

## Consultation response

Ref: 0611

# Skills Conditionality

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This consultation looks at the impact of the Government's plans to implement skills conditionality. This means that Jobcentre Plus advisers can refer their clients to training courses which will be mandatory to attend, with sanctions being handed out if clients do not meet their obligations. The consultation looks at the impact of this change on Jobcentre Plus, training providers and individuals.

## Key points and recommendations

- The Government's proposals to attach conditionality to training and skills development for those claiming unemployment benefits could have a significant impact on Jobcentre Plus clients aged 50+.
- Imposing conditionality is neither the best nor the only way of ensuring that Jobcentre Plus clients with skills needs undertake the training they require to help them return to the labour market. It is deeply unpopular with many clients aged 50+ and should only be used as a last resort. Where people act as informal carers, it is likely to be very difficult to impose skills conditionality.
- The personal needs and circumstances of individuals must be the primary factor in any such decisions.
- Jobcentre Plus advisers must work closely with local authorities to ensure conditionality reflects local labour market needs and conditions.
- Further clarification is needed on how the BIS skills strategy will dovetail with the mandatory skills training, including the exact provision of funded training on offer to different age groups. If different age groups are eligible for different aspects of mandated provision, it could create an age-equality issue with the proposals.
- There is likely to be a logistical challenge for training providers and colleges in dealing with the increase in demand that a sudden change in policy will have, both in terms of undertaking skills assessments and delivering the learning.
- Employment outcomes for clients must be carefully measured, including on an equalities basis, to ensure training provision is meeting needs.
- Jobcentre Plus advisers must be fully skilled in working with older clients. Jobcentre Plus must build on the work done over the past year to improve the service offered to the 50+ group.
- Advisers should be very careful about delaying referral to the Work Programme, as the extra support may be important for 50+ clients. Such decisions should only be taken after careful consideration and discussion between adviser and client.
- The Government should examine whether a system of early referral to the Work Programme would be effective in preventing long-term unemployment, for example using statistical modelling to identify those at risk of being unemployed for 12 months.

- Jobcentre Plus should oversee the conditionality criteria, and carefully monitor Work Programme contractors who impose this on clients.

## 1. Introduction

While employment rates for the 50-64 age group have remained broadly stable throughout the recession, there has been a substantial increase in the prevalence of long-term unemployment, with 43% of the total age group having been unemployed for 12 months or more, compared to less than a third two years ago.<sup>i</sup> Therefore, addressing this is a pressing issue.

However, imposing greater conditionality is neither the only nor the best way of tackling this. 50+ claimants often perceive that conditionality is unfair and unnecessary, as it assumes they do not want to work and portrays them as second-class citizens.<sup>ii</sup> Every effort should be made by all parties to explore voluntary referral to training courses before Jobcentre Plus clients are mandated, and proposals outlined in this consultation paper do not indicate this will be so.

There are distinct skills needs among older jobseekers, in particular ICT skills.<sup>iii</sup> However, the Government should continue to explore alternative ways of encouraging people to take up learning options, rather than resorting to conditionality. Research shows that many Jobcentre Plus clients neither welcome nor require conditionality, and that it can be a hindrance to finding a job.<sup>iv</sup> While the Government cites evidence showing that conditionality is effective,<sup>v</sup> we are concerned that this evidence relates to benefit claims, not skills, and so does not support mandation on a widespread basis. It is extremely important any detrimental effects to individuals are identified and addressed before the Government introduces conditionality – for some it could push them even further away from the labour market.

The Government must continue to invest in supporting Jobcentre Plus advisers to recognise the needs of and barriers faced by older clients, including training needs. This should reduce the need to impose conditionality. Work has already been carried out in this area (supported by Age UK Training and The Age and Employment Network (TAEN)), and we wait to see if this has resulted in an improved service for this client group.

## 2. Consultation questions

### **1. What opportunities does this present to colleges and training providers or Next Step Prime contractors?**

Age UK Training offers training provision across a wide range of subject areas and works with a large number of individuals, including many who are unemployed. We, and many other similar organisations, are therefore well-placed to offer expert help to those referred to skills courses. This includes both the planning of individuals' training programmes and the delivery. A highly flexible and tailored approach is the correct one.

However, imposing this change suddenly could lead to supply-side issues for training providers and colleges. This could require significant planning and extra resources to physically accommodate the individuals, provide the necessary expertise and administrative support, and to liaise with Jobcentre Plus (or other similar body). Good practice should be disseminated from the pilots to guide this process. Details of funding arrangements and referral projections to support training providers' and colleges' plans would be welcome.

It would be in the interests of a provider undertaking a skills assessment to recommend that the client attends a course where the provider has excess capacity. Mandation should be governed by personal need, and not by availability of resources. The Government should work to ensure that robust checks are in place to prevent this happening.

## **2. How can we minimise any risks for the skills system, while optimising the impact on participation and completion rates and employment outcomes?**

Joined-up working between all parties involved, including the claimant, will be essential. As noted above, training providers will require notice and a steady flow of clients in order to be able to plan and manage resources effectively.

There is a dearth of publicly funded learning opportunities for older workers and jobseekers. As people are being expected to work longer than ever before, it is even more important that they are given opportunities to up- and re-skill throughout their working lives. The recent restrictions placed on the BIS budget will have a disproportionate impact on older workers.

The consultation paper sets out that Jobcentre Plus advisers will be able to mandate:

1. Basic skills provision for those aged 19+
2. First full level two and three qualifications for those aged 19-24
3. JSA and ESA WRAG claimants aged 19+ to fully funded units, awards and qualifications that address skills needs and keep them from getting work.

Further details are needed for category three. It is unclear exactly how the learning offered through Jobcentre Plus will dovetail with the BIS skills strategy, which says that level 3 qualifications should not be funded for people over 25. For example, will an individual aged over 25 be eligible for funding to take a unit in a level three vocational qualification to update their skills and help them return to the workplace?

If a 16-24 year old wishes to take this same unit to update their skills, while it is denied to someone aged 25 and above, this could create an age-equality issue with the proposed system. If funding is not available through mandation, we are concerned that older age groups could be directed towards training simply because it is available even if it is not appropriate to their needs.

The Skills Training Conditionality Pilot appeared to be aimed at those with significant skills barriers to employment, and therefore towards basic skills and employability courses. The Government should clarify exactly what provision will be available and to whom, and whether this will be limited to employability training and basic skills.

Furthermore, it is crucial that outcomes are objectively measured in order to determine the success of the policy, and to identify providers who are not delivering a satisfactory service. We believe this needs to be done for individual training providers, and should include an equalities measure to ensure that all groups can benefit.

#### **4. What do we need to do to ensure that Jobcentre Plus Advisers provide people with the best opportunities to improve their skills, whilst ensuring local decision making and flexibility?**

We suggest that priority actions are to:

- Continue to improve advisers ability to help and work more closely with older clients
- Offer wider training opportunities to older clients, for example for ICT skills, and encourage people to take them up on a voluntary basis.
- Give advisers greater flexibility
- Improve links between Jobcentre Plus and local authorities, in particular through the use of the Local Economic Assessment

Past research carried out for Age Concern England has shown that Jobcentre Plus Advisers are not suitably responsive to the needs, aspirations and occupational experiences of the 50+ cohort.<sup>vi</sup>

We are pleased to note that since this research, Jobcentre Plus has taken steps to improve its offering. For example, in 2010 Age UK Training designed some modules to train advisers to work more effectively with this age group and this training was rolled out to all Jobcentre Plus advisers. No formal evaluation has yet been carried out on employment outcomes, but it is vital that the training regime is continued so that advisers are able to provide the appropriate support.

The 2009 research showed that many 50+ clients would welcome the chance to work more closely and flexibly with an adviser, but that few had been offered the chance to improve their skills, and many thought that such opportunities are designed for younger claimants. Although this may well have improved owing to the adviser training, 50+ works and other support measures put in place, advisers and managers must continue to ensure they recognise and work proactively with their older clients. Many are keen to bring, for example, their ICT, literacy, numeracy or CV writing skills up to date, and would welcome the chance to undergo more training.<sup>vii</sup>

Conversely, other people in this age group may be reluctant to take training opportunities.<sup>viii</sup> This can be dealt with in a variety of ways. Instead of immediately imposing conditionality, advisers should in the first instance be prepared to promote the benefits of training to the client, and explaining how this will help move them closer to work. We believe a voluntary approach will be more effective than enforced participation, and this should be pursued wherever possible.

We support the aim of giving Jobcentre Plus advisers greater flexibility. This will help improve responsiveness to local labour market conditions. Local Authorities are required to produce a Local Economic Assessment, which could provide a useful tool

in localised labour force planning, both for skills and setting job expectations. Local Jobcentres should be able to work with local authorities to optimise the usage of this data, and Advisers must be able to plan training needs flexibly based on it.

However, the personal needs and circumstances of the client must be the primary factor in deciding on training options – conditionality should not be applied unless it is absolutely necessary to motivate those with clear skills needs who do not have a ‘reasonable’ reason for refusing to take part.

**5. How can we best manage the process of asking people to return to a training course that they have previously left, in particular, in relation to the role of Jobcentre Plus, and the implications for the claimant and the college or training provider or Next Step provider?**

The process must be flexible and fair. Individuals who drop out of a course should not automatically be subjected to sanctions, and advisers should re-assess their circumstances and skills needs. The consultation paper does not raise the possibility that a mistake could be made by either the Jobcentre Plus adviser or by the training provider, which must be factored in to decision-making.

Drop-out rates by mandated clients should be monitored, and it may be necessary in some circumstances to investigate further why a particular client dropped out. If drop out rates are high, it could indicate a problem with a training provider or with the system of conditionality more generally.

**7. What is the best way to ensure effective feedback takes place so that everyone gets the information they need with the minimal amount of bureaucracy?**

To be successful, there must be consistent procedures for allowing Work Programme contractors to set skills conditionality. Each contractor is likely to use different methods to help people return to work, so clear guidance and examples of good practice must be in place, together with a means of redress for claimants who feel they have been treated unfairly.

Contractors may be able to use their ability to set conditionality to discriminate against particular individuals, for example by applying more stringent conditions to claimants who are harder to place in employment, thereby increasing the risk of them dropping out of the system. Conditionality could become a tool used to allow contractors to focus on the easier to place ‘low-hanging fruit’. Jobcentre Plus must set clear frameworks for allowing contractors to set conditionality and there should be a means of redress for individuals against whom it is implied incorrectly or unfairly.

**8. What further steps do we need to take to ensure that claimants are clear on the requirements placed on them once they are referred to careers advice and/or skills provision and the consequences of failing to attend?**

Advisers should note that some clients will have other issues, for example caring responsibilities, disabilities or learning difficulties, which may make it harder for them to fulfil usual expectations. For such vulnerable groups, there should be additional safeguards, such as an independent assessment of their needs, in place before the client faces sanctions.

50+ claimants often perceive that conditionality is unfair and unnecessary, as it assumes they do not want to work and portrays them as second-class citizens.<sup>ix</sup> Age UK would recommend exploring every possible option, including offering the same courses on a voluntary basis, before mandating training. Conditionality should only be used as a last resort.

### **9. Are there any other points you wish to make about the implementation of skills conditionality?**

#### **Other issues not raised in the questions:**

The consultation paper states (paragraph 22) that Jobcentre Plus advisers will be able to delay a client's referral to the Work Programme if they have recently completed training provision and are expected to find work. This raises the possibility that many older workers, who are statistically at a greater risk of entering long-term unemployment,<sup>x</sup> could have to wait even longer than the 12 months specified in the welfare-to-work guidelines to access the extra help and support provided through the Work Programme. Due to the wide range of barriers faced by long-term unemployed older workers, for example age discrimination in recruitment, a delay in referral could make it even harder to find employment. Decisions to delay referral must only be taken after careful consideration and discussion with the individual.

Conversely, as the Government gives greater flexibility to advisers, there should be a mechanism for early referral to the Work Programme for those most at risk of entering long-term unemployment, possibly through the development of a statistical model that can identify those at risk. This could include jobseekers of all ages.

In relation to paragraphs 27 and 28, we are pleased to note that advisers will consider local labour market conditions and the personal circumstances of the individual before reaching a decision on conditionality. However, we are concerned there appears to be no recognition of barriers to work often faced by older jobseekers, for example caring responsibilities or lack of current qualifications. It is crucial that Jobcentre Plus advisers and welfare-to-work providers are adequately equipped to recognise the barriers commonly faced by older claimants, and that they can adjust the application of skills conditionality accordingly. Where people act as informal carers, it may not be possible to accurately calculate and compensate for their time accordingly, therefore it will be difficult to apply conditionality to this group in particular.

#### **Equalities impact assessment (EIA):**

##### *Jobseekers Allowance (JSA)*

The EIA identifies the current age profile of JSA claimants linked to the level of highest qualification. While we do not dispute the figures published here, we are

concerned that it does not factor in potential changes to the JSA claimant profile. Most notably, the upcoming closure of Incapacity Benefit (IB) is likely to lead to a considerable number of older JSA claimants. Nearly 50 per cent of the remaining 2.1 million IB claimants are aged 50+<sup>xi</sup> and with a significant proportion expected to be found 'fit for work' and moved to JSA<sup>xii</sup>, there will be a corresponding impact on the figures found in table 10. As local authorities employ a greater proportion of older workers than average, redundancies here may have a disproportionate impact on this age group leading to increased JSA claims.<sup>xiii</sup>

It is important that the EIA's estimate is not used for planning purposes, as this will provide inaccurate information on the relative numbers of claimants aged 50+ who may be subjected to skills conditionality over the medium and long term.

Furthermore, the data in tables 10 and 11 on qualifications by age appear to show different results to other research, especially when comparing age groups. The qualifications profile of Jobseekers Allowance (JSA) claimants appears to contradict the profile of the whole cohort. The EIA shows that the same proportion of unemployed 50-64 year olds are qualified to level two and above as 25-29 year olds, and this is higher than under 25s.

However, other evidence suggests a disparity between the highest qualification level of older workers and other age groups, which is not reflected here. Taylor (2008) found that 21 per cent of older workers have no formal qualifications, compared to 13 per cent of the whole 16-64 year old population,<sup>xiv</sup> while the DWP's own statistics, also based on the Labour Force Survey for the second quarter of 2010, show that 17.7 per cent of those aged 50-64 report themselves as having no qualifications, compared with 8.6 per cent of those under 50. The differences appear counter-intuitive.

#### *Employment and Support Allowance (ESA)*

Table 12 shows the age profile for those on the Work Related Activity Group component of ESA. 37 per cent are aged 50+. However, as noted above nearly 50 per cent of IB claimants are aged 50+ therefore, as with the JSA claimant figures, the closure of IB is likely to result in the proportion of claimants in this age group increasing.

The assumption that those being subjected to conditionality will be younger should be treated with a degree of caution, especially as the proposals state conditionality will be at the discretion of Jobcentre Plus advisers.

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<sup>i</sup> ONS Labour Market Statistics (Jan 2011)

<sup>ii</sup> Welfare Reform and the over-50s, IFF Research for Age Concern England (April 2009)

<sup>iii</sup> See Race Online 2012, Manifesto for a Networked Nation (2010)

<sup>iv</sup> Welfare Reform and the over-50s, IFF Research for Age Concern England (April 2009)

<sup>v</sup> See for example Peters, M. Joyce, L. (2006) "A review of the JSA sanctions regime: Summary research findings," DWP Research Report No 313

<sup>vi</sup> Welfare Reform and the over-50s, IFF Research for Age Concern England (April 2009)

<sup>vii</sup> Ibid.

<sup>viii</sup> Felstead A, Closing the age gap?: age, skills and the experience of work in Great Britain, Ageing and Society (2010)

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- <sup>ix</sup> Welfare Reform and the over-50s, IFF Research for Age Concern England (April 2009)
- <sup>x</sup> ONS Labour Market Statistics (Jan 2011)
- <sup>xi</sup> DWP, Incapacity Benefit and Severe Disablement Allowance combined statistics for May 2010
- <sup>xii</sup> The Social Security Advisory Committee initially estimated 15% would be found 'fit for work' (Jan 2010), but the current rate for new claimants is 65% (DWP, 2011). Therefore it is hard to make an accurate prediction.
- <sup>xiii</sup> Around 30 per cent of Local Authority workers are aged 50+, compared to about 21 per cent of the workforce [ONS, 2010]. TAEN estimate 40 per cent of public sector redundancies will be workers aged 50+ (2011)
- <sup>xiv</sup> Taylor P, Ageing workforces: promises and prospects, 2008