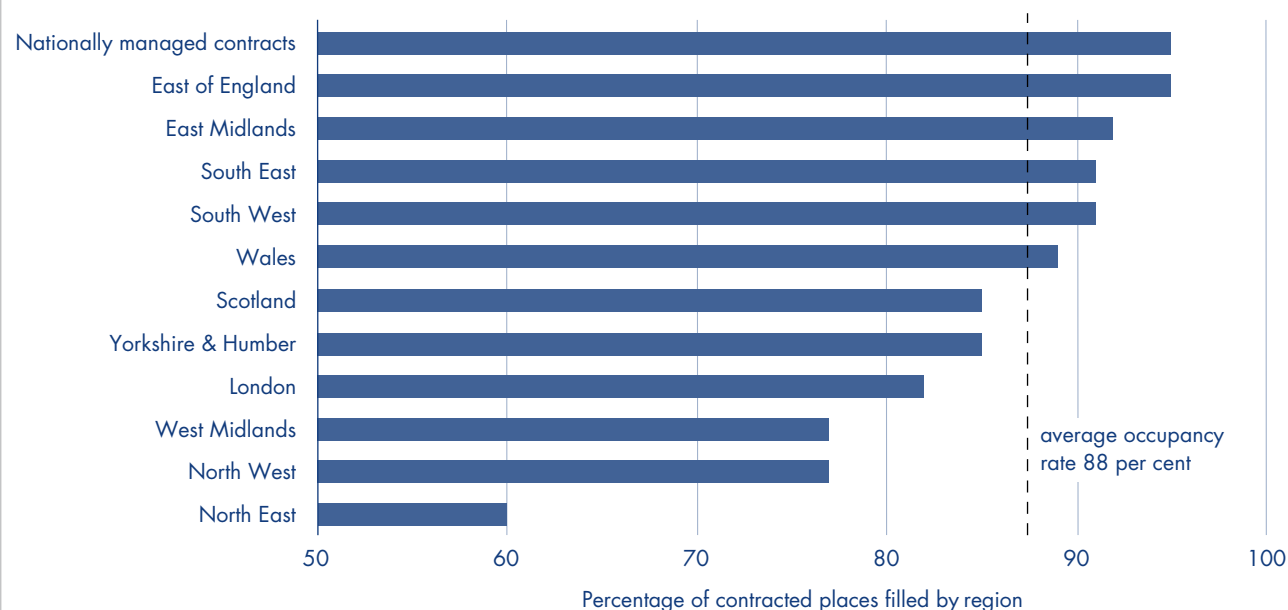
3.19 Budget constraints have prevented more active marketing of some of the specialist programmes because the funding for them could not keep pace with potential demand. We found that Workstep providers on average are running at only 88 per cent of their contracted places (**Figure 19**) and Disability Employment Advisers told us they limit referrals because of concerns about budget pressures. There is significant regional variation in Job Introduction Scheme expenditure, with some areas using up the available budget while others make little use of it. Access to Work is not marketed as widely as possible because there is insufficient money available to meet the potential demand. The number of new beneficiaries has remained relatively static in recent years, with an overall decline in the total number of beneficiaries in 2003-04 (**Figure 20**).

3.20 Active marketing, such as television adverts by larger providers, can cause a dramatic increase in programme take-up, perhaps demonstrated by the substantial rise in participation in New Deal for Disabled People (**Figure 12**). Following advertising by the larger providers, in the first nine months of 2004-05 the total number of registrations increased by 51,660, which is more than 40 per cent of total participation since the programme started in July 2001. While this increase in participation was welcome, it also meant the programme was in danger of reaching its total target numbers considerably in advance of the contract end date in 2006. The programme was allocated an extra £30 million in late 2004 to increase contracted numbers and maintain momentum.

Provision is not consistent across the country which can lead to inequalities for participants

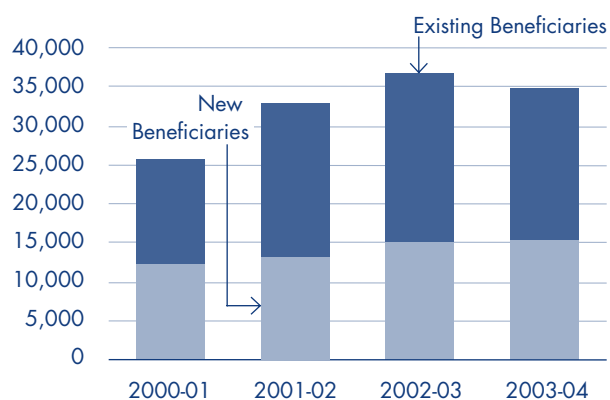
3.21 While the names of the programmes and schemes remain the same across the country, we found wide variation in the levels of participation (**Appendix 2**), and in the way that these programmes are applied, both by Jobcentre Plus and by providers. For example, we found in some areas that Work Preparation is often used as an opportunity to test an individual's ability rather than as a true preparation for work.

19 On average Workstep providers are operating at only 88 per cent of their contracted places



Source: National Audit Office analysis of Jobcentre Plus data

20 The number of new Access to Work beneficiaries has remained relatively static



Source: National Audit Office analysis of Jobcentre Plus data

3.22 Contracts for Workstep indicate which elements should be included, and the payment structure reflects this. New Deal for Disabled People operates differently with individually negotiated contracts and prices but some common elements such as development plans. There is no common template for Work Preparation at all, resulting in many different patterns across the country. For example, there are 16 different providers in London alone, each with different activities, costs and contracts. The common pattern is a call-off contract with preferred providers asked to supply particular courses. Alternatively, providers can put together a package that they believe serves an established local need and effectively sell it to the local Jobcentre Plus.

3.23 Flexibility is important in responding to individual needs, but without specifying a minimum standard there is a risk some providers will do the minimum and some clients we interviewed were very disappointed with the service they received. The Adult Learning Inspectorate suggests that key areas for improving Workstep are agreement over a minimum standard and promotion of quality improvement. The Department has acknowledged flexibility can have unintended adverse impacts on the quality of support in a minority of cases and intends to look into this during future contracting rounds.



“(The placement) couldn’t be bothered about me. I was very disappointed. They didn’t turn up for interviews and made me feel down and very unhappy”.

Female, aged 19, with a mental health condition, on Work Preparation



“I was asked to lay out five weeks train fares until I could get something back”.

Male, aged 46, Visually impaired, on Work Preparation



“(It’s) difficult with transport... three buses...very expensive”.

Female, aged 29, profoundly deaf, on Workstep

3.24 With the variation in what the programmes can offer, we found that some providers of Work Preparation and Workstep were confused about the nature of the programmes they are contracted to deliver. In one area, the officials responsible for monitoring the quality of provision reported that some local providers of Work Preparation misunderstood its aims, and in another area two Workstep providers were not progressing clients because they were unsure how the programme differed from the Supported Employment Programme – the forerunner to Workstep.

Some disabled people can have problems accessing services

3.25 Availability of services is not enough; they also need to be accessible. The physical location or environment can put some people off. The consolidation of the Jobcentre Plus estate has tended to concentrate offices in more urban settings. People in rural areas tend to have further to travel to meet Disability Employment Advisers, job brokers or providers. Poor transport in some areas can exacerbate the problem of accessibility despite the availability of money to help towards travel costs, although in one rural area we visited the Adviser operated a peripatetic service and spent one day a week operating an outreach service.

3.26 The layout of Jobcentre Plus offices is not always conducive to the needs of disabled people. The modern open plan layout of newer offices is mostly accessible to disabled people. Some offices are not, although this will change as alterations are made to comply with the requirements of the Disability Discrimination Act part III. However, the open plan layout offers very little privacy, despite the fact that discussions routinely cover sensitive personal matters. We observed a number of appointments that could easily be overheard by other members of the public sitting less than a metre away.

3.27 Nationally, Jobcentre Plus aims to ensure its services are fully accessible to all clients. Whilst the recent shift towards telephone interaction and the use of contact centres is accessible for many clients, it can be off-putting and disadvantageous for some, especially those with hearing, mental health, and learning difficulties. However, some local Jobcentre Plus offices did not see this shift as a serious problem because most people with moderate to severe difficulties can draw on existing support - such as a key worker from Social Services - for help with the process.

3.28 Service protocols requiring all calls to be answered by a person and not diverted to voice mail militate against a quality service for clients in meetings with Disability Employment Advisers. We often observed that the Disability Employment Adviser had to break off an interview to answer the telephone, causing a disruption in the flow of the interview.

Other organisations fund employment-related services for disabled people

3.29 In 2002, the Department identified that there were some 2,500 voluntary and local authority projects, providing more than 6,700 employment-related services to disabled people across the country. While this indicates demand and the willingness of the not-for-profit sector to respond to the needs of disabled people, the result is an uncoordinated and poorly understood collection of services in which there may be duplication and significant gaps. Such diversity also makes it difficult for users and professionals to determine the best available option. We observed that individual Advisers have an ad hoc understanding of other local services, and that the depth of their understanding was largely dependent on their personal experience and enthusiasm. In 2005, the Strategy Unit recommended the development of a comprehensive on-line directory to help users, Advisers and providers understand this complexity and access the correct provision.

3.30 Many of the non-departmental projects are funded by the European Social Fund, particularly in the most deprived areas of the country. This is valuable but introduces an additional layer of variation in provision available. Disability Employment Advisers and service providers expressed the opinion that European Social Fund projects tend to have much more flexible eligibility criteria than Departmental programmes, offer more group-work opportunities, and provide an often essential bridge between being inactive in the labour market and being ready for the Departmental programmes.

3.31 Providers are skilled in accessing European Social Fund funding but find the process of applying and the different monitoring and inspection regimes burdensome. One provider we spoke to employs a staff member full-time just to apply for grants. Providers also commented on the need to show evidence of a novel approach which can be counter-productive, as tried and tested schemes can offer better results for the individual. Providers have grouped together to share knowledge and expertise in this area and often repackage a successful project as new for a particular location, thus meeting the novelty criteria and offering a proven service.



PART FOUR

The cost effectiveness of programmes and schemes



4.1 This part examines the cost effectiveness of the programmes and whether data collected is sufficient for the Department to understand and evaluate the programmes. There is currently no published cost benefit analysis for the programmes³⁸, so we worked with the Department to develop an initial indication of the net benefits of the specialist employment programmes.

4.2 As part of our examination, we commissioned a review of the outcomes of Workstep. We chose it specifically because it has the greatest variation in cost per person assisted, and received nearly two-thirds of total programme expenditure on employment in 2003-04.

The Department has evaluated New Deal for Disabled People but needs to improve its evaluation of other programmes

4.3 With the exception of New Deal for Disabled People, the Department's knowledge and understanding of what providers deliver is limited (**Figure 21**). Management information is not readily available for Work Preparation or Workstep, and what does exist is of insufficient quality and generally remains dispersed at the regional level. The management information and quality of data for New Deal for Disabled People is comparatively strong and provides a more robust dataset for evaluation purposes. The New Deal for Disabled People has undergone more comprehensive evaluation compared to the other programmes, although the Department is currently examining both Workstep and the Pathways to Work pilots.

4.4 We also found limited evaluation of how successful the programmes have been at preparing an individual for long-term sustained employment. Jobcentre Plus finds it difficult to track and capture client information after a sustained job entry period has been completed, and as a result the number of clients subsequently leaving employment and returning to a programme is not known. Our own analysis of Workstep data found that just over 50 per cent of the clients who progressed to open employment remained there for more than six months.

4.5 The Department also does not know if they are getting value for money for the products and services purchased under the Access to Work scheme. The Department's Internal Assurance Service reported that some regions were unaware of how much they had spent on Access to Work and whether the provision was value for money. For example, they found a lack of control in the provision of support workers³⁹ – the largest area of Access to Work expenditure (£18m in 2003-04) – and found evidence of:

- variable costs for support workers, ranging from £6 to at least £46 per hour;
- no verification of qualifications, existence of support workers or appropriate delivery of support; and
- examples of excessive hours of usage, for example 90 hours of support per week.

Internal Assurance Services have estimated potential value for money savings of £1.8 million in this area.

³⁸ A cost benefit analysis on the Supported Employment Programme (the forerunner to Workstep) was published in 2003.

³⁹ An individual who needs practical help, either at work or getting to work, because of their disability can obtain funding for a support worker through the Access to Work scheme.

21 Examples of inconsistent and missing data on programmes and schemes

Workstep	<ul style="list-style-type: none"> ■ Only one type of disability is recorded per client. ■ The type of support an individual receives is missing from the database for two thirds of the clients. ■ There are issues with the accuracy of date fields in the database. ■ The recent (2004) purge of the database has taken over a year to resolve discrepancies with Workstep providers.
Work Preparation	<ul style="list-style-type: none"> ■ There are no statistics available for the type of work experience or placement the client undertakes. ■ The Department does not know how many clients progress from Work Preparation to other specialist programmes.
Access to Work	<ul style="list-style-type: none"> ■ The number of individuals supported by each type of provision is not available. ■ Some regions are unaware of how much they have spent on Access to Work provision.
Job Introduction Scheme	<ul style="list-style-type: none"> ■ There is no information or statistics available to determine if people are kept on after the first six weeks when Job Introduction Scheme funding ends.
Disability Symbol	<ul style="list-style-type: none"> ■ There are discrepancies in how the number of employers holding the badge has been recorded, so a precise figure on the number of employers signed up to the Disability Symbol is not available. ■ The Department for Work and Pensions does not know how much has been spent on administering the Disability Symbol.

Source: National Audit Office analysis

The Department holds limited information about Workstep clients and providers

4.6 Workstep receives by far the most funding of the programmes examined in this report (Figure 7), but data about it is particularly patchy and inconsistent. At the time of our fieldwork there was no definitive list of Workstep providers available, of whom there were more than 200.

4.7 The Department has a national database for Workstep, although this excludes Remploy – the largest Workstep provider. The database is managed at a regional level, and providers submit monthly information on the number of new clients they register, those who leave, and those progressing into unsupported employment. Its primary function is to process payments. However, the database provides only limited information. Whilst providers have the option to add details of the nature of their client's main disability, the disability is not known for 15 per cent of clients.⁴⁰ There is also no opportunity to record how the disability may cause a barrier to employment, although the Department does have some concerns about the practicality of recording this information.

⁴⁰ This includes those clients who prefer not to disclose this information.

4.8 In order to carry out meaningful analysis of Workstep, we supplemented the information on the database with data held regionally and nationally by Jobcentre Plus, as well as by some of the larger Workstep providers, including Remploy. Unlike other providers who submit data to the database for payment purposes, Remploy receives block grant funding. Jobcentre Plus requires Remploy to send data separately, in monthly performance reports, which is not directly comparable to the database.

4.9 The Department currently does not have sufficient data to understand the length of time an individual is in the various phases of the programme. Our analysis identified that 75 per cent of all Workstep clients are in the supported employment phase, while 5,000 clients (18 per cent) are either waiting for a development plan or to be placed in supported employment (Figure 22). The length of time they have been waiting is not known.

4.10 As well as limited information about clients, Jobcentre Plus holds little information about Workstep providers and is unaware of the full nature of the support they offer. In addition, Jobcentre Plus was unable to identify from the Workstep database the total amounts paid to each provider. As a result, the Department cannot easily determine the effectiveness of Workstep or profile clients to ensure their needs are being met. Nor can Jobcentre Plus carry out relevant or detailed performance analysis of providers.

22 There were some 5,000 Workstep clients waiting to be placed in supported employment

Phase of Workstep Programme	Workstep providers excluding Remploy	Remploy	Total
Referred and waiting to be accepted	267	–	267
Accepted and waiting for a development plan	1,234	1,293	2,527
Has a development plan and waiting to be placed	1,863	696	2,559
In supported employment	13,454	7,365	20,819
In open employment	492	811	1,303
In sustained open employment	248	–	248
Total	17,558	10,165	27,723

Source: National Audit Office analysis of Department for Work and Pensions and Remploy data

NOTE

Remploy does not hold information on the number of clients referred to and waiting to be accepted on Workstep or on the number in sustained open employment. Figures for Remploy as at January 2005, for other Workstep providers as at November 2004.

4.11 Our analysis of payments identified that in terms of supported employment clients, the top ten providers (only five per cent of all providers) account for a large proportion (70 per cent) of supported places. Conversely, a large number of providers have a small number of clients – 40 Workstep providers have fewer than ten clients – potentially contributing to programme inefficiencies.

Rates of progression into work vary substantially between Workstep providers

4.12 Despite Workstep's key objective of helping disabled people progress into unsupported employment, the average rate of progression is only 8 per cent (1,900 progressions in 2003–04). There are wide variations in the number of progressions into work recorded by different providers. At present, the Department does not collect sufficient data to fully understand this variation, although it can compare trends in progression rates among different providers, and between clients who moved to Workstep in 2001 (when it replaced the Supported Employment Programme) and those who have joined subsequently. The difference between the providers can be attributed to the change in ethos behind the programmes, with Workstep focusing much more on developing and progressing clients into unsupported employment than its predecessor.

4.13 Since April 2001, one third of providers (72 out of 204) with clients in supported employment have not progressed a single person and 25 Workstep providers have had no new clients during the same period. Workstep payments for supported employment are indefinite and provide no incentive to move people through to open employment. In addition, progression payments are insufficient to make it financially worthwhile to progress people to open employment unless the provider is approaching its maximum contracted numbers.

4.14 A provider that takes on clients with a particular disability such that open employment is not appropriate, will progress low levels of clients compared to a provider that takes on people with less severe disabilities or a wider range of clients. Our analysis found that 137 out of 203 providers were deemed specialist providers, which may explain some of the variation in provider progressions (**Figure 23 overleaf**).

23 Two-thirds of Workstep providers are deemed to be specialist providers

The number of Workstep providers where the proportion of clients registering for Workstep with a particular disability exceeded 80 per cent

Learning disability	26
Conditions restricting mobility/dexterity (e.g. affecting back, joints, limbs)	22
Mental health	16
Visual impairment	15
Neurological conditions (e.g. epilepsy, Multiple Sclerosis)	15
Hearing and/or speech impairment	15
Other health conditions not covered elsewhere	14
Long term medical conditions (e.g. respiratory, heart, asthma, diabetes)	14
Total	137

Source: National Audit Office analysis of Department for Work and Pensions data

NOTE

These proportions are calculated by not including all clients whose disability was recorded as "prefer not to say". Excludes Remploi and so reflects only three-quarters of client group.

4.15 Remploi accounts for three-quarters (1,400) of Workstep progressions from supported to open employment, although these are mostly from Remploi Interwork – its recruitment arm – rather than the factories and other Remploi businesses (Figure 24). In Remploi factories there is very little turnover, due largely to good pay, conditions and appreciation of the high levels of support available, and few progressions into unsupported employment. The performance monitoring regime for Remploi, which focuses on increasing gross margins, also does not incentivise progression of more productive employees because this would reduce productivity and profitability. This conflicts with the key objective of the Workstep programme. Remploi acknowledges this problem and recently piloted a project at a factory site in Burnley to improve progression rates (Case example 2).

4.16 In order to try to understand differences in progression rates, our consultants used a series of models. These predict the likelihood of an individual with certain characteristics (for example, type of disability) progressing through Workstep, as well as estimate the effect of individual factors (for example, if progression is affected if the client is placed with a local authority provider).

CASE EXAMPLE 2

Remploi pilot to improve progression opportunities for factory employees

In addition to the progressions achievement within Remploi Interwork, the wider Remploi organisation has identified that progression is appropriate for some of its 5,500 factory employees. In 2004 a project was successfully piloted in Burnley where 30 per cent of the workforce successfully moved into employment outside the Remploi factory. In 2005, this project is being rolled out to selected sites with the intention of progressing an average of 2 per cent of the total workforce by 2006.

Source: Remploi

4.17 Based on the data available, only one of the models – addressing progression from supported to open employment – had good predictive power. This predicts that a client is less likely to progress to open employment if the client:

- has a learning disability; and
- is in a processing/production type job; and
- is placed with a local authority or a voluntary body.

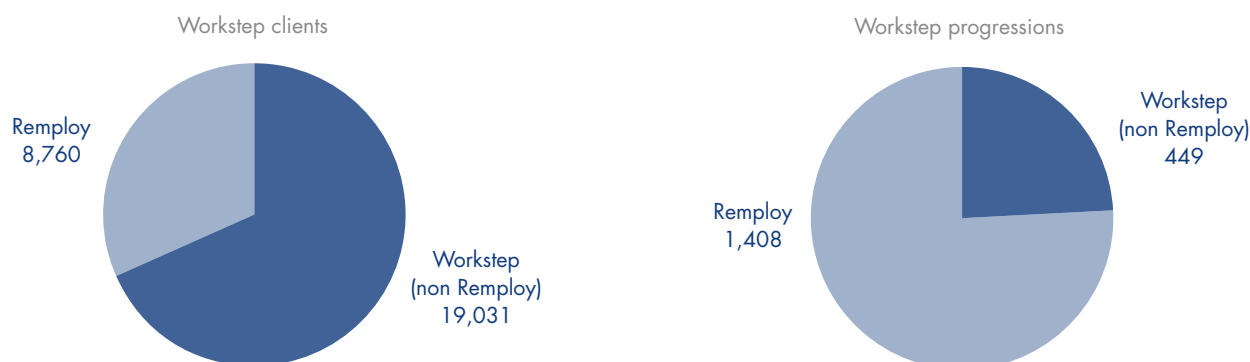
Although there are limitations to the models due to insufficient data - such as the time it has taken to achieve progression - the result has been provided as an indication of the type of analysis that can be performed to assist understanding of outcomes and to improve contracting arrangements.

Most Remploi businesses are not currently sustainable in economic terms

4.18 Since its inception in 1945, Remploi Ltd has given many thousands of disabled people the unique opportunity to have secure employment in a supportive environment. However, most of the businesses – particularly those in more traditional manufacturing and factory settings – are not currently sustainable in economic terms and are unlikely to become so in the future. Manufacturing is generally in decline across the United Kingdom and Remploi businesses have been affected by this downturn. They, therefore, struggle to be competitive despite improving the volume of sales and gross margins.

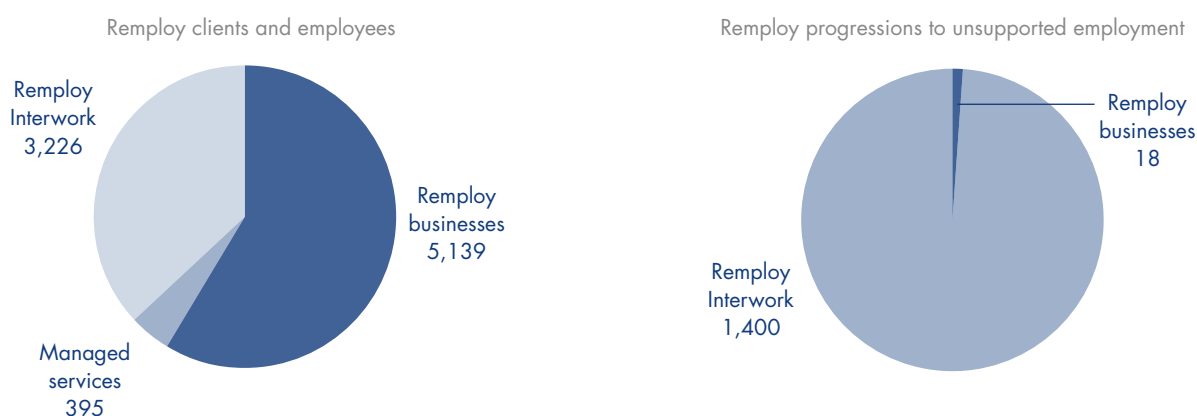
24 Remploy and progressions to open employment

A: A third of all Workstep clients are with Remploy, yet Remploy account for three-quarters of the progressions from supported to open employment, 2003-04



Source: National Audit Office analysis of Department for Work and Pensions data

B: The vast majority of Remploy progressions are from Remploy Interwork, rather than Remploy businesses, 2003-04



Source: National Audit Office analysis of Remploy data

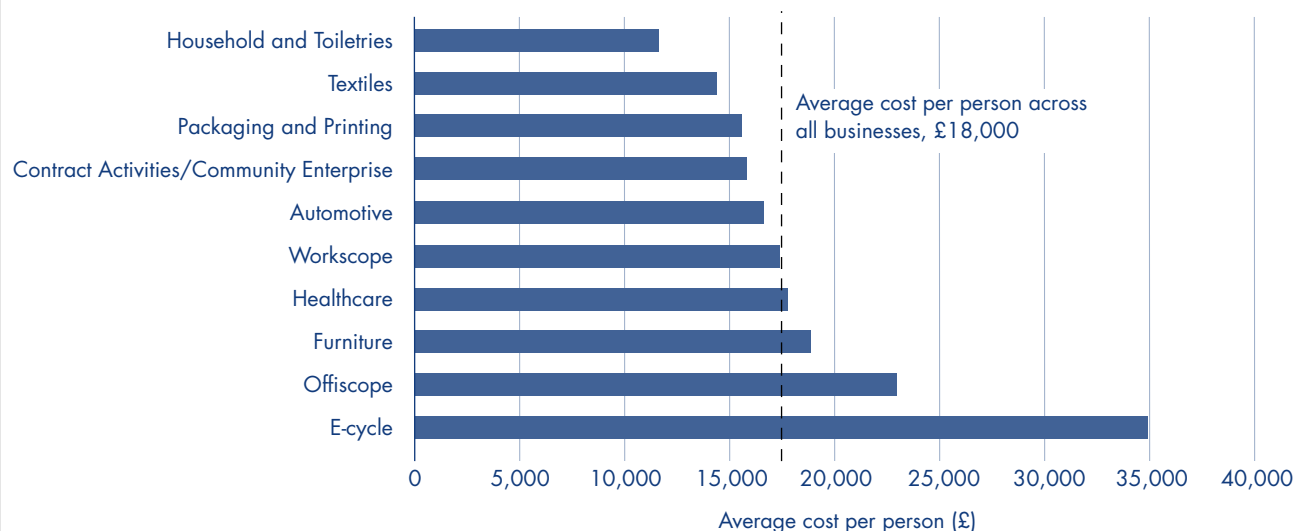
NOTE

The majority of Remploy businesses are factories. Managed services is the newest business area targeted at the service sector and includes CCTV operations and call centres. There were no progressions from managed services in 2003-04.

4.19 The average cost per person to the Department in a Remploy business is £18,000 and the cost per head in some businesses is disproportionate compared to an average salary of £11,000 (**Figure 25 overleaf**). Remploy's e-cycle business for example, which safely disposes of and re-cycles electrical appliances, costs £34,000 per head, although as it is still in its start up phase, this is likely to drop over time. Remploy has branched out into other non-factory services – in particular managed services – such as CCTV operations, which is proving successful and is more likely to be sustainable in the long term.

4.20 Whilst the factories provide a good service for the people they employ, the recruitment arm of Remploy – Remploy Interwork – provides better value for money (**Figure 26 overleaf**). It delivers more for the same level of grant funding, has a good record on progression and is successful at placing people in open employment. The average cost per Workstep client is also less with Remploy Interwork than with other Workstep providers (£3,400 compared with £3,800). However, the comparative position for non-Remploy Workstep providers is complicated by the difference in funding regime and by the multiple sources of funding that they use, including money from the European Social Fund, local authorities, and voluntary and community sectors.

25 The average cost per person in a Remploy business is £18,000, 2003-04

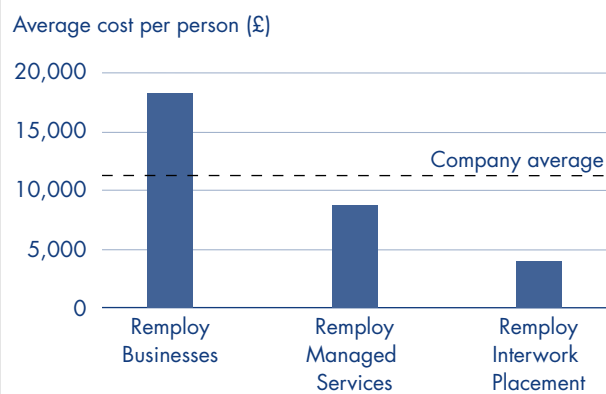


Source: National Audit Office analysis of Remploy data

NOTE

The calculation of average costs includes the number of progressions supported in year.

26 Remploy Interwork is better value for money, 2003-04



Source: National Audit Office analysis of Remploy data

NOTE

The calculation of average costs includes the number of progressions supported in year.

Analysis of money flows shows a net benefit to the individual and indicate net benefits to the economy and to the Exchequer over the longer term

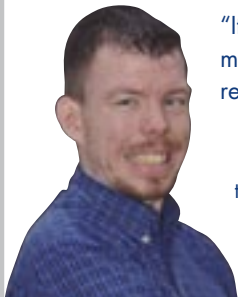
4.21 Calculations of the net benefit of the programmes are very complex and limitations in data can make it impossible to quantify all impacts of a programme, such as the potential effects on health and social inclusion. It is important for future efficiency and effectiveness to try to provide a best estimate of the costs and benefits of the programmes.

4.22 The Department has not published any cost benefit analysis for the programmes, but has undertaken some cost benefit analysis of New Deal for Disabled People, drawing on findings from an early unpublished short term impact study of the programme. It plans to carry out more detailed work on this programme in autumn 2005 when more robust longer term estimates should be available. The Department has applied the methodology for New Deal for Disabled People to the other programmes to undertake some preliminary analysis. The cost benefit calculations are indicative rather than predictive due to limited research evidence on the impact and characteristics of people participating in the programmes.

4.23 We worked with the Department to develop an initial indication of the programmes' net benefits and, taking into account the limitations of the analysis, agreed a set of assumptions to inform the analysis. The analysis can be divided into two main parts:

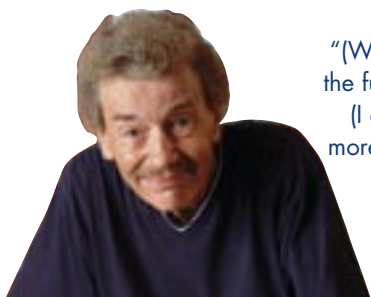
- **costs and benefits to the economy**, for example, the costs of delivering the programme and the increased incomes of those leaving benefit and going into work, as well as the profits gained by firms through increased employment; and
- **costs and benefits to the Exchequer**, for example, the operational costs of the programme, the reduced benefit payments such as Incapacity Benefit and the increased inflows such as income tax and national insurance contributions.

4.24 We also looked at the monetary benefits of working from an individual's perspective and worked with the Department to develop a series of 'better off' calculations. In all of the scenarios in **Figure 27**, the individual is better off in work, taking into consideration the types of support the individual is eligible to receive, such as working tax credits and child tax credits. Disability Employment Advisers and some job brokers calculate the financial impact of taking up work to advise clients. This involves advice on their eligibility for tax credits. The welfare benefits of clients involved in New Deal for Disabled People can be protected for up to a year which can address concerns if a placement does not work out.



"It's kept me going financially... kept my car on the road... able to pay rent...helped me move out of home".

Male, aged 32, with cerebral palsy, gained his first permanent paid job through Workstep after years of unpaid voluntary work. He has remained in employment for over two years since starting on the Workstep programme.



"(Workstep has given me) hope for the future (and) financial security ... (I am) more confident, can afford more things than when on benefit".

Male, aged 53 with a physical disability, on Workstep (through Remploy)

27 Individual 'better off' calculations in work

Personal circumstances	Income (£) if out of work and on Incapacity Benefit	Income (£) if earning £11,000 ⁴¹ per annum	Percentage better off ¹
Single disabled person with no children	6,936	11,122	60 ²
Single disabled parent with 2 children (aged 1 and 7)	12,910	18,006	39
Disabled parent with 2 children (aged 1 and 7) and partner also working	18,407	23,066	25
Disabled parent with 2 children (aged 1 and 7) and partner not working	15,299	18,006	18

Source: Department for Work and Pensions and National Audit Office

NOTES

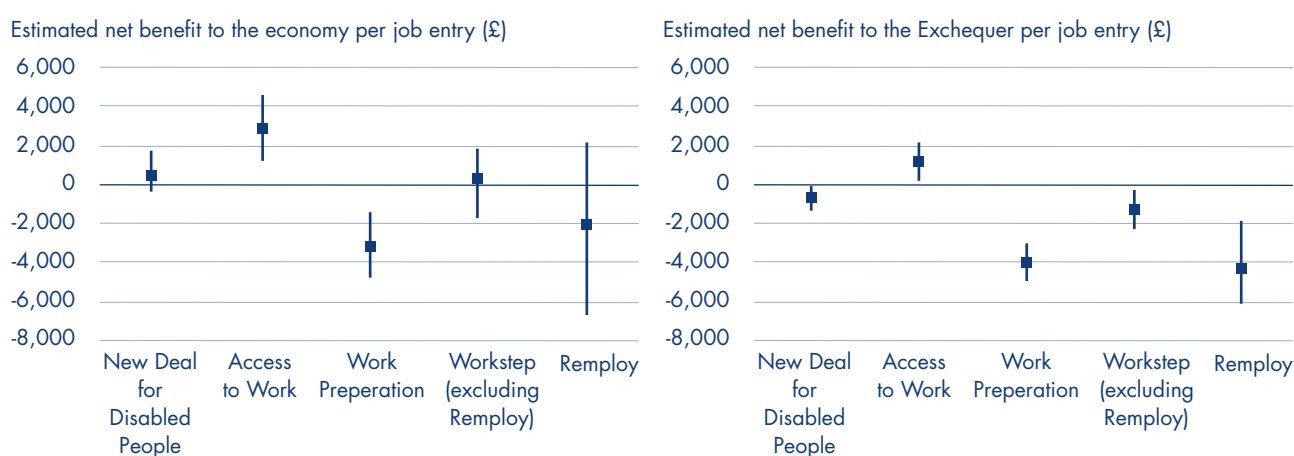
- 1 Income out of work includes income support, housing benefit and council tax benefit where eligible.
- 2 The individual 'better off' calculations in their current form are likely to be overstated. There are some costs that have not been included in the calculations, such as preparation for work (e.g. new clothes) and work search costs. However these costs can be covered by the Adviser Discretion Fund. There are other costs, which are harder to measure, such as lost leisure time and loss of discounts for the unemployed. Estimates of travel costs were also not available and have been excluded from the calculations. Transport to work can be a key barrier for some people and is likely to have a significant impact to the financial benefits of being in work, for example taxi fares. However, increased travel costs may be offset by access to other in-work benefits, such as Access to Work.
- 3 A single disabled person with no children will be at least 10 per cent better off if they work at least 15 hours per week and earn at least £4,829. As soon as they work more than 15 hours they will be more than 10 per cent better off due to the working tax credits.

41 Individual working 38 hours per week, £5.44 per hour. Ashworth et al (2003) New Deal for Disabled People National Extension: First Wave of the First Cohort of the Survey of Registrants. No.180 Department for Work and Pensions.

4.25 It is clear from the preliminary results of the cost benefit analysis that some programmes, such as Access to Work, are better value for money both to the economy and to the Exchequer (**Figure 28**). However, the results do not take account of every factor. For example, none of the calculations include outcomes such as the potential for improved health. The programmes and schemes offer a variety of support and assistance and by excluding a programme on financial returns alone would run the risk of excluding a particular client group.

4.26 An important factor of the cost benefit analysis is the number of people who are in work as a result of the programme, who would not otherwise be so – this is often referred to as additionality – and how long on average the individual remains in work. When considering the net benefit to the economy, preliminary analysis indicates that both New Deal for Disabled People and Access to Work break even if the average job entry duration is less than a year. However, the duration needs to be longer before the Exchequer starts to see a return on programme investment (**Figure 29**).

28 Some programmes are better value for money both to the economy and to the Exchequer

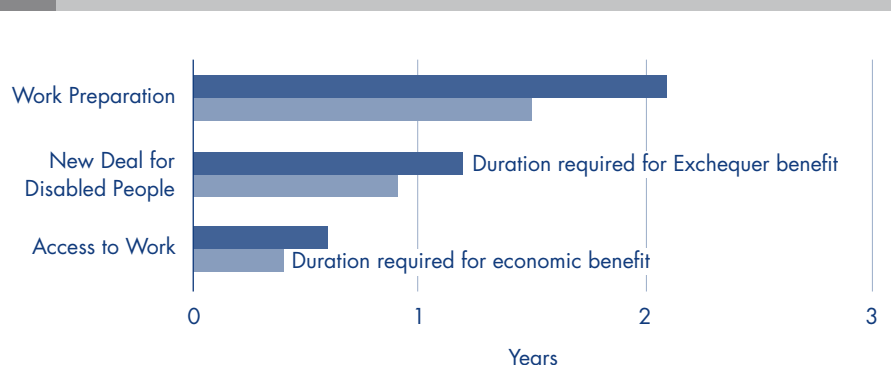


Source: Department for Work and Pensions and National Audit Office

NOTES

- 1 Results are indicative rather than predictive due to limited research evidence on the impact and characteristics of people participating on the programmes. Vertical lines represent a range of estimates, based on the available information, in which the true value is expected to lie. The range varies according to how much information is available, for example, New Deal for Disabled People has a smaller range as more information is available for this programme.
- 2 Programme costs and number of job entries used in the analysis are taken over a one year time period (2003-04). The above calculations are based on an assumed job entry duration of 1 year.
- 3 Calculations exclude administration costs due to insufficient comparative data and therefore net benefits are likely to be overstated. For example, administration costs for New Deal for Disabled People are estimated as £6 million and if included in the analysis would reduce the net benefit to the economy to £-148 and net benefit to the Exchequer reduced to £-984.

29 Average duration of job entry required for the programme to break even



Source: Department for Work and Pensions and National Audit Office

NOTE

Figures for how long it takes Remploi and Workstep to break even are not provided. For Remploi the benefits from one year costs are not expected to continue after that year as the programme costs are the same each year that a person is in supported employment and this cost exceeds the financial benefits each year. For Workstep there is limited data on the duration a client is in supported employment and this makes the break even point very difficult to identify.

A similar argument could be made for Access to Work since the costs of this programme continue indefinitely for some participants, for example having a support worker, however on average Access to Work breaks even within a year.

4.27 Cost benefit analysis for Workstep and Remploi is more complicated. The analysis presented here, in its current form, does not give full consideration to the differences between the programmes, and the differences between those that participate in them. For example, we would expect participants on Workstep to have substantially more barriers to employment than those on New Deal for Disabled People. A wider consideration of costs and benefits is required for Workstep and should include elements such as the benefits of reduced spending on day care centres and the effects on the economy of supported employment factories.

4.28 Supported employment factories, funded from various sources including local authorities, provide the least obvious benefit in monetary terms. Our analysis of a sample of Workstep providers found considerable variation in the levels of factory losses per placement at a factory. In a sample of seven providers the average factory loss is almost £15,000 per placement, within a range from £1,807 to £70,657. Despite confirmation of these figures from the providers this degree of variation is barely credible. This may be an artefact of management data or an error in the comparability of management information across providers and requires more detailed scrutiny than was possible in this report.

APPENDIX 1

Methodology

1 We used a variety of methods in our examination. They were:

Facilitated workshops with key stakeholders

2 In February 2005, we ran a day of facilitated workshops in order to consult a range of key stakeholders about their experiences of delivering the programmes. We targeted policy, operational and front-line staff from the Department for Work and Pensions as well as representatives from the voluntary and community sector, providers of specialist employment programmes for disabled people, trade unions, local authorities, employers and academics. Some 65 delegates representing 35 organisations attended. We recorded the discussions in each group and analysed the transcripts to identify the key issues.

3 The delegates represented the following organisations:

- Action for Blind People
- Association of Disabled Professionals
- Bath City Council
- Brighton and Hove City Council
- Cornwall County Council
- County Enterprise Foods
- Coventry Council Employment Service
- Darlington Borough Council
- Department for Work and Pensions
- Employment Opportunities for People with Disabilities
- Federation of Small Businesses
- Fern Training and Development
- Gloucestershire Industrial Services
- Hackney Recruitment Partnership
- Institute of Welfare
- Jobcentre Plus
- Leonard Cheshire
- Linkage Community Trust

- Mencap
- Meridian East
- Moorland Plastics
- Motability
- National Association for Supported Employment
- National Autistic Society
- Newco Products, Newham
- Papworth Trust
- Portsmouth City Council
- Remploy Ltd
- Royal British Legion Industries Employment Services
- Royal National Institute for Deaf People
- Royal National Institute of the Blind
- Shaw Trust
- Somerset Social Services
- Status Employment
- Surrey Oaklands NHS Trust

4 For those unable to attend we issued questionnaires which the National Association of Supported Employment also placed on their website. We received 30 additional responses.

Semi-structured interviews with disabled people using the three main programmes

5 We commissioned Carrick James Market Research to undertake 43 semi-structured interviews with disabled people currently on Work Preparation, Workstep or New Deal for Disabled People. The objectives of the interviews were to explore the experiences and attitudes of disabled people who are either currently enrolled on one or more of the programmes or recently moved from one into employment. The interviewers asked respondents how they found out about the programme; their likes and dislikes about the programme; how the programme had impacted upon them; what improvements they would like to see made; and, how it had helped them.

6 Forty-two of the interviews were conducted face to face and one interview with a profoundly deaf respondent was conducted over the internet. The interviews were held in nine locations around England and Wales and clients were contacted via Jobcentres, and three providers. The sample was selected randomly from lists held by the Disability Employment Adviser or providers. The interviews were conducted in March and April 2005.

Secondary data analysis

7 We analysed departmental data on costs and participant numbers for the various programmes and schemes. We supplemented Workstep information with data held by some of the larger Workstep providers, including Remploy.

8 We worked with the Department to develop an initial indication of the programmes' net benefits and agreed on a set of assumptions to inform the analysis. These included:

- a the monetary benefits for the individual;
- b costs and benefits to the exchequer, for example, the operational costs of the programme, the reduced benefit payments such as Incapacity Benefit and the increased inflows such as income tax; and
- c costs and benefits to the economy as a whole, for example the costs of delivering the programme and the increased incomes of those leaving benefit and going into work.

9 We commissioned Reckon - a consultancy firm specialising in regulation and competition economics - to examine the process and variation in outcomes of Workstep providers. They examined the major differences between providers and analysed the impact of these differences.

Visits to Jobcentre Plus offices and an Access to Work Business Centre

10 In order to understand the role of the Disability Employment Adviser and Incapacity Benefit Personal Adviser, we visited eight Jobcentre Plus offices in the following locations: Hounslow; Harlow; Chelmsford; Luton; Bridgewater; Carlisle; Grimsby and York.

11 We conducted semi-structured interviews with 15 Disability Employment Advisers and Incapacity Benefit Personal Advisers, observed 22 interviews with clients, and also met with a range of other office staff during our visits, including the local office manager and local contract management teams. In one office we also interviewed the local Work Psychologist.

12 We visited the Access to Work Business Centre for London and the South East and interviewed two Access to Work advisers for North Yorkshire to find out more about how the scheme is administered.

Visits to a range of providers of Work Preparation, Workstep and New Deal for Disabled People

13 During our visits to Jobcentre Plus offices, we interviewed local providers of Work Preparation, Workstep and New Deal for Disabled People in order to find out more about the services they offered, their relationships with Jobcentre Plus as well as any challenges they experienced in delivering the programmes. In addition to these interviews, we spent a day each with the Papworth Trust and the Shaw Trust, which are both contracted by Jobcentre Plus to deliver all three programmes.

Visits to Remploy sites

14 We visited three Remploy factories and two Managed Services sites. The factories in Southampton, Oldham and St Helens were in three different Remploy business sectors - electronics, windows and household and toiletries respectively - and employed between 40 and 158 staff. During these visits we interviewed the factory managers to find out more about the business generally, how the factory operated, profiles of employees and progressions within and out of the factory. We also took the opportunity where possible to meet with employees to discuss their work and thoughts about their work for Remploy.

15 Remploy also operates outsourced services for public and private organisations such as catering, CCTV monitoring and gardening. We visited two CCTV sites - one in Bath and another in Cowbridge near Cardiff.

Consultation with the Department for Work and Pensions and other government agencies

16 We conducted interviews with relevant staff in the Department for Work and Pensions, Remploy Ltd and the Adult Learning Inspectorate.

17 Our main contacts in the Department were in the Health, Disability and Work Division (HDWD) and the Family and Disability Analysis Division (FDAD), both within the Department's Working Age and Children's Group. We also visited the Disability & Carers Service.

Literature review of disability and employment

18 We reviewed literature and research on the effectiveness of programmes, services and support for disabled people; what works well in provision; the barriers disabled people experience in accessing employment; and the obstacles disabled people experience to sustaining employment. Our review drew upon existing literature reviews as well as recent articles found in the specialist press and academic journals following searches on Data-Star, Social Science Information Gateway (SOSIG) and Dialog as well as extensive internet searches.

APPENDIX 2

Regional variations

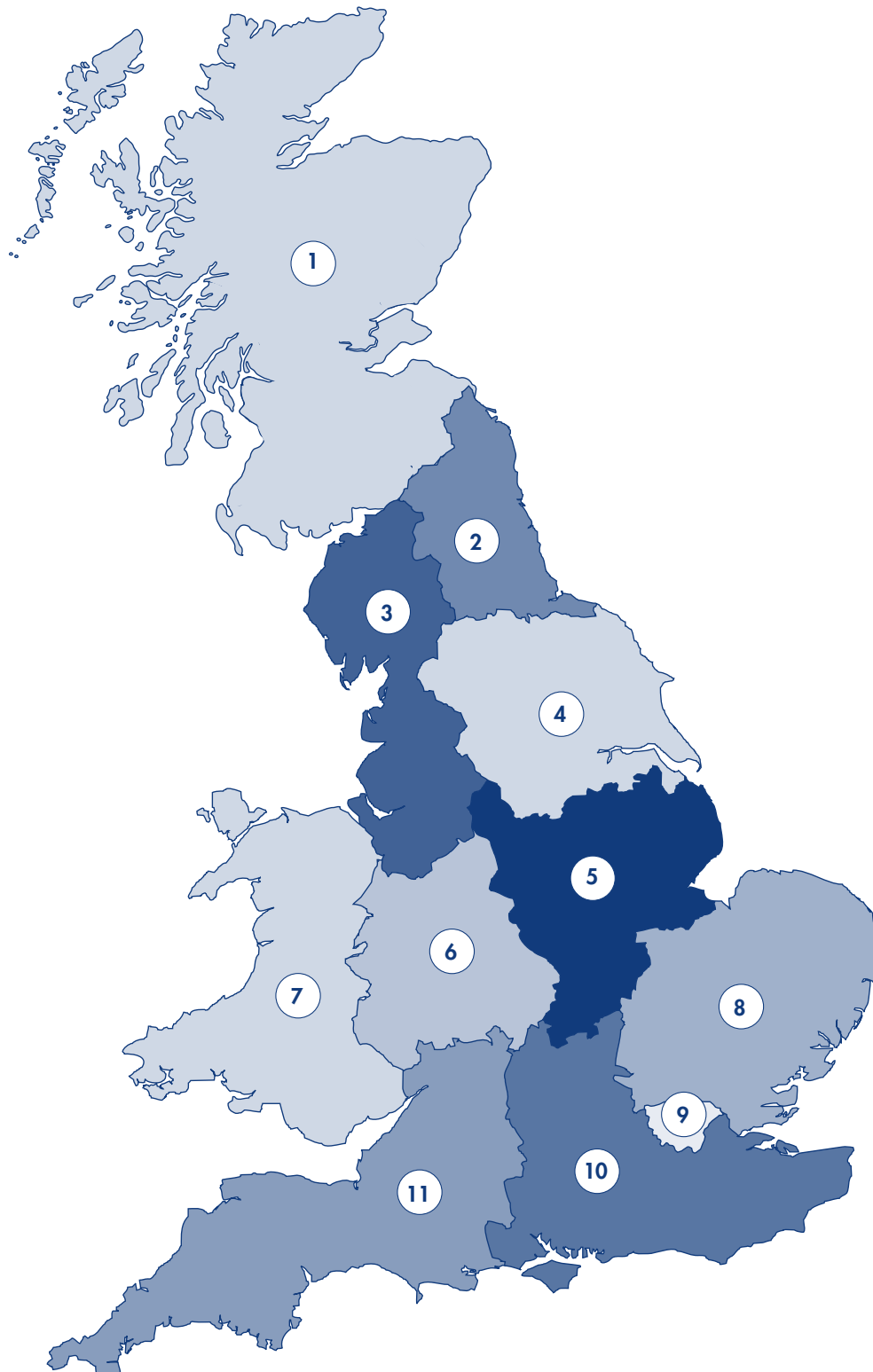
1 There are regional variations in the levels of participation in the various programmes and schemes (**Figure 30 overleaf**). The precise reasons for variations are difficult to determine but the key contributory factors are:

- the dynamics of the local labour market generally;
- the proportion of people in receipt of Incapacity Benefit;
- the knowledge and experience of local Disability Employment Advisers; and
- the availability of providers to deliver programmes.

2 For example, London and the South East have the lowest proportion of the total labour force in receipt of Incapacity Benefit (around 2.3 per cent) while Wales and the North East have the highest proportion (7.3 per cent and 6.8 per cent respectively). New Deal for Disabled People is favoured in Wales and the North East compared to a much lower participation rate in the East of England.

3 Work Preparation and Workstep are favoured in the South West but hardly used at all by comparison in the North West. The use of Access to Work remains fairly constant, with most regions having around 0.1 per cent of the total labour force receiving support, although Access to Work use is proportionally lowest in London and highest in Wales.

30 Regional variation in the levels of participation and numbers on Incapacity Benefit



Source: National Audit Office analysis

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Region

LF	Labour Force: Level of economic activity (aged 16+ who are employed or unemployed) plus the economically inactive, January to March 2004.
EI	Economic Inactivity Level: people who are neither in employment nor unemployed, January to March 2004.
U	Unemployment Level: those without a job who are seeking employment, January-March 2004
IB	Numbers receiving Incapacity Benefit as at February 2004
NDDP	New Deal for Disabled People participants as at March 2004.

Workstep	Workstep Programme participants as at March 2004. Figures exclude Remploy (of which there were 8,800 clients nationally).
Workprep	Numbers entering Work Preparation, 2003-04.
ATW	Access to Work beneficiaries, both new starters and existing beneficiaries, 2003-04.
JIS	Numbers helped through the Job Introduction Scheme, 2003-04. Figures are based on a Job Introduction Scheme participant spending an average period of six weeks on the scheme at a cost of £75 per week.

NOTES

Figures have been sourced from Office for National Statistics, Department for Work and Pensions data. There is a small discrepancy between the figures provided for financial and performance analysis (Figure 1) for Workstep and New Deal for Disabled People. Workstep figures have a discrepancy of 1,200 participants and New Deal for Disabled People has a discrepancy of 1,400.