

people:skills:jobs:



Department for
**Employment
and Learning**
www.delni.gov.uk

PUBLIC CONSULTATION

Proposed new
Employment Programme
for Northern Ireland -

Steps 2 Success (NI)

All responses should be submitted to the Department no later than
3 pm on 12 October 2012

A CONSULTATION ON THE PROPOSED NEW EMPLOYMENT PROGRAMME FOR NORTHERN IRELAND– Steps 2 Success (NI)

CONTENTS

**Foreword by Dr Stephen Farry
Minister for Employment and Learning**

- 1. Introduction**
 - 2. Purpose of the Consultation Exercise**
 - 3. Rationale for Change**
 - 4. Key Objectives**
 - 5. Programme Eligibility**
 - 6. Programme Content**
 - 7. Duration of Programme**
 - 8. Contract Area**
 - 9. Supply Chain Management**
 - 10. Funding Model**
 - 11. Role of Employment Service**
 - 12. Equality Impact Assessment**
 - 13. How to Respond**
 - 14. Confidentiality and Freedom of Information**
- Service Guarantee - Appendix A**

MINISTERIAL FOREWORD

I am pleased to launch this consultation process to seek your views on the key design features of a new employment programme provisionally called Steps 2 Success (NI).

The aim of assisting people who are unemployed to find and sustain employment continues to be a high priority for me, my Department and Executive colleagues.

My Department's Steps to Work programme, which was introduced in September 2008, has had a positive impact in meeting its targets to assist unemployed and economically inactive people to find and sustain employment. However with contracts due to end shortly and the introduction of Universal Credit, I believe that the time is right to look at what we need for the future. This new employment intervention will build on the performance of my Department's current employment programmes and help more people to find and sustain employment.

I am committed to developing a new employment programme for Northern Ireland and by all of us working together we can ensure that Northern Ireland has an employment programme with a focus on employment outcomes targeted at those most in need which will deliver value for money and is flexible to accommodate future change.

I hope you will make the commitment to become fully involved in this consultation process by giving us your views on the proposals outlined in this document and play your part in developing a new employment programme exclusively for Northern Ireland.



Dr Stephen Farry
Minister for Employment and Learning
20 July 2012

Introduction

1. The proposed new employment programme provisionally called Steps 2 Success (NI) will replace the Department's main adult return to work programme Steps to Work (StW). The Steps to Work (StW) programme was introduced on 29 September 2008 as the Department's main adult return to work provision. It subsumed the main New Deal programmes in Northern Ireland and extended access to provision to the economically inactive. At 31 March 2012 almost 85,000 had taken part in the StW programme with almost 15,000 having entered sustained employment (defined as lasting a minimum of 13 weeks).¹

Purpose and Scope of the Consultation Exercise

2. As part of the process of developing the new programme, the Department would like to receive comments from stakeholders on the proposals and questions set out in this consultation document. Comments received will help shape the programme. The Department intends to invite tenders for the delivery of the new programme towards the end of this calendar year. The scope of the consultation is covered by the questions set out in this document.

Rationale for change

3. The expiry of the current StW contracts in 2013, together with the continuing rise in unemployment, the high level of economic inactivity and the introduction of Universal Credit, combine to make this an opportune time to consider a new employment intervention which will build on the performance of current employment programmes and help more people to find and sustain employment.

¹ Source – StW Statistical Bulletin – June 2012

The Department recently commissioned both a StW Leavers Survey and an Evaluation of the StW programme. The Leavers Survey showed that the programme was accessible across Northern Ireland with participants expressing high levels of programme satisfaction. Findings from the Evaluation highlighted that:

- StW has been an effective and efficient employment intervention;
- the StW programme had met its 13 weeks sustained employment target and surpassed its 26 week sustained employment target; and
- StW achieved greater value for money than previous employment programmes in Northern Ireland.

While the Evaluation report highlighted many positive findings on the StW programme it also identified the following areas where improvements could be made:

- the existing programme is overly prescriptive;
- the programme lacks innovation;
- there are variations in performance between contract areas and within and between programme strands; and
- there is a need for greater emphasis on sustainable employment for a longer duration.

In moving forward the proposed new employment programme Steps 2 Success (NI) will seek to build upon the success of the StW programme and address the identified areas for improvement.

Key objectives for a proposed New Employment Programme - Steps 2 Success (NI)

4. The Department has set eight key objectives for the new programme as follows:

- To focus on employment **outcomes** rather than prescribed processes;
- To **target** those most in need;
- To create stronger **incentives** for helping those participants who are further from work;
- To ensure that participants get the **support** they need;
- To deliver **value for money** for the taxpayer;
- To **significantly reduce prescription** for providers;
- To build the right **market** for the future – with long-term investment, competition and a market that is inclusive, fair and open to specialist organisations, and;
- To demonstrate **resilience** to future changes – including Universal Credit.

While Steps 2 Success (NI) is being designed to achieve these objectives, the Department acknowledges that some objectives will not be met until the programme has been in operation for some time.

Question 1 - Objectives for the Programme

- a. Do you consider the objectives realistic and achievable?**
- b. Which objectives do you consider to be most important?**
- c. Are there any other objectives the Department should consider in the design of a new programme?**

Programme Eligibility

- 5. It is proposed that Jobseeker Allowance (JSA) claimants aged between 18 and 24 will be eligible for and required to participate in Steps 2 Success (NI) when they have been claiming JSA for **nine months**. JSA claimants aged 25 or over will be eligible for and required to participate in the new programme when they have been claiming JSA for **12 months**. The Department's Employment Service Advisers will offer claimants support and advice to find work prior to their eligibility for entry to Steps 2 Success (NI), see paragraph 11 below.

The Department also proposes to allow earlier access to the programme for more disadvantaged jobseekers after they have been claiming JSA for three months. The use of "early access" has the advantage of **targeting** support on those judged to need it most. Early entrants may include young people previously not in education, employment or training (NEET), individuals with health related issues, those with literacy and numeracy difficulties, individuals with a history of drug/alcohol misuse and lone parents.

It is further proposed that **new** claimants for Employment Support Allowance (ESA) who are in the Work Related Activity Group (ESA WRAG) will usually be referred to and be required to undertake the new programme.

Exemptions will also be in place for specific groups (for example full-time carers, those with very young children or those on other suitable provision).

Furthermore, advisers will have discretion to refer those with the most significant barriers to other specialist provision.

Voluntary entry to the programme will be available for **existing** ESA and Incapacity Benefit claimants. It is proposed that there will be **no** voluntary access to the programme for other claimant groups and **no** voluntary access for individuals not claiming benefits.

Question 2 - Entry to the Programme

- a. Do you feel that that automatic entry points are right for JSA claimants?**
- b. In what cases do you feel individuals on JSA should be able to volunteer for “early access” to the programme?**
- c. Do you feel that the proposals for those on ESA and IB are right?**

Programme content

- 6. The proposed new employment programme will give Providers the flexibility to tailor support to the needs of the individual, with payment for the outcomes they achieve rather than the processes they follow. The evidence from similar programmes elsewhere is that this will help more people into work than would be achieved with a more prescriptive programme. The success of Steps 2 Success (NI) will therefore depend on how far the support participants receive matches the support they need to get into work. However, increasing flexibility for providers also needs to be balanced with ensuring that all programme participants receive the support that they need. It is therefore proposed that the Department will put in place a minimum service guarantee. A “working example” of a minimum service guarantee is provided in Appendix A of this document. It is anticipated that there will be different service guarantees for different groups of claimants. In some cases, for example, it may be appropriate for the service guarantee to include a guarantee of support to manage a health condition. It should be

noted that the minimum service guarantee at Appendix A is a working document and may change before the Department's invitation to tender is issued.

It is important to note that while programme providers will have more flexibility to design support around the needs of participants, they will not have any greater powers than Employment Service Advisers currently have to require participants to attend interviews or undertake activity.

In terms of meeting programme objectives therefore, the programme has been designed to focus on **outcomes**, reduce unnecessary **prescription**, ensure appropriate **support** and deliver **value for money**.

Question 3 - Programme approach

Do you agree with the principle of providers being given the flexibility to determine what will work best for the Client, with the safeguard of a minimum service guarantee for clients?

Duration of Programme

7. The majority of participants will spend a period of one year on the programme. This is broadly comparable with the amount of time that people spend on Steps to Work. It is also considered that a programme length of one year strikes the right balance between ensuring that participants receive the **support** they need, programme providers achieve **outcomes**, and the programme delivers **value for money**.

However, it is recognised that some participants will have barriers to work that may require a longer period of support. It is therefore proposed that 'early access' JSA participants will be supported on the programme for eighteen months. There may also be a case for a longer programme length

for ESA claimants, although as noted above it is expected that those with the most significant barriers to work will be referred to other specialist provision.

When on the Steps to Work programme participants have to attend provision for a minimum of 30 hours per week and are paid a 'top up' to their benefit of £15.38. In line with the flexible approach outlined in paragraph 6 above, when on Steps 2 Success (NI) participants will not be required to attend for a specific number of hours per week. Attendance will depend on what is required and agreed between the participant and the provider. In these circumstances it is no longer appropriate to pay a 'top up allowance'. Claimants will in these circumstances be available for work and continue to retain their benefit. The Department, however, proposes to retain a 'top up' when participants are required to attend provision for 30 hours or more. It is expected that this will be used sparingly. The introduction of Universal Credit may change the position in relation to the treatment of this top up payment, i.e. the payment could be treated as income, but the policy in this area has still to be developed.

Question 4 – Duration of the Programme

a. Do you agree that clients should not be required to do a specific number of hours on the Programme and that this should be agreed between the provider and client?

b. Do you agree with the proposed programme length of one year, with the possibility of this being extended to eighteen months for clients who are identified as needing additional support/assistance?

Contract Area and Duration

8. The proposed introduction of Steps 2 Success (NI) provides the Department with the opportunity to review its contracting arrangements and the contract model adopted. Currently there are 10 contract areas in

Northern Ireland for Steps to Work, with one lead contractor in each area. This has often led to large differences in performance between areas. It is proposed that for Steps 2 Success (NI) there will be three lead contractors, and each will be expected to deliver the programme across all of Northern Ireland, that is, there will be one contract area. This is intended both to introduce competition between providers to drive up sustained job outcomes, and to provide consistency of approach across Northern Ireland. At the point that they are referred to the programme, claimants will be allocated to one of the three providers on a 'random basis' by the Employment Service Adviser.

Other approaches to how providers are chosen have been considered but ruled out. For example, advisers or claimants themselves could be given the choice to which provider they are referred to. However it is considered that this could undermine the programme in the short term, as it would increase uncertainty and costs for providers, and create additional burdens on Employment Service Advisers and on claimants themselves.

Contracts are expected to be for a minimum period of three years with an option to extend for two periods of one year.

This approach should ensure that we build the delivery arrangements for the future, that we improve **support** for participants, and achieve **value for money** for the taxpayer.

Question 5 - Contracting

a. Do you consider that treating Northern Ireland as one contract area offers both commercial benefits to providers and potentially enhanced service to clients/participants?

b. The Department recommends contract lengths of three years with an option to extend for two periods of one year each. Do you feel that the proposed duration of contract is commercially attractive?

c. The Department proposes to allocate clients to contracted providers on a random basis. Do you agree that a random basis is the best way to allocate?

Supply Chain management

9. Prospective programme providers should note that it is anticipated that extensive sub-contracting arrangements will be required to ensure a local delivery presence across all parts of Northern Ireland. The Department intends to ensure that these arrangements are in place before the award of contracts, and will scrutinise bids carefully on the breadth and depth of their service offer across NI.

In particular, the Department is conscious that smaller, community-based organisations that provide specialist services for particular disadvantaged groups can play a critical role in supporting people to gain employment. Again, it is anticipated that organisations bidding to deliver the programme will be expected to show how they are involving those organisations that can deliver the best results as sub-contractors, and how they are ensuring that they can manage the financial and delivery risks associated with larger and longer contracts.

The Department will ensure that providers deliver the proposals set out in their tenders, through ongoing contract management. It is also proposed that a new Code of Conduct will be implemented for sub-contractors that

will set out the minimum standards that they should expect from lead contractors. We would expect this to include expectations around managing financial risk (for example by passing on up-front funding), performance expectations and management, transparency, and contractual terms and conditions.

This approach will ensure that the most appropriate **support** is available across NI, that we build delivery capacity and achieve **value for money**.

Question 6 – Supply Chain Management

- a. Do you agree that potential contractors should be assessed on the breadth and depth of their supply chains?**
- b. Do you agree that they should be expected to demonstrate how smaller organisations are being supported?**
- c. Do you feel that a Code of Conduct will provide safeguards to sub contractors delivering services within the programme?**
- d. What elements would you like to see in a Code of Conduct?**

Funding Model

10. Paying providers more for the outcomes they achieve should lead to improved **outcomes**, more **targeted support** and better **value for money**. However, a greater focus on outcomes also increases the risk for providers, as it means paying less up-front and so requires them to borrow or to invest from their own resources in advance of being paid for the results that they achieve. There are also risks with the level at which outcome payments are set – if they are set too low then this may reduce the performance “gain” (as providers will have less of an incentive to achieve results). However, if they are set too high, then it may make the programme unviable for providers, particularly smaller organisations.

In modelling service and outcome levels in the new programme the Department made three key assumptions:

- payments should be set so that providers cover their costs only if they achieve performance levels at least as high as those currently achieved on Steps to Work;
- service payments should be high enough to usually meet the costs of delivery in the early years of the programme – i.e. providers should not need to borrow to meet programme costs in the early years (but may need to borrow to cover infrastructure and start-up costs); and
- within those constraints, the model should as far as possible favour outcome over service payments.

With the above in mind, it is proposed that **60% of total provider income should come from outcome payments with 40% from service payments** if the programme performance is at the levels anticipated by the Department. The use of outcome payments is not new and has been used in previous provision such as Steps to Work but the levels in the new programme will be higher than in previous provision. For example the performance in Steps to Work has resulted in service payment levels of around 90% and outcome payments of about 10% in practice. The funding for the new programme will be a significant shift towards paying for outcomes rather than services. Further details on the proposed funding model are contained in the Feasibility Study at paragraph 13.

A further risk in outcome based payment systems is that high outcome payments encourage providers to concentrate their efforts on those closest to work, and not target support on those that need more help or assistance. To address this risk the Department proposes the following;

- firstly, the Department intends to set different outcome levels for different groups of participants – for example, paying more for outcomes for those groups likely to have the most significant challenges;
- secondly, the Department is minded, subject to funding, to introduce a model that increases the level of outcome payment to providers as more participants are helped back to work. The Department is considering a model that pays a standard outcome payment for job outcomes up to a set performance level, and then a significantly higher payment for job outcomes above this. This will create a strong incentive for providers to support those further from work; and
- thirdly, the minimum service guarantees will ensure that all participants receive a guaranteed level of support while on the programme.

The Department will also of course monitor provider performance on a regular basis across all participant groups, and expect to have regular discussions on how performance can be continuously improved, particularly for those with multiple barriers.

It is also important that outcome payments are paid for sustained employment, with clear incentives to keep people in work. It is therefore proposed that employment outcomes are paid at six, nine and 12 months of employment for JSA claimants and three, six, nine and 12 months for ESA claimants.

The Department is also considering the case for putting in place safeguards to minimise the risks of excess surpluses or reduced investment in support.

Question 7 – Balance of Service and Outcome Funding

a. Do you agree that the proposed 60/40 split between outcome and service payments, as a proportion of total provider income, is reasonable?

b. Do you agree that there should be higher payments for higher performance and higher payments for participant groups that have multiple barriers?

Role of the Employment Service and other contracted provision

11. With the implementation of Steps 2 Success (NI) the role of the Department's Employment Service will also change. The Advisers in the Employment Service will offer advice, guidance and support for jobseekers in their search for employment for periods of nine months for 18-24 year olds and 12 months for those aged 25 or over. The focus will be on helping clients find work at the earliest opportunity. If the participant has not found employment and has reached the trigger point to enter the new programme, the Employment Service will refer the participant to Steps 2 Success (NI). The referral process by the Employment Service will be on a random basis to each contracted provider.

A package of modular support, including the Youth Employment Scheme for 18-24 year olds, will also be available to help the Employment Service Adviser assist the customer move into employment earlier. This modular support could include, for example, more intensive help in preparing for interviews; advanced jobsearch (for example using online channels, CV preparation, developing networks); confidence building; or overcoming barriers related to age, caring or health conditions. The Employment Service may refer claimants to an external contracted provider who will be responsible for delivering the appropriate modules to address the identified need. The Department proposes to establish a support fund of around £4m per annum to enable claimants to access early provision. This provision will

be tendered for separately and it is thought at this stage that the contract areas will match the Department's Employment Service regional structure.

The Department will also seek to ensure that Steps 2 Success (NI) complements specialist employment provision already in place, for example for those with disabilities or significant health related issues or other barriers to employment.

Question 8 – Support Fund Contract

a. Do you agree that the contract areas for the Support Fund are aligned to the Employment Service Regional structure, currently divided into three areas?

b. What type of support do you feel the Support Fund contract should cover?

Equality Impact Assessment

12. In line with the requirements of its Equality Scheme, the Department has conducted a Section 75 Equality of Opportunity Screening Exercise on the proposals set out in this consultation document. The outcome of the screening exercise indicates that there are no significant implications for any of the Section 75 groups. The programme will offer the same equality of opportunity to all clients. Consequently, a full Equality Impact Assessment is not required.

How to respond to this consultation

13. This consultation is available on the Department's website:
www.delni.gov.uk/steps2success-ni-consultation

The consultation period will run from 20 July 2012 to 12 October 2012 and applies to Northern Ireland. Information on how to respond can also be found on the Department's website. Correspondents are asked to submit

their views on the consultation questionnaire as early as possible during this period to allow as much time as possible for consideration.

If a printed copy of the consultation document and/or the questionnaire is required, they can be requested from the contact details provided. Requests for these documents in different formats and languages will also be available.

All responses not submitted electronically must be made in writing and attributable so that there is an objective record of the view expressed. Your name, organisation name and contact details if applicable, should be clearly stated. Responses should be submitted before the closing date of 3pm on 12 October 2012. We cannot accept responses by telephone.

It should also be noted that the Feasibility Study, carried out by the Centre for Social Inclusion (Inclusion) can be viewed at www.delni.gov.uk/steps2success-ni-consultation

Freedom of Information

14. Confidentiality

The Department will publish a summary of responses following completion of the consultation process. Your response, and all other responses to the consultation, may be disclosed on request. The Department can only refuse to disclose information in exceptional circumstances. Any automatic confidentiality disclaimer generated by your IT system will be taken to apply only to the information in your response for which confidentiality has been specifically requested. Before you submit your response, please read the paragraph below on the confidentiality of consultations and it will provide you with guidance on the legal position regarding the information given by you in response to this consultation.

The Department will handle any personal data you provide appropriately in accordance with the Data Protection Act 1998. The Freedom of Information Act gives the public a right of access to any information held by a public authority, namely, the Department in this case. The right of access to information includes information provided in response to a consultation. The Department cannot automatically consider as confidential, any information supplied to it in response to a consultation. However, the Department does have the responsibility to decide whether any information about your identity, should be made public or treated as confidential.

Responses may be sent electronically to

or mailed to:

John Mallon
Programme Management and Development Branch
Department for Employment and Learning
Adelaide House
39-49 Adelaide Street
Belfast
BT2 8FD

By 3.00pm on 12 October 2012

For further information:

Tel: (028 9025 7405)

Email: steps2success-ni-consultation@delni.gov.uk

Website: www.delni.gov.uk/steps2success-ni-consultation

Minimum Service Guarantee – AN EXAMPLE

Below is an illustrative example of how a Service Guarantee for Jobseekers could be framed.

On the New Employment Programme, you will:

- Have a Personal Adviser who will support you to find work. They will support you to achieve your goals.
- Have an Action Plan that you and your adviser own, and keep up to date regularly.
- Have an in-depth interview within two weeks of being referred. This will discuss and agree what you have done before, what you would like to do next, the steps that you can take, and the support that you need.
- Meet your adviser at least every two weeks, and review your Action Plan at least every three months.
- Get support as you look for work – this will include support with writing your CV, filling in application forms, and practicing interviews; advice on the opportunities available and on the best ways to look for and find work; and support to develop the skills that you need to get into work.
- Have access to computers, the internet and the facilities that you need to look for and apply for jobs; with advice on how best to use them.
- Have access to support that will help you to deal with any issues that may make it harder for you to find or keep work. This will be tailored to your needs and could include work experience, full-time training, debt advice, support with managing a health condition, or counselling support.
- Get help with meeting additional costs such as travel and childcare while you are looking or preparing for work.

While you are in work, you will continue to have access to an Adviser, who will be able to offer you tailored support to stay and progress in work.

In return, you will:

- Make every effort to get into work – by taking the steps that you have agreed and by taking up any reasonable job offer.
- Tell your adviser as soon as you can if for any reason you cannot keep an appointment or undertake an activity that you had agreed to do.
- Tell your adviser if your circumstances change – for example your health, any caring responsibilities, your housing, paid work or volunteering.

Your provider will:

- Explain clearly what is expected of you and the support that you are entitled to receive.
- Give you sufficient notice of any meetings that you are required to attend, and ensure that these are at a reasonable time of day and are within a reasonable distance for you to travel.
- Treat you fairly and with respect.
- Take account of any caring responsibilities that you may have or any conditions that may reasonably limit your ability to take steps back to work.
- Only use any information that you provide for the purposes of helping you to get into and stay in work; keep all information confidential; and only share with employers information that is related to job opportunities.
- Have a system in place for dealing with any complaints fairly and independently.

people:skills:jobs:



Department for
**Employment
and Learning**
www.delni.gov.uk



THE DEPARTMENT:

Our aim is to promote learning and skills, to prepare people for work and to support the economy.

This document is available in other formats upon request.

Further information:

Programme Management and
Development Branch

Department for Employment and Learning
Adelaide House
39/49 Adelaide Street
Belfast
BT2 8FD

telephone: 028 9025 7405

email: steps2success-ni-consultation@delni.gov.uk

web: [www.delni.gov.uk/
steps2success-ni-consultation](http://www.delni.gov.uk/steps2success-ni-consultation)