

Work Programme referrals and attachments: *Inclusion analysis*

07 November 2012

The Department for Work and Pensions (DWP) published its fourth official statistics on the Work Programme on 7 November 2012. These show the number of claimants that have been referred to the Work Programme and the number of claimants who have subsequently started the programme, between June 2011 and July 2012.

Referrals

877,880 people were referred to the Work Programme in this period. This was 9% above the indicative volumes published by DWP in its invitation to tender (ITT) in 2010, but in line with its revised forecasts published in June 2012.

Referrals were once again significantly over profile for Jobseeker's Allowance (JSA) claimants (particularly those in the 'Early Access' and 18–24 groups), offset by lower than profiled referrals for claimants of health-related benefits – Employment and Support Allowance (ESA) and Incapacity Benefit (IB). Referrals for claimants of health-related benefits account for just 34% of the original volumes forecast.

Nationally, 2.2% of the working age population have been referred to the Work Programme over the first 11 months. At a local authority level, this figure varies from 0.5% to 5.5%. Five local authorities have had more than 5% of the working age population referred to the Work Programme.

Referrals and attachments

95% of people referred to a Work Programme provider have gone on to start the programme, and DWP state that 95% of referrals lead to an attachment within three months. This is above DWP's original assumption of 90%. However, once again there are wide variations within this – with attachment rates lowest for those on health-related benefits and higher for those on JSA.

There is also wide variation between providers – ranging from 94% to 98%. However, this gap has narrowed the last release.

Overall, we calculate that £326 million has been spent on attachment fees to July 2012, against an estimate at original ITT forecasts of £290 million.

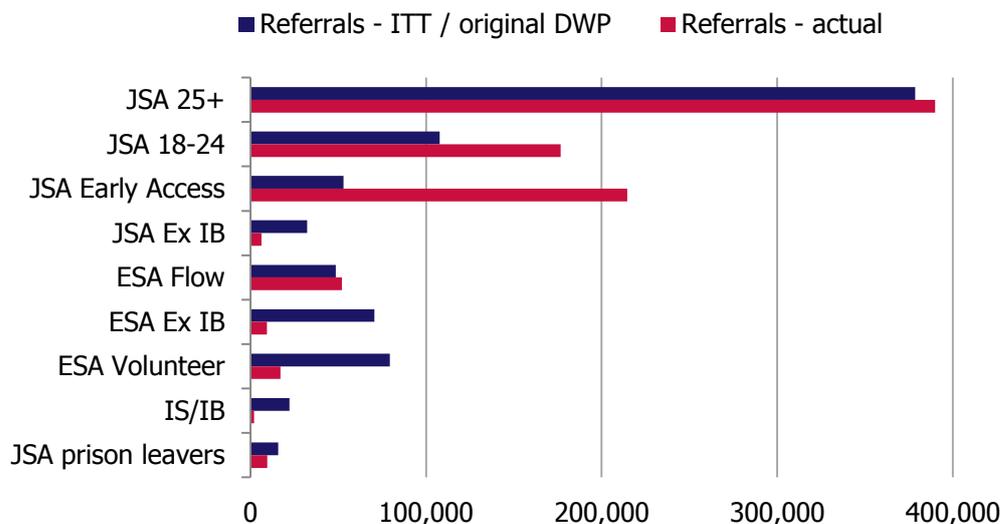
Referrals

In the period June 2011–July 2012, 877,880 people were referred to the Work Programme. This is 9% higher than the indicative referral volumes for this period forecast by the DWP in its [ITT](#) in 2010. This is as expected, given a weakening economic outlook since the Work Programme was commissioned and [revised DWP forecasts published in June](#).

This pattern varies greatly by **Work Programme payment group**, as shown on chart 1. In particular, this demonstrates that:

- Across payment groups, volumes for ESA and IB customers were significantly below ITT forecasts – only 34% of forecast referrals have been made over the first 11 months of the programme, and these customers represent a mere 10% of referrals so far.
- Referrals for JSA 18–24 claimants are running 64% ahead of the expected volume.
- Referrals to the JSA Early Access group – which includes those transferred from previous programmes; young claimants who were previously not in education, employment or training; disabled people; those with drug or alcohol dependency; care leavers; and homeless people – were significantly above ITT forecasts (305% higher).
- Prison leavers who claim JSA and move straight onto the Work Programme upon release, who have only been eligible to join the programme since March 2012, have been referred at only 40% of [the level originally expected by DWP](#) over the first five months.

Chart 1: Work Programme referrals by payment group – ITT volumes compared with actual, Jun 2011–Jul 2012



Source: DWP: Information, Governance and Security Directorate; *Inclusion* calculations

Although referrals in total are higher than original forecasts, **monthly volumes** of participants being referred to providers have fallen away since the beginning of 2012, with a noticeable drop-off of 24% between March and April. The volumes in the quarter to July were 15% below forecast levels, and were broadly flat between 40 and 50 thousand a month.

JSA 18–24 referrals are well above ITT forecast levels, while the 25+ numbers are more closely in line.

Chart 2, below, shows this separately for participants in JSA groups and participants in ESA and IB groups.

[DWP’s press release](#) states that ‘referrals in the period from April to July 2012 are noticeably lower than in earlier months. This is in line with the [Departmental profile based on lower forecasts in the second year of operation \(2012/13\) than they were in the first year \(2011/12\)](#). The decrease of Jobseekers’ Allowance referrals seen in more recent months is highlighted by higher volume of referrals in operational year 2011/12 compared to initial projections, in particular for early entrants as well as the transition from the Flexible New Deal.

The additional reduction in monthly referrals in April and June 2012 is likely to be explained by the reduced operational time as a result of the public holidays in these months.

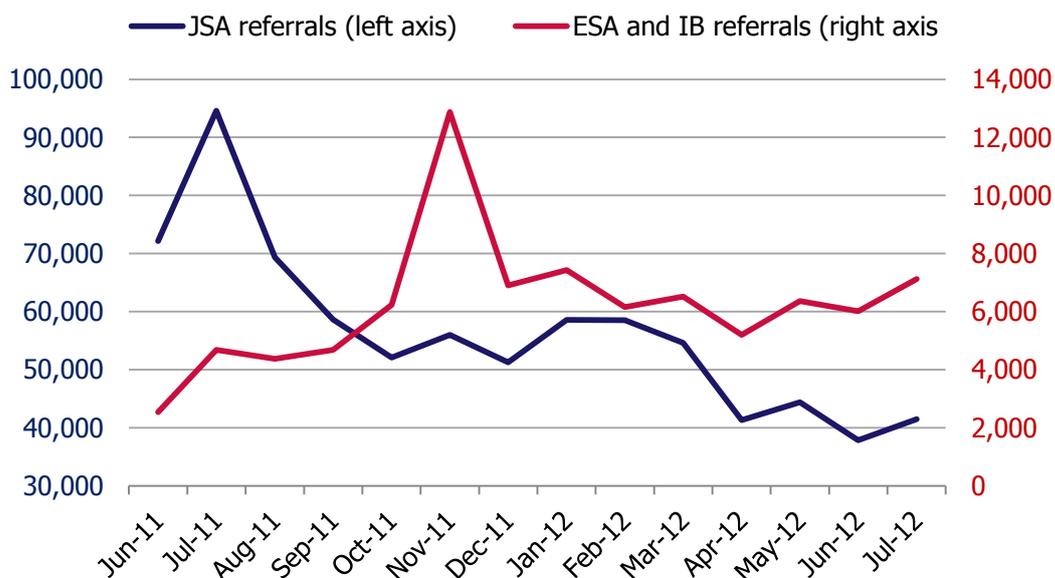
The rise in referrals to the JSA early entrant group in February 2012 reflects the introduction of a new process which has since been refined.'

Following a slow start, **ESA and IB referrals** are showing a slow rise, but are nowhere near predicted volumes. As we explained in our [analysis of May's referral and attachment statistics](#), the November 2011 spike in these volumes was due to the introduction of information sessions for potential volunteer customers. The further changes to: widen the mandatory referral criteria for ESA claimants; ramp-up of Jobcentre Plus efforts to identify eligible claimants; and an increase in IB reassessment activity have continued to affect referrals.

Referrals for new ESA claimants are running only slightly below ITT forecast levels. The major gaps are for ex-IB referrals and for ESA volunteers. ESA ex-IB referrals (the ones with the £13,000 potential fees on successful and sustained job outcomes) are 87% below forecast.

It was to be expected that referral volumes would fall back from this November 2011 spike after the new measures had been introduced and initial backlogs had been cleared. Monthly referrals of ESA and IB participants have settled around 2,000 per month higher than prior to November last year, but are still not at the levels expected when the Work Programme was commissioned.

Chart 2: Work Programme referrals by claimant type, Jun 2011–Jul 2012



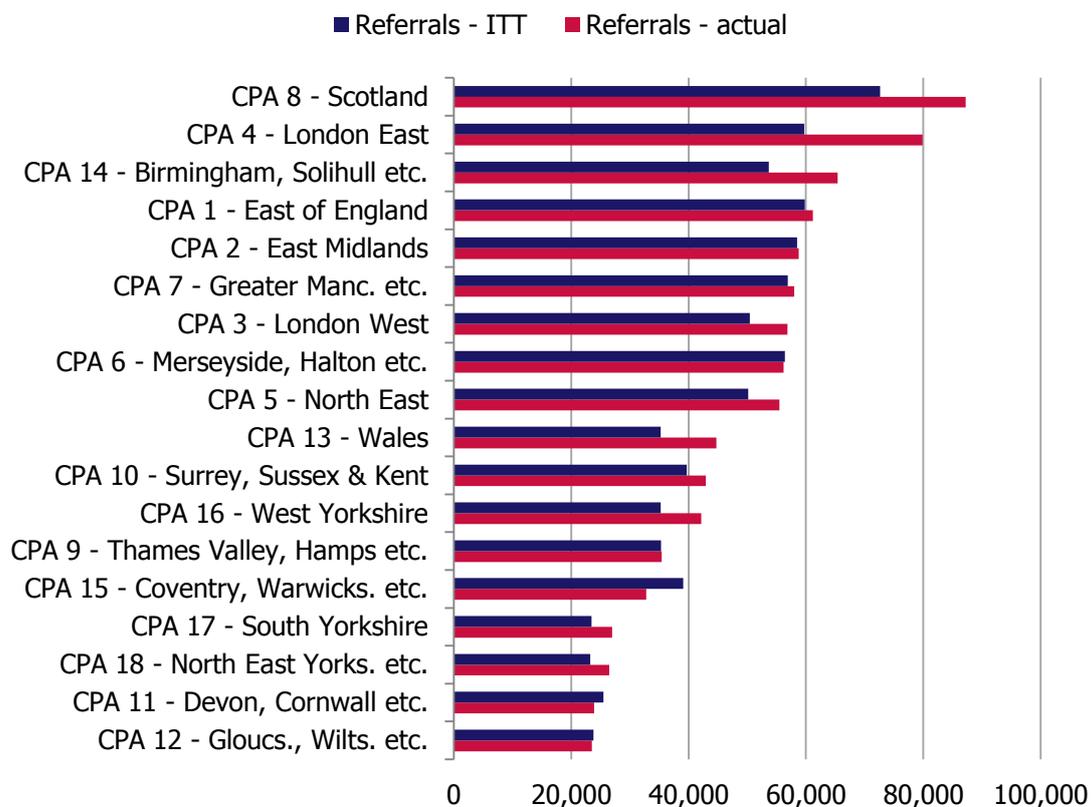
Source: DWP: Information, Governance and Security Directorate; *Inclusion* calculations

A combination of [backlogs in assessments for IB and ESA claimants](#), the [high rate of people appealing such assessments](#), and people being assessed as

'sicker than expected', are largely to blame for the enduring lack of these customers on the programme.

The pattern of referrals compared to original DWP forecasts also varies greatly by **Contract Package Area (CPA)**, as shown on chart 3. In particular, Scotland; East London; West London; Birmingham, Solihull and the Black Country; Wales; and West Yorkshire have received referrals significantly above those forecast in ITT documentation.

Chart 3: Work Programme referrals by CPA – ITT volumes compared with actual, Jun 2011–Jul 2012

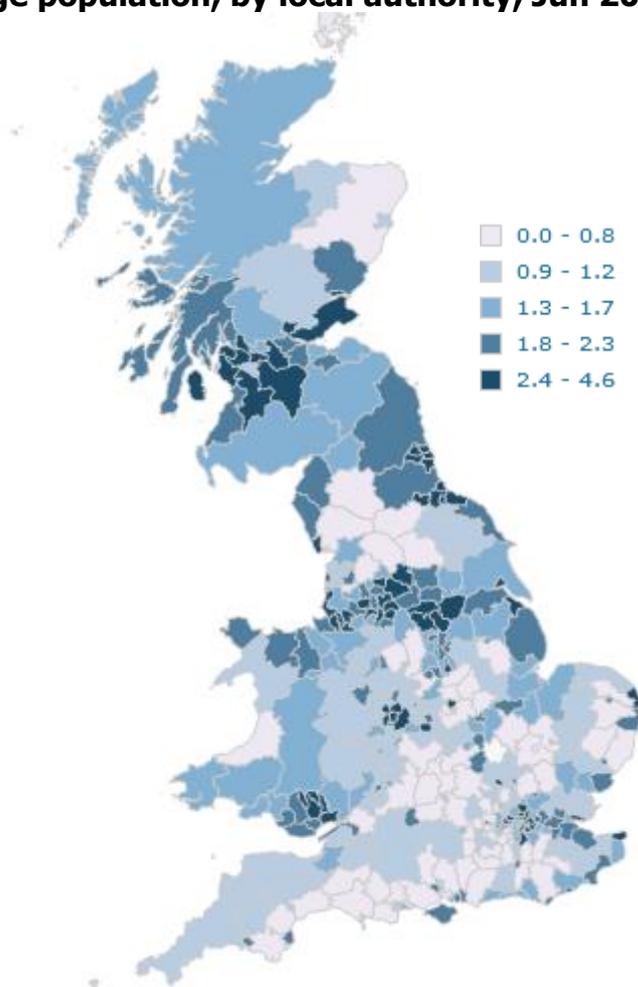


Source: DWP: Information, Governance and Security Directorate; *Inclusion* calculations

Nationally, 2.2% of the working age population have been referred to the Work Programme. At a **local authority level**, this figure varies from 0.5% to 5.5%. Figure 1, below, maps Work Programme referrals as a proportion of the population for each local authority.

Five local authorities have had more than 5% of the working age population referred to the Work Programme: Blaenau Gwent, Wolverhampton, Kingston upon Hull, Hartlepool. Unsurprisingly, these local authorities with the highest rates of Work Programme activity are also near the top of the list on other labour market indicators such as the unemployment rate and the out of work benefit claimant rate.

Figure 1: Work Programme referrals as a proportion of the working age population, by local authority, Jun 2011–Apr 2012 (%)



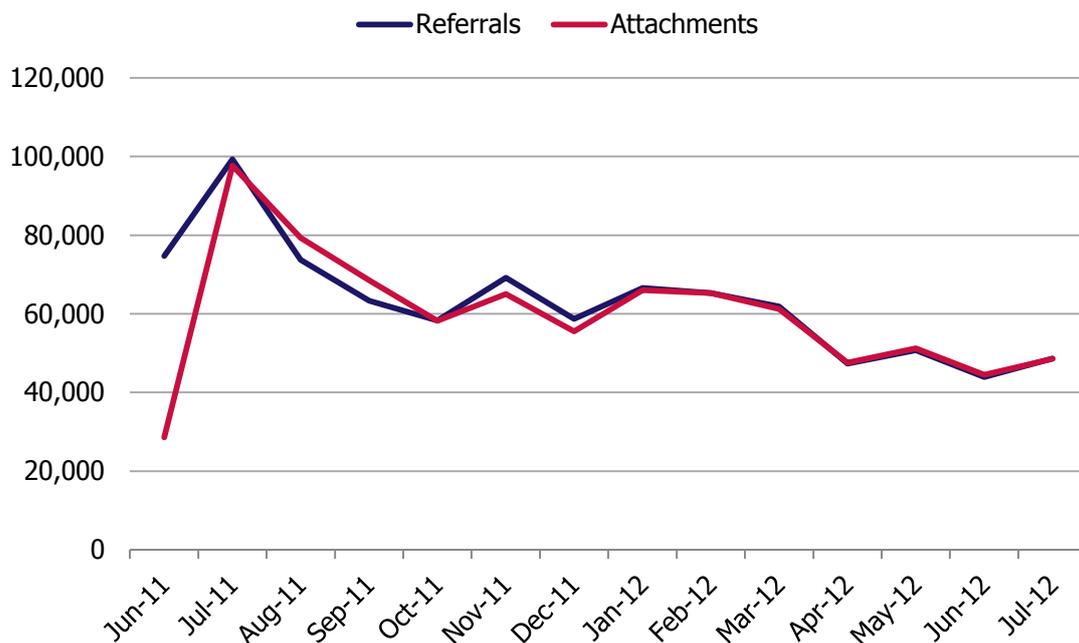
Source: DWP: Information, Governance and Security Directorate; Claimant Count, ONS; *Inclusion* calculations

Referrals and attachments

Of the 877,880 people referred to the Work Programme between June 2011 and July 2012, 836,940 have started with providers. This equates to an 'attachment rate' (attachments as a proportion of referrals) of 95%, up one percentage point from the level we reported in August, above the 90% assumptions that were used in the design of the programme.

Looking at attachments and referrals over time, chart 4 shows that after a large gap at the start of the programme, attachments and referrals have tracked very close to one another.

Chart 4: Work Programme referrals and attachments, Jun 2011–Apr 2012



Source: DWP: Information, Governance and Security Directorate; *Inclusion* calculations

The figures that DWP publishes are for all referrals and attachments in a given time period, rather than in relation to specific cohorts of customers. Reviewing unpublished data on customer cohorts, DWP [comments](#) that 'evidence from figures collected so far suggests that on average 95% of referrals are attached to the Work Programme within three months of being referred.' This relatively high attachment rate means that the vast majority of those who are eligible for support are being reached by providers, which is good news.

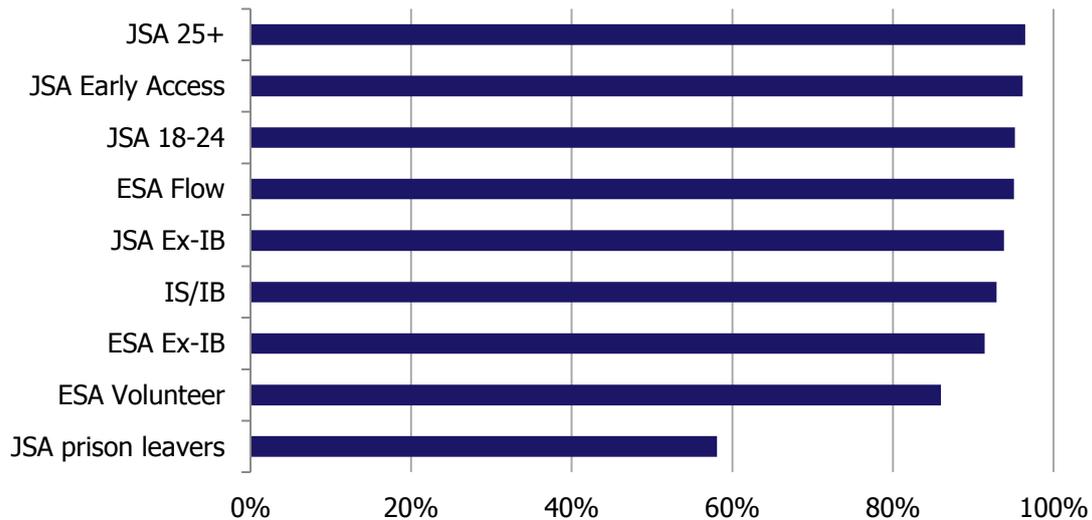
We calculate that to end of July 2012, £326 million has been spent on attachment payments to Work Programme providers. This compares with estimated expenditure of £290 million based on the forecast volumes and attachment rates in ITT documentation.

Attachment rates vary by **Work Programme payment group**, as shown on chart 5. In general, attachment rates for groups claiming health-related benefits are slightly lower than for JSA groups.

The very low attachment rate (58%) for the JSA prison leavers group should be treated with caution, as the recent referrals of this new group of participants will in many cases take further time to be converted into attachments.

The low rate for ESA claimants referred voluntarily to the programme (86%) may possibly reflect the number of individuals referred to providers for information sessions, but who subsequently decide not to participate in the programme. This proportion is substantially higher than we reported in August, due to the 'November spike' as information sessions stated working out of the system.

Chart 5: Work Programme attachment rates by payment group, Jun 2011–July 2012



Source: DWP: Information, Governance and Security Directorate; *Inclusion* calculations

There were variations in the rates at which different **prime providers** attached customers between June 2011 and April 2012 – ranging from 91% to 98%. This gap has narrowed by three percentage points since the last statistical release.

Table 1, below, shows prime providers’ overall attachment rates, and how these compare to previous statistical releases in February and May. Serco has the highest overall attachment rate, as in the previous quarter. All providers have improved attachment rates, but in the middle range there are some large changes in rank as the degree of improvement varies. The pattern of attachment rates does not appear to be explained either by the number of contracts that providers have, or by the proportion of a providers’ participants that are ESA or IB claimants.

High attachment rates indicate that providers have been successful in engaging customers and beginning the process of planning the support needed. High attachment rates also benefit provider cashflows, as a large proportion of their income will be made up of attachment payments in the early years of the programme. This analysis of variations in the rates at which

customers start with different providers may therefore give an early indication of provider performance, both financially and in terms of their success in helping customers into work.

Table 1: Work Programme prime provider attachment rates and scores, Jun 2011–Jul 2012

| | Attachment rate | Change in rate since August statistical release | Change in position since August statistical release | Change in rate since May statistical release |
|-------------------------|-----------------|---|---|--|
| Serco | 98.1% | 0.3% | - | 0.9% |
| EOS | 97.8% | 2.2% | - | 3.8% |
| Maximus | 96.5% | 1.4% | - | 2.3% |
| Working Links | 95.9% | 1.2% | - | 3.5% |
| G4S | 95.6% | 1.1% | - | 1.8% |
| CDG | 95.5% | 2.6% | Up 8 | 3.8% |
| Prospects | 95.5% | 1.9% | Up 3 | 3.8% |
| Avanta | 95.4% | 1.5% | - | 3.1% |
| Ingeus | 95.4% | 1.3% | Down 3 | 3.4% |
| Pertemps | 95.2% | 2.0% | Up 2 | 3.7% |
| Seetec | 95.2% | 1.1% | Down 4 | 1.6% |
| BEST | 95.2% | 2.3% | Up 3 | 2.1% |
| ESG | 95.1% | 1.2% | Down 4 | 2.9% |
| Reed | 94.9% | 1.7% | Down 3 | 4.1% |
| JHP | 94.6% | 1.5% | Down 2 | 2.6% |
| A4e | 94.4% | 1.9% | - | 5.7% |
| Newcastle College Group | 93.7% | 2.4% | Up 1 | 5.8% |
| Rehab | 93.4% | 1.8% | Down 1 | 5.0% |

Source: DWP: Information, Governance and Security Directorate; *Inclusion* calculations