



National Audit Office

Report

by the Comptroller
and Auditor General

Department for Work & Pensions

Supporting disabled people to work

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National Audit Office

Department for Work & Pensions

Supporting disabled people to work

Report by the Comptroller and Auditor General

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Sir Amyas Morse KCB
Comptroller and Auditor General
National Audit Office

25 March 2019

This report is about the Department for Work & Pensions' support to help disabled people overcome barriers to work. This includes people whose long-term health problems have an effect on their ability to get or keep jobs.

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Key facts

7.6m

disabled people of working age (16-64) in the UK in the final quarter of 2018

1m

increase in the number of disabled people the government wants to see in employment by 2027, compared to 2017

930,000

increase in the number of disabled people in employment over the five years from 2013 to 2018

30 percentage points

is the disability employment 'gap' between the employment rate for disabled people (51.5%) and non-disabled people (81.7%) in the final quarter of 2018

Around 2.4 million

people claiming out-of-work incapacity benefits or Universal Credit equivalents as at May 2018

At least 600,000

people claiming Employment and Support Allowance or Universal Credit equivalents, or those claiming Jobseeker's Allowance with a self-reported disability, that the Department expects to seek work or undertake work-related activity as at May 2018

£386 million

is the amount the Department spent on employment support programmes and jobcentre-based support for disabled people in 2017-18

Around £15 billion

is the amount spent on working-age incapacity benefits in 2017-18

Summary

1 Some 7.6 million working-age people in the UK identify as disabled. Although the number of disabled people who are employed is rising, disability and long-term health problems continue to be associated with greater poverty, lower educational attainment and reduced access to work. Only 51.5% of disabled people are in work, compared with around 81.7% of non-disabled people. Some disabled people – including those with some mental health conditions and learning disabilities – are even less likely to be in work.

2 This report evaluates the government's progress in reducing the disadvantages that disabled people and people with health problems face in getting and keeping jobs. The government believes people who want to work should be supported to do so. It also recognises that some disabled people are less likely to be able to work and that it would not be appropriate to expect everyone who is found less fit for work to seek employment.

3 In 2017, the government set a goal to see 1 million more disabled people in work in the 10 years to 2027. The Department for Work & Pensions (the Department) and the Department of Health & Social Care also produced a command paper, *Improving Lives*, to support this. This set out activity across health, welfare, employment and wider partnership settings. The government considers that helping people into work will benefit them through increased income, better life chances and better health, and that this will save public money. It estimates that a 1% fall in the incapacity benefits caseload would save £240 million a year. It advocates the 'social model' of disability, which views disability in terms of the social barriers that create disadvantage for disabled people, rather than the underlying condition. It views its role as working with disabled people, employers, service providers and others to overcome those barriers.

4 This report is about the Department's support to help disabled people overcome barriers to work. We use the term 'disabled people' to mean people whose disability or long-term health problems have an effect on their ability to get or keep jobs.

5 The Department has two key roles:

- assessing disabled people's entitlement to both work-related and disability-related benefits and administering benefits accurately to ensure people receive the benefits to which they are entitled; and
- providing employment support, through coaching and training provided directly through its network of jobcentres and through external providers; making grants to help people stay in work; and encouraging employers to be more confident about employing disabled people. It spent £386 million on this in 2017-18.

6 This report focuses on the Department's employment support role. It examines the Department's:

- strategy, working across government, for supporting disabled people to work, and what is currently being achieved (Part One);
- employment support programmes for disabled people and its approach to developing the evidence base (Part Two); and
- efforts to improve the way it engages with disabled people in jobcentres (Part Three).

7 We do not cover how disabled people access, or are incentivised to work by, the benefit system. We published our latest report on contracted-out health and disability assessments in January 2016. Our methodology is set out in Appendices One and Two.

Key findings

On what government is currently achieving

8 The government's goal of 1 million more disabled people in work from 2017 to 2027 cannot be used to measure the success of its efforts. The number of disabled people in employment, based on the Office for National Statistics' Labour Force Survey, rose by 930,000 in the five years to 2018. The Department acknowledges that the increase cannot be attributed directly to any particular cause, including its policies or programmes, but believes sustaining this rate of increase would require government to do a lot more. The evidence indicates that broader factors, such as more people reporting a disability, have a substantial effect on this measure, alongside high and rising overall employment levels. The Secretary of State for Work and Pensions announced in March 2019 that the Department intends to review the goal in the coming months to see if it can make it 'even more ambitious' (paragraphs 1.15 to 1.18 and Figure 4).

9 The recent increases in the number of disabled people in work have not been matched by a reduction in the number of disabled people who are out of work. While the number of disabled people in work has risen by 930,000 (31%) in the last five years, the number of disabled people who are out of work remained broadly the same at around 3.7 million. The number of people claiming incapacity benefits and Universal Credit equivalents has fallen by around 60,000 over the same period to 2.4 million, and is falling as a proportion of the rising working-age population (paragraph 1.20 and Figures 1 and 5).

10 The potential demand for the Department's support is substantial. We estimate that at May 2018, there were at least 600,000 people with disabilities or health conditions whom the Department has assessed as either able to work, or to do work-related activity. Some people whom the Department found fit for neither work nor work-related activity, have also said that they would like to work given the right support, although most considered that they were not currently able to (paragraphs 1.7 and 1.8).

11 The Department has not yet demonstrated how it will measure its progress more effectively. Other measures that have been proposed by external commentators include disability pay and job satisfaction gaps. The Department told us that it plans to report progress against a range of statistical measures, such as employment rates and gaps, disability prevalence and flows in and out of employment. As it has not yet done so, we cannot assess whether the measures will enable it to evaluate its progress more effectively. The 1 million goal replaced the government's 2015 goal to halve the disability employment gap (the difference in the employment rates of disabled and non-disabled people). The gap has reduced by around 4 percentage points since 2015 and is currently around 30 percentage points (paragraphs 1.9, 1.19 and 1.20 and Figure 5).

On government's strategy for supporting disabled people to work

12 Two years into the 10-year period of the goal, the government has not yet developed a full implementation plan to achieve it. Over the five years to 2022, the Department for Work & Pensions and Department of Health & Social Care are focusing on improving the evidence base around employment support programmes, to build a case for change, and making improvements to their existing programmes. In the *Improving Lives* command paper, they deferred significant change in occupational health services, the role of employers, or assessment processes for disability benefits. They are currently developing proposals in these areas, but these were not sufficiently advanced for us to consider as part of our review. The Department for Work & Pensions is recruiting a new Director General, Work and Health Services, to strengthen its activities to deliver working-age and disability benefits. The command paper also recognised that cross-government action may be needed to bring about transformational change but it is less clear how other departments will be involved (paragraphs 1.10 to 1.14 and 1.21).

13 Establishing the Work and Health Unit is a useful first step towards cross government collaboration on supporting disabled people to work. The Department established the Work and Health Unit (the Unit) with the Department of Health & Social Care to produce the *Improving Lives* command paper, coordinate cross-government research and evaluation and develop policy. For example, the paper contains a commitment and actions to help make employment a recognised health outcome (paragraphs 1.10, 1.13 and 1.14 and Figure 3).

14 The Department recognises that it has limited evidence of what works. The Department has had employment support programmes in place for several decades. Over that time it has evaluated aspects of many of its programmes. However, it has only rarely undertaken rigorous evaluation of programmes' impact on disabled people's employment outcomes. While undertaking this kind of evaluation can be challenging, the Department recognises that doing so puts it in a better position to make informed decisions. For example, it discontinued the Pathways to Work programme after an impact evaluation found it had insufficient impact. Although evaluations are planned, the Department has not completed robust impact evaluations on any of the programmes it currently has in place, meaning neither we nor the Department can yet say whether they are effective or not (paragraphs 2.3, 2.8, 2.9, 2.13 and 2.16 and Figure 7).

15 The Department's current focus on evidence is welcome. The Department has allocated £100 million to pilot initiatives and evaluation, including impact evaluations, over 2017-2019. This represents a clear commitment to improving the evidence base of its programmes. More recent programmes, such as the Work and Health Programme, have impact evaluation built in from the start of the programme (paragraphs 2.4, 2.16 and 2.17 and Figure 8).

16 Turning the results of trials into a clear and funded strategy for more transformational change will not necessarily be straightforward. We consider the Department faces two key challenges. First, there may well not be a 'silver bullet' that would lead to significant improvements in effectiveness. Second, developing any business case for cross-government action has historically been difficult. The Department is not expecting results from most of its trials until at least 2020. This means it will not have them in time for the next spending review, which the Treasury has said will be in 2019, and there will be little time to develop plans before 2022 (paragraph 2.18 and Figure 12).

17 The Department has made improvements to the way it manages its current employment support programmes. While it creates an improved evidence base, the Department has focused on improving its programmes through ongoing small changes. We found recent improvements to the way the Department manages its programmes, including how it manages contracts with external providers of employment support programmes, such as the Work and Health Programme (paragraphs 2.15 and 2.16 and Appendix Three).

18 The Department continues to underspend its budgets, particularly where the programmes are voluntary. The Department continues to overestimate the take-up rate of some of its programmes and consequently underspends against its budgets. For example, the Work and Health Programme has so far had significantly lower take-up than expected. This is partly because these programmes are now voluntary; the Department believes that there are enough eligible claimants but that it needs to increase their willingness to engage. We also found that the Department could do more to use frequent and regular customer feedback to manage its programmes (paragraphs 2.10 and 2.14 and Figures 9 and 10 and Appendix Three).

On the Department's efforts to improve the way jobcentres engage with disabled people

19 The Department now believes its previous target-driven culture created perverse incentives. These included encouraging work coaches to focus on helping the easiest-to-help into work, however temporary that work might be. The Department told us that since 2017 it had stopped local reporting of targets, benefit off-flow and other performance measures because it wanted to move away from its previous target-driven culture (paragraph 3.4).

20 The Department's new approach to supporting disabled people focuses on providing personalised support to meet claimants' needs. As part of rolling out Universal Credit, the Department has said it wants to create a more supportive environment and culture in which work coaches, who are the front-line staff in jobcentres, deliver personalised and tailored support to claimants. In practical terms, this means engaging with claimants to: understand their circumstances to help assess their barriers to work; agree appropriate goals; refer claimants to specialist employment support; and tailor the conditionality regime for their benefits. Although the Department has not set out how it will objectively measure the change, we saw this new culture in practice across the jobcentres we visited and it was supported by the work coaches we spoke to (paragraphs 3.3, 3.8, 3.11 and Figure 13).

21 Work coaches can only be expected to do so much. The Department does not expect work coaches to directly address claimants' other needs, such as their health or housing needs, only to signpost claimants to other sources of support. Work coaches are executive officers (broadly equivalent to a graduate entry to the civil service) who are required to undertake relatively limited formal training in disability issues or coaching techniques (paragraphs 3.7, 3.11 and 3.17).

22 The Department is providing more support to work coaches to help them understand disabled people's needs better. The Department is providing more training to work coaches and is also investing in support roles, such as disability employment advisers and community partners with experience of disability issues. The aim is to help work coaches understand claimants' needs and identify other sources of support available locally. The Department is spending £53 million over 2017-2019 on these support roles. Work coaches we spoke to told us that they valued this support highly (paragraphs 3.9, 3.10 and 3.12).

23 The Department has also changed the way it measures jobcentres' performance. Its intention is for work coaches to provide a personalised service to claimants, rather than respond to targets. Local managers observe the quality of work coaches' interactions with disabled people and can look at each claim if necessary. The Department is also developing national performance indicators, such as timeliness of payments and job outcomes, based on emerging evidence of what it is important to monitor to achieve its intended level of performance. It uses these indicators to assess when to intervene locally (paragraphs 3.4 and 3.13).

24 The development of management information for Universal Credit is still ongoing. We recommended in 2015 that the Department design in management information from the start of its programmes with leading indicators to highlight any risks or problems. Judged against this benchmark, the Department is considerably behind where we would expect it to be at this stage of the Universal Credit roll-out (paragraph 3.14).

25 The Department's approach means there are gaps in its understanding of how its jobcentres are providing services to disabled people. It is not always possible to rely on local observation and analysis of outcome data to understand the way jobcentres are interacting with disabled people. For instance:

- **there are a number of indicators the Department has chosen not to measure.** For example, the Department is not tracking the length of time work coaches spend with claimants. It is tracking the frequency of contact with claimants and uses the frequency of contact with non-disabled people as one of its performance targets. It also does not measure claimants' satisfaction with all of its disability employment support providers and programmes. It collects more general user feedback using a range of methods including national surveys. It is at an early stage of mapping externally provided services locally and does not record all its referrals;
- **it is difficult to measure whether the Department is providing the best support for disabled people.** Many disabled people are not expected to look for work and, for others, work may be a longer-term goal. Relying on outcome data, such as whether people enter and retain work, may not pick up variations in the service provided to this group. The Department does not have a way of measuring claimants' progress towards work. It is currently considering whether this is possible, as part of its evaluations; and
- **the Department cannot assess whether disabled people receive a consistent service between jobcentres or over time.** Its systems do not allow it to assess the content of claimant commitments, which should set out the goals that claimants and their work coaches have agreed, without reviewing each one. (paragraph 3.15 and Appendix Four).

26 There is a risk that service levels will not be sustained as pressure on jobcentres increases. Each work coach's caseload is expected to increase from around 130 currently to over 280 as jobcentres take on more Universal Credit claimants. Within this, the number of claimants per work coach in the intensive work search group (who require the most time with work coaches) is expected to increase from 96 to 133 (an increase of 39%). This is based on revised forecasts that provide more detail than was set out in our 2018 report: *Rolling out Universal Credit*.¹ There remains a risk that work coaches will not be able to maintain the time they spend with claimants who have barriers to work or meet the stated aim to spend more time with disabled people who are furthest from the job market. This risk is likely to increase if there is a fall in general employment. The Department told us that it might require additional funding to maintain service levels if the caseload grows above its forecast (paragraphs 3.16 to 3.17).

1 Comptroller and Auditor General, *Rolling out Universal Credit*, HC 1123, 2017–2019, 15 June 2018.

Conclusion on value for money

27 The Department has recognised that it does not understand enough to frame a full implementation strategy for helping more disabled people to work. It is positive that it is making an effort to improve disabled people's experience when they enter a jobcentre. It is also positive that it is starting to work more closely with the Department of Health & Social Care to improve the evidence base of what works. And it is positive that there has been recent growth in the number of disabled people in work. However, neither we nor the Department can tell how much of the improvement is a function of changes in how people already in work report disability, 'all boats rising with the tide' of high employment, or its actions to support more disabled people to work.

28 Given the Department has had programmes in place to support disabled people for over half a century, it is disappointing that it is not further ahead in knowing what works and that it lacks a target that it is willing to be held to account for. While the commitment to gathering evidence is welcome, until it has a clear understanding of what works, and a plan to use that evidence, it is not possible to say the Department is achieving value for money.

Recommendations

29 We recommend that the Department, working with the Department of Health & Social Care and the Work and Health Unit as appropriate:

Cross-government strategy

- a** Lead in establishing a clear cross-government strategy supported by:
- a full implementation plan for the 10-year strategy, with clear accountabilities;
 - appropriate forums for coordinating delivery across government, building on the Unit; and
 - a robust set of performance indicators that reflect each department's performance. For example, we would expect the Department's performance measures to include clear and direct measures of each of its own programmes' performance as well as the overall impact of government policy against a set of measures.

Test and learn

- b** Develop its strategy for its test and learn activity relating to disability employment support, by:
- setting out clearly how current gaps in evidence will be addressed by its test and learn activities;
 - ensuring it is making best use of external research, such as academic research, to address gaps in the evidence base; and
 - developing a plan for turning evidence into a practical delivery plan and investment case.

Strengthen the management of coaching in jobcentres

- c** Develop better oversight of all the services it uses and refers people to, by:
- mapping the provision and funding available for disability employment support;
 - developing a framework for assessing the quality of the provision to which work coaches refer customers and using this to manage the approved provider lists; and
 - making the approved lists open and transparent to create a fair and innovative market.
- d** Improve and use management information, by:
- accelerating development of management information for Universal Credit;
 - developing systems for tracking claimants' barriers to work and how these are being addressed (distance to work measures); and
 - improving the use of customer feedback, including gathering claimant satisfaction measures in its digital systems, and capturing satisfaction with specific interventions such as training or work coach sessions.
- e** Provide work coaches with a framework for setting goals with disabled people and develop a way to monitor claimant commitments to ensure that discretion is applied fairly and wisely.
- f** Identify the time work coaches require to have a positive impact on addressing claimants' barriers to work and develop a plan to manage the risk that their time may come under pressure as caseloads increase.

Part One

The government's strategy for supporting disabled people to work

1.1 In this part, we set out:

- the disadvantages disabled people face in getting and staying in work, and current trends; and
- the government's strategy for increasing the numbers of disabled people in employment.

Disabled people face multiple disadvantages

1.2 Some 7.6 million people aged 16 to 64 report a disability – 18% of all working-age people in the UK. The number of working-age people declaring a disability is rising. This may be due to an increase in people's willingness and ability to report their disability (**Figure 1** overleaf).

1.3 The government advocates the 'social model' of disability, which emphasises that disabled people face multiple barriers to leading a sustainable, independent life in the same way as non-disabled people and that these barriers are created by society rather than their underlying condition.

1.4 One of the challenges these barriers create for disabled people is getting and staying in work. In the final quarter of 2018, the employment rate for disabled people was over 30 percentage points lower, at 51.5%, than the rate for non-disabled people, at 81.7% (**Figure 2** on page 15). The Department for Work & Pensions' (The Department's) analysis also indicates that disabled people are twice as likely to fall out of work, and three times less likely to move into work, as non-disabled people.

1.5 People with some disabilities and health issues are more likely than others to be out of work. For example, the House of Commons Library found in 2018 that less than a quarter of people with learning difficulties, a speech impediment or mental illness or nervous disorders were in employment.²

Figure 1
Disability and employment



13.9 million people reported a disability in 2016-17. This is 22% of all people (1).

7.6 million disabled people are of working age (16 to 64) (2).

3.7 million disabled people of working age are not in work (2).

2.4 million people are claiming out-of-work incapacity benefits or Universal Credit equivalents and around 200,000 more are claiming Jobseeker's Allowance with a self-reported disability (3).

1.6 million disabled people on out-of-work incapacity benefits or Universal Credit equivalents have been found to have limited capability for work or work-related activity (3).



Under the Equality Act 2010, a person is disabled if they:

- are considered to have a long-term physical or mental health condition that lasts, or is expected to last, 12 months or more and this condition or illness reduces their ability to carry out day-to-day activities.



The social model of disability is a way of viewing the world, developed by disabled people.

The model says that people are disabled by **barriers in society**, not by their impairment or difference. Barriers can be **physical**, like buildings not having accessible toilets. Or they can be caused by people's **attitudes to difference**, like assuming disabled people cannot do certain things.

The implication is that government intervention can focus on addressing the barriers faced by disabled people, rather than just helping disabled people to manage their health condition.



Disabled people face disadvantages across a wide range of social outcomes and public services. In 2016 the Equality and Human Rights Commission found:

- **Health:** disabled people were more likely to experience health inequalities and major health conditions, to die younger than other people and to suffer mental health problems.
- **Education:** disabled pupils in England, Wales and Scotland had lower attainment rates at school than non-disabled pupils and were significantly more likely to be permanently or temporarily excluded.
- **Participation:** disabled people faced barriers in accessing transport, using the internet and exercising their right to vote and fill public roles.
- **Justice and detention:** disabled people in Britain were more likely to have experienced crime than non-disabled people, and prisoners were more likely to suffer from mental health problems than the general population.
- **Standard of living:** disabled people were more likely than non-disabled people to be living in poverty or be materially deprived.
- **Work:** disabled people in Britain were less likely to be in employment than non-disabled people.

Notes

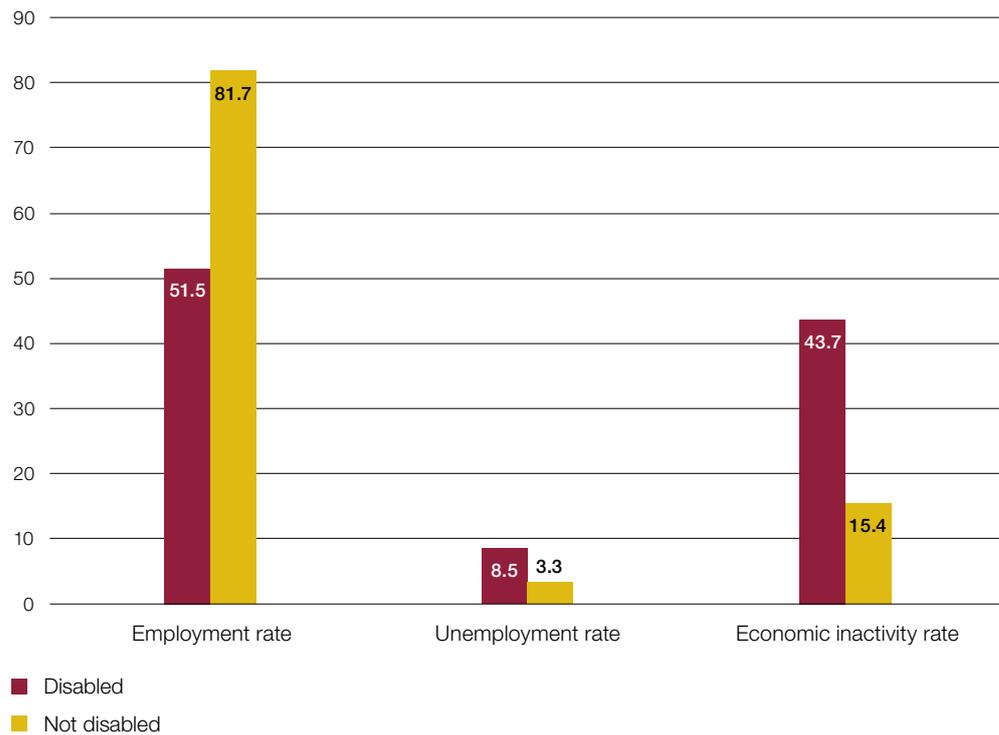
- 1 Figures quoted above are taken from different source data. Those marked (1) are UK figures taken from the Family Resources Survey, those marked (2) are UK figures taken from the Labour Force Survey as at October to December 2018 and those marked (3) are taken from the Department for Work & Pensions' benefits data as at May 2018. Labour Force Survey figures shown use the Government Statistical Service (GSS) harmonised standard definition of disability.
- 2 The 1.6 million figure is made up of the Employment and Support Allowance support group and the Universal Credit limited capability for work-related activity group as at May 2018.
- 3 Universal Credit equivalents include Universal Credit full service claimants with medical evidence accepted (pre-work capability assessment) and in the limited capability for work, and limited capability for work-related activity groups. Claimants found capable for work, and claimants who declared a health condition but do not have verified medical evidence, are not included. Figures include Universal Credit full service only. These data should be viewed as experimental statistics. The Department plans to publish similar data as official statistics in the future subject to ongoing quality assurance and checking. Future official statistics are also expected to include Universal Credit live service claimants, but these numbers are likely to be small.
- 4 Jobseeker's Allowance claimants with a self-reported disability data are unpublished and are subject to possible change. These data should be viewed as estimates with associated uncertainties.

Figure 2

Economic status of disabled people

Disabled people are less likely to work than non-disabled people, and more likely to be unemployed or economically inactive

Percentage of working-age population (%)

**Notes**

- 1 Figures are for the period October–December 2018.
- 2 Percentages do not sum to 100% because the unemployment rate is calculated as a percentage of economically active people.
- 3 Unemployed people are people who are out of work and seeking work. Economically inactive people are out of work and not seeking work.

Source: National Audit Office analysis of the Labour Force Survey

1.6 There are many reasons why disabled people face disadvantage getting into and keeping work. The government has said that, despite some progress, many disabled people continue to face low expectations from employers, limited access to services, and a welfare system that does not provide enough personalised and tailored support to help people into work and to stay in work. It also believes that, although appropriate work can bring health and well-being benefits, the importance of employment is not fully reflected in the way welfare, health and other services work in practice.³

³ Department for Work & Pensions and Department of Health & Social Care, *Improving Lives: the Work, Health and Disability Green Paper*, CM 9342, October 2016.

The potential for more disabled people to work

1.7 Not all disabled people are able to work. The Department recognises this through its benefits assessment process, which determines people's fitness to work when they apply for benefits such as Employment and Support Allowance, or Universal Credit. Around 1.6 million disabled people on incapacity benefits or Universal Credit equivalents are not expected to seek any work or undertake work-related activity, such as training (Figure 1). These people are referred to as the 'support group' under Employment and Support Allowance and the 'limited capability for work-related activity group' under Universal Credit.

1.8 There are at least 600,000 disabled people claiming Employment and Support Allowance or Universal Credit equivalents, or claiming Jobseeker's Allowance with a self-reported disability, that the Department expects to seek work or undertake work-related activity.⁴ This is a substantial number with whom the Department has direct contact through the benefits system. A survey undertaken by the Department in 2013 indicated that more than half of people claiming incapacity benefits, including those in the support group, would like to work, although most considered that they were not currently able to do so. Additionally, not everyone who is out of work and who considers they are disabled will necessarily claim out-of-work benefits.

The government's aims for supporting disabled people into employment

1.9 The government's May 2017 manifesto committed to a goal of seeing 1 million more disabled people in employment over the 10 years to 2027.⁵ This replaced the 2015 target to halve the disability employment gap, which is the difference between the employment rates for disabled people and non-disabled people (paragraph 1.4).

1.10 In November 2017, the Department for Work & Pensions (the Department) and the Department of Health & Social Care published a joint command paper called *Improving Lives*.⁶ This built on the work of the Work and Health Unit (the Unit). The Unit is a joint body established by the two departments in 2015 to work across government and the wider public sector to develop policies and programmes that benefit disabled people and those who support them (**Figure 3**). It clarified that the government's goal is to increase the number of disabled people in employment from 3.5 million in 2017 to 4.5 million in 2027. It also set out the government's vision for improving people's work and health prospects, identifying three settings in which action is needed:

- the welfare setting;
- the healthcare setting, led by the NHS; and
- the employer setting, including occupational health services.

⁴ We have estimated this number at 600,000 but it may be higher. Our estimate includes people in the Employment and Support Allowance work-related activity group and its Universal Credit equivalent, as well as people claiming Jobseeker's Allowance who have self-reported a disability. The Universal Credit and Jobseeker's Allowance data are unpublished, have not been subject to the quality assurance of official statistics and we have not fully audited them. We have also not included other Universal Credit claimants who have self-reported a disability but have not been through the work capability assessment process.

⁵ The Conservative Party, *Forward, together: our plan for a stronger Britain and a prosperous future*, 2017.

⁶ Department for Work & Pensions and Department of Health & Social Care, *Improving Lives: the Future of Work, Health and Disability*, CM9526, November 2017.

Figure 3

The Work and Health Unit



Cross-government unit formed in 2015, jointly sponsored by the Department for Work & Pensions and the Department of Health & Social Care.

Purpose is to work across government and the wider public sector to develop solutions that benefit disabled people and those who support them.



Develops policies on work, health and disability.

Published the *Improving Lives* green paper in October 2016 and the subsequent command paper in November 2017.



Now implementing a programme of **research, evaluations and trials** of employment support **interventions**.

A team of **104 officials**, mostly from the Department for Work & Pensions.



The 2015 Spending Review committed **£115 million** of funding for the Work and Health Unit.

£50 million expected to be spent on an **Innovation Fund** to support testing of new integrated health and work interventions by March 2020 (£33 million from the Department for Work & Pensions).

Source: National Audit Office analysis of Department for Work & Pensions, Work and Health Unit and Government Internal Audit Agency information

1.11 We considered the government's strategy in line with principles of good practice that we have identified in our past work on accountability and integration across government.⁷ We considered whether the strategy demonstrated:

- **collaboration:** a strong commitment on the part of all bodies involved in implementing the strategy to realising its potential benefits;
- **clear accountability:** clear roles and responsibilities so that Parliament knows who to hold to account for spending, projects or programmes – for joint programmes, clarity about which department is accountable, for example appointing a lead department;
- **robust data on performance and costs:** accurate, trusted, comparable and up-to-date data on performance and costs allow Parliament to assess value for money for the taxpayer; and
- **evidence base:** a solid base on which to develop practical proposals (Part Two).

⁷ Comptroller and Auditor General, *Integration across government*, Session 2012-13, HC 1041, National Audit Office, March 2013; Comptroller and Auditor General, *Accountability to Parliament for Taxpayers' Money*, Session 2015-16, HC 849, National Audit Office, February 2016.

Collaboration and accountability

1.12 Both we and the Committee of Public Accounts have found in our past work on joined-up working and integration across government that, even where there is a clear, identified need to join up work, delivering the benefits of joint working is challenging. Delivering any policy, particularly one that involves multiple departments, requires clear accountabilities, robust performance measures and a clear plan for implementation that all parties agree to.

1.13 The *Improving Lives* command paper was a joint publication that included a number of actions that both the Department for Work & Pensions and the Department of Health & Social Care would undertake over several years. The Departments have established the Unit as a key mechanism for delivery and policy development across the two departments (Figure 3). The Department for Work & Pensions is also recruiting a new Director General, Work and Health Services, to strengthen delivery of working-age and disability benefits. It is less clear, however, how other departments will be involved in the future. Should other departments become more directly involved, the government will need to set out a much broader and clearer implementation plan, including where accountability lies for each department's contribution to the plan.

1.14 *Improving Lives* deferred significant commitments in important areas that will require collaboration between government and non-government bodies, such as employers. These included: occupational health; the role of employers; and the assessment processes for the two key incapacity benefits: Universal Credit and Employment and Support Allowance. The Department is developing policy proposals in these areas, but these were not sufficiently advanced for us to consider as part of our review. For example, the paper contains a commitment and actions to help make employment a recognised health outcome, but it is too soon to see the impact of this on government policy or implementation.

Performance measurement

1.15 The command paper sets out a single headline goal: to increase the number of disabled people in employment by 1 million over the 10 years to 2027. At the time the strategy was published, the number of people in work reporting a disability was already increasing significantly. However, the Unit believed that the rate of increase between 2013 and 2017 was likely to be unsustainable over the 10-year period of the strategy without further policy intervention. It considered that the goal was likely to be challenging enough to support a case for developing policy across the welfare system, the workplace and the healthcare system.

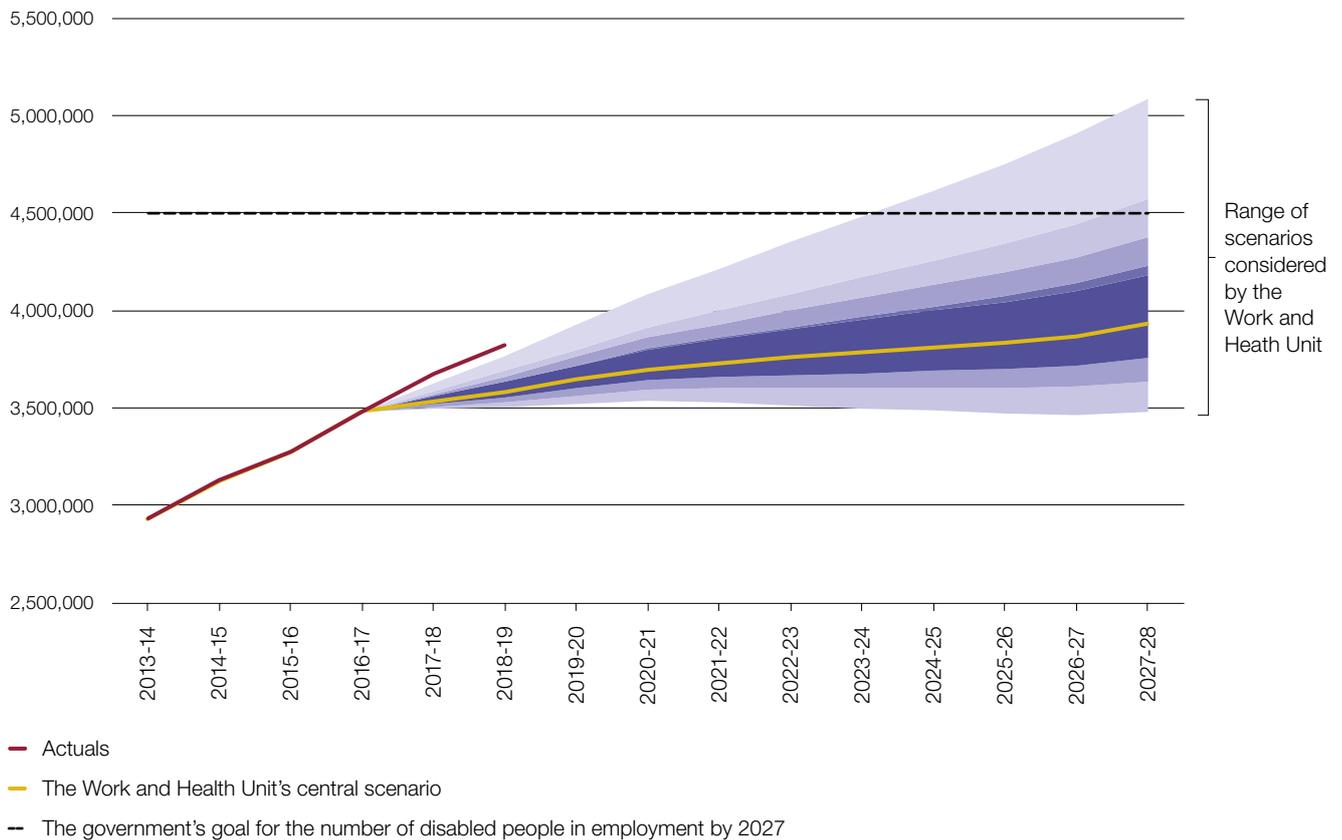
1.16 Since 2017 the number of disabled people in employment has continued to increase. From the October-December quarter of 2013 to the same period five years later, the total number of employed disabled people increased by 930,000 to 3.9 million. At this rate of growth, the goal would be met five years early, in 2022 (**Figure 4**). However, this is in the context of continuing high levels of overall employment; any downward change in overall employment levels would have a downward effect on the number of people, including disabled people, in employment.

Figure 4

Progress against expectation towards the 1 million goal

The number of disabled people in employment is increasing faster than the Work and Health Unit expected

Number of disabled people in employment



Note

1 This chart shows the result of a scenario analysis the Work and Health Unit undertook to inform its strategy. It is not a forecast, and the data are not official statistics.

Source: Work and Health Unit and the Office for National Statistics

1.17 This growth in the number of disabled people in employment cannot be linked directly to any particular government policy. The key data source for measuring progress towards the goal is the Labour Force Survey, which is used to produce national statistics. It is not possible, using the survey data, to identify specific causes of growth and the reasons for the rapid increase in disability employment recorded in the survey are not clear. The evidence indicates that it is likely to be due to more people already in work reporting a disability rather than more disabled people who were out of work, moving into work. However, there are also disabled people moving in and out of work, and the low overall unemployment rate is likely to be a factor particularly in the retention of disabled people.

1.18 The Unit and the Department's analysts acknowledge that the 1 million goal cannot be used to directly measure the Department's performance. They told us that they do not view the goal as a performance measure but as an overall indicator of the outcome the government would like to see. The Secretary of State for Work and Pensions announced in March 2019 that the Department intends to review the goal in the coming months to see if it can make it 'even more ambitious'.⁸

1.19 The Department has not set out a clear set of interim or leading indicators of success to measure progress towards the goal, or other outcomes it wants to achieve. The Department told us that it plans to publish a first annual statistical release later in 2019, setting out progress against a range of statistical measures including employment rates and gaps, disability prevalence and flows in and out of employment among disabled people. As the Department has not yet published this update, we cannot currently assess whether its measures will provide a balanced overview of performance. External commentators have suggested a focus on employment alone neglects the in-work disadvantage experienced among disabled people and have recommended national monitoring of measures such as disability pay and job satisfaction gaps.^{9,10} Meanwhile, the 1 million goal is the main method by which the Department and others report progress.

1.20 Other indicators present a much less clear picture of progress in reducing the disadvantages that disabled people face in the labour market.

- The 930,000 (31%) increase in the number of employed, disabled people over the last five years meant that the proportion of disabled people in work rose from 44.2% to 51.5%. However, there was not a similarly sized fall in the overall number of disabled people who are out of work, which remains at around 3.7 million.

8 Secretary of State for Work and Pensions, Health and Disability Announcement: Written statement HCWS1376, 5 March 2019, available at: www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2019-03-05/HCWS1376/

9 Fevre, R., Foster, D., Jones, M. and Wass, V. 2016. Closing Disability Gaps at Work: Deficits in evidence and variations in experience, Cardiff: Cardiff University.

10 Jones, M. 2016. Disability and perceptions of work and management. *British Journal of Industrial Relations*, 54(1) pp. 83-113. 10.1111/bjir.12043

- the number of people claiming incapacity benefits and Universal Credit equivalents has fallen relatively slowly to around 2.4 million over a longer period and by around 60,000 in the last five years (this means that it has decreased as a proportion of the growing working age population). The number of people on incapacity benefits does not, however, include people who have been found fit for work and who may be claiming benefits such as Jobseeker's Allowance, but who still consider they are disabled. The Department does not have reliable historic data to allow analysis of trends in this group.
- The disability employment gap, the measure the government previously used to assess its performance in this area, has fallen in recent years but remains significant at around 30 percentage points (**Figure 5** on pages 22 and 23). This is around 4 percentage points less than at its highest point in 2015, when the government set its previous target to halve the gap.^{11,12} The Department told us that this target was not time-bound.¹³

Evidence base

1.21 Importantly, the *Improving Lives* command paper stated that the government wants disabled people to receive personalised employment support that meets their needs, but does not yet have the evidence to know how best to do this. It therefore committed the two departments to a period of intensive 'test and learn' activity comprising research, evaluation, trials and pilots, up to 2022. During this time, the Department intends to use the results of its research to improve its current programmes before using the evidence it generates to support further 'transformational change' which it considers will require action across the wider welfare, healthcare and employer settings. We set out our findings on the Department's test and learn activity and future plans in Part Two.

The Department for Work & Pensions' role

1.22 The remainder of this report focuses on the Department's and the Unit's current activities and more immediate plans. We examine how the Department:

- provides a range of national programmes aimed at disabled people and is attempting to improve its evidence base for these (Part Two); and
- offers support for disabled people and people with health conditions through its jobcentres (Part Three).

11 Jones M and Wass V (2017) Response to Improving Lives: The Work Health and Disability Green Paper. Available at: www.disabilityatwork.co.uk/wp-content/uploads/2018/09/JonesWassgreenpaperfinal.pdf

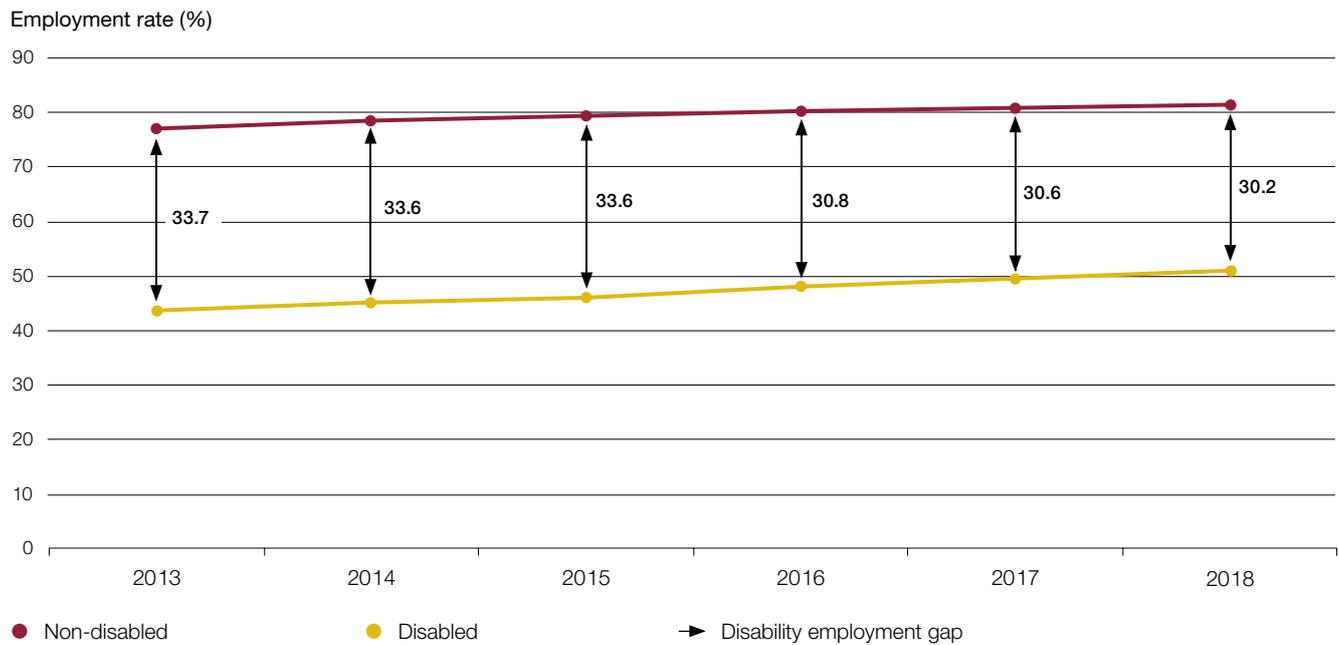
12 Wass, V. and Jones, M. (2017) A Tale of Two Commitments: Tracking Progress on the Disability and Employment. Available at: www.disabilityatwork.co.uk/research-areas/a-tale-of-two-commitments/

13 Neither the 2015 Conservative Party manifesto nor the 2016 *Improving Lives* green paper set a target date for closing the gap. The Secretary of State also said in evidence to the House of Commons Work & Pensions Committee in 2016 that it was not time-bound. However, the Work & Pensions Committee referred to a target date of 2020 in its subsequent report, reflecting a press release on the Department's website. The Department could not find written evidence that it had corrected the Committee.

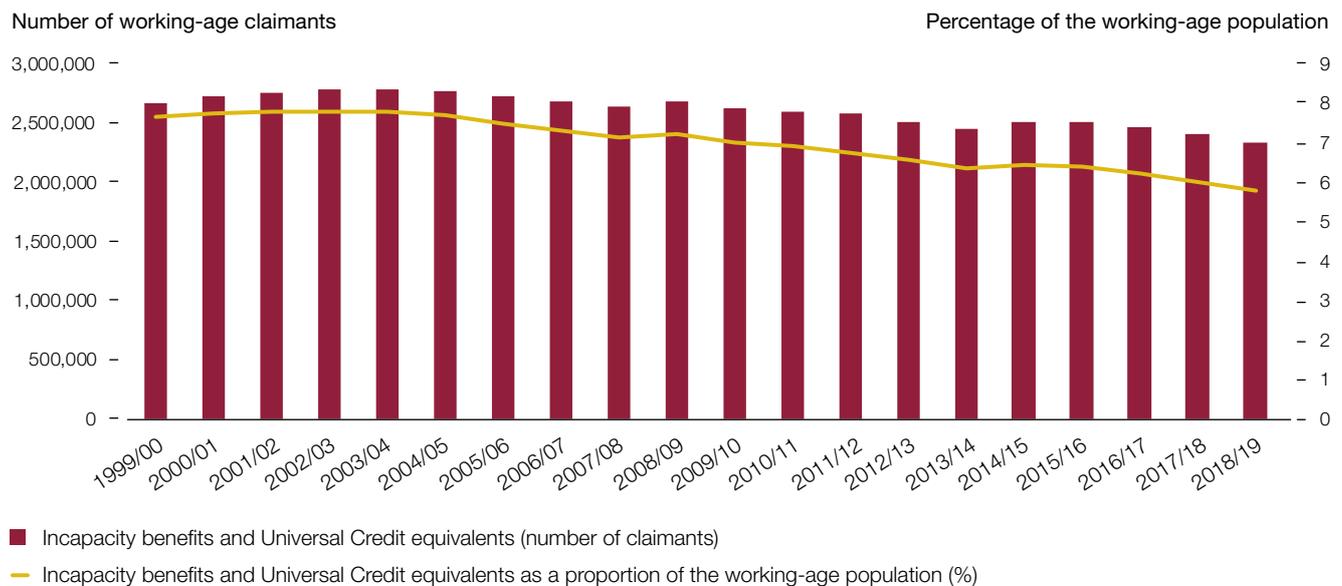
Figure 5

The disability employment gap and the number of economically inactive disabled people

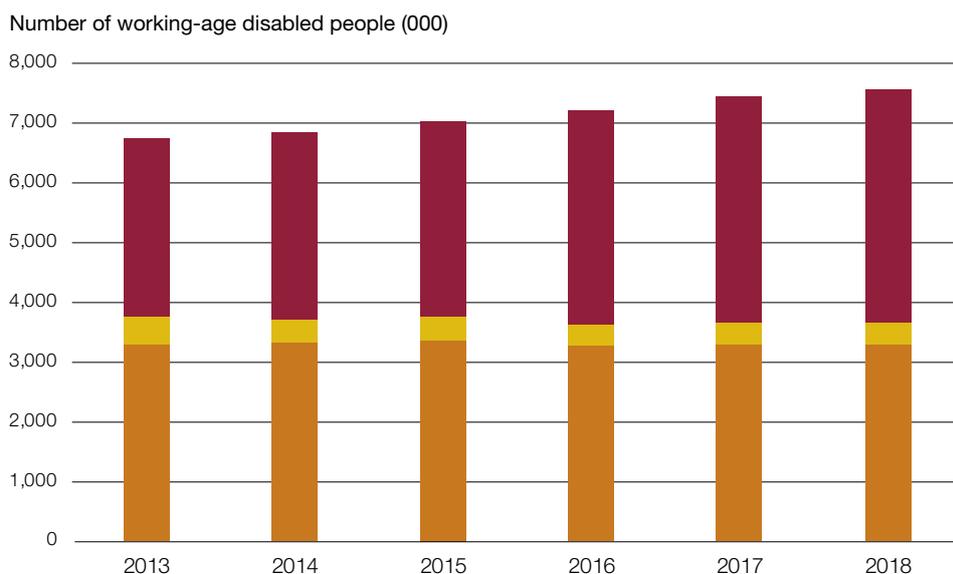
The disability employment gap narrowed between 2013 and 2018 but remains significant



The incapacity benefits and Universal Credit equivalents caseload has fallen in both absolute terms and as a percentage of the working-age population over the last 20 years



The number of employed disabled people increased between 2013 and 2018, but the number of disabled people not in work did not change significantly



■ In employment	2,976	3,121	3,280	3,574	3,760	3,906
■ Unemployed	448	400	384	364	378	362
■ Economically inactive	3,312	3,332	3,370	3,280	3,303	3,309

Notes

- 1 Incapacity benefits claimant percentages are the Department's calculations based on a working-age population defined as age 16 to the contemporary state pension age in each year, drawing on Office for National Statistics mid-year population estimates. This means these figures will not necessarily reconcile to alternative sources that use different methods of estimating the adult or working-age population and the exact trajectory may be sensitive to alternative methods of calculating the working-age population.
- 2 Incapacity benefits claimant numbers and rates may be affected by a range of factors, such as: the changing size and composition of the working-age population; economic factors; and changes in the benefits regime and benefit eligibility criteria.
- 3 This chart does not show the total number of benefits claimants with a disability. For example, the Department does not have reliable data on the long-term trends in the numbers of people claiming Jobseeker's Allowance who self-report a disability.
- 4 Combining Employment and Support Allowance and Universal Credit equivalents time series mixes different currencies. Not all those within the Universal Credit equivalents series would have been eligible for Employment and Support Allowance. This should be viewed as a discontinuity in the time series.
- 5 Unemployed people are people who are out of work and seeking work. Economically inactive people are out of work and not seeking work.
- 6 The incapacity benefits chart 2018-19 data show forecasts. Prior years are actuals.

Source: Department for Work & Pensions and the Office for National Statistics

Part Two

The Department's programmes for supporting disabled people to work

2.1 In this part we examine:

- the Department for Work & Pensions' (the Department's) current support to help disabled people into work;
- the evidence base and information that the Department uses to manage its interventions; and
- the Department's recent efforts to improve its evidence base.

The Department's current support

2.2 The Department's current employment support programmes fall into four broad categories (**Figure 6** on pages 26 and 27):

- national contracted programmes of employment support for disabled people, such as the Work and Health Programme;
- jobcentre-based provision, including direct support from work coaches (also see Part Three);
- grant-based employment support for disabled people such as Access to Work; and
- initiatives targeting employer behaviour, such as Disability Confident.

2.3 The Department has operated employment support programmes for disabled people for several decades. Many of its current programmes have either been in place for many years (such as Access to Work) or build on programmes with a broadly similar operating model, such as the model of contracted-out welfare-to-work provision that underpinned the Work Programme, Work Choice and now the Work and Health Programme (**Figure 7** on pages 28 and 29). In the last 10 years the main developments have been to:

- stop subsidising institutions such as Remploy factories in favour of supporting individuals;^{14,15}
- increasingly pay contractors based on the employment outcomes individuals achieve;
- provide a range of interventions to support disabled people's employment support needs;
- explore forms of occupational health support (a scheme called Fit for Work was introduced in December 2014 but withdrawn in May 2018 due to a lack of demand);¹⁶ and
- gradually move away from mandating individuals' involvement in programmes and move towards voluntary participation.

2.4 The Department estimates that it spent £386 million on disability employment support in 2017-18 (**Figure 8** on page 30). Overall, the Department is now spending less, in real terms, compared to 2011-12. In particular, it is also spending less on its core contractual programmes, such as the Work and Health Programme, but more on support to work coaches, such as specialist support roles and on trials, evaluations and pilot initiatives. The Department has allocated £100 million to pilot initiatives and evaluation, including impact evaluations, over 2017-2019. It spends very little on employer-based initiatives.^{17,18} For context, the Department spent around £15 billion on working-age incapacity benefits in 2017-18.

2.5 The Department could not provide us with reliable and comparable data showing spending before 2011-12 and its data do not show total spending on disabled people. Our past analysis indicates that the Department has spent significantly more on disability employment support in past years. For example, programme spending on the Department's Pathways to Work initiative alone was £247 million in 2008-09.

14 Remploy was established under the terms of the Disabled Persons (Employment) Act 1944, to directly employ disabled persons in specialised factories. It opened its first factory in Bridgend, Wales, in 1946.

15 Comptroller and Auditor General, *Remploy's disposal of its Enterprise Businesses*, Session 2013-14, HC 1183, National Audit Office, April 2014.

16 Comptroller and Auditor General, *Contracted-out health and disability assessments*, Session 2015-16, HC 609, National Audit Office, January 2016.

17 We do not cover in this report other support that may be provided through programmes operated by other government and public bodies. This may include apprenticeships, traineeships and supported internships, and locally provided employment support.

18 The Department does not record spending on the Work Programme or Flexible Support Fund targeted at Jobseeker's Allowance customers reporting a disability, so the figures may underestimate total spending.

Figure 6

The Department for Work & Pensions' employment support for disabled people

Most support targets individuals rather than employers

- 1 The Department's **national contracted programmes** of employment support for out-of-work disabled people (and trials of related activity) aim to:
 - help people move into work. Once people are in work, further support is available;
 - provide support that typically involves coaching, action-planning and access to additional provision; and
 - encourage participation on a voluntary basis, though participation has been mandatory for some programmes in the past.

Work Choice (WC)

Since October 2010. Closed to most new referrals in February 2018.

Disabled people who need specialist support to find and keep work that was not available in the Work Programme.

Normally six months pre-employment support. Up to two years in-work support.

Specialist Employability Support Programme (SES)

Since September 2015. Closing to new referrals in December 2019.

For disabled people with higher support needs (six months or more from being able to work).

Pan-disability support and specialist support (such as sensory impairments).

SES support is on average up to 12 months but can be longer.

Individual Placement and Support Health-led Trial (IPS)

Since May 2018 and will close to referrals in October 2019.

Key trial intervention led by Work and Health Unit.

People with physical and/or mild to moderate mental health conditions. Target is for 11,300 participants.

In two English subregions.

Early placement into jobs and support in-work.

Work and Health Programme (WHP)

Since November 2017 (England and Wales).

Caseload expected to be 79% disabled people (194,000 disabled people by March 2023, excluding ESF-funded provision).

For participants closer to work (capable of work within 12 months).

Up to 15 months out-of-work support and up to six months in-work support.

Devolved delivery in some subregions.

European Social Fund (ESF)

Current programme 2014–2020.

The Department is the Managing Authority for ESF in England.

European Union funding (matched with UK funds). Supports local employment, skills and social inclusion projects.

Not just for disabled people but they are a priority group: 131,000 disabled participants to September 2018.

Notes

- 1 The European Social Fund is outside the scope of this study. Fit for Work assessment service closed in May 2018. The Work Programme closed to new participants in March 2017. The Work Choice programme closed to all new participants in March 2019.
- 2 Contracted employment support for disabled people and the long-term unemployed was devolved to the Scottish Government under the Scotland Act 2016.
- 3 This figure describes the main categories and interventions. For example, the Work and Health Unit also has several trials and interventions that it is implementing that are not included here.

2 Jobcentre offer, including support from work coaches (also see Part Three):

- one-to-one coaching, building on 'health and work' discussions to assess needs and motivations; and
- wider offer includes referral to other pre-programme support (work experience and skills training).

Flexible Support Fund (FSF)

Since 2011.

Not exclusively for disabled people.

For eligible claimants not participating in employment support programmes.

'Barriers payments' to help people move closer to work (for example, pays for job interview clothes).

Also used by jobcentres to purchase additional local provision and to fund local partnerships.

Enhanced Support Offer Programme (ESO)

Since April 2017. Available to March 2021.

Disabled people who are claimants of Employment and Support Allowance and its Universal Credit equivalents.

Mixed and evolving programme of initiatives targeting the jobcentre offer, including extending existing provision, staff training and piloting new concepts/provision.

Interventions of varying length.

3 Grant-based employment support for disabled people:

- discretionary payments to individuals.

Access to Work (AtW)

Since 1994.

For disabled people in, or about to move into, work.

Helps with extra costs of adjustments to the workplace beyond employer obligations under the Equality Act 2010.

Individual support is capped at £57,200 per year (2018-19).

4 Employer behaviour:

- persuading employers to change their approach so that they recruit and retain more disabled people.

Fit for Work assessments

Assessment service available from December 2014 to May 2018. Online advice service continues.

Targeted employers, individuals and healthcare professionals.

Occupational health assessments intended to help employee return to work.

Disability Confident

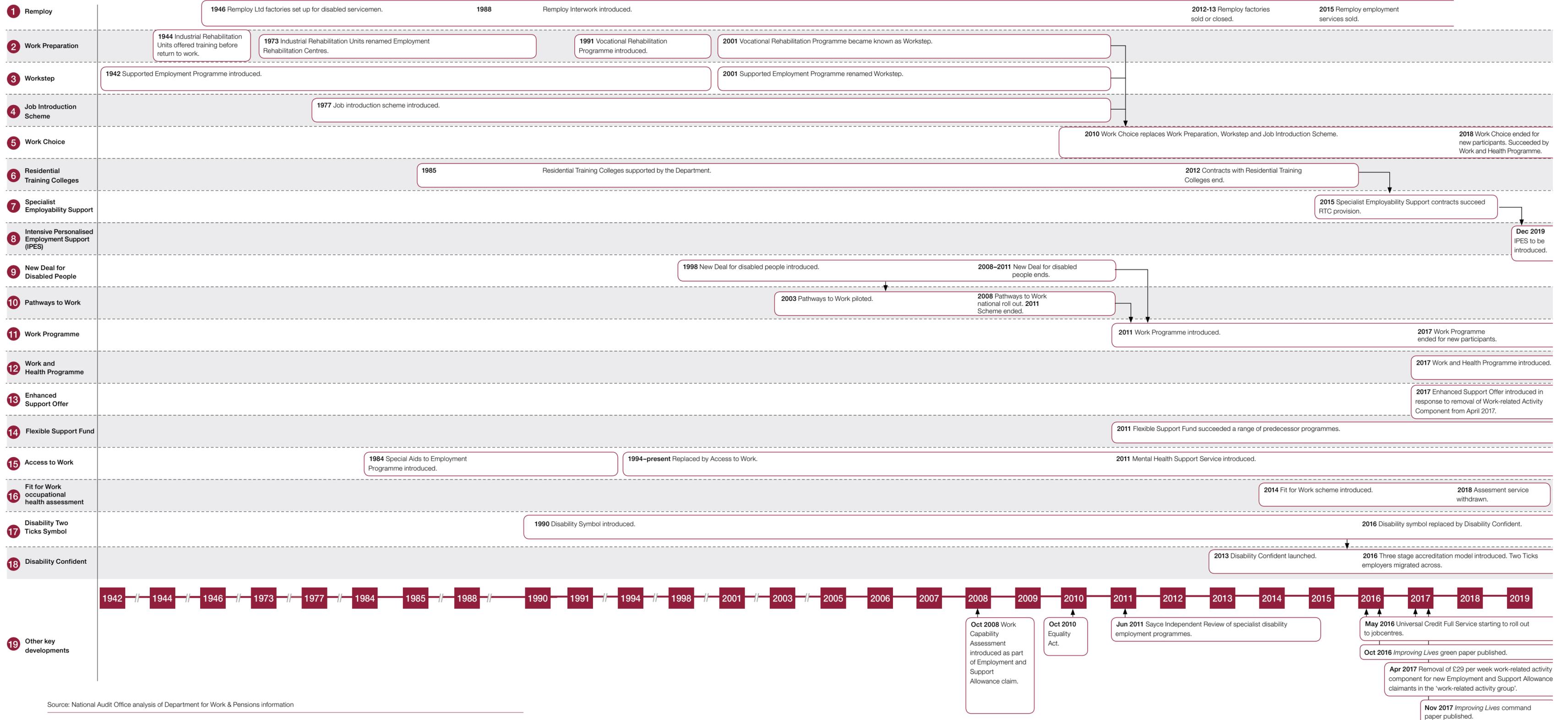
Launched 2013.

Voluntary scheme to help employers to improve their approach to recruiting and retaining disabled people.

Three accreditation levels – attainment of Level 3 requires external validation of the employer's approach (Levels 1 and 2 do not).

- Programmes included in our review
- EU-funded programme not included in our review
- Closed programmes not included in our review

Figure 7
The evolution of the Department for Work & Pensions' programmes

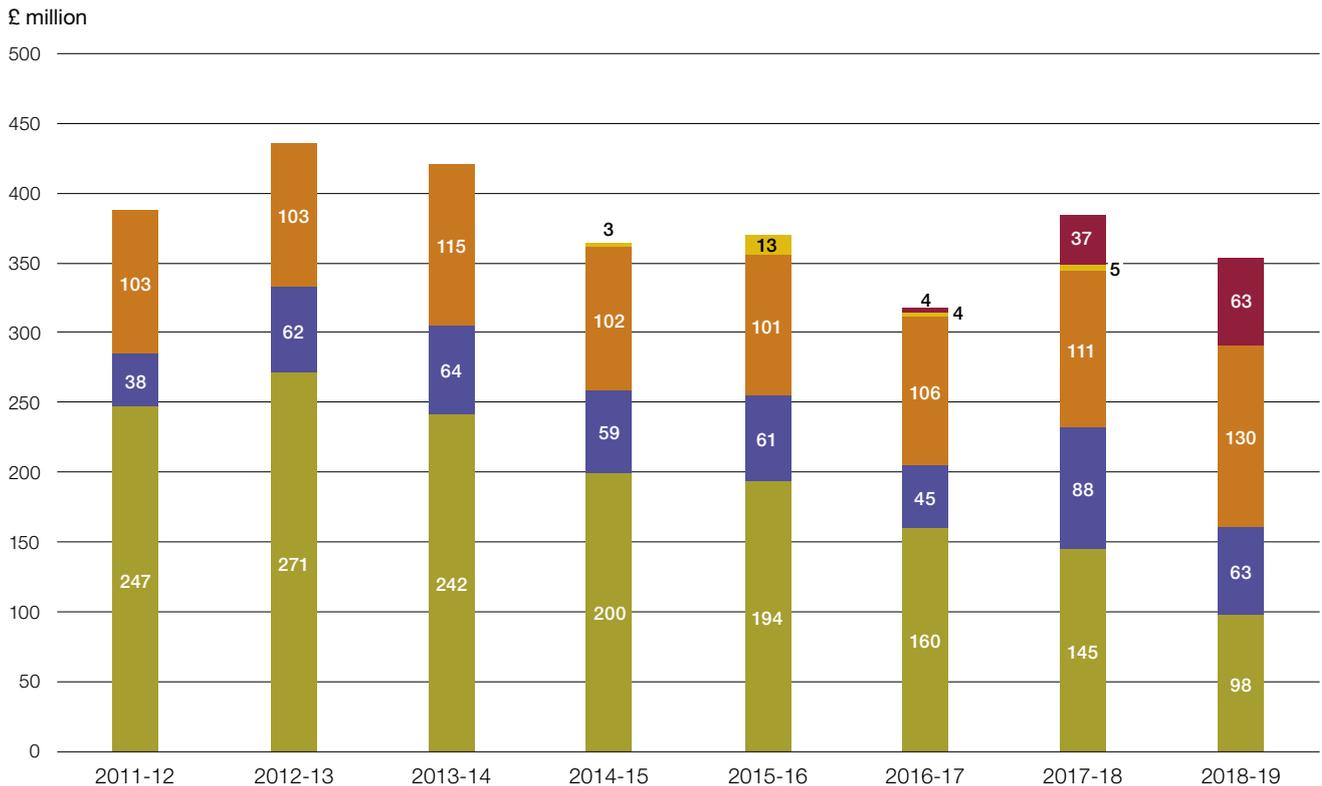


Source: National Audit Office analysis of Department for Work & Pensions information

Figure 8

The Department for Work & Pensions' spending on employment support for disabled people since 2011-12

Spending has reduced in real terms since 2011-12 (2017-18 prices)



- Pilots and trials
- Employer behaviour
- Grant-based employment support
- Jobcentre offer
- National contracted programmes

Notes

- 1 Figure shows spending in real terms on main interventions (2017-18 prices). Includes funding devolved to the Scottish Government under the Scotland Act 2016 where appropriate.
- 2 Spending adjusted for inflation based on HM Treasury GDP inflation figures.
- 3 The 2018-19 data show forecast spend. Prior years are actual spend.
- 4 Interventions that may provide support but do not directly target disabled people are excluded.
- 5 Employer behaviour spending relates to the Fit for Work programme. Actual spending on Fit for Work shown above varies significantly from the total expected spend of £204 million. Disability Confident has no programme spend.
- 6 Pilots and trials includes Enhanced Support Offer tests and proof of concepts, some of which offer jobcentre-based support, and the Department's contribution to the Work and Health Innovation fund for the joint Work and Health Unit with the Department of Health & Social Care. Enhanced Support Offer funding for additional disability employment advisers and community partners is shown under the jobcentre offer category. Figure 6 explains the four other categories in more detail.

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

Information used to manage employment support interventions

2.6 We reviewed eight of the Department's current and recent interventions, including a trial led by the Work and Health Unit, against our core management cycle to assess how well the Department is using information to support its approach. We set out our approach and findings more fully in Appendix Three. The three key issues we found from our review of the eight interventions were:

- opportunities to improve impact and cost-effectiveness may have been missed because evaluations were not carried out in a way that allowed the Department to robustly assess the programmes' impact;
- in turn, this meant that business cases for individual interventions are weakened by a lack of evidence about what works; and
- although the Department undertakes research and surveys to gather their claimants' views, user feedback is not gathered or used systematically as part of how it manages its programmes' performance.

However, we also found that:

- the Department has continuously improved some aspects of existing programmes, particularly how it manages contracts with external providers.

2.7 We set out our findings on these four issues below.

Impact, efficiency and cost-effectiveness

2.8 In 2005, we recommended that the Department should develop a better understanding of disabled people's needs and analyse how its programmes address those needs.¹⁹

2.9 The Department told us that it had conducted randomised controlled trials and other formal impact assessments in the past on some of its previous programmes and used the results from these assessments to inform the design of new interventions. Some of these assessments identified that programmes were not effective. For example, we reported on the Department's evaluation of its Pathways to Work programme in 2010. This evaluation found limited evidence of the programme's effectiveness: once accepted onto incapacity benefits, new claimants were just as likely to move into employment without Pathways support as they were with this support and the voluntary aspects of support appeared to have no additional employment impact.²⁰ The Department has not yet completed a robust impact evaluation for any of its current programmes. Without robust evaluation, the Department does not have good information on the effectiveness and cost-effectiveness of its support.

¹⁹ Comptroller and Auditor General, *Gaining and retaining a job: the Department for Work and Pensions' support for disabled people*, Session 2005-06, HC 455, National Audit Office, October 2005.

²⁰ Comptroller and Auditor General, *Support to incapacity benefits claimants through Pathways to Work*, Session 2010-11, HC 21, National Audit Office, May 2010.

2.10 The Department has underspent resources allocated to its programmes (**Figure 9**). This has been because implementation has been slower than anticipated and demand for some new programmes, such as the Work and Health Programme, has been low. This is partly because these programmes are voluntary; the Department believes that there are enough eligible people to go on them but that it needs to increase their willingness to engage. The Department has also allowed contractors to overstate what they can achieve, so programmes consistently underperform against contracted expectations (**Figure 10** on page 34). The Department told us it has put measures in place to try to address this, but it is too early to see if these have been effective.

2.11 Access to Work, the Department's most expensive programme, is demand-led. Some external commentators have estimated that there is likely to be more demand for the programme than it is currently meeting. The Department also relies in part on applicants to get quotes for support they identify, so has less direct control over costs. The Department has not evaluated the impact of Access to Work. The Department recently sought external advice which indicated that it would be challenging to undertake a formal impact evaluation of Access to Work because it would be difficult to identify a 'comparator' group of people against which to assess the impact of the programme.

2.12 Conversely, for its contracted employment support, the Department makes good use of data on unit costs over time and between programmes to inform its negotiations with contractors. However, it could do more to understand the costs that contractors incur in providing services on the Department's behalf. It is trying to do this by undertaking 'open book' accounting on the Work and Health programme to develop this understanding of providers' costs.

Evidence base

2.13 Without clear evidence about what programmes are effective, decisions on how to allocate resources to each intervention cannot be based on knowledge of effectiveness, even when the programmes have been running for a long time. Our analysis of the business cases for the eight programmes we reviewed showed that the evidence base for most was weak or unavailable. There was no formal business case for the Flexible Support Fund, as it is a collection of different activities. This meant that the success criteria were not clear for this programme, and the governance arrangements were not always clearly set out. There is stronger evidence for the more recent health-led employment trial on Individual Placement and Support, which is adapted from international best practice supported by randomised controlled trials. We discuss the Department's more recent efforts to improve its evidence base in more detail in paragraphs 2.16 and 2.17.

Figure 9
Employment support interventions (2017-18)

Actual spending on some interventions is less than that agreed in the 2015 Spending Review

Intervention	Expected spend (£m)	Actual spend (£m)	Indicative participant numbers	Indicative cost per participant (£)
National contracted programmes				
				Contracted unit cost
Work Choice	88	83	22,400 of which: <ul style="list-style-type: none"> • 46% Jobseeker's Allowance (JSA) claimants; • 13% Employment and Support Allowance (ESA) claimants; • 26% Universal Credit claimants; and • 15% other disability benefits claimants or not in receipt of benefits. 	3,800
Work and Health Programme	55	19	7,700	2,100
Work Programme	59	36	<ul style="list-style-type: none"> • 32,400 ESA claimants • 21,400 JSA claimants 	1,300
Specialist Employability Support	10	7	1,500 of which: <ul style="list-style-type: none"> • 53% JSA claimants; • 17% ESA claimants; • 19% Universal Credit claimants; and • 11% other benefits claimants or not claiming benefits. 	5,400
Jobcentre offer				
Enhanced Support Offer	60	58	Data not available	Not applicable
Flexible Support Fund	68	35	Data not available	Data not available
Grant-based employment support				
				Average grant amount
Access to Work	109	111	33,900 awards	3,300
Programmes targeting employers				
Disability Confident	No programme budget	No programme spend	Around 10,700 employers signed up (2% have achieved the highest level of accreditation, involving independent verification of their approach).	No programme spend
Fit for Work assessment service	65	5	4,900 assessments	Not applicable (programme abandoned)

Notes

- 1 Expected and actual spend for both the Work and Health Programme and the Work Programme have been apportioned to estimate spending on disabled people within these programmes. Expected and actual spend for Flexible Support Fund is the total spend and has not been apportioned for disabled claimants as data are not available to allow this.
- 2 Data are not available on the actual number of people participating in programmes each year. We have therefore based participant numbers on the number of starts in the year as a proxy. Unit cost is not equivalent to programme spend divided by participant numbers; unit cost is an indicative expected cost. Work and Health Programme starts are for the period from November 2017 to March 2018. Work Programme starts are for the year 2016-17.
- 3 The expected spend on disabled people for the Work and Health Programme is based on the average expected proportion of disabled participants over the life of the contract.

Figure 10

Employment programme performance

The Department for Work & Pensions has repeatedly set expectations for nationally contracted employment programmes that have proven difficult to meet

Programme	Expected job outcome performance (%)	Actual job outcome performance (%)
Work Programme		
Initial contractor bids (people expected to be able to work within 3 months)	24	Not known
Revised expectation for new ESA participants (expected to be able to work within a year)	7	16
Work Choice	44	38
Specialist Employability Support	29	14
Work and Health Programme	35–50	Not yet reported

Notes

- 1 Work Programme was available to people with and without disabilities. Performance reported is job outcomes (in work for 13 weeks or more) within 12 months of starting the programme for new Employment and Support Allowance (ESA) claimants in 2016. For Work Choice and Specialist Employability Support performance shown is for all participants to July 2018 including, for Specialist Employability Support, those that started in July 2018. Contract profile shown is level expected at July 2018 (not the final level expected at the end of contract delivery).
- 2 Expected job outcome performance is original contractor and Department expected performance.
- 3 Work Choice job outcomes include supported jobs where the employer is subsidised. Work Programme and Work Choice are now closed to new participants.
- 4 Work and Health Programme expected levels taken from programme business case and refers to programme as a whole and sustained employment outcomes defined by earnings.

Source: National Audit Office analysis

User feedback

2.14 The Department gathers feedback from claimants via a combination of surveys and user groups. For example, the Access to Work Service holds insight forums with users, monitors complaints and compliments and gains feedback from its digital channel. However, the Department does not gather ongoing user feedback through all its digital systems and therefore does not use feedback to monitor and manage the performance of its programmes, contractors or individual jobcentres. The Department does not collect feedback on the courses it sends claimants on, and it has no transactional data on user satisfaction.

Continuous improvement

2.15 The Department has made improvements to its interventions over recent years. These have been clearest in its recent investment in its commercial capability in line with wider developments of the Government Commercial Function.²¹ For example, it is:

- developing and reporting against a 10-year employment support market strategy to build supplier capacity and improve relationship management; this is trialling new guidance from the Government Commercial Function;
- implementing clearer measures of contractors' performance, allowing for swifter intervention where performance is weak and developing a deeper understanding of provider business models; and
- devising practical purchasing tools to standardise, speed up and monitor local jobcentre procurement, using the 2015 procurement regulations on dynamic purchasing systems.

²¹ National Audit Office, *A Short Guide to Commercial Relationships*, December 2017, available at: www.nao.org.uk/wp-content/uploads/2017/12/A-Short-Guide-to-Commercial-relationships.pdf.

The Department's efforts to improve its evidence base

2.16 The Department and the Unit have recognised that neither the evidence of the Department's own programmes' impact, nor the wider international evidence base, is strong enough to build an informed case for investment in the future. As a result, they are now trying to strengthen the evidence of what employment support works for disabled people, as part of a 'test and learn' strategy. In addition to the Department's own past evaluations, the Unit reviewed international evidence to identify strengths and weaknesses in the evidence base (**Figure 11**). It is trying to better understand:

- how to improve engagement with disabled people, particularly those receiving incapacity benefits who, the Department's own research shows, do not trust the Department;
- what employment support works for people with different disabilities and circumstances, and the best balance between interventions to help disabled people stay in work as well as move into work; and
- what works best in targeting employers, and the balance between targeting employers and individuals.

2.17 Following publication of the *Improving Lives* command paper in November 2017, the Department committed to a range of 'test and learn' activities (**Figure 12** on pages 38 and 39). It is conducting:

- a randomised controlled trial of the Work and Health Programme to assess its impact in helping people into work, and an impact assessment of the Intensive Personalised Employment Support Programme, which may also be a randomised controlled trial (from December 2019);²²
- four other trials, including two of Individual Placement and Support, a programme that has shown promising results in other contexts; and
- other research and evaluation, which will not necessarily involve formal trials but will help the Department understand how its interventions might work.

²² A randomised controlled trial is an experiment which aims to reduce bias when testing a new treatment or intervention. The people participating in the trial are randomly allocated to either the group receiving the treatment or intervention being tested or to a group receiving the standard treatment or usual intervention as the control. The Work and Health Programme also involves a 'public sector comparator' to assess contracted against the Department's 'in-house' provision.

Figure 11
The Work and Health Unit's assessment of the volume of international evidence

Type of intervention	Employment status					
	Well-being at work	At risk of falling out of work (Sickness absence and return to work)	Moving into work (and progression in work)	Out of work (benefit claimants)	Out of work (not claiming benefits)	
Employers						
Legislation and incentives to employers	None	Poor	Moderate	Moderate	Moderate	
Return-to-work planning and work modification	Good	Good	Good	Moderate	Moderate	
Welfare and Employment Support						
Changes to welfare system	Not applicable	Not applicable	Good	Moderate	Moderate	
Supported employment and job search support	Moderate	Good	Good	Moderate	Moderate	
Vocational rehabilitation	Moderate	Good	Good	Moderate	Moderate	
Health						
Condition management and medical rehabilitation	Moderate	Good	Moderate	Moderate	Moderate	
Psychological therapies	Moderate	Good	Good	Moderate	Moderate	

Good – considerable number of studies/volume of evidence.

Moderate – some studies/evidence

Poor – few studies/evidence

None – no studies/evidence

Not applicable

Note

1 This analysis is the Work and Health Unit's assessment of the international evidence base and relates to the quantity of evaluation evidence relating to individual themes, not the quality or robustness of evaluation sources.

Source: Work and Health Unit

Figure 12

Evaluation projects

The Work and Health Unit and the Department for Work & Pensions are undertaking a series of trials, evaluation and other research. Most final results will not be available until at least 2020

Intervention	Targets those out of work	Targets those in work	Description
Work and Health Programme	✓		Randomised controlled trial to measure the impact of the national programme.
Intensive Personalised Employment Support	✓		Impact assessment, methodology yet to be agreed.
Enhanced Support Offer	✓	✓	Mixed programme targeting Employment and Support Allowance (ESA) and Universal Credit claimants. It provides additional staff to support jobcentre work coaches and engage with employers. Includes pilot 'proof of concept' initiatives intended to test new provision.
Jobs II group work	✓		Trial evaluation to measure the impact of group-based employment support in which participants share experience and work on skills.
Employment Advisers in Improving Access to Psychological Therapies services (IAPT)	✓		Impact assessment using alternative methods (not randomised controlled trial).
Health-led Individual Placement and Support	✓		Randomised controlled trials in two English subregions measuring the impact of individual placement and support with people with physical and/or mild to moderate mental health conditions. The emphasis is on early work placement with support to the disabled person and their employer.
Substance Dependency Individual Placement and Support	✓		Trial evaluation measuring impact of employment support for people with substance dependency in seven local authority areas. Focuses on early work placement and then support to the individual (and employer where invited).
Work and Health Unit Challenge Fund		✓	Competitive fund (£4 million) that external organisations can bid for to develop innovative schemes for disabled people already in work.
Occupational health local projects		✓	Impact evaluation using less robust methods in Scotland and Greater Manchester focusing on employment support for disabled people already in work. It includes case management support for people at risk of leaving work.
West Midlands Wellbeing Project		✓	Trial evaluation to measure the impact of support for employers to improve their health and well-being offer.
Cornwall and Isles of Scilly Local Enterprise Partnership Beacon Project		✓	Mixed evaluation in one subregion to support smaller employers to develop support initiatives.
Work and Health Survey of employers		✓	National research project to improve understanding of employers' motivations and behaviours.
Occupational Health research	✓	✓	National research project to identify the range of occupational health service delivery models in the UK.

Source: National Audit Office analysis of Department for Work & Pensions' information



2.18 The Department's investment in evaluations, trials and pilots is welcome, particularly as we have previously found that government's general commitment to evaluation is poor.²³ The trials should provide a better basis for informed decision-making. However, there is a risk that there is not a 'silver bullet' that will significantly improve the performance of the Department's programmes, that its trials will not find any areas for improvement, or that it will not be able to turn the results of its trials into a meaningful plan. Specifically, it faces three challenges:

- **Research strategy:** the Department showed us its evidence strategy which identifies research priorities aligned to the Department's strategic objectives. Although the Department and the Unit have devised a programme of research, evaluations and trials to fill some of the gaps in the international evidence base (Figure 11), we did not see evidence that they had developed a plan that identified all the gaps, or what evidence they were seeking, or specified evaluation and research pieces that respond to all of those gaps. This could include work undertaken by external bodies as well as the Department and the Unit.
- **Research design:** the purpose of controlled trials is to identify whether an intervention produced a measurable impact against a control group or comparator. This presents challenges:
 - There can be no guarantee that any trial will produce clear results or identify ways to improve significantly on current performance. The Department is testing interventions that in some cases are similar to, or extensions of existing provision, while its testing of programmes in relation to occupational health, employer behaviour and the assessment process is much less developed.
 - The Department now asks people to volunteer for provision and relies on claimants engaging with work coaches. Work coaches are understandably likely to want to help their claimants onto the best programme available. We observed work coaches in one jobcentre signposting claimants, who had been placed in the control group for the Department's Work and Health Programme trial, to the Individual Placement and Support trial. These trials can use a broadly similar approach. Elsewhere, work coaches told us that they would seek to place those in the control group of the Department's Work and Health programme trial with alternative third-party provision, some of which also use a similar underlying approach. This means that its control groups may include people who, in fact, received other interventions similar to that being tested, albeit varying in the degree of support provided and time available with a coach. This will tend to dilute the recorded effect of its interventions.²⁴

23 National Audit Office *Evaluation in Government*, available at: www.nao.org.uk/wp-content/uploads/2013/12/10331-001-Evaluation-in-government_NEW.pdf.

24 The Unit believes it has designed the trial to minimise this risk through ongoing trial monitoring. It intends to account for possible contamination issues when analysing the trial results.

- **Financial planning context:** the Department is aiming for a long-term strategy that may require cooperation between departments. However, the system of financial planning across government, particularly within spending reviews, has historically involved bilateral deals between departments and HM Treasury, and incentives to meet short-term spending targets (though the Treasury has said it wants to focus more on performance, and cross-government work will be a key focus of the upcoming spending review). In practical terms, the next cross-government spending review is likely to be in 2019, and most of the Department's trial results will not be available until after 2020.

Part Three

Jobcentre support for disabled people

3.1 In this part we examine:

- how the Department for Work & Pensions (the Department) provides disability employment support in its jobcentres;
- how the Department manages its jobcentre-based support; and
- the sustainability of the quality of jobcentre-based support.

The jobcentre delivery model

3.2 The Department mainly supports disabled people by engaging with Jobseeker's Allowance (JSA) and Employment and Support Allowance (ESA) claimants, and now Universal Credit claimants. This typically means providing direct support through, or on referral from, a work coach in a jobcentre. **Figure 13** shows the key processes for accessing jobcentre-based employment support.

3.3 The Department is attempting to change the culture and focus of its jobcentres. It characterises this as moving away from its prior focus on individual benefits and getting people off benefits and towards personalised support adapted to claimants' needs, which links to healthcare and other support services. Under ESA and JSA, disabled people were supported by work coaches and sometimes met with specialist disability employment advisers. Under Universal Credit, claimants should typically have their own individual work coach, who is supported by the disability employment advisers. On average, one third of the people in a Universal Credit work coach's caseload have self-reported a disability or health condition.

3.4 The Department now believes its previous target-driven culture created perverse incentives. These included encouraging work coaches to focus on helping the easiest-to-help into work, however temporary that work might be. The Department told us that since 2017 it had stopped local reporting of targets, benefit off-flow and other performance measures because it wanted to move away from its previous target-driven culture and create a more supportive environment where work coaches tailor support to claimants' needs.

Figure 13

Accessing disability employment support through the jobcentre

The Department for Work & Pensions' model for delivering employment support is based on a cycle of four key steps: spending time with claimants to identify needs; agreeing claimant commitments; referring to provision; and reviewing progress



Initial claim: claimant is assigned a work coach and attends initial appointments to verify identity and **agree first claimant commitment**. The claimant commitment sets expectations for the claimant to undertake work-related activities and specifies the number of hours of expected work search.

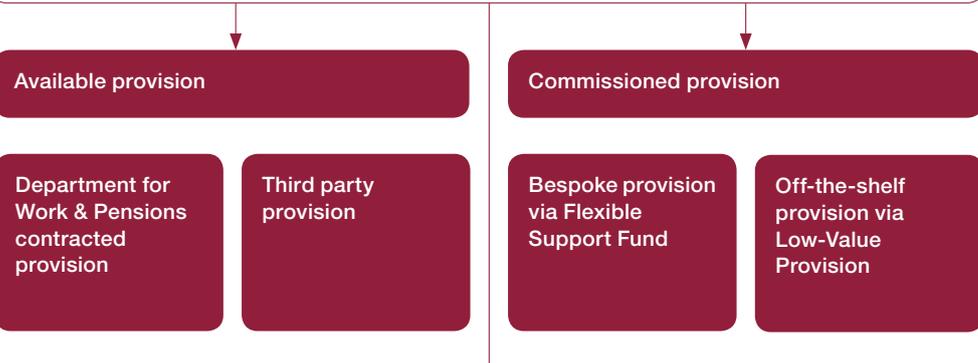


Ongoing: claimant and work coach **meet regularly to discuss claimant barriers and review commitments**. Work coaches use a coaching style to build relationships with claimants and understand their needs. Work coach has discretion over the frequency, length and form of interviews. Interviews can be face-to-face, or phone-based. Claimants can also contact work coaches via an online journal.

Work coach draws on **supporting roles** such as disability employment advisers and work coach team leaders, for on-the-job training and support.



Based on understanding of claimant needs, work coach identifies and **refers to suitable provision**. If suitable provision is already available, work coach refers or signposts customer. If no suitable provision is available, work coach can commission provision.



Work coach **reviews progress** with claimant on an ongoing basis and updates commitments and refers to additional provision accordingly.

Source: National Audit Office analysis

3.5 The design of Universal Credit also means that work coaches will tend to see disabled people earlier in their claim period. Under ESA, disabled people did not meet a work coach more than once until after their work capability assessment. This is currently an average of 15 weeks after initial claim. The Department believes that, in the meantime, the claimant would often move further from the job market. Under Universal Credit, the claimant meets the work coach in the first week of their claim and may continue to meet regularly up to the work capability assessment.²⁵ The Department hopes that working with claimants who may subsequently be assigned to the limited capability for work-related activity group earlier on will encourage them to engage voluntarily after the work capability assessment. The same work coach will also continue to see a claimant if they enter work but remain on Universal Credit.

3.6 Although the Department has implemented many of the interventions that would be expected in a major culture change programme, it has not set a baseline or sought to measure progress in changing its culture or improving jobcentre capability. Nor has it assessed the impact on its disabled claimants.

The role of work coaches

3.7 Work coaches are executive officers (broadly equivalent to graduate entry-level roles in the civil service). They are not required to have prior qualifications in training in coaching, and may not have any formal training experience in health and disability issues when they enter their role. The Department's policy is for work coaches to receive five weeks of introductory training on the Universal Credit system (or three weeks if transferring from another benefit).²⁶ The Department also provided work coaches with two days of mandatory training on mental health issues in 2018. They are also encouraged to undertake formal training while in post. The Department told us it has a commitment to have 11,000 work coaches qualified or working towards a Level 4 qualification (equivalent to a Certificate of Higher Education) by 2021. It told us that as of December 2018, 4,061 had enrolled, 207 (5%) of which had completed the course.²⁷

²⁵ Work coaches do not meet with those placed in the 'no work-related requirements' group following their work capability assessment. Before the work capability assessment takes place, under ESA, disabled people met their work coach at week four, for a mandatory 'health and work conversation' (prior to their work capability assessment). Under Universal Credit, claimants may meet their work coach more often before their work capability assessment. Work coaches do not need to meet with claimants with some specific conditions or undergoing certain treatments, or where it would be unreasonable to expect them to engage in work related activity.

²⁶ The work coaches we spoke to told us they had received either three weeks or one week of training respectively. We were not able to reconcile this discrepancy.

²⁷ Completing the course is mandatory for those with a new contract.

3.8 Universal Credit provides a structure for coaching, including agreeing the claimant's commitments, setting out what they are expected to achieve, and regular reviews. However, work coaches have a lot of discretion in how to take a claimant's disability into account, for instance in the:

- frequency and form of meetings with the claimant;
- support to which they refer or signpost claimants; and
- expectations set in the claimant's commitments.

3.9 As part of its four-year Enhanced Support Offer programme, the Department received £140 million from 2017 to 2019 to expand and improve the support offered to those with disabilities and health conditions, including the capability of jobcentres in supporting this claimant group. This was funded in part from the removal, in April 2017, of the premium paid to disabled people in the work-related activity group of ESA. The Department plans to allocate £10.5 million to staffing in 2019-20 to allow work coaches to spend more time with people with disabilities and health problems. The Department also allocated £43 million from the Enhanced Support Offer to fund two specialist roles to support work coaches, out of total planned spending of £53 million on these roles from 2017 to 2019:

- **Five hundred full-time-equivalent disability employment advisers**, including those redeployed from coaching roles with ESA claimants, to provide direct support to work coaches and conference support on specific cases; and
- **Two hundred community partners**, on fixed-term contracts, with 'lived experience' of disability or relevant disability expertise, to improve jobcentre staff's awareness of disability issues.

3.10 The Department has recently reviewed these roles and, from April 2019, it intends to combine the disability employment adviser and community partner roles with annual funding of at least £24 million. The Department is still finalising the number of posts for 2019-20 but does not expect this to reduce from 2018-19 levels. Funding for beyond 2019-20 will still need to be agreed as part of the next Spending Review.

Our observations of work coaches

3.11 We visited four jobcentres to observe work coaches and to interview and hold focus groups with staff. The Department told us that under its new approach of personalised support, it expected work coaches to engage with claimants to understand their circumstances to help assess their barriers to work, agree appropriate goals and tailor the conditionality regime for their benefit. It does not expect them to address directly the full range of barriers individuals may face. Our observations broadly support this account. We observed work coaches:²⁸

- engaging positively with claimants, trying to build rapport, trust and empathy so that they can identify the claimant's needs and refer them to the right provision;
- understanding that employment may not be a realistic short-term objective for some people and tailoring their approach to claimants' assessed needs;
- meeting with disabled claimants with multiple and complex barriers to work that were difficult to address in the limited time available. Work coaches we spoke to thought they were seeing more claimants with complex needs, particularly claimants with mental health issues. Some mentioned that they were the only regular contact claimants would have outside their home;
- using their understanding of local provision. We saw them being briefed by local providers and national contractors about the types of support to which they could refer people. Providers were also often able to speak to claimants and staff in the jobcentre. We spoke to local authorities who told us they had good working relationships with the jobcentre; and
- focusing on monitoring claimants' compliance with the conditionality regime for their benefits and signposting claimants to other provision.

3.12 The work coaches we saw had varying experience. They told us that the 'classroom' training they each receive would not have been sufficient to prepare them for their role. However, they also confirmed that they benefited from on-the-job support, for example:

- work coaches can draw on support from specialists such as disability employment advisers. They viewed these specialist support roles as important and valuable, particularly when holding 'case conferences' about claimants with complex needs;

²⁸ We have based our observations on our visits to jobcentres. The Department does not have quantitative evidence that we could use to demonstrate that these are typical across all jobcentres. However our findings are broadly supported by the Department's own research.

- work coaches can access on-the-job training, including online learning and mentoring; and
- the Department has developed guidance to help work coaches support claimants with particularly complex needs, such as those who are experiencing suicidal thoughts, including guidance on other services to refer people to.

The Department's understanding of the quality of its service

3.13 The Department aims to gain assurance on the quality of its coaching and customer service in three ways:²⁹

- **Local observations:** the Department uses line managers' observations and peer reviewers in each jobcentre, using its own quality assurance framework to assess the quality of service in jobcentres. These checks are performed locally and are not collated into centrally tracked management information.
- **National management information:** the Department told us that, under Universal Credit, it has developed its information system to measure as much as possible and is now in the process of refining what information it considers it needs to use to manage quality and performance. It is developing management information by identifying the factors that most influence the outputs and outcomes it is seeking to control, such as timeliness of payments, labour market outcomes, appeals and customer contact. It set this up for: payment timeliness in January 2017 prior to the roll out of Universal Credit full service, and developed the indicator set over time, with the current set in place by May 2018; for customer contact with non-disabled people in February 2019; and is still establishing it for evidence of earnings at three and six months after each initial claim; and³⁰
- **Escalation and independent reviews of quality:** the Department told us it expects front-line staff to report any quality issues with their coaching to managers, and these are then escalated through its National Quality Forum, which is made up of area directors, the central operations team, and the quality lead from each jobcentre. There have been no central reviews of service quality in jobcentres.

3.14 We have previously recommended that the Department designs in management information from the start of its programmes, including on leading indicators, to highlight any risks or problems.³¹ Judged against this benchmark, the Department is considerably behind where we would expect it to be at this stage of the Universal Credit roll-out.

²⁹ These align with the 'three lines of defence' model of assurance.

³⁰ Metrics on customer contact and decision-making will also follow.

³¹ Comptroller and Auditor General, *Welfare reform – lessons learned*, Session 2015-16, HC 77, National Audit Office, May 2015.

3.15 We also consider that its approach, on its own, leaves large gaps in the Department's ability to monitor and track activity and performance. Local observations alone cannot provide assurance on the consistency of the quality of service over time or across locations and its chosen labour market outcome measures are only remotely related to the quality of its service. This approach also hinders its ability to respond promptly to requests for information from Parliament and other bodies wishing to scrutinise its work. For example, for this review, we found that extracting information on measures such as how work coaches spend their time was surprisingly complex and time consuming. The key gaps in its management information regime that we identified are:

- **Customer satisfaction:** the Department does not measure, on an ongoing basis, claimants' satisfaction with all of its disability employment support providers and programmes. It collects more general user feedback using a range of methods including national surveys.
- **Time spent with customers:** the Department is not tracking the length of time work coaches spend with claimants. It is tracking the frequency of contact with claimants and uses the frequency of contact with non-disabled people as one of its performance targets.³² There is some evidence indicating that increasing the intensity and frequency of contact with claimants can be beneficial to their engagement and employment outcomes.
- **Progress towards work:** the Department's national monitoring of employment outcomes for claimants is too removed from the front line to be of use in monitoring the effectiveness of coaching or assessing jobcentres' performance. The Department has not developed any measures to assess claimants' progress towards work in cases where employment might not be a realistic short-term aim, which will be the case for some disabled claimants. It is currently considering whether it is possible to identify ways of measuring factors that indicate a claimant is closer to getting a job as part of its evaluations. This means the Department cannot currently evidence progress towards work that is positive but does not quickly result in a job outcome for good reasons. In our view, this may represent a significant part of work coaches' activity with some disabled people.
- **Consistency of service quality and application of policy:** the Department cannot readily assess how consistently work coaches apply discretion. This is because much of the data in the Universal Credit system, including the claimant commitment and journal, which are the key digital documents setting out what claimants are expected to achieve and how they are doing it, are written as unstructured text. The Department does not believe it is possible to analyse these key digital documents without reviewing individual cases. This means the Department cannot readily know if policies are being applied consistently over time, or between jobcentres. It told us it could, if necessary, use a sampling approach.

³² For the purpose of this target, disabled people are identified as those who report a disability as part of their Universal Credit claim, and who have not been found fit for work by a work capability assessment.

- **Operational planning and impact:** the lack of structured data means that, despite the Department's commitment to testing and learning, it is missing learning opportunities from its business-as-usual activity. The lack of data available at a local level is also hindering jobcentres' efforts to develop innovative and efficient solutions for claimants. Two of the four jobcentre sites we visited had developed tools to identify claimants' needs and target provision. In both cases, this was time consuming, with staff working through claimants' cases to identify basic information on disability and health conditions and employment barriers. One site had used this information to run an open day for providers to speak to claimants with a health condition. Based on the success of this, it intended to run similar events in the future.
- **Third party provision:** the Department has limited assurance that work coaches refer people to appropriate provision. Although it has good information about referrals to the provision it has contracts for, it does not record when it refers customers to local charities or other services under Universal Credit (except in the claimant's journal, which it cannot analyse without reviewing each case separately). Nor does it have information on the quality of providers or customer feedback on whether they found the provision appropriate. Jobcentres have started to map local providers and collate the information available. These third-party referrals are likely to form a large part of the activities that work coaches ask claimants to undertake.

Sustainability of jobcentre support

3.16 The Department previously told us that it expected each Universal Credit work coach's caseload to increase from 85 to 373 by 2024-25.³³ It has since developed its forecasts to take account of:

- **The delay in managed migration (the transfer of claimants from existing benefits):** the delay of the expected completion of managed migration, announced in 2018, will affect the timing of the additional effort this process will require from work coaches. When people migrate to Universal Credit they go through the process of setting up a new claim, which is typically more time consuming for work coaches than meeting existing claimants.
- **Claimants' different work search requirements:** some claimants do not need to see a work coach because they are not expected to look for work, or are already working enough.

On this basis, the Department expects the actual number of people each work coach needs to meet to rise from around 130 currently, to over 280 by 2024-25. Within this, the number of claimants per work coach in the intensive work search group (who require the most time with work coaches) is expected to increase from 96 to 133 (an increase of 39%). The Department hopes that using more digital support will mean that work coaches have more time for those who need more intensive support.

³³ Comptroller and Auditor General, *Rolling out Universal Credit*, Session 2017–2019, HC 1123, National Audit Office, June 2018.

3.17 An increase in caseload continues to present a risk that work coaches will not be able to maintain the frequency of contact or the amount of time they spend with claimants that the Department expects, which could affect the quality of outcomes. Although the Department is aware of this risk, as we note in paragraph 3.15, the Department is not monitoring the time work coaches actually spend with claimants. The risk to the quality of the service would be exacerbated if there is a fall in general employment and jobcentres were required to process an increasing number of claims from newly unemployed people, without a commensurate increase in resources.

Appendix One

Our audit approach

1 This study examines how the Department for Work & Pensions (the Department) is improving the support it provides to disabled people and people with health conditions through employment support programmes, and through its network of Jobcentre Plus offices.

2 To assess the value for money of the Department's employment support for disabled people we applied an analytical framework with evaluative criteria, which consider what arrangements would be optimal for strategy, portfolio management and delivery. We reviewed:

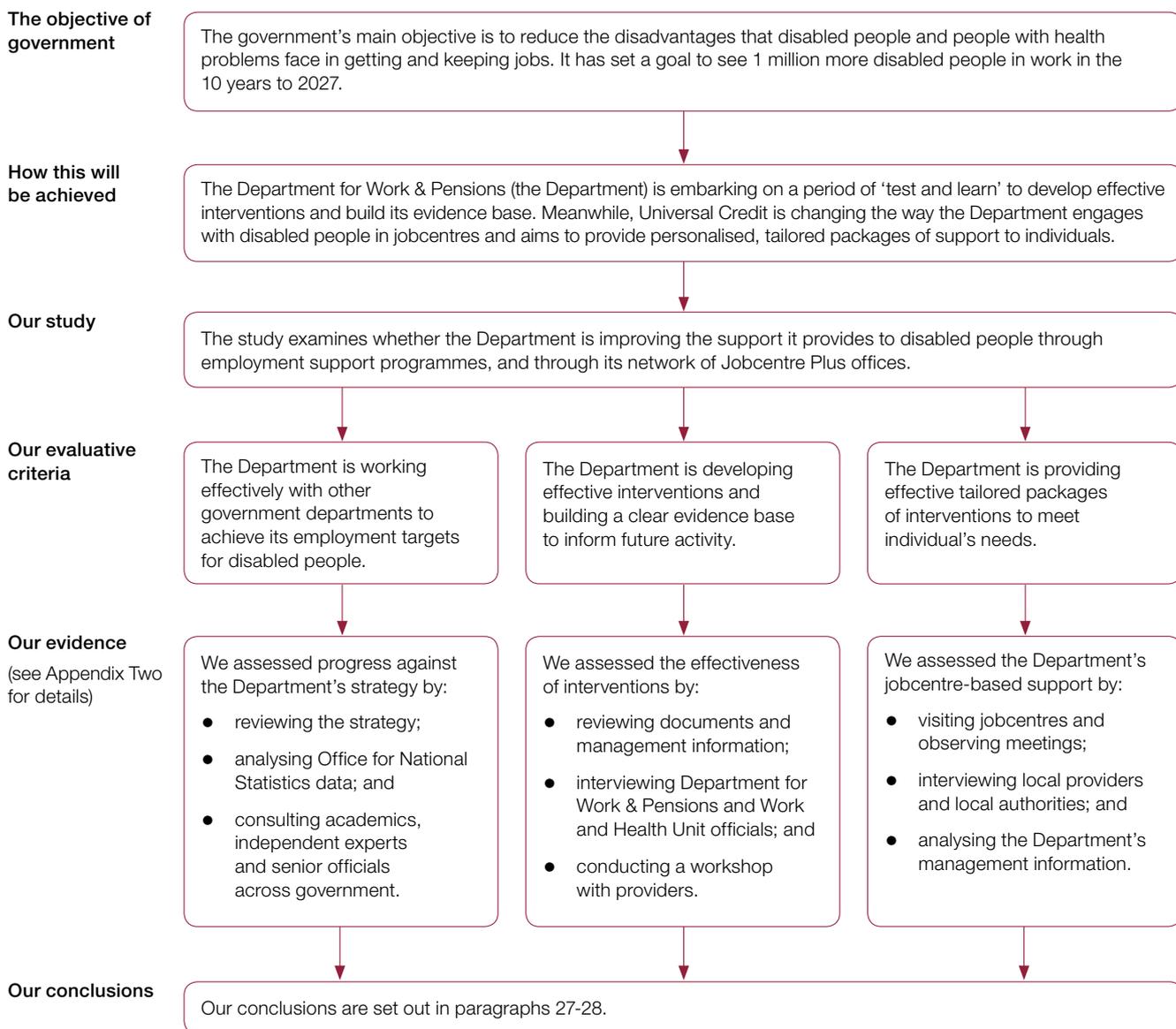
- the government's and the Department's strategy for supporting disabled people to work and what is currently being achieved;
- the Department's current portfolio of support for disabled people and its approach to enhancing the evidence base; and
- the Department's efforts to improve the way it engages with disabled people within its Jobcentre Plus offices.

3 In reviewing the Department's current portfolio of support, we applied our core management cycle framework (see Figure 15). This model assesses value for money against six stages in the management process: strategy, planning, implementation, measurement, evaluation, and feedback. We reviewed interventions across the range of the Department's employment support, including:

- local jobcentre-based support;
- employment support programmes for disabled people;
- grant-based employment support for in-work disabled people; and
- support for employers.

4 Our audit approach is summarised in **Figure 14** overleaf. Our evidence base is described in Appendix Two.

Figure 14
Our audit approach



Appendix Two

Our evidence base

- 1 Our independent conclusions on whether the Department for Work & Pensions' (the Department's) employment support for disabled people delivers value for money were reached following our analysis of evidence collected between September and December 2018.
- 2 We applied an analytical framework with evaluative criteria, which consider what arrangements would be optimal for strategy, portfolio management and delivery. Our audit approach is outlined in Appendix One.
- 3 We tested our findings through peer review and an expert panel involving charities, academics and independent experts with experience of disability issues.

We assessed the government's strategy for supporting disabled people to work and what is currently being achieved

- 4 We drew on our previous work collating all existing NAO evidence relevant to disability employment support, including reviews of financial audit management letters; recent value-for-money studies; and performance improvement work.
- 5 We reviewed published and internal client strategy documents, primarily the joint Department for Work & Pensions and Department of Health & Social Care Improving Lives green paper.
- 6 We analysed data from the Office for National Statistics' Labour Force Survey.
- 7 We consulted with a wide body of academics and independent experts and completed a review of stakeholder evidence including published documents and internal documents shared by our expert panel. The expert panel highlighted existing research and analysis on key issues covered in this report, such as measuring progress in reducing disadvantage faced by disabled people and the performance of disability employment support programmes. Our expert panel members were:
 - Dr Ben Baumberg Geiger, Senior Lecturer in Sociology and Social Policy at the University of Kent;
 - Professor Kim Hoque, Warwick Business School, University of Warwick;
 - Professor Nick Bacon, Cass Business School, City, University of London;

- Professor Dan Finn, Professor Emeritus, University of Portsmouth;
- Professor Melanie Jones, Cardiff University;
- Professor Victoria Wass, Cardiff University;
- Dr Ben Barr, University of Liverpool;
- Dr Serena Bartys, Principal Research Fellow in Work & Health, University of Huddersfield;
- Professor Karen Walker-Bone, University of Southampton;
- Professor Clare Bamba, Professor of Public Health at Newcastle University;
- Stephen Evans, Chief Executive at Learning and Work Institute;
- Liz Sayce OBE;
- Diane Lightfoot, Chief Executive Officer at Business Disability Forum;
- Philip Connolly, Policy and Development manager at Disability Rights UK;
- James Taylor, Head of Policy, Campaigns and Public Affairs at Scope;
- Beatrice Barleon, Policy Development manager at Mencap;
- Laura Boothman, Senior Policy manager at Arthritis Research UK; and
- Other representatives from Citizens Advice, Mind, Leonard Cheshire and Social Finance.

8 We held interviews with senior officials from across government departments including the Office for Disability Issues, Department of Health & Social Care, Department for Education, Ministry of Housing, Communities and Local Government.

We assessed the Department's current portfolio of support for disabled people, considering how it uses information across the core management cycle, and reviewed its recent approach to improving the evidence base

9 We conducted document and file reviews of published and internal client documents, including:

- business cases;
- internal audit reports;
- commercial documents;
- performance reports, research and evaluation reports and statistics; and
- governance documents including terms of reference, meeting minutes and papers.

10 We conducted interviews with relevant Department and Work and Health Unit officials and held a series of workshops with officials for the interventions we assessed in Part 2.

11 We held a workshop with members of the Employment-Related Services Association (ERSA) and with members of the British Association for Supported Employment (BASE), speaking to more than 40 providers of employment services for disabled people to get their views on the Department's commercial approach and lessons for service delivery.

We assessed the Department's efforts to improve the way it engages with disabled people within its Jobcentre Plus offices.

12 We visited four jobcentre sites across the UK: Pontypool; Kingston upon Thames; Barnsley; and Blackpool. These sites were selected based on their varying employment rates, disability prevalence and the stage they were at in the rollout of Universal Credit Full Service (three sites were fully rolled out, one site was preparing for rollout).

13 We conducted semi-structured interviews and focus groups with key jobcentre and district staff, local providers and local authorities to establish how disability employment support is delivered in practice and to get their views on both the Department's strengths and areas to improve. We interviewed:

- work coaches;
- eight work coach team leaders;
- eight district management staff;
- a total of 22 people in supporting roles including disability employment advisers, community partners, small employer advisers and partnership managers;
- eight local providers of employment support including Work & Health programme and Individual Placement & Support providers; and
- local authority representatives.

14 We observed 10 work coach interviews with claimants.

15 We reviewed locally held documents including local provision tools, complex needs plans and management information.

16 We analysed available management information relevant to jobcentre activity and performance.

17 There were some areas where our ability to analyse and present data was subject to limitations:

- **spend on disability employment support programmes over time.** The Department provided us with its breakdown of spend on disability employment support, but was unable to provide reliable and comparable spend data before 2011, which would have enabled a clearer analysis of long-term trends.
- **the content of claimant commitments.** It was not possible in the time available, to arrange a sampling exercise, or gather from the Department an electronic data set, which would have been required to analyse these data; and
- **case worker bookings.** The complexity of this dataset meant that we were unable to undertake sufficient data review, quality assurance, or test our findings with the Department in the time available.

18 The Department has committed to working with us to improve and speed up our access to available data and advise us at an early stage of limitations or gaps in the data that we may reasonably expect to be able to access.

Appendix Three

Analysis of the Department's employment support

1 For our analysis in Part Two, we drew on our core management cycle to assess the Department's use of information across eight employment support interventions targeting disabled people. In **Figure 15** we set out the evaluative criteria we used for this purpose. In **Figure 16** overleaf we summarise our assessment for each intervention against those criteria. In **Figure 17** on pages 59 and 60 we set out the broad themes that came out of our review.

Figure 15

The criteria we used to assess the Department's use of information across the management cycle

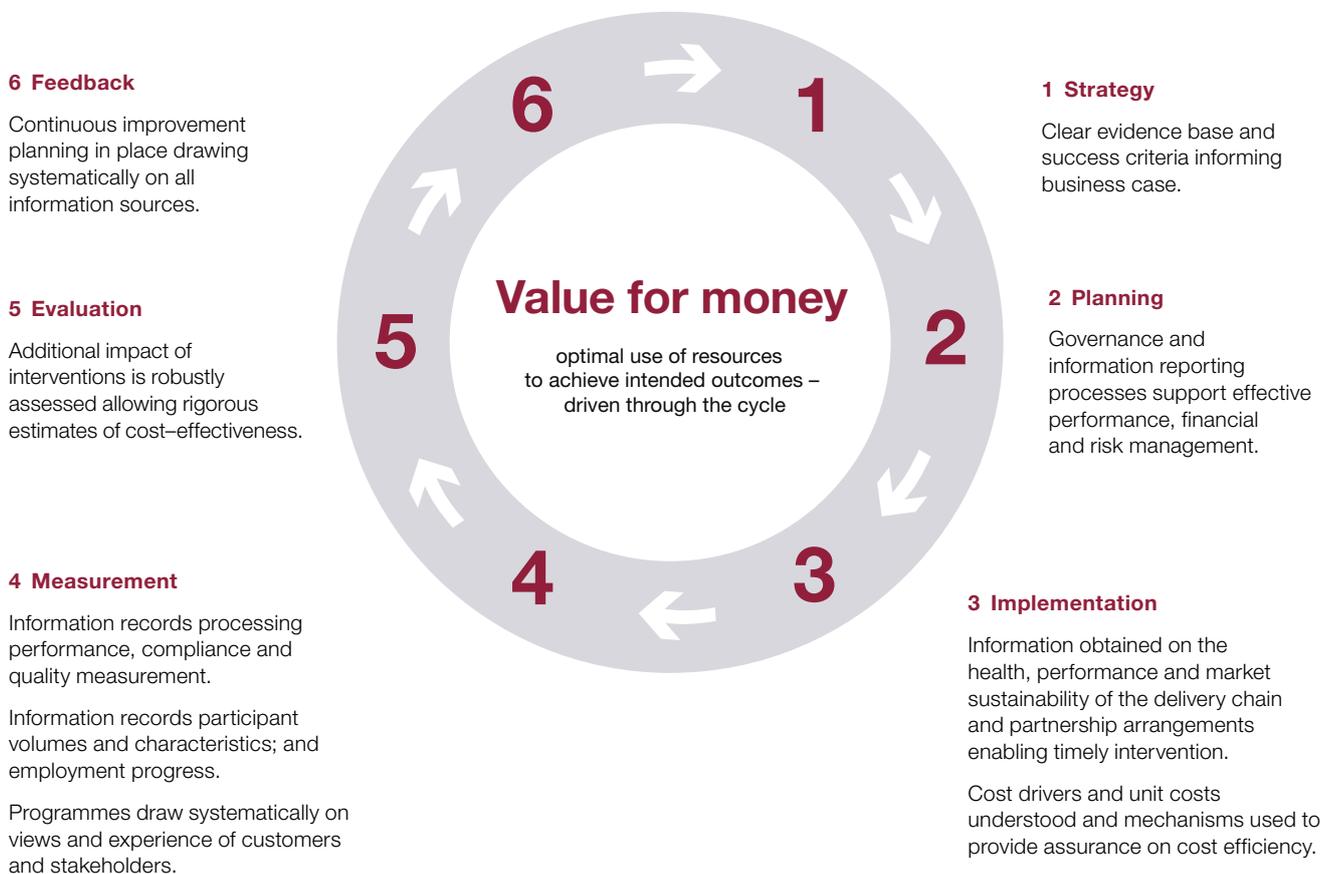


Figure 16
Summary assessment of interventions across the programme cycle

	Clear evidence base	Clear success criteria	Governance and controls	Delivery Chain	Costs and inputs	Process quality	Delivery of outputs	User experience	Outcome impacts	Cost-effectiveness	Continuous improvement
Flexible Support Fund	○	○	●	●	●	●	○	○	○	○	●
Work Choice	○	●	●	○	●	●	●	○	●	●	●
Specialist Employability Support	○	●	●	●	●	●	●	○	○	○	●
Work and Health Programme	○	●	●	●	●	●	●	●	●	●	●
Enhanced Support Offer	○	●	●	●	○	●	●	●	○	○	●
Individual Placement and Support Trial (Work and Health Unit Health Trial)	●	●	●	●	●	●	●	●	●	●	●
Access to Work	○	○	○	●	○	●	●	●	○	○	●
Disability Confident	●	●	●	●	n/a	●	●	●	●	n/a	●

● Adequate information to support assurance

● Limitations in information to support assurance

○ Significant weaknesses or gaps in information to support assurance

Note

1 Costs and inputs and cost-effectiveness fields are not applicable for Disability Confident, which has no programme spend.

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

Figure 17

Findings: main themes

	Example findings	Implications/Challenges
Strategy and planning	<p>The evidence base supporting the business case for the Department's interventions is, as the Department itself recognises, often weak. The Unit's Health-led trial on Individual Placement and Support is an exception.</p> <p>Comprehensive overall business cases are not in place for the Flexible Support Fund or Access to Work schemes and the Government Internal Audit Agency identified scope to clarify their governance further in 2018.</p>	<p>Decisions on how to allocate resources to each intervention cannot be based on knowledge of effectiveness.</p> <p>Risks may not be properly managed.</p>
Implementation	<p>For contracted employment support programmes:</p> <ul style="list-style-type: none"> • The Department has relatively strong information supporting how money is spent and reasonable understanding of programme performance, but it is not clear that it has always acted promptly on this information to address periodic underperformance by Work Choice and Specialist Employability Support contractors. • Good use of unit cost information to inform contract negotiations. <p>Some underspending of funding allocated to some programmes like Fit for Work and Flexible Support Fund.</p> <p>The Department relies in part on Access to Work applicants to procure the best price for support services.</p>	<p>Performance improvement measures with contractors delayed leading to an escalation of problems.</p> <p>Indicates weak understanding of customer demand in some cases.</p> <p>Efficiencies from grant programmes may not be fully exploited.</p>
Measurement	<p>Checks to validate grant claims not entirely robust; and mechanisms for quality assuring claims not consistently followed.</p> <p>Information on job outcomes achieved and sustained following participation in contracted employment programmes is improving with use of HM Revenue & Customs' (HMRC's) real-time information on earnings but this information is not used for monitoring the performance of grant programmes.</p> <p>User views are not systematically and routinely gathered from participants of all programmes.</p>	<p>There is a risk that grant funding is awarded inappropriately.</p> <p>There is scope to extend good practice in use of HMRC data.</p> <p>Opportunities to learn and adjust interventions in light of user views may be missed.</p>
Evaluation	<p>The Department has not always undertaken evaluations to measure the additional impact of programmes for a variety of reasons, though there are exceptions including the 2015 ESA trials, Pathways to Work, current health-led trials and the recent approach to evaluating the Work and Health Programme (including its public sector comparator).</p>	<p>Without robust impact evaluation, the Department does not have good information on the effectiveness and cost-effectiveness of its support.</p>

Figure 17 *continued*
Findings: main themes

	Example findings	Implications/Challenges
Feedback and continuous learning	<p>The Department is taking incremental improvement steps:</p> <ul style="list-style-type: none"> ● Introducing, in 2017, a 10-year employment support market strategy to build a stronger pipeline of suppliers capable of providing new types of integrated support; and piloting Cabinet Office guidance on improving supplier relationship management. ● Collaborating more with contractors through the Work and Health Programme, using techniques such as open book accounting to improve understanding of their business models. ● Devising a new payment model for its new Work and Health Programme, which aims to discourage unrealistic bidding by contractors and ensure that they work with 'harder-to-help' groups by paying more for getting a higher proportion of monthly target quotas into work. ● Speeding up commissioning of local services through its 'dynamic purchasing system'. ● Introducing a digital 'front-end' channel for customers using Access to Work in 2016 and planning a new digital case management system to integrate with digital front-end. ● For Work and Health Programme, there are clearer measures of performance with some evidence that it is intervening more quickly to agree improvement plans if required. ● Using Cabinet Office assessment frameworks to benchmark progress in administering grants. ● It completed an extensive review of support roles like Disability Employment Advisers and Community Partners for Work Coaches and will combine these roles from April 2019. 	<p>The Department has not yet mapped the whole wider market for employment support beyond its own supply chain.</p> <p>Implementation of its employment support strategy and new approaches to supplier relationship management are at a relatively early stage.</p> <p>The new Work and Health Programme payment model will need careful monitoring.</p> <p>The Department recognises that it needs to engage more with disabled people to increase demand for its employment support offer.</p> <p>Implementing digital solutions to address back-end processing in Access to Work and ensuring planned business benefits are achieved in practice are a work in progress.</p> <p>Implementing an effective support model for work coaches given their increasing caseloads; and embedding the varied professional and lived experiences, knowledge, and skills of the current work coach support roles and access to their external networks is an ongoing challenge.</p> <p>Devising action plans to address areas where performance is relatively weak.</p>

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

Appendix Four

Implications of the Department's management environment

1 The Department's management information approach is limiting its ability to learn from and improve its jobcentre support. **Figure 18** on pages 62 and 63 sets out our key findings. This figure shows helping and hindering factors in the management environment and draws on observations from our jobcentre case study visits to illustrate the impact for jobcentre support.

Figure 18

Implications of the Department for Work & Pensions' management environment

The Department's management information approach is limiting its ability to learn from and improve its jobcentre support. This figure shows the helping and hindering factors based on our observations across the four jobcentre sites we visited.

Jobcentre support	Key areas to monitor	Positive factors
<p>Spending time with claimants to identify their needs</p> 	<p>Time spent with claimants Caseload mix of claimant needs</p>	<ul style="list-style-type: none"> ✓ Work coaches have flexibility to manage their own diaries, allowing them to tailor the frequency and length of claimant interviews. ✓ Work coach team leaders have oversight of their team's diaries to monitor how work coaches book their time. ✓ Can segment caseload by those who have declared a disability and those who haven't at the central level.
<p>Agreeing claimant commitments</p> 	<p>Commitments set Expected work-search</p>	<ul style="list-style-type: none"> ✓ Check claimant commitment quality through work coach team leaders who observe claimant interviews and review journal entries.
<p>Referrals to provision</p> 	<p>Provision available Referrals made</p>	<ul style="list-style-type: none"> ✓ Systematically record referrals to contracted provision. ✓ Updating central source of information for work coaches on contracted provision. New referral system aims to create streamlined referral process with searchable provision all in one place.
<p>Reviewing progress</p> 	<p>Outcomes or other progress/quality measures from work coach support Outcomes or other progress/quality measures from provision</p>	<ul style="list-style-type: none"> ✓ Some cases are reviewed as part of work coach team leader checks and 'case-conferencing' meetings where work coaches, team leaders and supporting roles share ideas for helping a claimant progress. ✓ Systematically record job outcomes for contracted provision.

Source: National Audit Office analysis

Negative factors

- ✗ Actual time spent is not recorded and can vary significantly from time booked.
- ✗ No baseline measurement of time spent with claimants against which to assess the impact of increasing caseloads on service quality.
- ✗ Central caseload information not available locally. Data do not reflect varied needs within disabled group, for example specific health conditions or barriers to work.

Case study examples

Sites are developing their own tools to allow them to identify claimants' varying needs and use this information to more efficiently target provision. For example, one site had run an open day for providers to present to all claimants with a relevant health condition.

Without central data, it is time-consuming for sites to work through individual cases identifying the information they need to deliver innovative and efficient solutions for claimants.

- ✗ Observations not always happening consistently and do not produce reportable information. Service quality not considered in higher-level checks.
- ✗ No overarching framework or rationale to guide work coaches exercising their discretion over claimant commitments.
- ✗ Not monitoring commitments centrally and could not provide basic data to allow us to analyse whether discretion had been fairly applied.

We observed work coaches exercising discretion over expectations of customers through their claimant commitments and the application of sanctions. Work coaches lack confidence applying processes flexibly and making reasonable adjustments.

Without clear benchmarks or rationale to apply discretion this leads to an inconsistent claimant experience.

- ✗ Reliant on third-party provision but only in the early stages of mapping what is available locally.
- ✗ No detailed plan for updating central source of information on third-party provision for work coaches, which is incomplete and difficult to navigate.
- ✗ Do not systematically record referrals to third-party provision limiting ability to learn about what support is most effective.

Locally developed spreadsheets or notebooks developed by supporting roles used instead of the central tool. The Department employs district publishers whose job it is to maintain the central provision tool for their district.

This demonstrates both local demand for an improved central tool and inefficient use of resource, maintaining the current tool which is largely unused.

- ✗ Do not quality assess third-party provision or systematically collect claimant feedback on provision.
- ✗ Work coaches have very limited information on the quality of provision they refer claimants to.
- ✗ No progress or 'distance travelled' measures. Cannot evidence positive work that has not yet resulted in a job outcome, which limits ability to assess the effectiveness of support.

Work coaches cited examples of progress for claimants where work is not a realistic short-term goal such as attending a face-to-face interview rather than over the phone. One site had developed a barrier measurement tool to track claimants' barriers to work and assess progress against these.

Without a central framework to measure progress, the Department cannot learn about the impact of its front-line activity.

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