

An Independent Financial Costs: Benefits Analysis of Gloucestershire County Council's Employment Service (GES)

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Plain Summary of Main Findings

We undertook an analysis to see whether or not GCCs Employment Services were saving the Government and Gloucestershire County Council money. To do this we looked at the activity of the service between April 1st 2013 to November 30th 2014 (20 months).

During this time the number of people benefiting from the service rose substantially. We found that:

- 91 beneficiaries with learning disabilities were supported in paid work over the period;
- 75 paid jobs were obtained over the period at a rate of 3.75 jobs per month;
- 11 people left their jobs over the period;
- 81 people with learning disabilities were in work at November 30th 2014.

The service is supporting those considered to be amongst the most vulnerable in our society and is challenging previously held beliefs about the employability of these individuals. We found that:

- 85% of those in paid work were previously 'Not in Education, Employment or Training' (NEET) and were claiming out of work benefits;
- Many of the beneficiaries were claiming Incapacity Benefit prior to working, having previously been considered too disabled to get a paid work;
- 85% of the beneficiaries had an Assessment of Need via the Local Authority (LA) assessment and 43% were still in receipt of services following paid work;
- Only 15% had no statement of need and had not been in receipt of services.

The employment service is doing a good job targeting young people. We found that:

- 38% of the beneficiaries were aged 18 to 24;
- The average age of the beneficiaries supported in work was 31.9 years ranging from 18:8 to 63:6 years of age.

However we also found that:

- 86% of the beneficiaries accessing paid work via the service were people with mild learning disabilities. One of the key challenges for the service is to enable more people banded from C to A to access paid work;
- 70% of the beneficiaries were male, suggesting the need to encourage more females to take part.

We also found that:

- All the beneficiaries received National Minimum Wage (NMW) on starting work;
- 55% of the jobs accessed were categorised as full-time and the average hours worked per person was 13.45 hours per week.

The hours that some beneficiaries can work and the amount they can earn is often severely restricted because of the negative affect this would have on welfare benefits. We found that:

- 45% of those in paid work were in receipt of residential services.

However we also found that:

- Although those not in receipt of residential services tended to work longer hours, the difference was relatively small being on average just under 1 hour more per person per week;
- 55% lived independently or with their parents.

This suggests there is greater scope to develop more full time work opportunities in accordance with the 'standard working week' of between 30 and 40 hours for those living at home.

The jobs obtained via the service occurred in a variety of workplaces. We found that:

- The service had engaged over 50 local employers;
- 39% of the jobs were undertaken in 4 Social Enterprises;
- There is potential for increasing the proportion of inclusive jobs undertaken in the Public and Private Sectors from the current rates of 11% and 49% respectively.

The results indicate that following entry to work the pattern of financial income sources for the beneficiaries changed and that they had greater financial autonomy and independence. We found that:

- People moved off Incapacity Benefit and Income Support and onto income related Employment and Support Allowance when they progressed into work;
- After securing paid work, wages accounted for 35% of the beneficiaries' income;
- On average the beneficiaries were £73.97 per person, per week, financially better off as a result of working.

The LA has re-targeted its funding within the County with the specific aim of developing the employment strand of work. We found that:

- The LA spent an average of £265,860 per year within the analysis window. This is close to the reported average yearly spend for employment services across the UK in the NDTi report of £262,132;¹
- The LA has invested £6,976 for every job obtained which is less than the £8,217 average found in the NDTi report of 2014;
- Evidence suggests that this cost is falling and will continue to do so in the short term if current funding levels are maintained.

On completing the cost benefit analysis we found that by our most conservative estimate:

- The service produced savings to the LA of £93,755 per year, returning £1.17 to the LA for every £1 it spends on the service;
- The low number of hours worked by the beneficiaries, combined with low wage levels meant that savings at the Taxpayer level were modest, returning just 5p for every £1 spent;

¹ National Development Team for Inclusion (2014) The Cost Effectiveness of Employment Support for People with Disabilities. Full report.

- When the above savings are combined, this produces a headline figure of £1.23 for every £1 of expenditure.

Applying a less conservative criteria to cost estimation we found:

- Savings to the LA of £144,170 per year, returning £1.25 to the LA for every £1 it spends on the service;
- A return of £1.17 to the Taxpayer;
- A combined return of £1.42 for every £1 spent on the service.

We made a number of recommendations on the basis of this analysis. These include:

- Mapping the infrastructure of the employment service to the delivery components associated with best practice Supported Employment approaches;
- Increasing the budget proportion (currently at 5%) for the hiring/commissioning of a pool of full time dedicated job coaches.

The results provide strong evidence that the service is generating savings at the Local Authority and Taxpayer Levels and that this is having a direct and positive impact on the quality of lives of those it supports.