

LGA background note – Work and Health Programme

The Spending Review (November 2015) announced changes to the way claimants are supported into work. A new specialist Work and Health Programme (WHP) for claimants with health conditions or disabilities and those unemployed for over two years, will replace the national Work Programme and Work Choice once contracts expire on 31st March 2017 and it is possible that WHP will not be commencing until October 2017. Jobcentre Plus will support all other JSA claimants up to their eligibility on WHP.

While much of the WHP detail is yet to be agreed, our understanding is that:

Budget

The budget is likely to be £130 million per year for England and Wales and the devolved budget for Scotland may also have to come out of this. It is unclear how many claimants this is intended to support, but using the same unit price as the Work Programme this would support around 110,000 per annum. We do not know the precise eligibility for ESA but the assumption is that the focus will remain on WRAG. The LGA is concerned that low levels of funding as compared to its predecessor could result in either too few claimants benefitting from support or inadequate interventions. DWP is keen to understand what other budgets might be available to align or co-invest.

While the WHP is small in comparison to the Work Programme and Work Choice, any local role will ultimately lead to a better entry point to influencing universal services.

Commissioning

Through devolution deals, the Government has committed to work closely with seven areas. Each will develop Employment and Skills strategies and contract package areas (CPAs) will be aligned to the geographic areas. This includes:

- co-commission WHP with Greater Manchester and London
- co-design WHP with the combined authorities of Sheffield, Tees Valley, Liverpool, West Midlands, and the North East.

The terms of the West Midland Agreement is given below as an example.

DWP is keen to establish a mechanism to work with all other areas, so that the WHP is as locally relevant as possible. It fully appreciates that there is a likelihood further deals may progress in the meantime. This is positive. It will be important to impress upon DWP that all councils will work in wider geographies to achieve a more direct partnership with DWP to make it work.

DWP / LGA partnership

The LGA is keen to establish a formalised partnership with DWP on the WHP which covers all areas of England, and which ensures learning is shared so everyone benefits.

We will propose a programme of work during 2016 to help deliver the programme in 2017, including:

- integration of local services and how it can be achieved – troubled families, housing, health etc
- what would need to happen to align funding with a degree of local discretion (ESF, adult skills, public health budgets)?
- Commissioning processes.

LGA proposal, November 2015

Prior to the Spending Review, the [LGA put forward a proposal to the Government for devolved employment support](#) to replace national Work Programme contracts, eligible for up to one million of the most disadvantaged jobseekers including Employment and Support Allowance (ESA) work ready claimants. The broad proposals for WHP are very similar but the LGA has two significant reservations:

1. As things stand, it is not devolved sufficiently – the LGA thinks a clearer and faster devolution is needed for all areas
2. The budget is a significant reduction on the Work Programme and the LGA's estimated cost of its proposal of £2.75 billion over 5 years.

We think the Government should use the LGA proposal as the basis for implementing the WHP, and for groups of councils across England to lead commissioning for it using combined Whitehall budgets, as opposed to nationally commissioned support in all but seven city region areas.

West Midlands Devolution Agreement (Employment paras)

The respective roles of DWP and the Combined Authority in the co-design will include:

- DWP sets the funding envelope, the Combined Authority can top up if they wish to, but are not required to.
- The Combined Authority will set out how they will join up local public services in order to improve outcomes for this group, particularly how they will work with local Clinical Commissioning Groups/third sector organisations and NHS England/the Work and Health Unit nationally to enable timely health-based support.
- DWP set the high-level performance framework. The primary outcomes will be to reduce unemployment and move people into sustained employment. West Midlands Combined Authority will have some flexibility to determine specific local outcomes that reflect the priorities outlined within the Employment and Skills Strategy and are complementary to the ultimate employment outcome (for example in-work wage progression). In determining the local outcome(s) the Combined Authority should work with DWP to develop the Employment and Skills Strategy which will take account of the labour market evidence base and articulate how the additional outcome(s) will fit within the wider strategic and economic context and deliver value for money.
- Before delivery commences, DWP and the Combined Authority will set out an agreement covering the respective roles of each party in the delivery and monitoring of the support, including a mechanism by which each party can raise and resolve any concern that arise.

In addition, in the event employment support for this group is delivered through a contracted-out programme, the respective roles of DWP and the Combined Authority will include:

- DWP sets the contracting arrangements, including contract package areas, but will consider proposals from the Combined Authority on contract package area geography.
- The Combined Authority will be involved in tender evaluation.
- Providers will be solely accountable to DWP, but DWP and the Combined Authority's above-mentioned agreement will include a mechanism by which the Combined Authority can escalate to DWP any concerns about provider performance/breaching local agreements and require DWP to take formal contract action where appropriate.

In the event that alternative delivery mechanisms are put in place, comparable arrangements will be put in place.

The Combined Authority will develop a business case for an innovative pilot to support those who are hardest to help. The business case should set out the evidence to support the proposed pilot, cost and benefits and robust evaluation plans, to enable the proposal to be considered for funding at a later date, subject to Ministerial approval.